

## TRAVEL AND TOURISM

In 2015, Taiwan welcomed more than 10 million international visitors. While the achievement is exciting, since the beginning of 2016 Taiwan has seen a sharp drop

in Chinese tourists, which has been a significant contributor to Taiwan's inbound travel revenues for the past few years. Under this circumstance, it is imperative for Taiwan to diversify its travel promotion strategies to other travel segments, such as MICE (Meetings, Incentive, Conferences, and Exhibitions) and leisure travel from Western countries.

As this Committee has repeatedly pointed out each year in the *White Paper*, the problem of insufficient manpower in Taiwan's tourism sector is consistently a top concern for the industry. We are glad to see that some improvement has been made in this regard by actively engaging hospitality professionals and educational institutions in strengthening the development of local talent and by relaxing certain work-permit requirements for foreign professionals in the tourism sector. We encourage the government to continue its efforts to upgrade the level of local talent in the hospitality industry. As part of the effort to attract more international tourists, we also call for more government policy support for international themed-entertainment facilities.

The Committee stands ready to provide support and assistance to the government to help develop solutions to the challenges identified in this paper.

### **Suggestion 1: Step up efforts to attract, train, and retain international-standard hospitality professionals.**

Taiwanese are acclaimed for their courtesy, warmth, and hospitality, and Taiwan's memorable service style has impressed many visitors. Members of the travel and tourism industry represented by this Committee greatly appreciate these qualities in their Taiwanese employees, yet we continue to be concerned with the general shortage in this market of world-class hospitality professionals, especially those with management experience and language skills that could help prepare local staff for the international arena.

The Taiwan tourism market has been growing rapidly both in overall volume and in high-value segments such as MICE and Western leisure travelers. As a result, Taiwan needs to raise service levels and management to international standards with the help of more foreign hospitality professionals with the necessary expertise. In addition, to cater to the increasing demand for talent as its tourism volume expands, Taiwan needs to introduce world-class training and educational opportunities in the hospitality industry, possibly through joint ventures between local and foreign hospitality schools and local universities. The presence of internationally recognized hospitality/culinary institutes in Taiwan is essential to provide the young generation with an educational path to career opportunities in the hospitality and tourism-related sectors of the service industry, including retail, transportation, hotels, and restaurants. We encourage the government to foster the establishment of professional training

opportunities in all of these areas.

The Committee specifically recommends the following:

- Build a world-class hospitality training school system in collaboration with the Ministry of Education to attract and retain high-standard hospitality professionals.
- Link the Taiwan hospitality training system to internationally certified institutes and university programs in the hotel and Food & Beverage sectors to provide a high-level of training and education both for new graduates and those contemplating career shifts. Besides attracting more talent to enter Taiwan's hospitality industry, these international connections would help establish Taiwan as a globally recognized platform for MICE and corporate business events.

### **Suggestion 2: Devote more effort and resources to expanding Taiwan's MICE segment.**

MICE-related travel is one of the most important segments for inbound tourism for any country, as it brings in larger groups of travelers and generates large amounts of spending. Taiwan's central geographic location in the Asian region is an advantage for being a MICE destination, although the lack of sizable conference and exhibition facilities and attractive government incentives makes it hard for Taiwan to attract large-scale international MICE events. As a result, Taiwan is lagging behind other Asian destinations, such as South Korea, Thailand, and Hong Kong, when bidding for international MICE events.

Many countries have dedicated convention bureaus to promote and handle MICE, since special channels and expertise are required for cultivating the MICE business. The Committee is pleased that Taiwan has established a dedicated web portal for MICE travel: Meet Taiwan, sponsored by the Bureau of Foreign Trade and implemented by the Taiwan External Trade Development Council (TAITRA). The Meet Taiwan office provides efficient support when it comes to bidding for meetings, conventions, conferences, and other types of events.

However, private-sector companies wishing to attract international meetings and conferences to Taiwan still need to do most of the work themselves. We understand that part of the reason is financial, as TAITRA is given much less budget to support bidding efforts as compared to neighboring competitors like Hong Kong, Japan, Thailand, and Korea. The Committee believes that it is essential to have a dedicated government department equipped with experienced professionals to develop MICE businesses. In addition, international experts in the MICE business should be brought in to provide the department with professional advice and training for further development of the MICE segment. Further, this department should be given the responsibility for external promotion, as well as planning and

developing facilities within Taiwan, so as to make Taiwan a competitive destination for the MICE travel segment.

In sum, allocating more resources to the international MICE sector will be a worthwhile investment because of the potential business opportunities this travel segment can bring in.

### **Suggestion 3: Vigorously promote the development of international-branded themed entertainment to attract more international tourists.**

Successful themed entertainment facilities can be one of the most useful tools for attracting international tourists. This approach has been adopted and proven effective in neighboring countries through such examples as Universal Studio Singapore, Ocean Park in Hong Kong, and the Tokyo Disneyland. The Shanghai Disney Resort – due to open in June 2016 - is also expected to be a magnet in attracting a large number of tourists. While Taiwan's local-branded themed entertainment has been very successful in attracting domestic customers, it has not been very useful for drawing international tourists. Considering the government's new strategy to diversifying the sources of international tourists so as to reduce reliance on Chinese tourists, it should examine how developing international-branded themed entertainment facilities could help with that objective.

Many international developers of themed entertainment, such as MGM and Paramount, have previously shown interest in Taiwan's market, although all of them eventually decided to walk away. Our understanding is that the lack of government policy support, anticipated difficulties in acquiring land, and the cumbersome licensing process were the key reasons that deterred them from entering the Taiwan market. If the government wishes to grasp economic opportunities from the current Asian tourism boom, we strongly recommend that it undertake the following initiatives.

- a. Assist with land availability. Currently in Taiwan, most land parcels of any significant size are controlled by state-owned companies, such as the Taiwan Sugar Co. Many of these land parcels are idle or are being underutilized, and are therefore not generating sufficient economic benefits for Taiwan. Policies should be adopted to permit idle land owned by state-owned companies to be leased on a long-term basis for the development of themed entertainment. The lease rate should be set at a reasonable range in order to be competitive.
- b. Create a transparent and efficient development and licensing process. Consult with renowned international theme entertainment developers for "lessons learned" in other Asian countries in order to create an efficient process attractive enough to interest top-notch developers. 