

FINAL DRAFT



TOURISM POLICY
OF
THE KINGDOM OF BHUTAN



TOURISM COUNCIL OF BHUTAN
(31 OCTOBER 2019)



“..... in the 1970’s, tourism as an industry was only introduced after the coronation of His Majesty the Fourth Druk Gyalpo. It was suggested to us then that Bhutan would benefit economically from bringing in as many tourists as possible into the country. At that time, Bhutan was largely unknown to the outside world. And yet, with Drukgyal Zhipa at the helm, we had the confidence to make our own decisions- to decide that our approach to tourism policy would be that of high value low volume. It seemed counter-intuitive at a time when tourists to Bhutan were so few. There were many skeptics. But because of that policy, Brand Bhutan emerged. And you see the results of that policy for yourselves today. People who make it to Bhutan feel privileged to be our guest. In hindsight, we realize the profound wisdom of that decision, but we could have easily gone the other way, had it not been for that conviction we had to forge our own path, our future, and our destiny”

His Majesty the Druk Gyalpo, 11th Convocation of RUB in 2016

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Acronyms

GNH	Gross National Happiness
SDG	Sustainable Development Goals
TCB	Tourism Council of Bhutan
TCBS	Tourism Council of Bhutan Secretariat
MDPR	Minimum Daily Package Rate
MICE	Meetings, Incentive, Conventions and Events
RGOB	Royal Government of Bhutan
ICT	Information and Communication Technology
USP	Unique Selling Proposition
CSO	Civil Society Organisation
LG	Local Government

Glossary

Tourism: refers to the activity of a visitor and includes trips away from one's usual environment (residence), for less than a year, for any main purpose other than to be employed by a resident entity in the place visited.

Tourist: refers to all visitor who travels to a country (inbound / outbound tourism) or place (domestic tourism) other than that in which her/she has his/her usual residence for at least one night but not more than one year, and whose main purpose is visit is other than the exercise of activity remunerated (employment) from within the country / place visited.

High Value, Low Volume: The **High value** refers to targeting mindful and responsible high-end visitors, creating good value for money experiences, high revenue and yield, quality infrastructure and tourism products and services and Brand Bhutan. While ensuring that the numbers of tourists visiting Bhutan is as per the absorptive carrying capacity of our natural, sociocultural and infrastructure – **Low volume**.

Green: refers to pristine nature, clean air and water, rich biodiversity, low carbon footprint and designing environment friendly tourism programs and infrastructure.

Sustainable: Promoting tourism in a manner that will meet the needs of the present tourists and destinations while protecting and enhancing opportunities for the future. And includes economic development, livelihood enhancements, promotion and preservation of culture and nature and future prospects.

Inclusive: Creating opportunities for participation in tourism and benefits for all Bhutanese through a variety of initiatives and quality tourism products and infrastructure for use by all Bhutanese not just tourists.

High value competitive destination: Creating good value for money, revenue and yield, quality infrastructure, tourism products and services, experiential tourism and Brand Bhutan.

Tourism Industry / sector: Is a cluster of production units in different industries that provide consumption goods and services demanded by visitors. Such industries are called tourism industries because visitor acquisition represents such a significant share of their supply that, in the absence of visitors, their production of these would cease to exist in meaningful quantity.

Inbound tourism: Comprise of activities of non-resident visitors within the country of reference on an inbound tourism trip.

Outbound Tourism: Comprises the activities of a resident visitor outside the country of reference, either as part of an outbound tourism trip or as part of a domestic tourism trip.

Domestic Tourism: Comprises the activities of a resident visitor within the country of reference, either as part of a domestic tourism trip or part of an outbound tourism trip.

1 Introduction

The rules governing tourism in the country was approved in 1972 that paved the way for Bhutan's participation in the international tourism industry and the first group of 287 official tourists visited Bhutan in 1974. Since then, Bhutan's tourism industry follows a unique sustainable approach of ***High Value, Low Volume*** and has consistently sought to ensure a cautious tourism sector growth that is within the carrying capacity of our physical, socio-cultural and natural environment. The premise of our tourism development policy is rooted in the overall development philosophy of Gross National Happiness (GNH) to promote sustainable tourism that meets the needs of present visitors and destinations while enhancing opportunities for the future.

Tourism is an important and dynamic economic sector contributing significantly towards socioeconomic development of the country through revenue and foreign exchange earnings, creation of employment opportunities, conservation of natural and cultural heritage, and contributes to the realization of the national development goals – Gross National Happiness (GNH) and Sustainable Development Goals (SDG).

The shift and sophistication in the demand and behaviour of the tourists for meaningful travel experiences further emphasizes the need for growth, diversification of tourism products and destinations, including authenticity, contacts with local communities and learning about culture, tradition, flora and fauna etc. This calls for the need to have a dynamic tourism policy to change and adjust to these changing demands of the international travel and tourism.

Sustainable tourism development requires the informed participation of all relevant stakeholders and it requires to maintain a high level of tourist satisfaction and ensure high value experience to the tourists, raising awareness about the sustainability issues and promoting sustainable tourism practices, constant monitoring of impacts, introducing the necessary preventive and /or corrective measures where necessary.

Bhutan's tourism industry continues to grow to become one of the major economic sectors contributing significantly towards socioeconomic development of the country through revenue and foreign currency generation and employment creation amongst others. In 2018 a total of 274,097 foreign individuals visited Bhutan in 2018 which is an increase of 7.61% over 2017. International leisure arrivals grew by 1.76% to 63,367 over 2017 while arrivals from the regional market grew by 10.37%.

2 Rationale

The travel and tourism industry across the world have undergone significant growth and changes particularly with the changing dynamics of the traveler behavior and the travel markets and so has the situation in Bhutan. These developments and the absence of documented comprehensive policy framework have resulted in challenges relating to policy clarity, planning and coordination for the development, promotion and regulation of the tourism industry.

Tourism growth and development in the country is constrained with several challenges in realizing its full potential with the following emerging issues and concerns:

1. Lack of a comprehensive policy document, socio-cultural and environmental standards to guide sustainable tourism development
2. Unregulated growth and management of tourism
3. Limited diversified tourism products
4. Growth in non-certified tourist facilities
5. Unequal benefit sharing
6. Inadequate regional spread of tourism.
7. Seasonal tourism
8. Unsatisfactory visitor experience
9. Unethical business practices
10. Poor coordination and collaboration amongst stakeholders
11. Absence of legislation for tourism
12. Growing waste and other concerns
13. Institutional strengthening and structure.

The Tourism Policy sets the agenda and direction for the development of tourism sector and its success depends on an integrated and holistic engagement and participation of all the stakeholders. The policy document will be supported and complemented with a comprehensive Strategic Development Plan and a set of incentive packages to boost sustainable growth.

3 Guiding Principles

The guiding principles which underpin Bhutan’s vision for sustainable tourism destination are:

- i. Develop and promote forms of tourism that is consistent with our national development philosophy of Gross National Happiness (GNH).
- ii. Promote High value, Low volume tourism

*The **High value** shall mean targeting mindful and responsible high-end visitors, creating good value for money experiences, high revenue and yield, quality infrastructure and tourism products and services and Brand Bhutan. While ensuring that the numbers of tourists Bhutan receives are as per the absorptive carrying capacity of our natural, sociocultural and infrastructure to reduce negative impacts – **Low volume**.*

- iii. Tourism development shall continue to be supported by the Minimum Daily Package Rate (MDPR) System and shall be reviewed as deemed necessary.
- iv. Tourism shall be developed and promoted in a manner that respects the country’s natural and cultural resources, its people and core values.
- v. Where rural community engagements in tourism are concerned, tourism shall be developed and promoted as a supplementary income source and not as a substitute for their primary livelihood.
- vi. Tourism shall be developed to promote regional and seasonal spread with equitable growth and benefit sharing.

4 Vision

A Green, sustainable, inclusive and a high value competitive tourism destination

Green refers to pristine nature, clean air and water, rich biodiversity, low carbon footprint and designing environment friendly tourism programs and infrastructure.

Sustainable refers to promoting tourism in a manner that will meet the needs of the present tourists and destinations while protecting and enhancing opportunities for the future i.e. economic development, livelihood enhancements, promotion and preservation of culture and nature and future prospects.

Inclusive refers to creating opportunities for participation in tourism and benefits for all Bhutanese through a variety of initiatives for use by all Bhutanese not just tourists.

High value competitive destination refers to creating good value for money, revenue and yield, quality infrastructure, tourism products and services, experiential tourism and Brand Bhutan.

5 Objective

*The overall objective of the National Tourism Policy is to **Promote High value, Low volume tourism to foster sustainable, competitive and inclusive growth to enhance the industry's contribution to nation building.***

6 Policy Statements

The policy seeks to achieve the vision and objective through the following policy statements. The policy statements are identified under different strategic areas of intervention.

6.1 Framework of Instruments for Sustainable Tourism Development

Integrating the principles of sustainable tourism is essential to ensure the tourism sector's success and contribution to socioeconomic and national development objectives.

1. The Royal Government shall adopt a single approach for management of all inbound tourism in the country and shall implement appropriate mechanisms to promote it.
2. The Royal Government shall ensure that new areas and sites are opened for tourism with adequate researches and consultations to consider values, significance and sentiments of the local communities and sites.
3. The Royal Government shall implement mechanisms including management plans at all sacred sites and places of religious, cultural and natural significance.
4. The Royal Government shall implement regulations to discourage unhealthy growth and development in tourism infrastructure, establishments and services.

5. The Royal Government shall facilitate streamlining of all tourism businesses and services establishment, operations and regulatory compliance through the Tourism Council of Bhutan.

6.2 Positioning Tourism in Development Policies and Programmes

Tourism is a complex and dynamic sector requiring diverse players to be involved in delivering a wide range of facilities and services that combine to provide the overall visitor experience. The recognition of the current and potential contribution and role of tourism in achieving country's overall goals is essential to support sustainable tourism development.

1. The Royal Government shall position tourism in national development planning and strategies
2. The Royal Government shall facilitate integration of tourism considerations in the sector policies and plans
3. The Royal Government shall strengthen statistical development, research and measurement of tourism's contribution
4. The Royal Government shall initiate identification of tourism zones across the country to conserve, preserve / protect and maintain places of scenic beauty, villages, towns and tourist sites and allocation of land in areas of tourism potentials.

6.3 Tourism Governance and Institutional Setup

Equally important is the evolution of TCB as a National Tourism Organisation to keep abreast of the rapidly changing travel and tourism industry.

1. The Royal Government shall establish Tourism Council of Bhutan (TCB) as a statutory Body
2. The Royal Government shall strengthen legislations and regulatory frameworks for tourism
3. The Royal Government shall strengthen tourism governance and institutional set-up
4. The Royal Government shall provide adequate resources and manpower including skills enhancement and upgradation
5. The Royal Government shall strengthen and expand tourism representation within the country and in major international markets.

6.4 Enabling Environment and Investment

The success of tourism as a driver of sustainable development depends on the presence of conducive business environment for trade and investment to promote growth.

1. The Royal Government shall create conducive business environment for tourism investment promotion with targeted incentives to promote visitations, investments and tourism business growth.
2. The Royal Government shall enhance online payment facilities and use of all major international credit and debit cards in the country.

3. The Royal Government shall enhance and improve travel facilitation services at the entry ports.
4. The Royal Government shall explore air connectivity beyond existing routes and improve internal connectivity.
5. The TCB shall develop and institute mechanisms for management of visitors, destinations and sites.
6. The TCB shall assess the absorptive carrying capacity at national, dzongkhag and site level of infrastructure, culture, environment and services.
7. The Royal Government shall streamline and simplify processes for tourism businesses.
8. The Royal Government shall introduce targeted incentives to promote visitation, investments and tourism businesses.
9. The TCB shall leverage on information and communication technology (ICT) to promote tourism growth, service delivery and visitor experience enhancement.

6.5 Quality and Diversity of Product Offerings and Infrastructure

Tourism product and infrastructure needs should consider development, innovation and diversification to address the market trends and the current strengths and weaknesses of the existing product portfolio.

1. The TCB shall develop procedures, guidelines, regulations and standards to ensure systematic and planned development of sustainable products.
2. The TCB shall diversify tourism products having comparative advantage and with special emphasis on unique offerings in collaboration with stakeholders. This shall include but not limited to:
 - Development of new tourism clusters with appropriate services.
 - Nature based adventure activities.
 - Local cuisines, arts and crafts and traditional medicine.
 - Promotion of Bhutan as a unique destination for filming.
 - Wellness, spiritual and MICE tourism.
 - Adventure tourism
 - Festival tourism
 - Sports tourism
3. The TCB shall enhance and promote ecotourism development to promote conservation travel through investment facilitation, enabling frameworks, capacities, benefit sharing mechanisms etc.
4. The TCB shall enhance the current tourism product offerings, packaging and content development through emphasis on the Unique Selling Propositions (USP) of the region and dzongkhags.
5. The TCB shall facilitate visitor management programs in areas that are experiencing visitor pressures and ecologically sensitive areas.
6. The TCB shall encourage private sector investment in development of tourism infrastructure, products and services
7. The TCB shall facilitate development of eco-friendly tourism infrastructure, amenities and support services including accessibility for the differently-abled.

8. The TCB shall strengthen quality system of tourism products and infrastructure operations with standards and monitoring in collaboration with sector associations.

6.6 Brand, Marketing and Product Positioning

The development and promotion of the country's brand image and range of products in order to meet the market needs is vital to the competitiveness of the tourism sector. Defining and articulating a distinctive brand is the key to effective marketing, providing the basis for promotional messages and guiding product development to deliver on the brand promise.

1. The TCB shall enhance and maintain competitiveness of Bhutan as an exclusive travel destination with focus on yield.
2. The TCB shall develop and implement Brand Bhutan strategies to differentiate Bhutan from the competing destinations including developing a unique market position, image and brand.
3. The TCB shall encourage locals to travel and visit the country through promotion of domestic tourism.
4. The TCB shall explore new markets and maintain existing markets.
5. The TCB shall develop and adopt new, strategic and professional approach to Branding and promotion.
6. The TCB shall increase awareness on the range of tourism products available in the country.

6.7 Standard and Quality

Tourism product offerings and services requires quality and variety to attract and retain the target markets. Ethics, professionalism and excellence are important elements of delivering standard and quality services.

1. The TCB shall establish systems and standards to achieve excellence in standard and quality of tourism facilities and services.
2. The TCB shall recognise and encourage excellence in standards of tourism enterprises and provision of services.
3. The TCB shall establish and implement appropriate guidelines for safety of tourists at sites and recreational facilities.
4. The TCB shall devise standard systems for crisis preparedness and management in collaboration with sector association.
5. The TCB shall ensure compliance to standards and code of ethics in the delivery of tourism services with sector association.
6. The Royal Government shall create conditions to allow more competition, improvement of services and greater choices for visitors.
7. The Royal Government shall develop / integrate e-platforms for tourism business operations and practices such as licensing, disbursement of payments, tax filing etc.
8. The TCB shall promote excellence and professionalism in the industry through high standard of business ethics and best practices.

6.8 Human Resource Development

Tourism is a labour intensive sector that creates many jobs at all levels. The human resources planning, skills assessment and provision of trainings for employment creation and management are important aspect of tourism development.

1. The TCB shall develop Human resource development plans and action to address skills gap and training needs.
2. The TCB shall conduct skills assessment and provision of training to local personnel at all levels.
3. The Royal Government shall encourage and facilitate the availability of skilled labour in the industry.
4. The Royal Government shall facilitate development of professional and competent work force.
5. The TCB shall establish mechanisms to encourage professional quality of institutions providing training in tourism.

6.9 Partnerships and Collaborations

As a multi-sectoral industry, tourism requires effective partnerships and collaborations amongst the diverse stakeholders in the delivery of various tourism functions and services. The engagement of government agencies, private sector and other stakeholders in tourism planning, development and management is critical for tourism growth and development.

1. The TCB shall create environment and institute mechanisms to promote partnerships and collaboration and participation in tourism at national, regional and community level.
2. The Royal Government shall promote cooperation with other countries and international organisations on tourism.
3. The TCB shall develop and implement a sustained education and awareness campaign for the national audience.
4. The TCB shall strengthen and support private sector associations and networks

6.10 Inclusive and Integrated Tourism

Tourism provides opportunities for integration and inclusion of diverse stakeholders, beneficiaries and concerns across the tourism value chain to engage and benefit and to mitigate negative social impacts.

1. The TCB shall enhance opportunities and broader participation for women, youths and differently abled people to ensure benefit and meaningful engagement in tourism.
2. The TCB shall promote mainstreaming of gender issues in the sector.
3. The TCB shall facilitate and sensitise individuals, communities, public and private institutions to appreciate and value tourism.
4. The TCB shall develop safeguards to ensure that tourism facilities and establishments are not used for prostitution.

5. The TCB shall develop Safeguards to ensure that there is no sexual and commercial exploitation especially of children in the sector.
6. The TCB shall institute mechanisms for prevention of negative social impacts in collaboration with sector association and other partners
7. The TCB shall institute mechanisms and safeguards to conserve and promote natural and cultural heritage in collaboration with sector association and other partners
8. The TCB shall enhance initiatives to promote waste management for the sector in collaboration with sector association and other partners

7 Institutional Framework

7.1 Institutional Set Up

Tourism Council of Bhutan (TCB)

The Tourism Council of Bhutan shall be the apex autonomous government agency responsible for development, promotion and regulation of tourism shall be the custodian of this Policy.

Tourism Council

The Tourism Council shall be the apex authority relating to tourism and shall comprise of members from the government and private sector.

Tourism Council of Bhutan Secretariat (TCBS)

The Tourism Council shall be supported by the Tourism Council of Bhutan Secretariat (TCBS) and shall have the following mandates:

- Tourism Budgeting, Planning and Policy
- Regulation and Monitoring
- Facilitation and Co-ordination
- Promotion and Branding
- Development of Tourism Products and Services
- Human Resource Development
- Certification and Accreditation

The Tourism Council of Bhutan Secretariat (TCBS) shall serve as the Lead Agency to coordinate all tourism related policy, plans and programs.

7.2 Role of Stakeholders

The implementation of the policy will be a shared responsibility that requires the commitment and participation of every stakeholder and indeed the visitor. A responsible collaborative approach will enable promotion of tourism that is economically viable, environmentally sustainable and culturally acceptable.

Stakeholder Type	Role in delivering Sustainable Tourism
Role of Government	<ul style="list-style-type: none"> • Position tourism in country’s development agenda and government priorities • Facilitate and encourage inclusion of tourism in sector policies and plans • Create enabling conditions to facilitate tourism development; • Consider enactment of tourism legislation to implement policy; • Provide adequate budget provisions and human resource for tourism development and promotion.
Role of Government Agencies / Ministries	<ul style="list-style-type: none"> • Facilitate and support tourism development initiatives. • Consider tourism in policies, development plans • Facilitate in providing services related to tourism. • Infrastructure planning and development.
Role of Private Sector	<ul style="list-style-type: none"> • Invest in the tourism and hospitality industry • Ensure safety, security and health of all visitors • Operate business according to appropriate standards and code of ethics • Involve local communities in the tourism industry by establishing partnership ventures • Integrate economic, social and environmental sustainability issues in business development and operation
Role of Local Government	<ul style="list-style-type: none"> • Support integration of tourism initiatives in the LG plans. • Undertake tourism plans and programs in consultation with TCB. • Facilitate in providing services related to tourism • Facilitate and support monitoring of tourism facilities and services
Role of Communities	<ul style="list-style-type: none"> • Organise and take active participation in tourism • Promote sustainable tourism development which enhances the local environment and culture of the area • Represent and communicate local community interests. • Enter into partnerships with investors in tourism businesses and facilities
Role of CSOs	<ul style="list-style-type: none"> • Facilitate development and implementation of tourism related plans and program in partnerships and collaboration with TCB • Engaging in strategic planning and development • Capacity building and provision of expertise

Role of Tourists / Visitors	<ul style="list-style-type: none"> • Act in a manner that respects the local culture, traditions and protection of nature. • Support our local economy. • Be a responsible guest
Role of Individual Bhutanese	<ul style="list-style-type: none"> • Respect and support the national tourism policy • Be brand ambassador for Tourism Bhutan and uphold the objectives of the national tourism goals.
Role of Media	<ul style="list-style-type: none"> • Tourism awareness program to the population at large. • Promotion of domestic tourism through familiarization trips and press reports on different places of tourist attractions. • Provide important link to national public relations efforts • Portray a positive image of Bhutan as a tourism destination
Education and Training institutes	<ul style="list-style-type: none"> • Knowledge gathering and dissemination • Capacity building and training
Sector Associations	<ul style="list-style-type: none"> • Facilitate development and implementation of tourism related plans and program in partnerships and collaboration with TCB • Engaging in strategic planning and development • Facilitate in providing services related to tourism. • Monitoring

8 Formulation, coordination and implementation

- TCBS shall coordinate the formulation, review, revision and implementation of tourism policies, plans, programs and other developments related to tourism at both national and international level.
- All tourism related initiatives by other stakeholders in the country shall be routed through TCBS.
- The TCBS in collaboration with relevant agencies, Local Governments, and sector associations shall implement this policy.
- The TCBS shall coordinate and conduct awareness and advocacy programs on tourism issues.
- An action plan will be developed to implement this policy and implementation shall be undertaken and be contingent upon the availability of resources.

9 Monitoring and Evaluation

TCBS in collaboration with partner agencies and stakeholder shall implement this policy and regular monitoring and evaluation of the implementation shall be undertaken.

- The monitoring and evaluation of the policy shall be based on the implementation of the action plan developed by the lead agency.
- The lead agency shall conduct periodic monitoring and evaluation of plans, programs and policies related to tourism.

- GNHC Secretariat shall ensure that the specified activities for agencies involved are incorporated in the respective Annual Performance Agreement and secure adequate resources to implement the Policy.

10 Review and Revision

- The National Tourism Policy will come into force with effect from _____ (enter day/month/year).
- The lead agency in collaboration with other relevant agencies shall review this policy at least once every five years and revise if necessary.
- In the event of conflict of interpretation of any part of this policy, the TCBS shall be the authority to interpret the provisions of the Policy which shall be final and binding.