



Impacts of controlled tourism policy: The Bhutan Case

Introduction

Bhutan is a small land-locked kingdom situated in the Himalayan Mountains between India and China. This tiny country has enjoyed the reputation as one of the most pristine and exclusive travel destinations in the world – the “last Shangri-La”. The number of inbound tourists has increased each year despite its controlled tourism policy imposing an over-priced daily tariff of US\$ 200 on each tourist. This daily tariff is a result of the high-value, low-volume strategy based on the “Gross National Happiness” (GNH) philosophy – a formula to measure the country’s progress considering equitable economic development, environmental conservation, cultural promotion and good governance rather than Gross Domestic Product (GDP) (Tourism Council of Bhutan, 2011). The objectives of this high-value, low-volume policy are to earn the foreign currency and to limit the number of arrivals in order to prevent the negative impacts of tourism on its cultural heritage and natural environment (Department of Tourism, 2005). However, a growing number of tourists could jeopardize the intended objective of safeguarding Bhutan’s culture and nature which it is known for.

Many studies agree that the “High Value, Low Volume policy had been successful. The tourism had the potential to both stimulate private sector growth and transform the rural economy, without having a negative impact on its culture and environment (Brunet, Bauer, Lacy, & Tshering, 2001; Gurung & Seeland, 2008; Reinfeld, 2003; Rinzin, Vermeulen & Glasbergen 2007).

However, there are some arguments against this policy especially in regard of tourism causing the environmental issues (Dorji, 2001). The increasing number of uncontrolled Indian tourists who

don't have to pay the daily tariff which according to Nyaupane & Timothy (2010), threatening the policy and country's cultural and natural resources.

The goal of this literature review is to provide insight in the positive as well as the negative impacts of Bhutan's controlled tourism policy on its economy, culture and environment. The research question will therefore be:

What are the positive and negative impacts of Bhutan's controlled tourism policy on its economy, culture and environment?

The research question will be answered by a synthesis of relevant articles and journals related to Bhutan's tourism policy and its impacts. Using a thematic approach, both the published and unpublished government documents focusing on this topic will also be analyzed.

The first part of this literature review will explain a theory of tourism impacts, a concept of Bhutan's controlled tourism policy and why it has been chosen. The second part will emphasize on positive impacts of the policy while the third part will discuss the negative impacts. Finally the conclusion will be drawn.

Theory of tourism impacts

Tourism has significant effects on every destination it has reached. The impacts of tourism can be categorized into 3 groups which are economic, social and cultural, and environmental impacts. The economic impacts of tourism have been widely accepted as positive forces through increasing foreign exchange earnings, increasing income and increasing employment. The social and cultural impacts of tourism can potentially be both positive and negative. Tourism has positive impacts on society and culture when the destination realizes that its unique tradition attracts tourists and therefore the effort is made to preserve that tradition. On the other hand, loss of cultural authenticity, commercialization of tradition and displacement of local people to make way for tourism facilities can be the negative impacts of tourism on society and culture. Lastly, the environmental impacts of tourism can be positive when there is more protection of natural resources to support tourism and when tourism income is spent on a better nature conservation program. However, air pollution, solid waste disposal and loss of vegetation are the negative impacts of tourism on environment (Mill & Morrison, 2009).

Bhutan's controlled tourism policy

Maximizing the economic benefits while minimizing the negative impacts of tourism on the cultural and natural resources has been an ultimate goal of most destinations. Impacts of mass tourism on both environment and culture in neighboring country Nepal is a good example of a failure from an unplanned tourism. Realizing these 2 reasons, Bhutan has opened its door to tourism with a caution in 1974. Based on the GNH philosophy, the high-value, low-volume strategy has been introduced to ensure that tourism will stimulate an economic growth in order to alleviate the poverty and at the same time will not pose any threat to the country's natural and cultural resources.

Bhutan's present tourism vision is "Fostering a vibrant industry as a positive force in the conservation of environment, promotion of cultural heritage, safeguarding sovereign status of the Nation for significantly contributing to Gross National Happiness is our vision" (Tourism Council of Bhutan, 2011).

A US\$ 200 daily tariff including visa, accommodations, meals, transportation and guiding service is the mechanism to limit number of arrivals. It has discouraged low-budget tourists and backpackers who flock to Nepal which has similar attractions to Bhutan and captured only high spending tourists. This results in a small number of inbound tourists to what the Government of Bhutan considers to be a sustainable level for the country. However, this daily tariff does not apply to the regional tourists from India because of a long close relation and cooperation India and Bhutan have. This leads to a huge increment in number of Indian tourists that is even more than the sum of all non-Indian tourists altogether (Nyaupane & Timothy, 2010).

Out of US\$ 200 paid by each tourist per day, US\$ 65 is a tourism royalty which becomes an income for Bhutan government to provide free health care and free education for its people. The rest of the tariff is for the local tour operator to provide services to tourists (Nyaupane & Timothy, 2010).

In global terms, Bhutan's tourism is young and tiny. However, it has seen a tremendous increase in the number of arrivals (excluding Indian tourists). Bhutan received only 287 tourists when it first opened for tourism in 1974. In 1999, the number of arrival reached 7,158. A decade later 23,480 tourists visited Bhutan in 2009. The tourism receipts have also seen a big leap from US\$ 8 million in 2002 to US\$ 42 million in 2009 (World Tourism Organization)

Positive impacts of Bhutan's controlled tourism policy

Findings from previous studies indicate that Bhutan's controlled tourism policy had positive impacts on the country's economy. The tourism income was an important source of revenue for Bhutan because it contributed 56% of the national tax revenue in 2005. Tourism also created self-employment and provided additional income for rural communities through selling of local produces and handicrafts to tourists (Rinzin, Vermeulen & Glasbergen 2007). An increase of tourists in rural areas benefited rural communities through working as local guides, hiring of porter-pony services and providing cultural performances to tourists (Gurung & Seeland, 2008).

More authors prove the positive impacts of Bhutan's tourism controlled policy on its environment. The farmers of Phobjikha valley was in conflict with the endangered black-necked cranes which migrated to that area every winter. The cranes posed threats to the farmer's farming which was the only source of income. Therefore, the "black-necked crane festival" was established with the help of local NGO to benefit the farmers and help conserve the cranes. The entrance fees earned from tourists during the festival provided the local communities more income and also the alternative opportunity in selling local produces and handicrafts to tourists. The festival has been proved to reduce the human-wildlife conflict through tourism (Brunet, Bauer, Lacy, & Tshering, 2001; Reinfeld, 2003)

Negative impacts of Bhutan's controlled tourism policy

Some researchers argue that Bhutan's controlled tourism policy had negative impacts on its country. Along the tourists' trekking routes, there were forest destruction through cutting of slow-growing trees for firewood, soil erosion through the use of horses and yaks for trekking tourists and garbage trail of non-biodegradable waste (Dorji, 2001). According to Nyaupane and Timothy (2010), this tourism policy was implemented only on the non-Indian tourists but ignored the Indian tourists who were actually more in number and had a high potential of polluting Bhutan's environment and tradition without having any local guide and rules to regulate them while visiting Bhutan.

Conclusion

This literature review has revealed many researchers believed that Bhutan's controlled tourism policy has been a successful story in increasing the economic development while preventing the negative impacts on the country's cultural and natural resources. However, the contrary researches argued that this policy was not able to protect Bhutan's environment therefore many negative results occurred such as forest destruction, soil erosion and garbage trail. Moreover, another negative effect of this tourism policy was pointed out that the policy only limited and controlled non-Indian tourists but failed to limit and manage a bigger group of Indian tourists which could potentially lead to negative impacts of the country's rich resources.

There are not many articles and journals on this topic and the peer-reviews ones are very rare. Out of all articles and journals used in this literature, only half are peer-reviewed. The non-peer reviewed articles are not reliable because they were not well-structured and lack of a proper study method. Only a few articles used in this literature review conducted the surveys or interviews to find out the results. Therefore, there is an urgent need for more research on the impacts of Bhutan's controlled tourism policy.

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