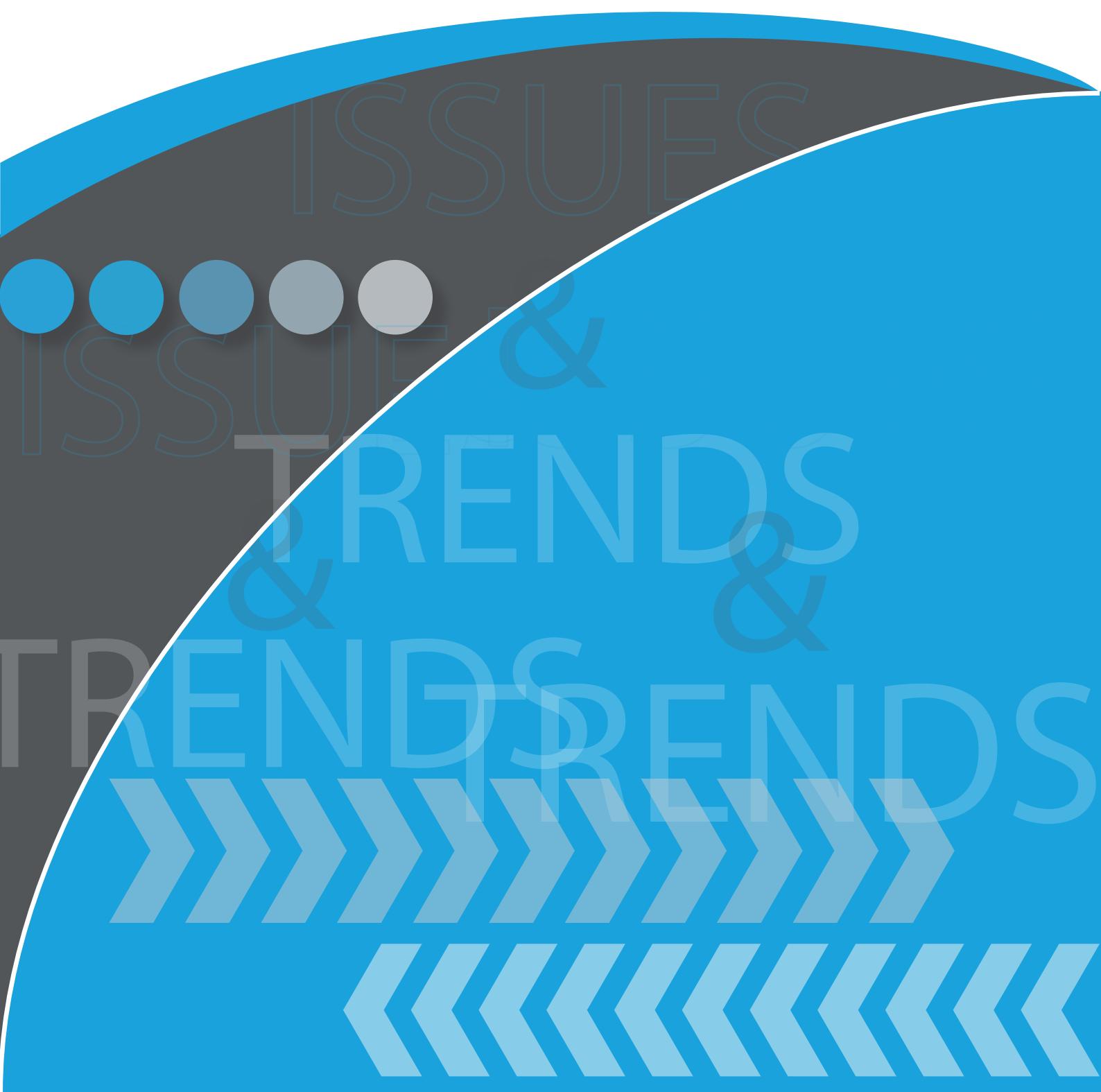


ISSUES & TRENDS



MICE comes of age in Asia Pacific

Representing 12% of global tourism, according to data from the UNWTO, today's meetings industry is increasingly being perceived as a natural extension of leisure activities within cities and resorts around the world. And, while MICE tourism is a relatively young industry in Asia, the region is quickly becoming a key player in this sector, accounting for 16% of total meetings activities worldwide. As the Asian continent continues to grow and develop, business tourism is likely to play an even greater role in the decade ahead.

Tourism as a whole has been widely embraced by most governments around the world as a major contributor to economic prosperity, creating employment and raising living standards. With the MICE (Meetings, Incentive, Conferences and Exhibitions) industry intimately linked to economic development, increasing priority is being given to the business side of travel. The presence of a well-established MICE industry is considered an important benchmark against which to evaluate the maturity of a particular economy, along with its international outlook and social prosperity.

Definition of MICE

In 'Meetings Industry Terminology', IAPCO (the International Association of Professional Congress Organizers) provides the following definitions for MICE:

Meeting: General term indicating the coming together of a number of people in one place to confer or carry out a particular activity. Frequency: can be on an ad hoc basis or according to a set pattern, for instance annual general meetings, committee meetings etc.

Incentive: A meeting event that is part of a programme offered to participants to reward a previous performance.

Conference: Participatory meeting designed for discussion, fact-finding, problem-solving and consultation. As compared with a Congress, a conference is normally smaller in scale and more select in character - features which tend to facilitate the exchange of information. The term 'conference' carries no special connotation as to frequency. Though not inherently limited in time, conferences are usually of a limited duration with specific objectives.

Exhibition: Events at which products and services are displayed.

Recently, there has been an industry-driven initiative to stop using the 'MICE Market' label and instead refer to 'The Meetings Industry' which encompasses all of the above. Until this initiative becomes mainstream however, and for the purposes of this paper, we will use the more familiar MICE acronym.

MICE business is also a way to boost infrastructure as it generally requires significant public funding to not only build convention and exhibition facilities, but also to improve access (public transport, highways, airports and rail) and hospitality infrastructure. It also offers major support to various industries involving technological know-how (IT, telecom networks and utilities management), creative forces (design, exhibition set-up, incentive events), contractors and services (hotels, F&B activities, but also car rental, banks, entertainment venues, mobile phone companies, shopping etc.).

ICCA

(The International Congress and Convention Association) sums up some of the elements required to turn a destination into a successful MICE player.

Old Entry level requirements look at:

- Easy access by air/road/rail;
- Good quality congress centre;
- Adequate range of three - to five-star hotels;
- Attractive destination and surroundings;
- Price competitiveness and value for money; and
- Adequate marketing and experienced local PCOs (Professional Congress Organisers) and DMCs * (Destination Management Companies);

New Entry level requirements look at :

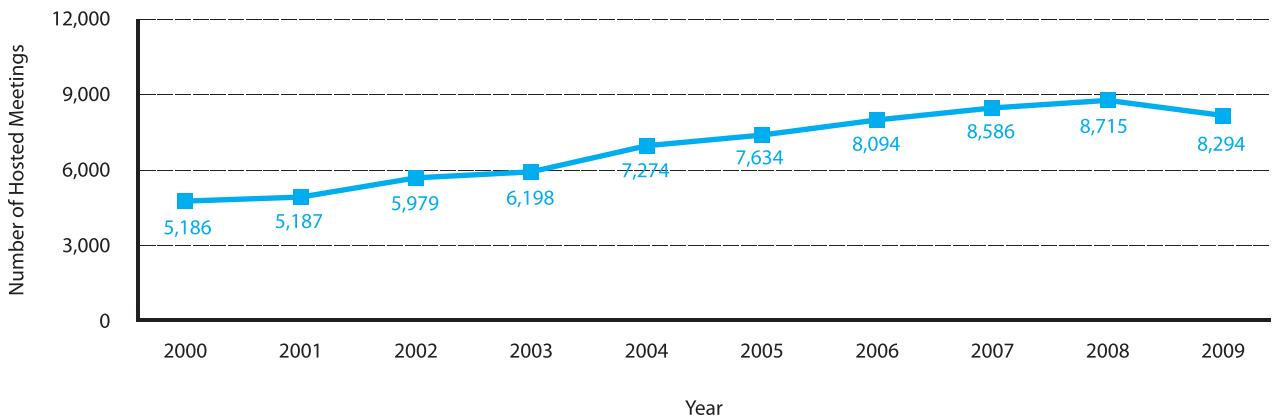
- Flexible, fast and efficient service;
- Strong track record of success;
- Excellent IT/Telecoms networks;
- Environmental awareness; and
- Excellent marketing;

*A DMC is the equivalent of an inbound tour operator for the meetings industry, providing local destination knowledge. It organises and looks after ground services (transfers, meet and greet) hotel accommodation, F&B, conference venues and conference logistics, themed and gala events, as well as excursions and post tours.

Exhibit 1: Factors that define a successful MICE destination¹

HARD FACTORS	SOFT FACTORS
Infrastructure	Living standards
Meeting rooms	Culture
Accessibility	MICE professionals
Security	Flexibility
City team	Hospitality
Costs	Tourism attractions
Good services	
Economic and social stability	

1. Source: ICCA Presentation, IT&CM China 2011

Exhibit 2: Evolution of the international association meetings market, 2000-2009²


The Exhibition sector represents a major component of the MICE industry. According to data provided by UFI (Global Association of the Exhibition Industry), there were 1,062 venues in 2006, each with a minimum of 5,000 square metres of indoor exhibition space, representing a total of 27.6 million square metres. Projections for 2010 show an increase to 1,104 venues with a total of 31.1 million square metres. Gross indoor exhibition surface grew worldwide by three percent every year from 2006 to 2010. It is expected to grow by a further one percent annually between 2010 and 2012. There were approximately 31,400 exhibitions (International and Domestic) during 2008, attracting 260 million visitors worldwide.

Exhibit 3: Venues and indoor exhibition space around the world, 2010.³

Region	Number of venues	Total capacity (mil. sqm)
Europe	465	14.3
North America	359	7.1
South America	38	0.9
Asia	127	3.9
Pacific	16	0.3
Middle East	32	0.6
Africa	25	0.5

2. Source: ICCA Statistics Report 2000 - 2009

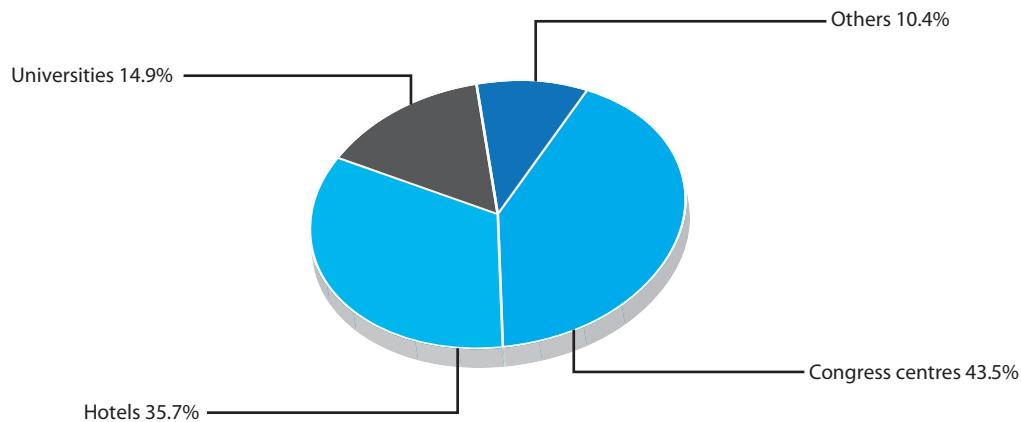
3. Source: UFI Presentation Singapore Annual Conference 2010

High economic impact of the meeting industry

Fostering MICE offers a means to generate high value income for a country/region/city where events will take place. According to studies from ICCA, a delegate attending an international meeting generates expenditure six to seven times higher than a leisure visitor. On average, spending per capita in 2009 amounted to US\$560 per day, while average length of stay was 3.8 days. MICE also relies on well integrated services and resources. It is estimated that for every US\$1 spent on MICE, the peripheral economic benefits generated amount to as much as US\$7 to US\$10.

Contrary to leisure tourism, MICE is not as sensitive to seasonality factors since meetings can take place all year round. This has been of particular benefit to cities located in cooler areas of Northeast Asia, such as Beijing, Seoul or Tokyo. MICE is also frequently responsible for resulting in an extension of stay or a return visit to the destination to pursue leisure tourism. Finally, according to ICCA, meeting events are likely to attract individuals with a higher level of education, social status and income, those who in fact are more likely to use a multitude of services.

Exhibit 4: Venues used for international conferences (2007)⁴



US analyses the financial contribution of its meetings industry⁵

The economic contribution from MICE in the US has rarely been measured in detail due to a lack of consistency in calculation methods. However, in April 2011 the Convention Industry Council (CIC) released a new study on the 'Economic significance of Meetings in the US Economy' analysing some 1.8 million MICE events which took place in the US during 2009. It found that the US meetings industry directly supports 1.7 million jobs and contributes US\$106bn to GDP. Total direct spending associated with meetings was estimated to have reached US\$263bn, including US\$113bn for travel and tourism commodities such as lodging, food and transport. This spending generated US\$14.3bn in federal tax revenue and US\$11.3bn in state and local tax revenue.

4. Source: ICCA 2008

5. Source: www.conventionindustry.org

MICE impact on selected countries in Asia Pacific

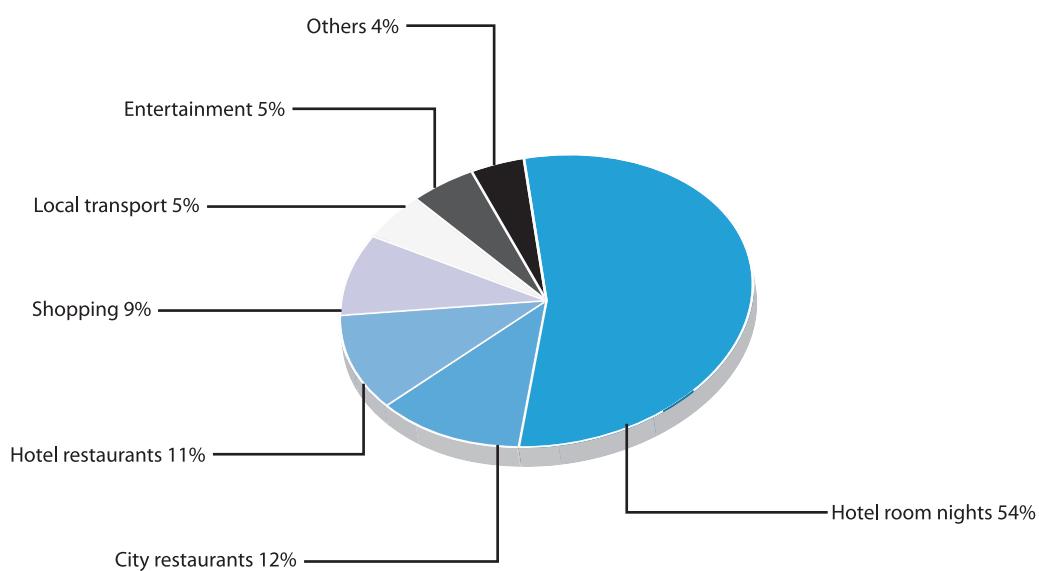
Australia: The 'National Business Events Strategy for Australia 2020', produced by the Business Events Council of Australia (BECA), highlights the importance of business events (the term used in Australia for MICE) for the country's economy. Based on a study from 2003, the strategy states that the sector contributes AUD\$17.36bn a year to the national economy and directly generates 116,000 jobs. Business Events produce the highest yield per day of any type of tourism, with average spending of a delegate being five times higher than that of a conventional visitor (AUD\$554 versus AUD\$94).

Korea (ROK): The Korea Convention Bureau, a division of the Korea National Tourism Organization (KNTO), estimates that total meeting activities (corporate, government and international meetings) to Korea (ROK) attracted 312,000 delegates in 2008 with an average expenditure of US\$2,488 per person. In 2008, the meetings industry generated US\$776.25mn (using the conversion rate of 2008). KNTO predicted that the meetings industry would, by 2010, bring in revenues of US\$1.27bn in 2010 and over US\$1.85bn by 2018.

Thailand: TCEB (Thailand Convention and Exhibition Bureau) estimates that Thailand's MICE industry represents around 10.7% of total annual income from tourism overall, contributing 6.5% to Thailand's GDP.

Singapore: According to Oliver Chong, Director, Conventions and Meetings for the Singapore Tourism Board, business travellers to Singapore, including MICE delegates, form a significant segment of overall visitors. In 2010, the total number of business travellers reached 3.17 million having grown by 21.5% year-on-year. Business travel market share remained the same at 27%.

Exhibit 5: Expenditure distribution for MICE (2010)⁶



6. Source: ICCA

Registration fees and total expenditures

Worldwide the Asia Pacific region average registration fees per delegate and per meeting rose until 2005, when shorter meeting times and competition from convention centres, as well as from new communication technologies, worked to lower fees. Registration fees are now moving up again, having reached a new high in 2009 of US\$590 per delegate per meeting.

Average income from fees per meeting in 2009 amounted to US\$359,310, while average total expenditure per meeting reached US\$1.63mn during the same year. The average total expenditure by delegates for all international meetings recorded by the ICCA Association database was over US\$13.5bn in 2009.

Other numbers released by the International Association of Professional Congress Organisers (IAPCO) highlight that the economic impact of a meeting will generally generate up to three times the amount of the managed budget for the event. IAPCO members organise some 5,600 meetings annually, both domestic and international, producing some 2.12 million delegates in a year. In 2008, the annual survey of IAPCO shows that managed budgets of €1.27 bn generated €3.18bn of economic impact, the equivalent of a multiplying factor of 2.5 to 1. In 2009, an IAPCO survey showed that managed budgets decreased to €1.12bn while economic output was higher at €3.43bn (a multiplying factor of 2.73 to 1). This result is based on an average delegate fee of €550 and an average exhibition rental fee of €500, while average spending per delegate reached €1,620.

Which economic sectors generate MICE activities?

For a long time, governments and international bodies have been the driving forces behind big conventions and they continue to lead on global issues such as climate change, education and/or world finance. Most global international organisations (NGOs and IGOs)⁷ on the other hand are grouped under the banner of the Union of International Associations (UIA). Every year UIA publishes a statistical report on all meetings held by international organizations and, according to the latest report released in 2011, UIA recorded 359,673 meetings in 2010, up 5.0% over 2009. Meetings took place in 1,573 cities in 181 countries.⁸

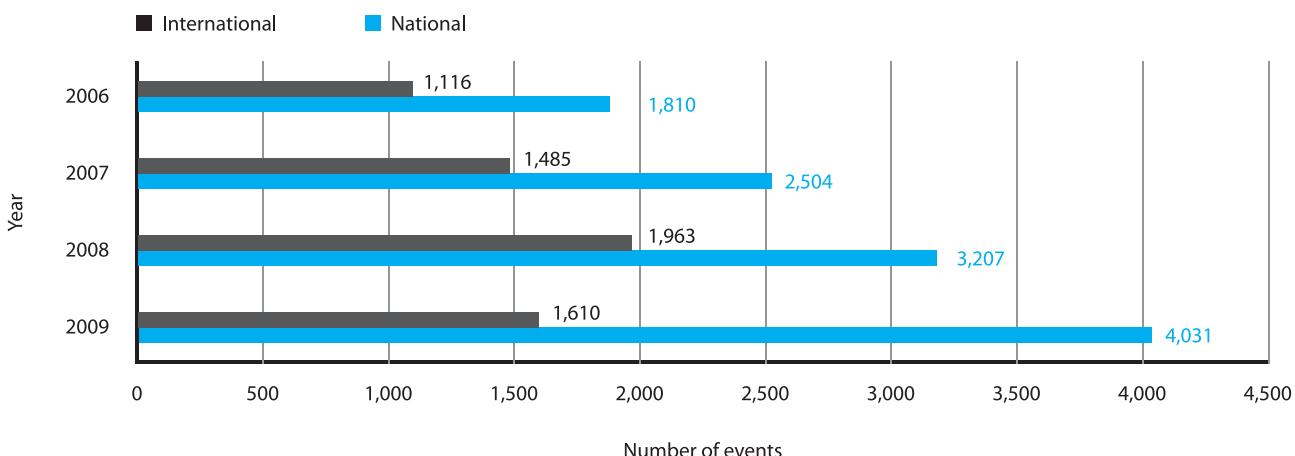
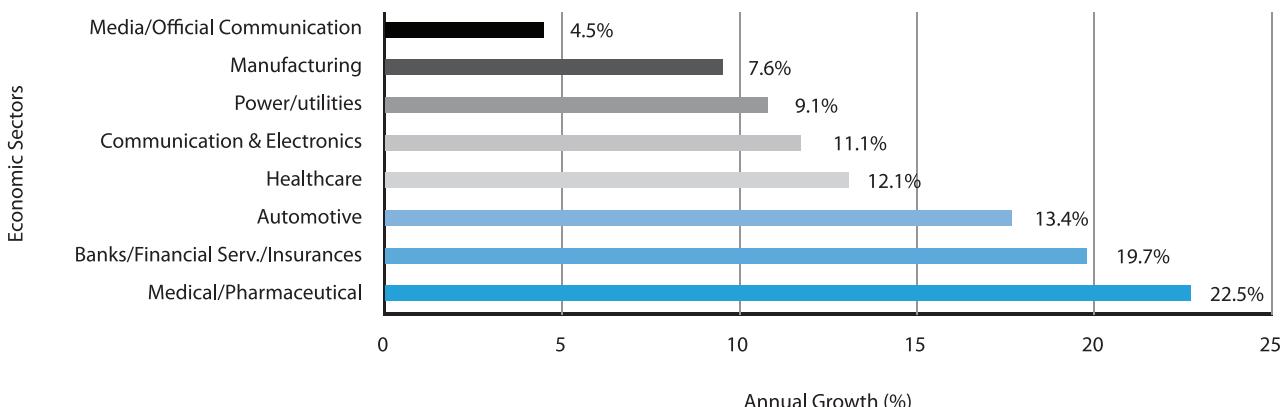
The private sector however is playing an increasingly larger role, especially by companies involved in the fields of medicine, pharmaceuticals, IT, banking and insurance. According to experts, emerging fields in the international conference scene are likely to include businesses associated with the environment, fashion and design, and security.

Despite the growth in international meetings, domestic meetings continue to represent the bulk of the MICE sector, representing 71.5% of all events recorded by the IAPCO in 2009. Similarly, domestic meetings grew 227% from 2006 to 2009, while international meetings increased by just 45% over the same period.



Note:

7. NGOs (Non-governmental organization) IGOs (International governmental organization)
 8. Source: UIA Annual International Meetings Statistics Report 2011 (for 2010)

Exhibit 6: Evolution of national and international meetings from 2006 to 2009⁹ (IAPCO recorded events only).**Exhibit 7: Economic sectors generating MICE events (China 2009)¹⁰, % growth over 2008**

Recession effect

Between 2008 and 2009, the global economic downturn took its toll on business travel and related activities. According to ICCA's (International Congress and Convention Association) statistics report, released in August 2010, events by association members declined 4.8% between 2008 and 2009, reflecting the tougher economic conditions. Over the decade 2000-2009, international meetings events grew by 60%,¹¹ however, 2011 should see even more positive trends. The FutureWatch study issued by MPI (Meeting Professionals International) includes insights from more than 450 industry professionals in 20 different countries and from 67 MPI chapters. The report projects an eight percent increase in the number of meetings planned in 2011 and a five percent increase in average spending.

9. Source: IAPCO

10. Source: Presentation Grand China Express International Travel Services-IT&CM China 2011

11. Source: ICCA

2010 sees a strong MICE sector

The Association Meetings Forecasts and Trends Report 2011, an annual research survey jointly conducted by IMEX in Frankfurt and ICCA during September 2010, revealed that the MICE industry remains resilient. Many association meeting planners expressed the belief that the most dramatic cuts and changes were now behind them.

When asked if the economic downturn had made a significant negative impact on their association during the past year, 74% answered 'no', compared to 65% who confirmed that they had felt the impact during the same period in 2009. In terms of the number of meetings, the trend remained positive: 68% of surveyed meeting planners expected to hold about the "same number of meetings" in 2011 as in 2010, while an encouraging 19% expected their meetings calendar to be slightly busier. Just 13% expected to be planning fewer meetings.

Economic challenges are, however, having some impact on destination selection, with 49% of respondents selecting lower cost destinations and venues, while 51% are opting for lower cost delegate accommodation.

While some confidence is returning, there still appears to be a degree of uncertainty going forward. When asked if they intend to significantly cut down on costs at future meetings (e.g. cutting out banquets, receptions, number of days in the programme), 40% of respondents answered 'yes', 35% answered 'no' and a further 22% were unsure. Delegate numbers, however, remain fairly positive – 45% of planners said attendance numbers for their largest annual meeting were in line with expectations, 10% said attendance was significantly higher than previously, and for 19% it was slightly higher than before or what was expected. Looking at the total number of meetings and events planned for 2011, 48% anticipated no change in attendee numbers compared to 2010 and 87% also expect those meetings to be of the same duration.

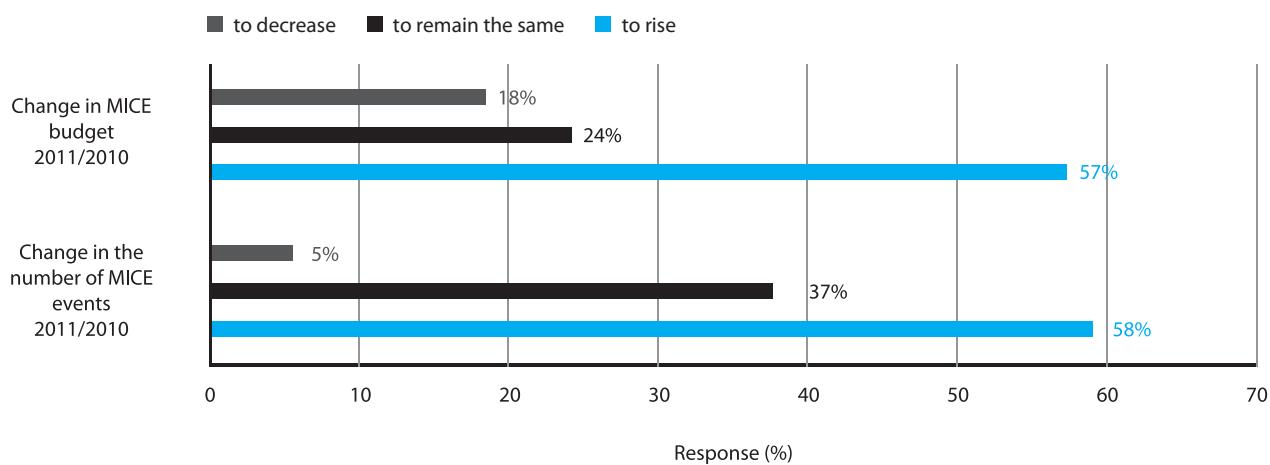
When asked anecdotally to describe the impact of the changing economic climate on their association activities over the past few years many confirmed "no significant or serious impact", although some commented that sponsorship and additional revenue sources now take more time and are harder to identify than in previous years. They point towards the corporate sector's struggles as having a knock-on effect in some cases.

Taking part in the survey were 151 association meeting planners, managers and directors, representing a cross-section of global markets including various Asian countries, Australia, Benelux, Canada, France, Germany, India, Switzerland, the UK and the USA. For 35% of those respondents, their largest annual meeting of the year catered for between 200 and 499 delegates.



45 leading Executives in the MICE sector responded to the IMEX Global Insight Report 2011, a survey released during the IMEX Show in Frankfurt in May 2011. IMEX is one of the world's leading travel fairs for the business travel industry. 25 of the respondents were from Europe, 10 from the USA and another 10 from Argentina, Singapore, China and Australia.

Exhibit 8: Optimism remains for MICE activities in 2011¹²



12. Source: ICCA/IMEX

MICE in Asia

A historical perspective

MICE tourism is a relatively young sector in Asia, emerging only in the early 1980s as dedicated infrastructure was developed. A handful of large international conferences took place in Asia prior to this time, but these were mostly linked to political events.

In 1947, the Asian Relations Conference, held in New Delhi, anticipated the development and emergence of a new spirit in both Asia and Africa against the still dominating colonial powers. In 1949, Beijing welcomed the conference of Asian and Australasian trade unions. Asia's most iconic international summit, post WWII however, remains the Bandung Conference, which took place in 1955 at Gedung Merdeka (Independence Building) in Jakarta, Indonesia. Bringing together 29 countries, representing a population of 1.5 billion people, the conference was an historical event and confirmed the continent's emancipation from colonial times.

By the 1960s, countries were beginning to wake up to the idea of constructing specific infrastructure dedicated to meetings and conferences. Singapore was among the first in Asia to get a dedicated facility to host international events. Construction work for the Singapore Conference Hall commenced in 1963 and was completed two years later at a cost of S\$4mn. The building had an avant-garde flavour and, over the years, hosted a number of significant events, such as the first Commonwealth Heads of Delegations conference to be held outside of London, in 1971. Following the example set by the United States, and in the aftermath of the Summer Olympic Games in Tokyo in 1964, Japan started to develop fully integrated conference facilities. The Kyoto International Convention Center was inaugurated in 1966 and is still considered a model for a national conference space.

In Southeast Asia, the first modern large-scale conference and exhibition centre didn't emerge until the mid-1970s. The Philippines International Convention Center (PICC) started the trend, encouraging other countries to follow suit. Designed by Leandro V. Locsin, a Filipino National Architect, the PICC Complex was built along Manila Bay and formally opened on September 5, 1976. As in Kyoto, the centre was also conceived as an architectural landmark in its own right, housing works of various Filipino artists. Its total area covers 70,000 square metres, with five buildings forming the PICC complex. PICC's inaugural event was the World Bank – International Monetary Fund Annual Meeting. After this, PICC established itself as one of the most versatile event arenas in the Asia/Pacific region, hosting political summits, conventions and concerts by international artists. The same year, COEX in Seoul opened exhibition spaces, but it was only in 1988, prior to the Seoul Olympics, that meeting facilities were added.

The 1980s was the real awakening decade for Asia's MICE industry. Along with big resorts, new hotels and international airports, came the construction of international convention facilities which, in turn, led to the establishment of convention bureaux. Korea (ROK) was among the first, with the Korea Convention Bureau established in 1979. In India, public and private sectors created the India Convention Promotion Bureau (ICPB) back in 1988. In 1983, Hong Kong, Malaysia, the Philippines, Singapore, Korea (ROK) and Thailand formed the Asian Association of Convention and Visitor Bureaux (AACVB) to enable regional cooperation in developing Asia's convention potential and to promote the region as an ideal convention destination.

In parallel, the same decade saw the commissioning of large structures such as the Putra World Trade Centre in Kuala Lumpur (1985). A year later, in 1986, the PATA annual conference was the first international event to be held in the new facility, with over 2,500 delegates from around the world. In Hong Kong, the Hong Kong Convention and Exhibition Centre (HCEC) on Victoria Harbour was inaugurated in November 1988, while a number of other new facilities were planned during the late 1980s, opening by the early 1990s. These included, in 1991, the Queen Sirikit National Convention Center in Thailand, which was opened to the public in a ceremony attended by King Bhumibol and Queen Sirikit. In the same year, Bali Nusa Dua also made history with the inauguration of its international convention centre as part of an integrated resort. Suntec opened on 1 November 1994 (previously known as the Singapore International Convention and Exhibition Centre-SICEC), just in time to welcome the International Monetary Fund World Bank Congress. In the Japanese capital, the Tokyo International Forum opened in 1996, with a plenary hall able to accommodate up to 5,000 delegates. The same year, Tokyo Big Sight (officially named Tokyo International Exhibition Center) in Odaiba Bay opened with a capacity of up to 1,000 delegates.

Since the mid-1990s, construction fever for convention centres has spread out to secondary cities and resort destinations. Over the past few years, Busan and Jeju Island (Korea ROK), Kaoshiung (Chinese Taipei), Kuching and Penang (Malaysia), Pattaya (Thailand), Siem Reap (Cambodia) and Yogyakarta (Indonesia) have all seen construction of MICE infrastructure.

The biggest growth markets are now China and India, where travel consumption is currently booming. Over the past five years, new facilities have opened in cities including Shanghai, Beijing, Xiamen and Guangzhou-Baiyun in China and, in India, Bangalore, Hyderabad, New Delhi, Pune and Thiruvananthapuram (Trivandrum). In addition, a number of metropolitan areas or capital cities in Asia have completed or expanded their convention facilities over the past five years. The Taipei World Trade Center Nangang International Exhibition Hall opened in 2008, along with the Saigon Exhibition and Convention Center in the same year; 2010 saw the Marina Bay Convention Center in Singapore and the Grand City Convex in Surabaya opened, while the Diamond Convention and Exhibition Centre in Phnom Penh and Nusa Dua Convention Centre in Bali opened during 2011.

In 2009, Asia and the Pacific represented close to 19.2% (16.75% for Asia alone) of all international meetings recorded by the International Convention and Congress Association (ICCA). In a resolution made in 2009, the Asian Association of Convention and Visitor Bureaux (AACVB) said it aimed to increase Asia's market share of conventions to 20% by 2014.

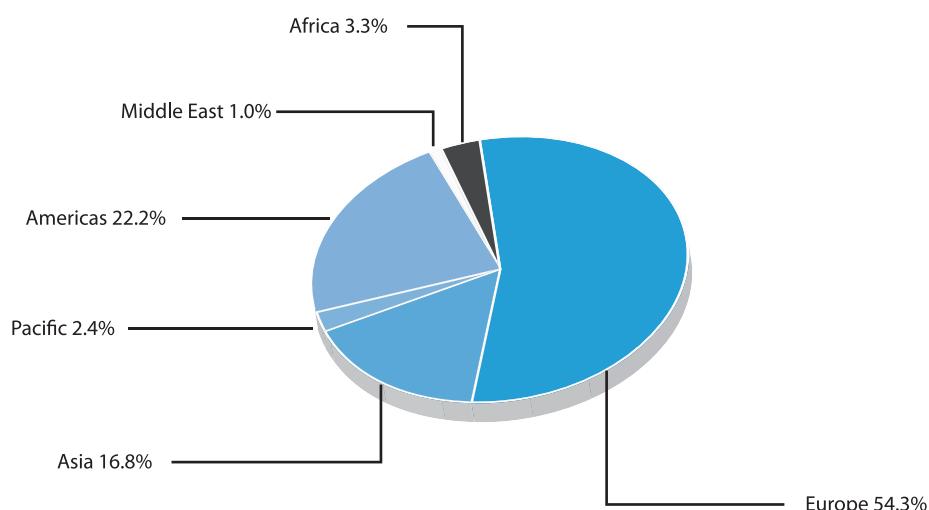
This share has been growing over the years reflecting the importance taken by Northeast Asia (Japan, Korea (ROK), China – including Hong Kong SAR, Macau SAR and Chinese Taipei). Together, these destinations represented 54.5% of all international meetings hosted in 2009 in Asia/Pacific.

Exhibit 9: Meeting Planners' Destination Choices in 2009¹³

	United States	Canada	Central America	South America	European Union	Asia	Other
EMEA°	12%	19%	7%	9%	36%	9%	8%
Canada	12%	57%	4%	6%	11%	7%	3%
USA	61%	13%	5%	5%	6%	6%	3%

[°]Europe, Middle East and Africa

Exhibit 10: Market share (%) of the number of international meetings, by region (2009)¹⁴



Over the last decade, the ranking of countries welcoming meeting events has changed in Asia. This has, undoubtedly, a lot to do with the emergence of China as an economic super-power, but also as an increasingly influential country within the Asian continent. According to ICCA data, China recorded triple-digit growth (195%) in the number of international meeting events hosted between 2000 and 2009, compared to a growth of 46% for the total number of international meetings hosted in Japan.

The only countries to surpass China growth were India and Korea (ROK). The former's transformation into a new Asian economic giant has helped grow its MICE market, with ICCA recording growth of 264% in the number of hosted international meeting events from 2000 to 2009. The industry has been boosted by some serious investment in infrastructure, along with the country's open skies policy.

Korea's growth can be traced back to 1988 when Seoul hosted the Olympic games, an event that helped to reshape the country's image. Brand new infrastructure for meetings and exhibitions, along with a devaluated currency after 1997 also helped boost the country's burgeoning MICE sector. According to ICCA, Korea (ROK) recorded growth of 232.1% in the total number of international meetings held between 2000 and 2009.

Other countries successfully attracting international meetings include Malaysia (174.3% growth between 2000 and 2009), Chinese Taipei (up by 133.3%) and Thailand (up by 74.6%).

Exhibit 11: Market share (%) of international meetings by international organisations in 2009¹⁵

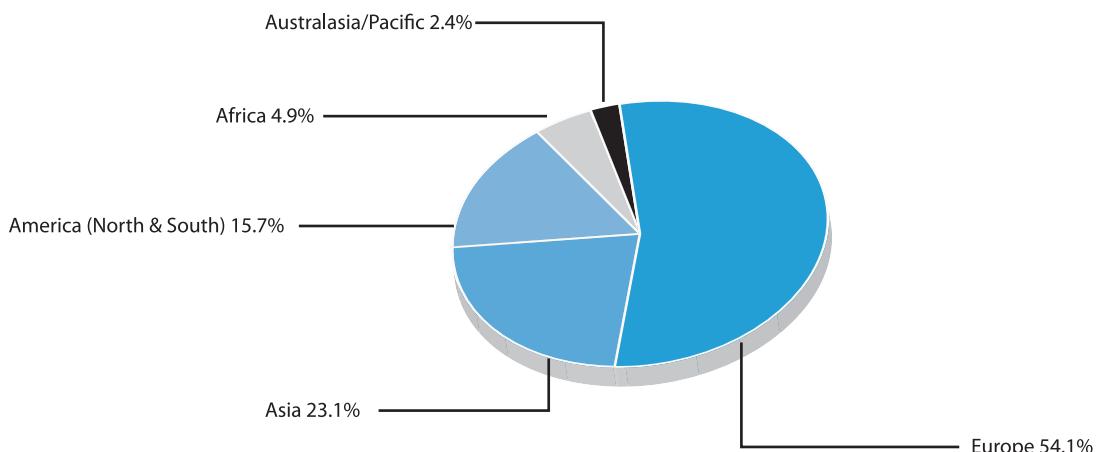


Exhibit 12: Regional results for the number of exhibitions and number of visitors (2008)¹⁶

Region	Number of exhibitions	Global Market share	Number of visitors	Global Market share
Europe	13,700	43.63%	126.3 million	48.60%
North America	12,500	39.81%	67.4 million	25.92%
South America	1,200	3.82%	9.5 million	3.70%
Asia/Pacific	2,770	8.82%	47.2 million	18.20%
Middle East	700	0.22%	5.7 million	2.21%
Africa	500	0.16%	2.4 million	0.93%

15. Source: Union of International Associations - Statistical Report 2010

16. Source: UFI Presentation Singapore Annual Conference 2010

Kyoto International Convention Center, an ambassador for Japanese arts

In 1957, the then Japanese Prime Minister, Nobusuke Kishi, declared his intention to build an international conference centre in Kyoto, the country's 1,200-year-old former capital city. The aim was to actively promote Japan as a place for major international meetings. Two years later, in 1959, the Cabinet finally agreed to build the proposed centre in the Takaragaike district of Kyoto City.

The decision was based on the following factors: Kyoto was an historical and cultural city, representative of Japan; the city had many tourism resources, including renowned temples, shrines and traditional crafts; and finally, the site at Takaragaike was indicative of the graceful beauty of Japanese landscapes.

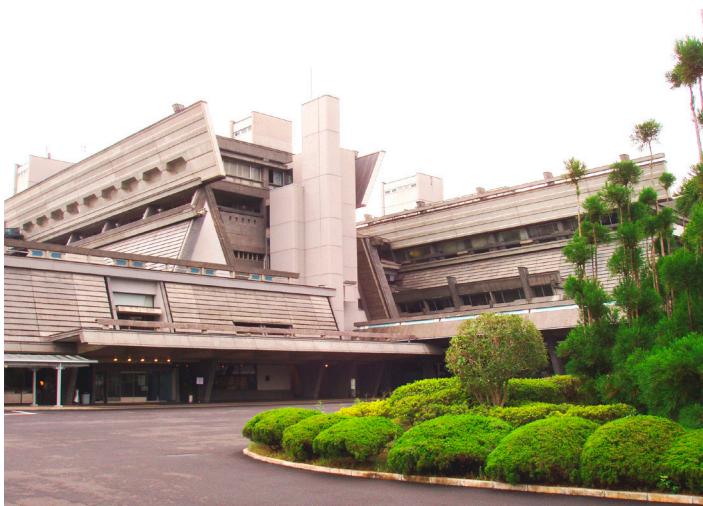
The ground-breaking ceremony took place in November 1962 with the first phase of the Convention Centre opening in 1966. The second expansion phase was completed in 1972 and the Event Hall was built between 1983 and 1985.

ICC Kyoto has more than 70 conference rooms including nine halls with simultaneous interpretation equipment. The Main Building, Annex Hall and Event Hall together have a total capacity for 7,000 people.

The Main Hall, which can accommodate up to 2,000 delegates, was built by architect Sachio Otani. With its unusual hexagonal framework, it is considered a masterpiece of 1960s Japanese architecture. In 2003, the Architectural Institute of Japan included the conference center in its Best 100 Examples of Modern Movement Architecture in Japan. Selection was based on the composition of aesthetic lines and facets originating in rationalist concepts.

The ICC Kyoto was also designed to be a true reflection of Japan's rich culture. The Japanese gardens surrounding the centre are considered a signature feature of ICC Kyoto, while the traditional Japanese teahouse (Hosho-an) is a popular venue not only for traditional tea ceremonies, but also for haiku poetry reading.

Since it opened, Kyoto International Conference Center has staged over 16,000 conferences. It has not only played a key role in the history of international conferences in Japan, but has also firmly put the ancient capital on the world's tourism map. Its most famous event to date was the United Nations Framework Convention on Climate Change in December 1997, which gave way to the adoption of the 'Kyoto Protocol'. The centre also hosted the UN Conference on Disarmament Issues in 1999, the G8 Foreign Ministers' Meeting in 2008 and the 17th APEC Finance Ministers' Meeting in 2010.



Asian MICE destinations of the future

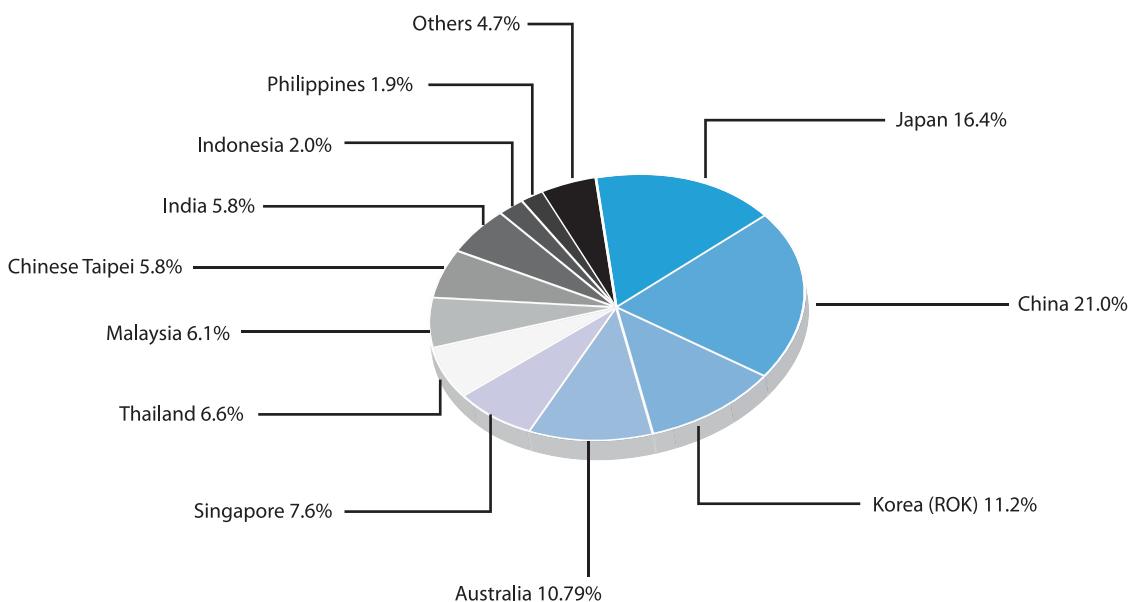
Growth in Asia's MICE sector is set to continue, driven by booming economies. In China alone, spending on business travel is expected to more than quadruple by 2020. According to a study released by the Association of Corporate Travel Executive and AirPlus International in October 2010, China is already the third largest market in the world for business travel, last year generating spending of approximately US\$62bn. It is likely to become the second largest in the world (after the US) by 2020, with spending forecast to reach US\$277bn. Meanwhile a study by A.C. Nielsen, found that China's MICE market posted 40% growth in 2009-2010.

At IT&CM China 2011 in Shanghai, Cindy Zhang, Regional Marketing Manager of Pacific World Asia, a MICE organiser, commented that Beijing and Shanghai remain the most attractive cities for MICE thanks to new infrastructure put in place following the 2008 Summer Olympics and the 2010 World Expo. Nevertheless, secondary cities are also expected to see strong growth in the coming years. ICCA predicts that more international events such as conventions will take places in cities including Xiamen, Shenzhen, Hangzhou, Dalian, Tianjin and on Hainan Island – the latter being China's most ambitious development for a resort destination. These destinations not only offer a good business environment, but also numerous tourist attractions. According to ICCA studies, continuous efforts from Central or Provincial governments to fund new infrastructures should translate into 120 operational world-class convention facilities by 2040.

Asia's other giant, India, is also likely to become an increasingly attractive destination for the meetings industry, although it has yet to tap into its full potential as a convention destination. According to the India Convention Promotion Bureau (ICPB), the country's share of the meetings market worldwide is just 1.1 %, which means there is much room for growth. India still needs to address infrastructures weaknesses however, such as the lack of big venues for large conventions. According to ICPB, 87% of events attract from between 500 to 1,000 people.

A further potential giant for conventions could be Indonesia. With economic growth hovering around six percent a year, rising living standards and better airtravel connections, Indonesia is becoming an increasingly attractive MICE destination. Good facilities already exist in Jakarta, Bali, Batam and Bintan Islands, Surabaya, Bandung and Yogyakarta. In addition, the past five years have seen new MICE infrastructure open in Makassar, Manado, Medan and Pekanbaru. To date however, Indonesia's biggest weakness has been the lack of funds available to promote the country as a meetings destination. A division has been set up within the Ministry of Culture and Tourism although it has a rather small budget – less than US\$2mn a year.

Exhibit 13: Market share (%) by country in Asia/Pacific according to the number of international meetings (2009)¹⁷



¹⁷. Source: ICCA Statistical Report 2009

MICE as a driver of city tourism

Over the past 20 years, a number of large-scale urban projects have included MICE facilities as an integrated part of their development (or re-development). Examples abound in Asia/Pacific including the following:

- In Seoul, KOEX (KOrea EXhibition) was built in the late 1970s as part of a five-year development plan for Gangnam district, an area of the city south of the Han River. Over the years COEX (Convention and Exhibition Center), as it was later re-named, has become the focal point of a major business and entertainment hub, with three five-star hotels, Asia's largest underground shopping mall, a City Air Terminal, a subway station, a department store and two office buildings. Today the area welcomes an average of 150,000 people per day.
- In Singapore, the US\$2.3bn Suntec City kicked-off the first phase of development at Marina Centre in the late 1980s/early 1990s. With the convention and exhibition centre at its heart, the area remains one of Singapore's largest commercial developments to date, and includes five office towers, a shopping mall with 360 shops, and five hotels including the Ritz Carlton, Mandarin Oriental and Pan Pacific.
- In Melbourne, the centrepiece of the city's new South Wharf development is the Melbourne Convention and Exhibition Centre (MCEC), the country's largest convention and exhibition facility. The Exhibition Centre, which offers pillarless floor space of 30,000 square metres, opened in 1996, at a cost of US\$250mn. Two years later it was connected, via a covered footbridge, to the older convention centre (opened in 1990) on the other side of the river. In 2009, a new convention centre opened adjacent to the exhibition centre. South Wharf is also home to an office tower, a Hilton hotel, F&B outlets and various shops, which have all helped to revitalise this once industrial area around Melbourne's Yarra River.
- One of the most recent MICE infrastructure developments is Diamond Island in Phnom Penh. The Diamond Convention and Exhibition Center is built on reclaimed land and is part of the first phase of an integrated new city district, which will include shopping malls, five-star hotels, an Expo centre, villas, flats, offices, hospitals and an impressive 333 metre high tower from which you can enjoy a 360 degree panoramic view of Phnom Penh. The area faces Phnom Penh's historical city centre and is slated to cost some US\$200mn in its first phase. Construction of Diamond Island started in 2006, with the first events taking place at the Convention and Exhibition Center during 2011.
- In Macau SAR, the government formed the Convention Business Department in September 2010 to accompany the development of the Cotai Strip with its large hotels, retail complexes and casinos. The Macau Venetian integrates the territory's largest convention and exhibition infrastructure with 75,000 square metres of exhibition surface and 108 meeting rooms with a capacity in the plenary hall for up to 7,760 delegates.

In most Asia/Pacific countries, governments are leading the way in the construction of MICE facilities. This is certainly the case in Australia, China, Chinese Taipei, Japan, Hong Kong SAR, Macau SAR, Korea (ROK), Malaysia, Singapore and Thailand.

The private sector is generally leading the development of conference and exhibition centres in countries where governments have little financial resources. This is true for Indonesia, but also for all countries from the Mekong Sub-Region (Cambodia, Laos PDR and Vietnam).



Exhibit 14: Number of MICE events in Asian cities during 2008 and 2009¹⁸

City	2008	2009	2010
Singapore	128	119	136
Beijing	87	96	98
Seoul	91	90	91
Bangkok	74	76	...
Kuala Lumpur	72	72	...
Hong Kong SAR	67	67	82
Chinese Taipei	59	64	99
Sydney	70	61	102
Shanghai	63	58	...
Tokyo	83	58	...
Kyoto	34	37	...
Melbourne	43	30	...
Jeju Island	28	28	...
Brisbane	21	26	...
New Delhi	23	26	...
Yokohama	25	25	...
Bali	17	18	...
Hanoi	18	18	...
Manila	25	18	...
Macau SAR	18	17	...
Busan	29	15	...
Hyderabad	12	15	...
Osaka	12	15	...

... means data was not available at the time of reporting.

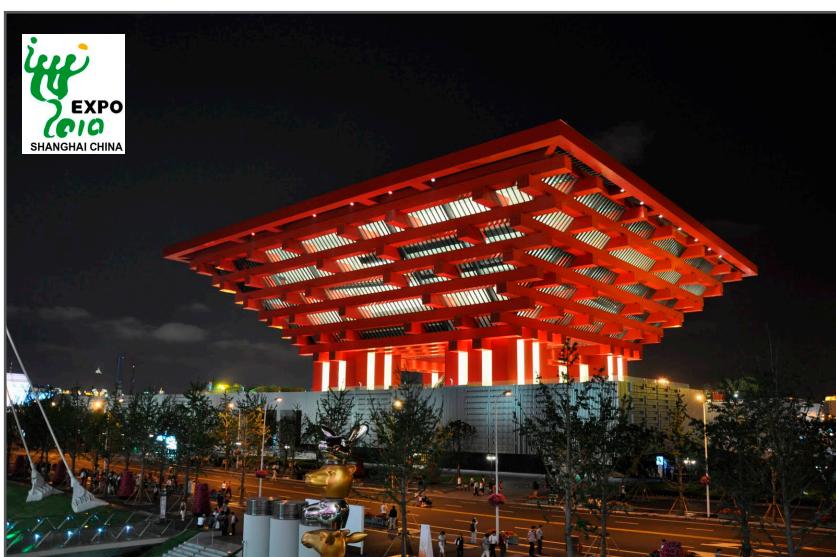
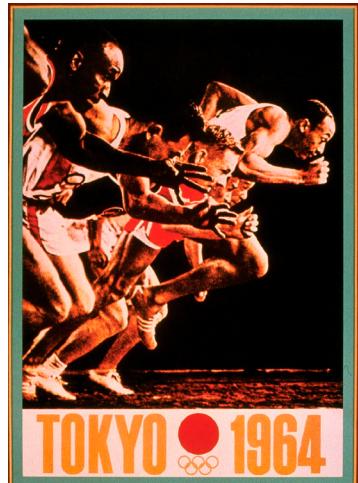
Global events stimulate demand

Events are a key determinant for MICE development. Hosting world-class international events have, so far, been a major catalyst for building conference facilities. The hosting of the Tokyo Summer Olympic Games in 1964 was not only a driving force to develop sports facilities, but also to modernise public transport and construct many deluxe - and first-class hotels.

Between 2008 and 2010, China hosted at least five major global events in Beijing, Shanghai and Guangzhou. Beijing's hosting of the Olympic Games in 2008 and Shanghai's hosting of the World Expo in 2010 left both cities with world-class infrastructure. The China National Convention Center (CNCC) officially opened in October 2009 and is an international-standard, purpose-built convention and exhibition facility. The centre was, however, completed for the 2008 Olympics in Beijing and served as the press and international broadcast centre, as well as providing a venue for fencing and pistol shooting competitions. CNCC is China's most versatile international conference venue with over 70 meeting rooms and a plenary hall able to cater for 6,000 delegates.

In Shanghai, the site of the World Expo is now being transformed into "five areas and one landscape belt," according to a draft report by the Shanghai Municipal Bureau of Planning and Land Resources. Among the five areas, one is dedicated to high-class conferences and exhibitions on structures of 1.9 square kilometres in Pudong District. Shanghai has also benefited from hosting the Formula 1 Chinese Grand Prix annually since 2004, as well as the ATP Tennis Masters between 2005 and 2008.

Palembang in South Sumatra, which is hosting the SEA Games (Southeast Asian Games) this year, is building the Palembang Sport Convention Center (PSCC), a complex that will integrate a hotel and which represents an investment of US\$12.7mn. The PSCC will have a capacity for 6,000 people and will be the largest meeting venue on Sumatra Island.



Subsidising MICE

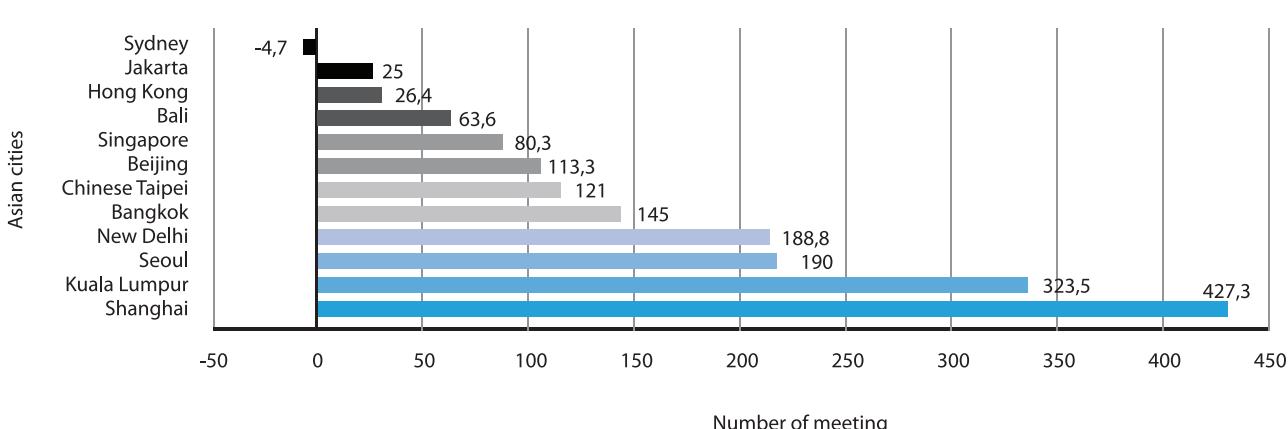
With more and more countries embracing the business of meetings, competition between destinations is increasing. Many convention bureaux or departments have created incentives – including free assistance with organising and hosting an event - to secure more meetings.

Such incentives are ramped up when a destination is struggling. The last few years have seen the Thailand Convention and Exhibition Bureau (TCEB), for example, adopt a series of initiatives to lure meeting planners back to the country following political tensions. In 2009, after the airport closures of 2008, TCEB unveiled the 'Thailand Maximise campaign, which offered planners a range of subsidies in cash and in kind for international MICE events. These benefits were boosted further with the 'Thailand Extra Value' programme, launched in 2010. TCEB's 2011 marketing campaign, 'Believe in Thailand', focuses on the four key strategic advantages Thailand offers as a MICE destination, namely professional service, world-class infrastructure and facilities, a variety of meeting destinations and countless business opportunities. The campaign also offers five 'Believe in Thailand' packages: support for team-building activities, golf & spa, cultural performances, CSR and 'Green Meetings'. The packages offer support of up to THB20,000 (US\$650) for groups of over 50 participants, staying a minimum of three nights. According to Akapol Sorasuchart, TCEB President, the 'Believe in Thailand' campaign not only reiterates to the world that Thailand remains a dynamic business event destination but also shows the significant financial commitments of the Thai government in support of the industry. Thailand's commitment to attract new business translates into an estimated budget of US\$22mn.

At the end of 2010, Malaysia announced RM50mn (US\$16mn) of funding for the business tourism sector in 2011, which includes RM25mn for a subvention programme. According to Zulkefli Haji Sharif, Head of Malaysia Convention and Visitors Bureau (MyCEB), the programme will focus on supporting bids for very targeted international business events which offer high economic value. "Support will be based on an economic assessment, the agreed performance criteria as well as mutual benefits for the government and the local host organisation", explained Mr. Sharif. The fund will also help to promote new MICE venues, such as the future MATRADE Center due to open in 2014, a new convention centre in Johor Bahru, as well the recently completed Sarawak Convention Center in Kuching. MyCEB is keen to achieve its ambitious target of welcoming 100,000 delegates at international conventions by 2015, compared to 59,000 in 2009. This is on a total of over two million arrivals linked to the hosting of international business events. "MICE has a high economic value for our country. In 2009, we estimate that the economic impact value of international business event visitors stood at US\$540mn (RM 16.17bn). It could easily be doubled by 2015," indicated Mr Sharif.

In Macau SAR, the government launched its strategic MICE Market Stimulation Program in May 2009, providing support to MICE events. From its launch until February 16, 2011, 269 MICE events benefited from the 'Strategic MICE Market Stimulation Program', translating into an estimated total of 1,518,965 delegates. Companies must submit a bidding form and respect conditions fixed by the Macau government to benefit from subventions, especially for accommodation.

Exhibit 15: Total meetings at selected Asian cities 2000-2009¹⁸



18. Source: ICCA

ISSUES & TRENDS



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