

Chapter 10

COVID-19 Impact on Four Tourism Stakeholders in Bhutan

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Abstract

As Bhutan's tourism industry takes the hardest hit in the aftermath of COVID-19, challenges to the economy, human capital, physical and social landscapes emerge. This paper discusses the major policy changes for year 2020 and whether this pandemic poses a threat or acts as a catalyst for change, by drawing attention to its impact on four tourism stakeholders: government agencies, industry operators, people of local community and international travelers, to offer practical utility for relevant parties to adapt to a sustainable post-pandemic era. As fiscal and monetary relief was provided, alternative employment encouraged and hospitalization cost covered by the state, this stint of inactivity allows the nation to recover, and spurs the recognition of a waste management plan to safeguard the environment. On the other hand, the busy refund season following travel bans incentivizes the development of a portable booking system, and the potential drop of above-60 travelers would foresee Bhutan's clientele demographic shifting to a younger, more affluent and educated portfolio, to continue to uphold the country's High Value Low Volume tourism principle.

Keywords: Bhutan, sustainable tourism, COVID-19, waste management, Tourism Council of Bhutan

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Background

After breakfast, Tenzin sets up his “dragonboy” hotspot for his son, Karma, to attend the virtual school taught in both English and Dzongkha. He then spends an hour in his study chanting mantras. Sometimes he reads the national newspaper Kuensel, to keep track of the COVID-19 situation since Bhutan’s lockdown in August; it doesn’t surprise him that there aren’t any new cases in the last 24 hours, as it has been for the last four days. A week prior, two imported cases, a Bhutanese and a foreign expatriate, were identified and quarantined. With the current infections at 866 and only 1 death in a population of 763,000, he foresees the victory day a stone throw’s away, for then can he resume his tour operating business targeting inbound travelers to this secluded Himalayan kingdom. His lunch consists of a plate of red rice, some beef pumpkin stew and the national dish ema datshi, chilis cooked in cheese, which lets out such a comforting, creamy milk scent that reminds him of his mother; “guess that’s what alfredo does to the Italians,” he thinks to himself. In the afternoon, he visits a monastery and meets a friend to play archery. As the lockdown life has taken a toll on his pal’s upper body strength, he feels fortunate to have stuck to a routine gym schedule and didn’t forego an inch of his drukyul masculinity. Before heading home, he goes for a drink at a bar. At the door, he takes out his smart phone, opens the DrukTrace app, scans the QR code to submit his bar visit. He enters with a mask and although masks are mandatory in public, he doesn’t feel being forced to wear them, “that’s the least I can do to help myself and others.” He notices that a few people in public do not have their masks and the police does nothing to interfere. “Maybe they have breathing issues with masks,” he murmurs, “there’s always an exception.”

Introduction

While Bhutan’s tourism came to a complete standstill in 2020, so did the nation’s economy: a pre-COVID-19 GDP growth forecast of 5.5% took a sharp turn to mark the end of the 19/20 fiscal year with a dismal 1.5% [1]. As challenges to the economy, human capital, physical and social landscapes emerge, this paper discusses whether this pandemic poses a threat or acts as a catalyst for change, by drawing attention to its impact on four tourism stakeholders: government agencies, industry operators, people of local

community and international travelers, to offer practical utility for relevant parties to adapt to a sustainable post-pandemic tourism.

Stakeholders

Government

With all relevant activities overseen by the alpha agency Tourism Council of Bhutan (“Council”) [2], Bhutan adheres to a High Value, Low Volume principle in promoting its tourism, to ensure sustainability and maintain itself as a carbon-negative state [3]. This is achieved through levying a minimum daily package rate (“minimum”), \$250 per person per night for the high season (March, April, May, September, October and November) and \$200 for the low (the rest). It contains a \$65 sustainable development fee that the government later uses to roll out initiatives to make amends to the environment. Another add-on is for those traveling alone or as a couple: \$30~40 (called “FIT surcharge”), 10% of which is collected by the government.

Effective in Jan 2021 is the policy that the three countries previously exempt from the minimum- India, Bangladesh and Maldives, would begin to pay the sustainable development fee. Prior to 2020, entry permits into Bhutan cost nothing for this group [4], and free mobility throughout the nation without a guide mandate was granted, a privilege that even the most cultured visitors from Europe or North America tend to covet. However, subsequent influx of tourists caused issues such as a burdened waste management system and a less celebrated tourist experience as compared to the none-exempt group. As a result, an entry fee seemed pertinent to steward the High Value, Low Volume principle, thereby the enactment of a 1200 rupee/ngultrum(~\$16) daily fee in 2020 [4] before its increase to \$65 in 2021. Albeit tentative, there have been talks among authorities to unify the minimum across all countries to ensure cost fairness and service equity regardless of nationalities.

Prior to arrival, a traveler’s itinerary is discussed and all fees paid. Money are wired to the Council, who then gives the greenlight for processing visas. Total earnings minus \$65 will be dispensed from the Council’s account to the tour operator only when the tourist completes the trip and boards a flight home. A loose version of performance evaluations takes place when the Council receives complaints from tourists. As of Feb 18, 2021, there are 924 licensed operators in Bhutan, as compared to 377 in 2009. The explosion of tourism businesses creates extenuating circumstances that imbue the Council with the

acting power to withhold a portion of the earnings based on exposé feedbacks. The amount is so carefully calculated that after paying for the lodges and buses, the operator is left with a profit next to none. The Council's apex position in handling tourism matters could strike one as paternalistic but such efficient monitoring and evaluation is no doubt a winner at spurring positive industry practice.

Among nationalities subject to the \$250 fee, more than 50% were of Asia-Pacific, 24.8% of western origins (Europe and North America); USA, China, Singapore, Thailand, Japan, UK and Germany are the major contributors to Bhutan's tourism [2]. Since China's declaration of the coronavirus as a global imminent threat in late January, a cascade of lockdowns and travel bans were issued in many countries, making March to May of 2020 the busy refund season for Bhutan tourism more than ever. As tour packages were booked through wire transfers to the Council, the same lengthy and energy-sapping process has to be followed for refund. Fortunately, this need to revamp the payment process has been recognized by the Council [5]. With the officers currently looking into the development of an online interface and credit card payment, there is good hope that a portable system is around the corner.

Tour Operators

The opening passage describes Tenzin's typical day during the pandemic. While COVID-19 crisis is loathed in many countries for its detrimental impact, the cloud has a silver lining for Bhutanese, whose mentality is better characterized by "relaxed" than "panic." As Tenzin spent his time visiting monasteries or playing archery, he took it as a period of extensive leisure rather than "unemployment," despite losing \$18,000 in net profit had he spent this year tending to a highly-demanded tourism business. Such *drukyul* mentality stems from their religious belief, a deep understanding of "impermanence" and little weight they place on money and material gains.

For the hardest hit tourism industry, fiscal measures such as tax deferment and interest waiver were installed [1]. The Council also encourages tour guides to take on alternative employment, particularly longer-term assignments in commercial farming or Build Bhutan project [6]. Acquiring a novel set of skills would benefit the individual in a post-pandemic Bhutan as the Council forecasts intense competitions in tourism industry due to the modest number of international travelers slowly trickling in [6].

People and Local Community

From April to September 2020, His Majesty implemented the cash transfer program, providing immediate financial relief for individuals who lost their steady stream of income [1], similar to the American Cares Act. Rice, vegetables, meat and other grocery items were provided to families in need. Bhutan's single-payer national health program also means that all hospital expenses are born by the government [7, 8], although in many cases people offered to reimburse the government for their quarantine [9] such as budget hotels or PCR tests, for which the Ministry of Health put up a fee table to give citizens the transparency should they insist to cover their own healthcare expenditure [10].

2020 is also a stint of recuperation for the environment. As tourism boomed in 2019, many once-pristine villages were caught in a trash mayhem: beer bottles, PET bottles, plastics. The Guide Association of Bhutan routinely dispatch volunteers to collect the trash, but as the disheartening dump scene of Mt. Everest still haunts many as a cataclysmic omen for Bhutan, it is a pressing issue for the nation to devise a comprehensive waste management guideline before tourism is back on its feet. Whether it is a legislative ban of single-use plastics as neighboring Bangladesh did, a well-rounded 3R (reduce, reuse, recycle) initiative in Japan, or an up to \$100,000, 12-month imprisonment penalty for littering in Singapore, lessons can be drawn for Bhutan's unique case as a small, forest-capped kingdom reeling itself towards the ultimate gross national happiness (GNH). This year of reprieve allows Bhutan to catch its breath from all the pollution that wreaked havoc on its treasured landscape.

Travelers

The Council finds it concerning that the average age of tourists is 68; to serve a contrast, that of local guides is 27 [2]. It is true that the entry minimum sets a bar on the relative wealth of its potential clientele, making it almost impossible for a broke college graduate to sign up, except for an Austrian coming to Bhutan through the government-sponsored Organic Farmers Exchange Program. Yet by all means emphasis should be brought to attract younger generations. According to experts, the risk of COVID-19 induced hospitalization increases with age(CDC), and the infection is 50 times more fatal for a 60-year-old than is driving a car [11]. Thus, tourists are expected to

plummet in the 60s' age group who might reasonably cut down on leisure travels in the years followed.

Additionally, the fact that most senior tourists registered with Metho Bhutan, a Thimphu-based operator, visited the country for religious purposes, sheds light on promoting Bhutan's tourism package to a targeted clientele, namely, Buddhists or its informal adherents in western countries. Useful insights can be gathered from the demographics of Buddhists in, for example, the US. According to the Pew Research Center Religious Landscape Study in 2014, Buddhists in the US followed these patterns: 1) 87% are under 65; 2) 63% earn more than \$30k a year and 45% more than \$50k; 3) 81% achieve some college level of education or beyond (Table 1) [12]. The same group also extrapolated 1.2% of American populations to be Buddhists, or 3.7 million [13]. Therefore, it is recommended that Bhutan taps into this abundant pool of below 65, affluent and educated client portfolio in developed countries.

Table 1. Data from 2014 Religious Landscape Study, US
(marginal error +/- 8%) [12]

Item	Group	%	Sample size
Age Distribution	18-29	34%	259
	30-49	30%	
	50-64	23%	
	65+	14%	
Annual Income Distribution	Less than \$30,000	36%	233
	\$30,000-\$49,999	18%	
	\$50,000-\$99,999	32%	
	\$100,000 or more	13%	
Educational Distribution	High school or less	20%	262
	Some college	33%	
	College	28%	
	Post-graduate degree	20%	

Conclusion

Although challenges do exist in a post-pandemic Bhutan, its track record in building resilience and adapting to changes brings positive outlooks to the tourism industry and its stakeholders. In a post-pandemic age, as people grew wary of over-crowded, concrete jungles of modern metropolis, opportunities

lie ahead in continuing to build a Brand Bhutan as the ideal getaway of unblemished nature and meditative wilderness.

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Biographical Sketches

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