

**Joshua Smith**

**TDM 458**

**International Tourism Paper**

**Papua New Guinea**

Joshua Smith - Academic Paper

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## Country Overview

As one of the most untouched places on earth, Papua New Guinea, a country roughly the size of California, is located in the South Pacific just north of Australia. Comprised of the mainland which is the Eastern half of the island of New Guinea, Papua New Guinea (PNG) shares this, the second largest island in the world, with the country of Indonesia. Papua New Guinea has 20 provinces and includes 600 smaller islands in the Bismark & Soloman Seas including one autonomous region, Bougainville, which has a referendum scheduled for the fall of 2019 to potentially become an independent nation.<sup>i</sup> With slightly more than eight million inhabitants as of 2017 according to the World Bank,<sup>ii</sup> spread across 178,000 square miles, the topography is mostly mountainous with coastal lowlands and only two cities, Port Moresby, its capital, and Morobe, housing more than 40 thousand residents.<sup>iii</sup>

As an extremely rural and undeveloped country, PNG has economic and infrastructure challenges with only 19 percent of the population having access to proper sanitation, 18 percent having access to electricity and a national literacy rate of only 64 percent according the Central Intelligence Agency (CIA).<sup>iv</sup> PNG has three official languages including Tok Pisin (known as Pidgin), English, & Hiri Motu, although what makes the country most unique is that there are over 900 languages spoken, many having less than a thousand speakers. The indigenous population of PNG is some of the most diverse in the world with thousands of tribes, some only including a couple hundred people, with each having unique culture and customs.

## Tourism Statistics

While the global impact of tourism equates to 10.4% of the global gross domestic product (GDP) and supports one in 10 jobs, the impact is far less in PNG with the World Travel & Tourism Council determining tourism was only 1.8 percent of the GDP in Papua New Guinea in 2017.<sup>v</sup>

According to the 2017 International Visitors Survey, the destination welcomed 86,403 international visitors, with 52 percent holding Australian passports, 10 percent from Southeast Asia, nine percent from Northeast Asia, nine percent from Europe and six percent from North America, equating to just over five thousand people from the United States and Canada; with an average of \$2,371 spent per person per trip. On average, visitors stayed 10.2 nights, 47 percent came as a solo traveler, and it was the first time for 42 percent of visitors, while the next highest percentage of visitors were visiting for the fifth or greater time. Regarding the breakdown of reason for visiting, 37 percent visited for business, 26 percent for holiday and 19 percent to visit friends and family.<sup>vi</sup> However, the survey results are based on the responses of 2,132 people and the former Director of Papua New Guinea Tourism in the U.S. market, Ally Stolz, has previously shared that in 2012 a box of surveys went missing, reducing the accuracy of results in previous years, although the 2017 survey was conducted via email.

### **Importance of Tourism in the Country**

While tourism may be seen as a large economy due to its indigenous culture and experiential tourism product offering in visiting the mudmen or wigmen tribes, Papua New Guinea's current focus remains in the sectors of agriculture, forestry fishing and mineral extraction (World Bank, 2019).<sup>vii</sup> In fact, out of 175 analyzed countries, Papua New Guinea ranked 174 on the importance of tourism and contribution to its GDP (World Travel & Tourism Council, 2018), falling only in front of the Democratic Republic of Congo. The total revenue from tourism was \$204.8 million in 2017, with leisure accounting for 72.5 percent. Similarly, tourism only accounted for 0.5 percent of direct employment in the country or 17,500 jobs, making it one of the smallest sectors in the country, although incorporating indirect and induced jobs, the figure increases to 1.6 percent of total employment.

## Destination Marketing

The Tourism Promotion of Papua New Guinea, based in Port Moresby handles the brand of the destination as a governmental entity, while country-specific offices are located in the key source markets of Australia, Germany, Japan, the United States and England, all contracted through representation companies who understand the local markets, which allows for less restriction on activities as governmental process can impede success. A ten-year master tourism plan was created in 2007, however a renewed plan has not yet been announced. Although, in conjunction with Australian Aid, the Worldwide Fund for Nature, and the Coral Triangle Initiative, a destination plan was created with a goal of sustainable nature-based tourism implemented by 2035.<sup>viii</sup> With regard to branding, a global campaign of ‘A Million Different Journeys’ has been in the marketing, with the tourism board engaging heavily with media, sending journalists to the various festivals such as the Hagen Show, Goroka Show and the National Mask Festival. These offer a once-in-a-lifetime opportunity to see various tribes in their masks, festival costumes and in the case of the Sepik River Crocodile Festival, the scarification process to replicate the back of a crocodile that teenagers must endure in order to become a man. The tourism board is also quite active in viral campaigns with a recent week-long campaign of pop-up events in downtown NYC and Los Angeles, sparking local media coverage with exciting ambassadors from different PNG tribes. Within the trade industry, the tourism board offers education through their Wantok Specialist program, whose specialists are also showcased in promotions as a call-to-action to drive business, a beneficial strategy as the International Visitors Survey indicated 38 percent used a travel agent, the highest of any purchasing resource. The tourism board also holds an annual conference, called LUKIM, in which it invites key travel trade representatives from primary source markets to engage in a multi-day focus group to help identify needs of the international market,

educate the local travel suppliers on proper strategies and techniques as well as training the international trade community on new products and experiences. In recent years, the destination has also been seeing growth in the cruise sector and attends trade shows focused on cruising and diving, as it has some of the most untouched coral reefs in the world with some islands, such as Lissenung containing more species of fish than in all of the Caribbean.<sup>ix</sup>

### **Potential & Challenges of Tourism Development**

The destination faces challenges in perception of safety and security, with the 2017 International Visitors Survey concluding that of those who would not return, 46 percent stated it was because of this reason. Port Moresby, the only entry into the country consistently ranks as one of the most dangerous cities in the world and a recent report by the BBC estimated that 70 percent of women in PNG will be raped in their lifetime.<sup>x</sup> Additionally, this primal threat of tribal confrontation remains apparent outside of the capital specifically in the highlands, previous known for cannibalism, where tour leaders must still purchase a pig prior to driving over a pass in Karwari, should a local tribe require payment as a “toll.” While not all negative media makes it across the Pacific Ocean, access into Papua New Guinea is primarily limited by the need to transit through Australia, other than weekly flights from Singapore, the Philippines and Fiji.

With negative perceptions of PNG by Australians, there have been numerous instances in which North American travelers have cancelled their travel plans to Papua New Guinea after speaking with local Australians. Papua New Guinea’s reliance on Australia is even more apparent as their currency, the kina, can only be exchanged through the Australian dollar, forcing those with other currencies to exchange twice (although provisions are made to exchange back to the Australian dollar upon their return without an additional fee). While not specifically allocated toward tourism, the Australian government provided \$578 million in funding to Papua New

Guinea in 2018.<sup>xi</sup> Strangely, while Australia is the largest source market, up until recently it was necessary to obtain a visa prior to arrival, however as of December 2018, an e-visa can be obtained for Australians and 69 other nationalities, making it easier to visit the destination.<sup>xii</sup>

Foreign visitor spending only accounted for a shocking 0.2 percent of the country's GDP, resulting in Papua New Guinea ranking last of 185 countries (World Travel & Tourism Council, 2018), providing a great opportunity for growth especially with basic infrastructure already in place. Surprisingly, Papua New Guinea ranks 12<sup>th</sup> in the world for number of airports with 561 runways, however only 21 are paved and able to accommodate commercial carriers (CIA, 2013). Foreign investment is crucial into the development of the tourism sector within Papua New Guinea. Because of tribal land ownership regulation, it can be difficult to obtain leaseholds, which has resulted in one man, Bob Bates, essentially having a monopoly on a touristic circuit in the highlands of the country, which provides some of the most authentic experiences on earth. Trans Niugini Tours, owns and operates the only suitable accommodations for the international market, outside of the major cities of Port Moresby, Lae, Madang, Rabaul and a few others. If the government were to facilitate the relationship between tribes and foreign investors, there could be great opportunity for tourism development. The same holds true for air access and while there are technically six domestic carriers, only two operate consistently and most require transiting back through Port Moresby in a hub-and-spoke model, often forcing visitors to overnight two or three different times in the capital due to flight times. The owner of PNG Airlines, one of the two domestic carriers coincidentally only flies to certain airports such as Tufi, because they also own a resort there.

While employment in Papua New Guinea is not an urgent issue for its people, the country currently has the 24<sup>th</sup> lowest unemployment rate in the world according to TradingEconomics at

2.6 percent,<sup>xiii</sup> nearly 53 percent of the population are under the age of 24 (CIA, 2018). By focusing on tourism, there can not only be great opportunity for the next generation, but a step toward insuring diversification of GDP, currently heavily reliant on mineral extraction.

### The Future of Papua New Guinea

Thankfully there has been some growth, although it's centered around Port Moresby, but in 2011, there were only six hundred rooms in the capital, while in there are now close to 2,700 rooms. While there are realities of traveling in PNG, a solid public relations strategy is key, so thankfully as of June 4, 2019, the tourism board has appointed Example, an Australian-based PR agency to focus on this initiative.<sup>xiv</sup> Additionally, in what could be the greatest hope for the destination's growth, the World Bank has allocated \$20 million U.S. dollar toward a tourism development project to help with infrastructure and policy development to insure Papua New Guinea, one of the remote places on earth, sees sustainable opportunity in the global tourism industry.

<sup>i</sup> Westbrook, T. (1 March 2019). Bougainville independence vote delayed to October. *Rueters*. Retrieved from <https://www.reuters.com/article/us-papua-bougainville/bougainville-independence-vote-delayed-to-october-idUSKCN1QI3XI>

<sup>ii</sup> World Bank. (2017). Papua New Guinea Population Total. *World Bank Group*. Retrieved from <https://data.worldbank.org/country/papua-new-guinea?view=chart>

<sup>iii</sup> National Statistical Office (2011). National Population & Housing Census 2011. *Papua New Guinea*. Retrieved from <https://www.nso.gov.pg/index.php/population-and-social/other-indicators>

<sup>iv</sup> Central Intelligence Agency. (2019). World Fact Book: Papua New Guinea. *Central Intelligence Agency*. Retrieved from [https://www.cia.gov/library/Publications/the-world-factbook/geos/print\\_pp.html](https://www.cia.gov/library/Publications/the-world-factbook/geos/print_pp.html)

<sup>v</sup> World Travel & Tourism Council. (2018). Economic Impact 2018 Papua New Guinea. *World Travel & Tourism Council*.

<sup>vi</sup> Papua New Guinea. (2018). International Visitors Survey. *Papua New Guinea*. Retrieved from <https://papuanewguinea.travel/png-international-visitor-survey>

<sup>vii</sup> World Bank (2019). Papua New Guinea Overview. *World Bank Group*. Retrieved from <http://www.worldbank.org/en/country/png/overview>

<sup>viii</sup> Papua New Guinea. (2017). Coral Triangle Sustainable Nature-based Tourism Project. Destination Plan Papua New Guinea. Retrieved from <http://thecoraltriangle.com/uploads/default/invest/pdf-papua-new-guinea.pdf>

<sup>ix</sup> Lissenung Island Resort. (2019). Diving at Lissenung. *Lissenung Island Resort*. Retrieved from <http://www.lissenung.com/diving-2/diving/>

<sup>x</sup> Zand, B. (27 Sept. 2018). Port Moresby: The world's most dangerous city to be a woman? *BBC*. Retrieved from <https://www.bbc.com/news/av/stories-45654549/port-moresby-the-world-s-most-dangerous-city-to-be-a-woman>

<sup>xi</sup> Department of Foreign Affairs and Trade. (2019). Development Assistance in Papua New Guinea. *Australian Government*. Retrieved from <https://dfat.gov.au/geo/papua-new-guinea/development-assistance/pages/papua-new-guinea.aspx>

<sup>xii</sup> Stephens, J. (10 Dec. 2018). Papua New Guinea Launches Evisa for 70 Nationalities. *Online Visa Travel*. Retrieved from <https://www.onlinevisatravel.com/papua-new-guinea-launches-evisa-for-70-nationalities/>

<sup>xiii</sup> TradingEconomics. (2019). Unemployment Rate by Country. *TradingEconomics*. Retrieved from <https://tradingeconomics.com/country-list/unemployment-rate>

<sup>xiv</sup> Travel Weekly. (4 June 2019). Papua New Guinea Tourism Promotion Authority Has Announced the Appointment of Example to Represent the Country Across Australia and New Zealand. *Travel Weekly*. Retrieved from <http://www.travelweekly.com.au/article/papua-new-guinea-tourism-promotion-authority-appoints-pr-agency-for-australia-and-nz/>