

Indonesia

Tourism in the economy and outlook for recovery

The tourism sector is a significant part of Indonesia's economy. In 2019, tourism directly accounted for 5.0% of the country's GDP. The impacts of COVID-19 saw tourism GDP fall by 56% in 2020 to just 2.2% of the total economy.

Prior to 2020, tourism in Indonesia had been steadily growing, fuelled by an influx of international visitors. In 2019, international arrivals (overnight and same-day) reached 16.1 million visitors. In 2020, Indonesia recorded a 74.8% decline in international arrivals, to 4.0 million, with a total loss of IDR 208 trillion in international tourism expenditure. In 2021, international tourist arrivals further decreased to 1.6 million.

Domestic tourism is a driver of the Indonesian tourism economy. In 2019, domestic tourism accounted for 84% of tourism expenditure in Indonesia. Domestic trips (overnight and same-day) decreased by 27.4%, from 722 million trips in 2019 to 524 million trips in 2020. In 2021, domestic trips increased by 15.0% to 603 million. Approximately two-thirds of domestic trips in Indonesia are overnight. Domestic tourists are expected to be the driving force behind the recovery of the tourism sector in Indonesia.

Indonesia expects a recovery of international arrivals to pre-pandemic levels in 2024 at the earliest.

Tourism governance and funding

Tourism is under the responsibility of the Ministry of Tourism and Creative Economy (MoTCE), following the merger in 2019 of the Ministry of Tourism with the Creative Economy Agency.

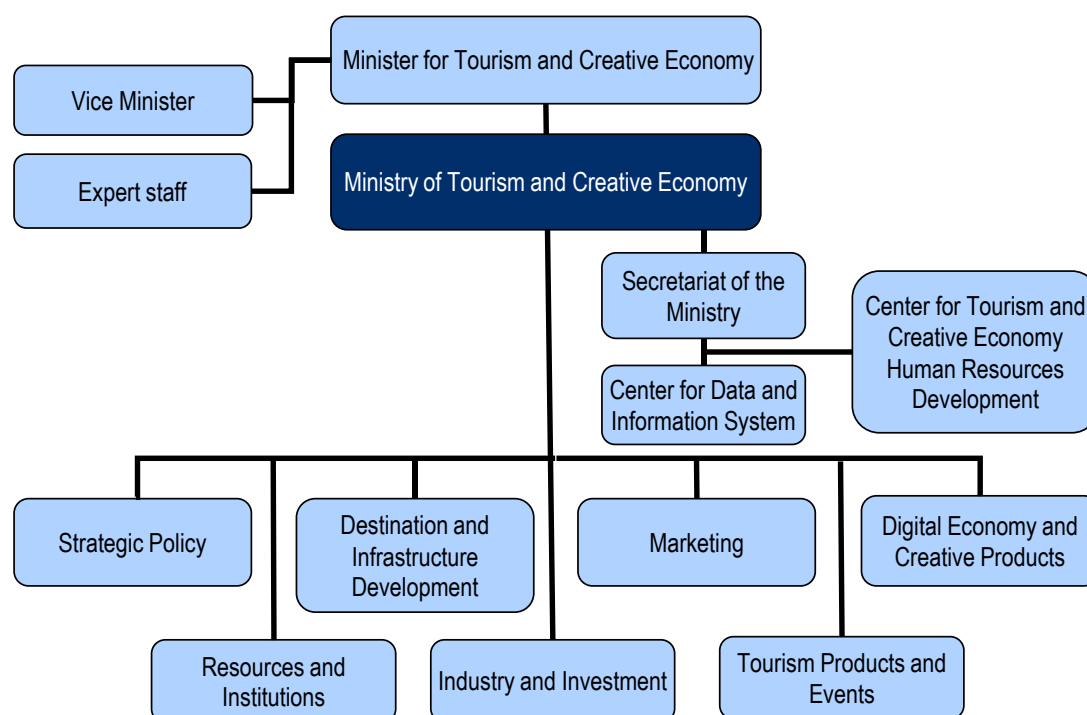
The merger aims to diversify and support the tourism sector with the creative economy sector. The pandemic has proved that the tourism sector needs diversification as it cannot rely only on physical mobility. Diversification is needed to create a more resilient tourism sector where it will use a variety of tools, including but not limited to digital technology, the internet, and virtual reality.

In formulating policies, the Co-ordinating Ministry for Maritime and Investment has a Deputy of Tourism and Creative Economy who has a duty of co-ordinating and synchronising the formulation, decision-making process, and implementation of the policies of the relevant ministries and agencies related to tourism and creative economy issues, especially with the MoTCE.

The MoTCE regularly co-ordinates with various stakeholders in developing tourism and the creative economy and mitigating the impact of COVID-19. The Ministry is co-ordinating closely with the ministries of Health, Foreign Affairs and Communication and Information. MoTCE also regularly co-ordinates with the Ministry of Public Works and Housing in developing tourism destinations, especially in Indonesia's priority tourism destinations.

The budget for MoTCE in 2022 increased to IDR 3.8 trillion. The budget was IDR 3.6 trillion in 2020 and IDR 3.45 trillion in 2021. The three main funding sources are government revenue, foreign loans, and non-tax state revenue.

Indonesia: Organisational chart of tourism bodies



Source: OECD adapted from Ministry of Tourism and Creative Economy, 2022.

Tourism policies and programmes

The Ministry of Tourism and Creative Economy aims to prepare the tourism sector for an adaptive and sustainable future. The core themes in the coming years are recovery policies, which are set in place for 2022-23 to accelerate the recovery and increase productivity. Growth and acceleration are additional priorities in 2024-25.

In 2022, The Ministry of National Development Planning formulated the Institutional Framework for Tourism Policy Development. The formulation is divided into three broad categories: productivity, inclusiveness, and sustainability. In each category, there are several policy guidelines which MoTCE is to implement:

- **Productivity:** involves increasing productivity through improving the supply chain, reskilling and upskilling resources, expanding the tourism market, supporting effective promotion, and accelerating the development of infrastructure, amenities, and attraction in the five priority tourism destinations. There are also plans to increase digital and creative exports and start-ups.
- **Inclusiveness:** involves the improvement of tourism villages, revitalisation of creative economy infrastructure, and expanding the Enhancement National Products Usage Programme.
- **Sustainability:** involves expanding the Health Protocol implementation and service standard in the tourism and creative economy (see box below) and the expansion of sustainable tourism.

Reskilling and upskilling of tourism businesses and stakeholders will be focused on local communities and MSMEs in marketing, destination management, digital literacy, entrepreneur assistance, and related subjects. Revitalising tourism destinations and infrastructure will be especially during the low season.

Indonesia also provides special assistance to Indonesia's Tourism Villages to help develop infrastructure and management.

During the pandemic, health and safety became the top priority. In co-ordination with the Ministry of Health, in 2020, the MoTCE launched the Cleanliness, Health, Safety and Environmental Sustainability (CHSE) protocol, training, and certification to prepare for the reopening of the tourism sector post-pandemic. The protocol developed into several handbooks ranging from hotel safety protocol to specific destination models that can be applied to tourism businesses. The CHSE certificate aims to give assurance to visitors regarding the cleanliness, health, safety and environmental sustainability of destination amenities. Working with local certification institutions, the programme has certified almost 12 000 tourism businesses in 34 provinces or 403 cities. The certification will be renewed annually to ensure the tourism businesses' adherence to the certification.

Statistical Profile

Indonesia: Domestic, inbound and outbound tourism

	2017	2018	2019	2020	2021
TOURISM FLOWS, THOUSAND					
Domestic tourism					
Total domestic trips	..	..	722 159	524 571	603 020
Overnight visitors (tourists)	270 822	303 404	354 353	364 698	399 524
Same-day visitors (excursionists)	..	..	367 805	159 873	203 496
Nights in all types of accommodation	..	..	306 556	378 006	449 310
Hotels and similar establishments	..	..	55 390	117 609	185 971
Other collective establishments	..	..	16 032	36 668	36 664
Private accommodation	..	..	235 135	223 730	226 675
Inbound tourism					
Total international arrivals	14 040	15 810	16 107	4 053	1 558
Overnight visitors (tourists)	12 948	13 396	15 455	3 981	1 546
Same-day visitors (excursionists)	1 092	2 414	652	72	11
Top markets					
Malaysia	2 122	2 503	2 981	980	481
China (People's Republic of)	2 093	2 139	2 072	240	55
Singapore	1 554	1 769	1 934	280	19
India	537	595	657	112	7
Australia	1 257	1 301	1 387	256	3
Nights in all types of accommodation	..	..	..	..	..
Hotels and similar establishments	..	..	..	..	..
Other collective establishments	..	..	..	..	..
Private accommodation	..	..	..	..	..
Outbound tourism					
Total international departures	8 856	9 468	11 689	2 918	1 711
Overnight visitors (tourists)	..	..	..	..	503
Same-day visitors (excursionists)	..	..	..	..	1 208
Top destinations					

TOURISM RECEIPTS AND EXPENDITURE, MILLION USD					
Inbound tourism					
Total international receipts	14 691	17 915	18 405	3 532	..
International travel receipts	13 139	16 426	16 911	3 312	3 097
International passenger transport receipts	1 552	1 489	1 494	221	..
Outbound tourism					
Total international expenditure	10 945	13 171	14 449	1 980	..
International travel expenditure	8 289	10 314	11 308	1 653	..
International passenger transport expenditure	2 656	2 857	3 141	327	..

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/e5magc>

Indonesia: Enterprises and employment in tourism


	Number of establishments ¹	Number of persons employed ²				
	2020	2017	2018	2019	2020	2021
Total	..	..	..	..	..	..
Tourism industries	..	..	..	..	..	..
Accommodation services for visitors	..	1 043 448	..	..	..	..
Hotels and similar establishments	30 823	..	408 565	407 292	348 270	..
Food and beverage serving industry	..	8 129 143	..	8 016 863	..	..
Passenger transport	1 985	..	..	21 535	15 428	..
Air passenger transport	..	..	..	..	..	..
Railways passenger transport	3	..	..	57	..	..
Road passenger transport	1 550	..	..	49 120	..	..
Water passenger transport	432	..	..	1 473	..	..
Passenger transport supporting services	..	..	..	..	..	..
Transport equipment rental	..	..	..	..	..	..
Travel agencies and other reservation services industry	10 604	..	..	86 770	65 112	..
Cultural industry	4 174	..	..	117 092	98 539	..
Sports and recreation industry	13 867	..	..	112 669	..	..
Retail trade of country-specific tourism characteristic goods	..	..	..	2 000 499	..	..
Other country-specific tourism industries	3 204	..	..	37 100	..	..
Other industries	..	..	..	..	..	..

.. Not available

1. Data refer to number of enterprises.

2. Data refer to number of employees.

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/7zysno>


Indonesia: Internal tourism consumption

Million IDR

	2020		
	Domestic tourism expenditure	Inbound tourism expenditure	Internal tourism consumption
Total	..	..	..
Consumption products	674 507 316	71 080 512	745 587 827
Tourism characteristic products	653 262 094	62 301 195	715 563 290
Accommodation services for visitors	114 514 144	24 197 504	138 711 648
Food and beverage serving services	207 484 990	16 666 223	224 151 212
Passenger transport services	241 889 120	8 749 838	250 638 958
Air passenger transport services	215 827 566	5 765 994	221 593 560
Railways passenger transport services	732 433	162 310	894 743
Road passenger transport services	16 007 808	1 587 083	17 594 892
Water passenger transport services	9 321 312	1 234 450	10 555 762
Passenger transport supporting services	..	..	..
Transport equipment rental services	22 213 587	461 108	22 674 695
Travel agencies and other reservation services industry	4 630 045	613 839	5 243 884
Cultural services	13 872 288	1 833 053	15 705 341
Sports and recreation services	..	..	..
Country-specific tourism characteristic goods	44 131 761	5 660 575	49 792 336
Country-specific tourism characteristic services	4 526 160	4 119 055	8 645 215
Other consumption products	21 245 221	8 779 316	30 024 538
Tourism connected products	..	..	..
Non-tourism related consumption products	..	..	..
Non-consumption products	..	..	..

.. Not available

Source: OECD Tourism Statistics (Database).

StatLink  <https://stat.link/60xjud>



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