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## Letter of Concern

Dear Mr. Dorji Dhadhul and concerned authorities

We are very happy to hear that tourist entry to Bhutan will be open again from September 23 without quarantine. However, we are deeply concerned by the announcement that Govt Royalties (SDF - Sustainable Development Fee) are to be increased from USD 65 to USD 200 per day.

We would like to list the three most important reasons for our concern.

### **The timing of the price increase was chosen in uncertain times**

The pandemic is not over yet. Long-haul trips are booked only hesitantly, and rumours are already circulating about a new corona wave in autumn. Fuel prices are rising around the world, making flight and transport costs more expensive. A long-haul flight already costs much more than it used to, and Bhutan cannot be reached by direct flights. These uncertainties mean that tourism will recover more slowly than expected.

### **Mass tourism is not curbed**

In 2019, 77% of tourists in Bhutan came from neighbouring countries, mainly India (243,400), only 23% (72,703) were tourists who paid an SDF levy of USD 65. The number of tourists traveling to Bhutan will certainly decrease, but the average length of stay will also decrease drastically. European tourists stayed in Bhutan for an average of 9-14 days in 2019. Due to the high SDF fees, tourists will stay shorter in Bhutan in the future and tourism will be concentrated in Thimphu, Paro and Punakha. In order to keep the travel price reasonable, tour operators will switch to neighbouring countries such as Nepal or India (Sikkim). Far fewer tourists will travel to Bumthang and the east of the country. All hotels and guesthouses in the countryside will be the big losers. However, Indian tourists will continue to travel to Bhutan in large numbers because they pay only a small amount for the SDF levy (ca. USD 15 vs USD 200). Mass tourism with Indian tourists will not be curbed in this way and dependence on Indian tourists will increase.

### **The image of the Bhutan brand will be badly damaged**

Tourism to Bhutan has been a great success story. All Bhutanese tour operators and many Bhutanese have benefited from this. Without exception our customers were enthusiastic about the trips to Bhutan. In the international press only good news about Bhutan are spread, also about Bhutan's Gross National Happiness (GNH).

By drastically increasing the SDF tourist levy, focusing on high-end tourism and excluding the Indian market this steep increase, it may give the impression that western tourists are no longer welcome in Bhutan. We fear that Bhutan's image will suffer great damage.

We could add many more reasons why the new regulation will not bring success for Bhutan. We are very concerned about the future of tourism in Bhutan, not only in our own interests, but for our friends in Bhutan with whom we have been working together for many years.

The tour operators who have signed below express their deep concern and we kindly ask you to take note of this.

Sincerely

Tour Operator

Name

Date/Signature

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Hans Wettstein  
Managing Director

Zürich, 28.06.2022

