

Tourism in a 'Borderless' World: The Singapore Experience

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S U M M A R Y The development of tourist destinations that transcend national borders, first envisioned in the 1950s, gained momentum in the 1990s. Whether facilitated by large regional organizations such as the Association of Southeast Asian Nations (ASEAN) or bilateral agreements, countries—especially smaller ones—have worked to identify and leverage their neighbor's strengths. Singapore, for example, adopted a national tourism plan based on the concept of “borrowed attractiveness.” It has compensated for its limited natural resources and high costs by collaborating with Indonesia and Malaysia, which contribute cheaper labor and land in exchange for infrastructure, financing, and expertise. The city-state also aggressively sells its tourism expertise overseas and aspires to be Asia's tourism hub. But Singapore's experience demonstrates that regional tourism, while diversifying tourism development opportunities, can also perpetuate inequities between wealthier and poorer collaborators and present serious challenges to businesses operating in unfamiliar settings.

Regional Tourism in Asia Pacific

The phenomenon of “regional tourism” emerged in the 1990s. Countries and cities are increasingly looking across political borders to collaborate with one another in policy planning, project development, and tourism marketing. Shared natural and cultural resources can be jointly developed and promoted, and infrastructural duplication and harmful competition between countries minimized. The approach may be especially of interest to small countries, for which the experience of Singapore provides useful insights.

One of the most recognizable forms of regional tourism is the tourism triangle

The many forms of regional tourism. One of the most recognizable forms of regional tourism is the tourism triangle, in which cities in adjacent countries collaborate. Tourism triangles center on a shared economic or natural resource, such as a scenic attraction. The triangle is usually anchored by three principal cities (sometimes states or provinces) in three different countries. Examples in the Asia Pacific region include (see Fig. 1):

- Indonesia, Malaysia, Singapore Growth Triangle, or IMS-GT (Indonesia’s Riau Islands, Malaysia’s Johor state, and Singapore), #1 in Fig. 1;

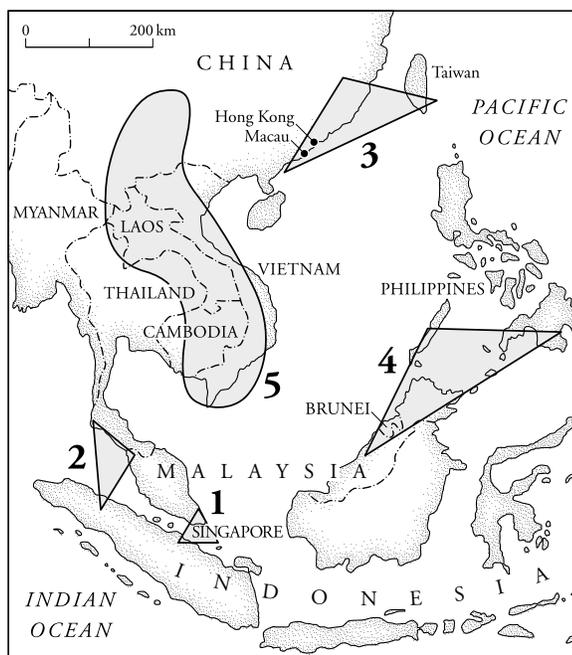


Fig. 1. Regional tourism in Asia

- Northern Growth Triangle (Malaysia’s Penang, Indonesia’s Medan, and Thailand’s Phuket), #2 in Fig. 1;
- Southern China Growth Triangle (Hong Kong, Taiwan, and the Guangdong and Fujian provinces of China), #3 in Fig. 1.

The goal of tourism triangles is for cities/countries to complement each other and to undertake joint projects that leverage each country’s strengths. For example, the IMS-GT promotes itself as a resort region capitalizing on Singapore’s air/seaport connections and Indonesia’s and Malaysia’s golf courses, beaches, and comparatively cheaper labor.

A second form of regional tourism is developed within the framework of political and economic alliances established by governments to promote a wide range of mutual goals. Alliances under which tourism collaborations have been initiated include:

- Brunei, Indonesia, Malaysia, Philippines East ASEAN Growth Area, or BIMP-EAGA, #4 in Fig. 1;
- The Greater Mekong Subregion (Cambodia, Laos, Myanmar, Thailand, Vietnam, and Yunnan Province of China), #5 in Fig. 1;
- The South Asian Association for Regional Cooperation, or SAARC; the Association of Southeast Asian Nations, or ASEAN; and the Asia-Pacific Economic Cooperation forum, or APEC.

Within each alliance, regional tourism is usually established through separate subcommittees or working groups. For example, the ASEAN Subcommittee on Tourism facilitates joint marketing of the region, information exchange, and tourism investments between countries. The Greater Mekong Subregion, formed by the Asian Development Bank in 1992, also has a tourism working group that coordinates infrastructure development and markets the participating countries as “Jewels of the Mekong.” APEC formed its Tourism Working Group in 1991 to promote social and economic development of member countries through collaborative projects.

A third form of regional tourism involves non-governmental regional associations, which can be credited with first envisioning the potential for regional tourism. One example is the Pacific Asia Travel Association (PATA), which was formed in 1951 with a mix of private and public sector members. Its original goals included encouraging the development of tourist facilities throughout the Pacific and easing government barriers to travel. Today, the Association also acts as a liaison between the public and private sectors within and between countries. Other non-profit regional associations include the nongovernmental ASEAN Tourism Association (ASEANTA) established in 1971 and the South Pacific Tourism Organisation (SPTO) established in the early 1980s.

Singapore's Imperative to 'Go Regional'

From the 1960s through the early 1990s Singapore worked to develop its local and national tourism infrastructure and marketing. But with limited land for further development, the country began to look beyond its own borders. In 1996, the Singapore Tourism Board (STB) outlined a new development vision called *Tourism 21* which called for a rethinking of Singapore's "tourism space" to embrace the surrounding Asia Pacific region. To describe its regional agenda, the STB borrowed the metaphor of *shakkei*, the Japanese landscaping strategy of "borrowed attractiveness" in which distant scenery is visually incorporated into one's own garden as a way of making the garden more beautiful. One of *Tourism 21's* goals is for Singapore to be a "tourism capital"—an airport hub, convention center, arts and entertainment capital, cruise center, and headquarters for international tourism companies. This transborder vision demands that Singapore collaborate with other countries and regional organizations and invest in the tourism economies of nations throughout Asia.

Few countries have been as aggressive as Singapore in developing regional tourism. The country is pursuing three strategies: (a) involvement with immediate neighbors in economic growth triangles; (b) overseas investments in and sales of Singapore's

tourism-related services to other Asia Pacific countries; and (c) establishing itself as a regional tourism hub.

Developing a growth triangle. A collaboration involving the Indonesian Riau Islands (Batam and Bintan), the state of Johor (Malaysia), and Singapore is one example of a growth triangle (known, in this case, as the IMS-GT). The goal is to create a cooperative framework for economic development in several sectors, particularly trade, transport, tourism, agriculture, communications, and light industries. While Singapore provides advanced infrastructure, financial reserves, and management expertise, Indonesia and Malaysia contribute land and labor.

For tourism purposes, the IMS-GT was envisioned as a resort area offering a network of hotels, beaches, holiday homes, ferry terminals, marinas, and golf courses. The largest completed projects are on the Indonesian islands of Batam and Bintan, including the Bintan Beach International Resort (BBIR) (Fig. 2).

The BBIR is owned by Bintan Resort Corporation, a consortium of various Singapore and Indonesia firms with its base in Singapore. The resort comprises 23,000 hectares of land and total investment costs are estimated at S\$3.5 billion (about US\$2 billion). Brochures market Bintan as "45 minutes away from Singapore," offering the scenic and cultural appeal of Indonesia with the management standards of Singapore. To encourage repeat visitors, border controls between Bintan and Singapore have been eased through "Smart Card" immigration facilities. The number of tourists visiting the resort has increased over the years from 30,000 in 1995 to over a million in 2000. On neighboring Batam, both Singaporean and Indonesian investors have developed hotels, marinas, and ferry terminals, and plans are also underway to create a waterfront city at a cost of US\$1 billion.

A positive outcome of the IMS-GT for Singapore has been the diversification of its tourism industry to include new attractions and appeal to niche markets. Because of complementary relationships with and access to Indonesian and Malaysian coastal resorts, Singapore is able to market itself as a cruise center. Cruise tourism was nonexistent in Singapore in the 1980s. In 1992, cruise passengers to Singapore

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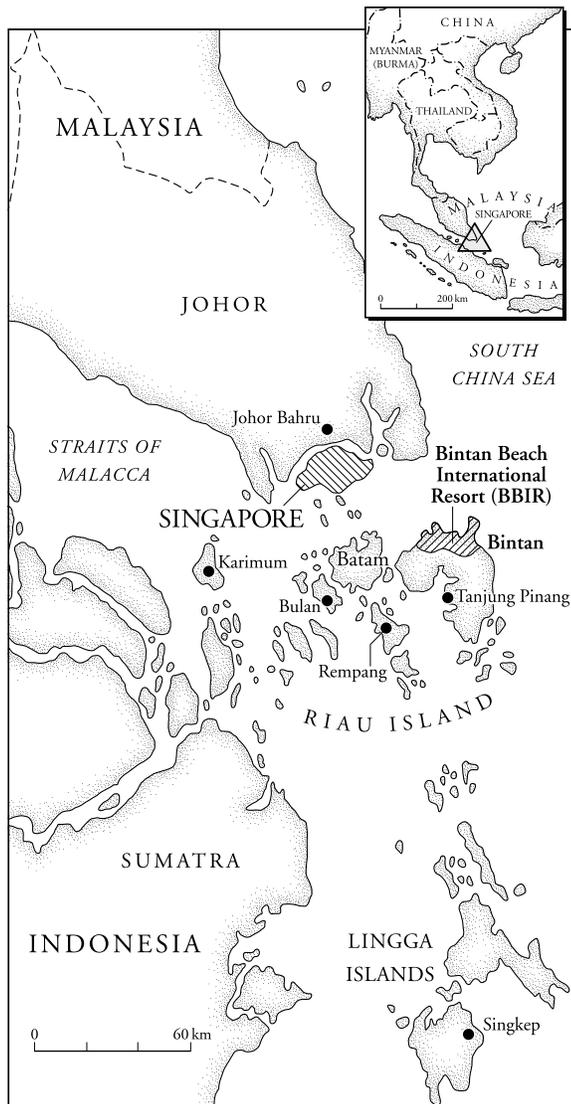


Fig. 2. The Indonesia, Malaysia, Singapore Growth Triangle (Indonesia's Riau Islands, Malaysia's Johor state, and Singapore)

numbered 190,031 with 350 ships calling at the port. By 1998, there were 1.05 million passengers and 1,691 ships on call.

Another positive outcome is political goodwill. Historically, relations between the three countries were marred by nationalistic tensions. By locking regional neighbors into networks of "win-win" relationships, economic cooperation has the effect of cementing neighborly ties. Indonesia and Singapore, which established the first "leg" of the growth triangle in 1990 considered the relationship successful enough to develop new joint tourism projects on the Indonesian islands of Karimun and Nias in 1994.

Feelings of inequity can cause dissatisfaction in host countries and threaten investments

The IMS-GT has also encountered problems. The equity of the trilateral relationship has been questioned, particularly whether Malaysia has been marginalized. The weakest link in the triangle is between Indonesia's Riau Islands and Johor state in Malaysia. The Singapore-Johor tourism ties are also far less formalized than the Singapore-Riau relationship. While resorts along the east coast of Johor existed long before the development of BBIR, their growth has generally been sporadic and relatively few efforts have been undertaken to promote intra-regional travel. As a result, the IMS-GT has not entirely lived up to its vision as a trilateral project because of its reliance on the Singapore-Indonesia "leg."

Concerns over core-periphery relations. It is commonly believed that unequal socioeconomic relations among nations allow better-off countries to take advantage of regional collaborations. When businesses from richer countries invest in lightly regulated locations, it is common for economic disparities, human rights violations, and environmental degradation to arise. In the IMS-GT, Singapore benefits through the availability of cheap land and labor in Johor and Riau. How much Johor and Riau have benefited in return from tourism and technology transfer is not clear, while some negative effects are clear. Social problems such as an emerging sex industry, beach pollution, and price inflation have affected both Batam and Bintan. In 1997 alone, an estimated 3,000 spontaneous migrants arrived in Batam in search of jobs in tourism and manufacturing. The influx has led to urban sprawl and housing shortages in various towns on the islands.

Feelings of inequity can cause dissatisfaction in host countries and, in turn, threaten the investments of all participating countries. For example, in January 2000, Bintan villagers organized a demonstration and disputed the land ownership of the Bintan Resort (in which the Indonesian Salim Group was a 60 percent investor and Singapore a 40 percent investor). The villagers demanded increased compensation for the land they had sold to the resort. The protest was apparently resolved in closed-door negotiations between village landowners and the developers but nevertheless led to massive cancellations of hotel bookings, disruptions to the transfer of supplies, and was a major

blow to tourist and investor confidence. Meanwhile the protest also spread to adjacent Bintan Industrial Park, 60 percent of which is owned by the Indonesian Salim Group and the rest by Singapore companies. The shutdown cost the park an estimated US\$200,000.ⁱ

One way to combat the problems of core-periphery relations and economic disparities is to diversify investments. While large chain hotels and Singapore's involvement have marked Batam/Bintan's development, subsequent phases must increasingly emphasize the role of indigenous and small-scale entrepreneurs. Since 1998, smaller plots of coastal land (0.1 to 6 hectares) have been earmarked for sale to encourage participation by smaller investors. Venture capital for first-time entrepreneurs and training for indigenous businesses—to be scouted or supplied by current investors—are also being explored. Mixed development involving foreign and local businesses, as well as large and small enterprises, provides a way for more equitable involvement in the tourism growth of the region.

Investing in and selling to other Asian countries.

Singapore's second strategy for developing regional tourism is to promote its investments and tourism services throughout the Asia Pacific region. Both the public sector (statutory boards and government-linked companies) and private enterprises are encouraged to develop investment projects (hotels, tourist transportation, theme attractions) and sell their products and services (training of tourism staff, consultancy, hotel management skills) to countries in Southeast Asia, North Asia, Oceania, and South Asia. Although overseas investment is a traditional form of regional tourism, Singapore's emphasis on sale of services is innovative.

The Singapore government and Singapore Tourism Board (STB) facilitate regional investments and service exports in various ways. One approach is to initiate government-to-government partnerships. By the year 2000, the STB was supporting thirteen bilateral tourism agreements, including one with Vietnam (tourism planning and personnel training), one with the Sichuan, China (to secure investment in Sichuan), and one with India (to assist in formulating a tourism plan for the country).

The STB also plays an entrepreneurial role by exporting its own tourism skills. It has established STB Consultancy, to work with politically and economically stable countries on project feasibility studies, tourism planning, and institution building. Through STB's consultancy efforts, Singapore companies have found yet another avenue into regional projects. For example, STB's tourism plan for India (1994) recommended creation of an "air bridge" to funnel tourists from Singapore to India. The plan also recommended that India develop domestic airlines, create new tour charters, and restore historic buildings for use as hotels. For each proposal, the STB recommended the participation of Singapore businesses. Besides India, the STB has submitted tourism plans to Cambodia, Myanmar, and Vietnam.

The STB also offers local Singaporean businesses support such as tax deductions and finance schemes for the purchase of equipment for overseas operations. In 1995, STB established a Regional Tourism Division devoted to facilitating companies' work overseas. Its responsibilities include conducting business seminars and study missions; publishing *Regional Scan*, a bimonthly newsletter that disseminates business contacts and investment information; and clarifying policy issues with host governments. Thus, the STB acts as a middle-person, charting and smoothing pathways for the regionalization of Singapore businesses.

Despite government assistance, regional operations have not been going smoothly. Singapore companies report encountering many difficulties.ⁱⁱ The problems include unhelpful and unpredictable host-government policies, corruption, and economic and political uncertainties. Many Singaporean businesses are unfamiliar with regional work conditions and complain of the abuse of rules by local officials and companies. A Singapore-owned enterprise that organizes pop music concerts in Southeast Asia, for example, observed that it is virtually impossible to stage entertainment events in some countries without giving away a large number of free tickets to officials. An auction company complained that it had to fund members of the press to review its exhibitions.

A number of actions could ease regional operations. Trade missions and study tours organized by

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Singaporean government agencies could focus more on problem areas and difficulties, rather than simply on investment and sales opportunities. Honest and detailed information on local work conditions could be disseminated more effectively. The STB's *Regional Scan*, for example, provides objective information on investment opportunities but offers very few critical insights into the cultures and working styles of individual countries. For it to be more useful, personal opinions and no-holds-barred feedback from failed operations should be provided. A tourism operator who was interviewed recommended that failures among overseas Singapore companies be more openly discussed as a way for future investors to understand the challenges involved in regional ventures.

Singapore's government could also employ a cluster approach, meant to assure cooperation among all participants. This would be achieved by establishing links between Singaporean companies and local counterparts in host countries, or by encouraging a cluster of Singapore companies to collaborate on joint investments. The latter approach is common among Japanese companies investing overseas; they often bring along their suppliers and this helps small-to-medium Japanese enterprises to expand. A number of well-established Singapore hotel companies such as Raffles International Hotels and CDL Hotels already have many properties in Asia Pacific countries. Strategies facilitating either Singaporean or host-country travel agencies, retail enterprises, and other leisure companies to collaborate with these hotels could be explored. This requires that organizations regard one another not as competitors but as potential allies in regionalization.

Establishing Singapore as a regional tourism hub.

A third strategy in Singapore's regionalization quest is to establish itself as a tourism hub. For businesses operating in the region, Singapore aims to be an attractive investment site in which to locate their Asian headquarters. For visitors to the region, Singapore markets itself as a convenient gateway to neighboring countries. By being a hub and gateway, Singapore hopes to increase foreign economic investments and attract a greater flow of tourists.

Unlike the previous two forms of regional tourism that stress collaboration, this third form involves competition. Southeast Asian cities compete for tourism investments by offering cost-competitive infrastructure and by constantly upgrading their services. Improvements in airports, convention centers, and transportation networks—as well as attractive tax incentives—represent different ways that cities compete to be tourism hubs. Currently, Singapore is the Asia Pacific headquarters for international companies such as the Club Med Hotels and Resorts and Hilton International Hotels, as well as the Southeast Asian hub for Sotheby's and Star Cruises, among others.

As a tourism business hub, Singapore's geographic location and political stability are perceived to be its greatest strengths, with the transport and communications systems also rated very highly. Other favorable hub conditions include the linguistic environment and efficient business/financial services. Singapore compares favorably with other Southeast Asian cities because levels of political upheaval, graft, and labor activism are low. That English is widely spoken is also an asset for Western companies.ⁱⁱⁱ

Together these attributes strengthen Singapore's hub status, although it could be argued that other cities fare better on specific attributes. Hong Kong, for example, is often credited with having more enterprising labor, while Kuala Lumpur and Bangkok score better in lower business costs and rental charges. For entertainment businesses, cities offering more liberal regulations, such as Taipei and Manila, are also considered more attractive.

Relatively high costs are Singapore's greatest weakness as a hub. Office rents, labor, and charges for exhibition and convention spaces are the main concerns. Labor costs, at least, could be mitigated if Singapore relaxed restrictions on employment of foreign workers in the services industry, as it has already done in the manufacturing and construction industries (where the proportion of foreign workers can be 50 percent and 75 percent, respectively, compared to only 30 percent in services). The benefits would be substantial for the tourism sector, which is especially labor intensive.

To keep up with competition from other countries in the region, Singapore's government policies must be constantly refined to retain existing businesses and attract new ones. Many policy changes have been made, for example, to facilitate Singapore's aspiration to be the region's "arts capital." Singapore Immigration, with the aid of the National Arts Council, initiated the Foreign Artistic Talent Scheme in 1991 to assist foreign artists in applying for permanent residence status. In the late 1990s, the state also liberalized many regulations pertaining to public entertainment. Rules regarding street performers and pop music concerts were revamped to make Singapore more attractive to foreign entertainers.

A word of caution regarding Singapore's tourism hub agenda: New initiatives and developments must cater to the needs of locals as much as they target foreign investors and visitors. For example, changes to government policy such as those made to implement the Foreign Artistic Talent Scheme and related costly large-scale infrastructure projects such as "The Esplanade: Theatres by the Bay," must be seen as benefiting local businesses and residents as well as foreign arts companies, tourists, and expatriates. The focus on creating "hardware" infrastructure (arts centers) should also not be prioritized ahead of "software" training of practitioners and education. Policy

changes and development schemes must thus be sensitive to the needs of both foreigners and locals.

Conclusion

More than half a century has passed since a regional approach was first envisioned for tourism in the Asia Pacific region, and the models that have emerged since then offer new possibilities for countries of all sizes. Small countries and micro-island states are often disadvantaged in tourism. With comparatively scarcer resources, smaller land area, and fewer opportunities for investments, such countries are limited in the scale and scope of development they can undertake. The regional tourism model that has emerged in the 1990s, however, offers a feasible way for countries to overcome their limitations and diversify their tourism options, as the case of Singapore demonstrates.

Small countries can play an important role in regional tourism through strategic collaborations with neighboring countries, functioning as an investment hub for tourism services, and also being the source of tourism capital, skills, and knowledge. With more countries in the Asia Pacific, Europe, and the Americas embarking on cross-border ventures, the opportunities for growth in tourism collaboration are increasingly acknowledged, as are the difficulties of such collaboration.

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Notes

ⁱ *The Straits Times*, 'Bintan protest,' 21 January 2000, Singapore Press Holdings.

ⁱⁱ Author's 1998 survey of problems encountered by 14 Singapore-owned tourism, leisure, and lifestyle companies with overseas projects.

ⁱⁱⁱ Author's 1998 survey of 30 tourism, leisure, and lifestyle companies based in Singapore (16 foreign-owned and 14 Singaporean-owned).

For Further Reading

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