

Sanur Special Economic Zone as Milestone of Future Quality Tourism in Bali

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ABSTRACT

Despite the growing global tourism industry that proposes unforgettable leisure experiences, Bali continuously holds the top of mind as one of the best world-class tourism destinations. However, the Indonesian government planned to transition from mass tourism to quality tourism. The government and tourism businesses were required to improve the quality of tourism to survive in the industry's competition. Proposed in a concept of potential regional development and a sustainable economy, the central government, in collaboration with Bali provincial government, launched the 19th Special Economic Zone. The special economic zone, or Kawasan Ekonomi Khusus (KEK), was built in Sanur with IDR 10.2 trillion worth of investment commitment from PT Pertamina Bina Medika (IHC). The area encompasses 41.26 hectares, complemented by the brand-new look of the Grand Inna Bali Beach (GIBB) Hotel, supported with various facilities such as the Convention Center, Ethnomedicinal Botanic Gardens, and Commercial arcades to accommodate local MSMEs. The presence of health tourism complements the diversity of wellness tourism inherent on the island of God. This Sanur Special Economic Zone is the future hope of well-organized and sustainable tourism. The investment was said to be a bold move to mature and refresh Bali's cultural tourism.

Keywords: Special economic zone, quality tourism, Bali

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BACKGROUND

The contribution of domestic and foreign tourist visits to Bali to the Indonesian economy was relatively high. Minister of Tourism and Creative Economy Sandiaga Salahuddin Uno revealed that Bali contributes 50% of tourism revenue to the country's foreign exchange. The value was the second largest after the oil and gas industry.¹ It was due to the strong ongoing Bali tourism branding, which makes the Island top of mind for Indonesian tourism. However, Indonesia cannot further depend on a mass tourism strategy, albeit every year, the government targets an increased figure of tourists visiting. On the other hand, the government was looking for different options to prepare areas in Indonesia with its geo-economic and geo-strategic advantages. The idea, such as optimizing the export, import, and other economic activities with high economic value, is known as Special Economic Zone (SEZ), Starting with the Sei Mangkei SEZ, established in 2012. Then, in 2023, the Sanur SEZ was inaugurated. Stipulated

through Government regulation (PP) No. 41 2022 in November 2022, the Sanur Special Economic Zone (SEZ) is situated in the Center of Denpasar City. This special area can be accessed via the arterial road Bypass Ngurah Rai.² The SEZ tourism development model is one of the government's steps; thus, Bali can transition from mass tourism towards a

practice of quality tourism. In the future, the Sanur SEZ can be used by domestic and international tourists to gain great benefits in the global class tourism sector and the best services in the health sector.

SHOCK THERAPY OF COVID-19 PANDEMIC

Bali's tourism industry has gone through several crises, resulting in a plummeting number in the economic and tourism sectors—for example, the first and second Bali Bombing tragedies in 2002 and 2005. these unfortunate events destroyed the tourism business on the island, but over time, it slowly regained its prime, even exceptionally developed. In early 2020, when another crisis caused by the Covid-19 pandemic occurred, the drop in international tourist arrivals by up to 95 percent seriously affected the millions of Balinese who depended on the tourism industry. one of the senior tour guides, Mangku Nyoman Kandia, viewed the pandemic situation in 2020 to be unprecedented. The absence of tourists

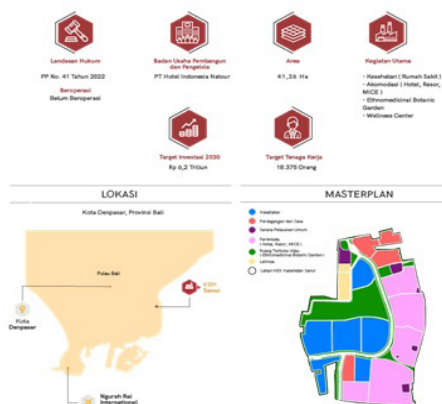


Figure 1.3 Sanur Social Economic Zone grand design

means an end since there was no economic turnover. According to him, there are few places in this world like Bali. Almost all of the population depend on the tourism industry. At the start of the pandemic, various restrictions were put in place by the Indonesian government, which caused a drastic reduction in international flight traffic landing and taking off from Ngurah Rai International Airport.⁴

Being a favorite destination for tourists, Bali has also faced other problems since the pandemic hit. Other competitive countries within the scope of Southeast Asia, such as Singapore, Malaysia, and Thailand, were competing to increase revenue from the tourism sector. Compared to these countries, MasterCard data in 2018 recorded tourist spending per night in Bali, Indonesia, reaching around US\$125. The figure was below Kuala Lumpur, Malaysia, amounting to US\$142. Likewise, tourist spending per night in Phuket, Thailand, amounted to 247 US dollars, and in Singapore amounted to 272 US dollars. The coordinating minister for Maritime Affairs and Investment, Luhut Binsar Pandjaitan, also revealed a similar statement that tourist spending in Bali is still lower than tourist spending in Kuala Lumpur.⁵ Udayana University Tourism Academic Dr. I Putu Anom S.E., M.Par, viewed that quality tourism must be improved by both the government and tourism businesses to win the competition with competing countries. Improving the quality of infrastructure and facilities and tourism products consisting of tourist attractions, accessibility, amenities, and ancillaries (4A) must follow the current tourist requests and preferences.

SHIFTING TRENDS ON TOURISM

Since COVID-19 Pandemic hit the world, people have experienced a shift. The change can be seen in most people's lifestyles and preferences, triggering a new demand for the tourism industry. Executive Director representing Head of Bank Indonesia DKI Jakarta Onny Widjanarko said three main points marked the shifting trend in tourism, namely increasing preferences for sustainability tourism, the use of technology, and an emphasis on cultural connections and local communities (memorable travel).



Figure 2.⁸ President Joko Widodo inspected the Grand Plan of the Sanur Special Economic Zone.

This pattern of tourists can be seen from their chosen options when on vacation to open and culturally diverse places with local communities' supporters.⁶ It is well presented in a tourist village in most of Indonesia's provinces. For example, Bali, the top liner destination in Indonesia, has 238 villages spread across the island. Some villages are registered as tourist villages with four categories: independent, advanced, developing, and pioneering. According to the Chairman of the Bali Tourism Village Communication Forum, I Made Mendra Astawa, the number of tourists visiting Bali gradually increased. They are consistently looking for new things and activities. These adventure activities can be found in most villages in Bali. The village became the capital for developing cultural tourism, called tourist villages.⁷

Further to vacation options prioritizing privacy and a local experience, tours are carried out in smaller groups. The rising trend was conveyed by the minister of tourism and creative economy, Sandiaga Salahuddin Uno. Then, to counter the pandemic spread, tourism industries emphasized aspects of cleanliness, health, safety, and environmental sustainability or what is known as the CHSE certification program. The program can be seen in most hotels in Indonesia, including Bali.

This certification is a form of validation and assurance to tourists that the service provider guarantees all aspects of clean, safe, and comfortable tourist accommodation. In addition to the health aspect, the ease of accessing tourist destinations, such as providing tourism services in the form of technology, is a mainstay of the tourism sector, such as cashless payments and digital information.

SEZ AS PROVISION FOR THE REGIONS

The emerging challenges Indonesia faced during the pandemic gave birth to the idea of sustainable development and preserving natural and cultural resources. These ideas were encapsulated under sustainable tourism (Damanik & Weber, 2006).⁹ Sustainable tourism means developing tourism aspects such as attractions, accessibility, and amenities to provide optimal benefits and satisfaction values for stakeholders and tourists in the long run. The Indonesian government assessed all regions in Indonesia to be swift in transforming into sustainable tourism destinations to take advantage of various sectors.¹⁰ By prioritizing a sustainable economy, packaged in a potential regional development concept, a Special Economic Zone was established. Special economic

zones, shortened as SEZs, are developed by preparing areas with geoeconomic and geostrategic advantages. The site accommodates industrial activities, exports, imports, and other economic activities with high economic value and international competitiveness. The ultimate goal of SEZ's presence is to build financial capacity and competitiveness at the national level through value-added industries and tourism. In 2022 there were 19 SEZs in Indonesia.

Bali, with its tourism sector potential, was established as the 19th SEZ. the SEZ is situated in Sanur Kaja Village, South Denpasar District, Denpasar City. Sanur is a strategic area with a geographical advantage and a history of Bali tourism development. This area was once a tourism center in the 1960s, thanks to the establishment of the Grand Inna Bali Beach in 1963, and it began operating in 1966. as a tourism magnet, it significantly contributed to numerous tourist visits. For future development, The Indonesian government utilized this invaluable asset for further introducing and developing health tourism. This Special Economic Zone was transformed into an international-level health center with a hospital, international standard clinics, five-star accommodations, and supporting amenities. The investment commitment of IDR 10.2 trillion from PT Pertamina Bina Medika (IHC) in 41.26 hectares would be complemented by the new face of Hotel Bali Beach or Grand Inna Bali Beach (GIBB). This area is even more special, with Convention Center facilities, Ethnomedicinal Botanic Gardens, and Commercial Centers to accommodate MSMEs. Not only physically, but the Sanur SEZ is also expected to stimulate the business activities of the pharmaceutical and medical equipment industries and research and development in the health sector.

The high-quality health services collaborated with well-known institutions in the United States, the Mayo Clinic and Johns Hopkins University. Equipped with the latest sophisticated equipment, this hospital will be supported by accredited doctors from within and outside the country, working together to realize knowledge transfer. In providing health



Figure 3.¹¹ The construction of an international class hospital (RS), Bali International Hospital (BIH), in the Sanur Special Economic Zone (SEZ) Bali, is to be completed by the end of 2023

workers in Indonesia, the Ministry of Health invites the Indonesian diaspora, especially doctors who come from Indonesia but practice abroad and have high knowledge; thus, they can contribute to the country.

The Minister of Investment/Head of the Investment Coordinating Board (BKPM), Bahlil Lahadalia, assessed that the Sanur Special Economic Zone (SEZ) would become a health facility with a one-stop solution. SEZ Sanur is an initial inducement for Indonesian people who like to seek treatment or carry out health treatment abroad; thus, in the future, they would prefer to do their therapy in Indonesia.¹² Data from the Ministry of Health for 2021 revealed that there was economic leakage or loss of sales revenue and sales taxes of around IDR 161 trillion per year from Indonesians seeking treatment abroad—Deputy Minister of Health, Prof. dr. Dante Saksono Harbuwono, Sp.PD-KEMD, Ph.D., once revealed that 600,000 to 1 million Indonesians seek treatment abroad with a total cost of up to 1.1 billion dollars. Therefore, developing health tourism is a national strategic priority because it addresses the challenges of post-pandemic economic and health recovery.¹³

Sanur SEZ is expected to absorb 4-8% of Indonesian citizens who previously went abroad for treatment. Then, until 2045, it is forecasted that there will be foreign exchange savings totaling IDR 86 trillion, followed by the additional foreign

exchange increase in the same period, reaching IDR 19.6 trillion. The Sanur SEZ is also expected to attract investment totaling IDR 10.2 trillion by 2028 and absorb a workforce of 43,647 people in 2045.¹⁴ The Indonesian government was positive that the Health tourism center would reduce foreign exchange outflows and strengthen Bali as a comprehensive tourism destination.

Through the ministry of tourism, the ministry of state-owned enterprises, in collaboration with other ministries/agencies, associations, and the health tourism industry, the implementation of the four pillars of health tourism, namely medical tourism, fitness tourism, sports event-based health sports tourism, and MICE-based scientific health tourism can be maximized. Sandiaga Uno stated that Bali is a champion city and hub for medical tourism. A complete destination with the potential for the Indonesian Government to develop according to the pillars of health tourism. In this process, the Ministry of Tourism and Creative Economy compiled a National Action Plan for Indonesian Medical Tourism and Wellness Tourism. They supported and encouraged existing hospitals and clinics in Bali to obtain a Decree from the Minister of Health as a medical tourism health service facility. This government effort further strengthens the branding of 'Indonesia Health Tourism.'¹⁵

BRANDING ON CULTURAL TOURISM

Over the years, tourists from around the globe visited Bali, attracted by its culture, customs, and friendliness. These factors became Bali's unique selling point, strengthening its branding as a cultural tourism destination. Cultural tourism association to Bali arguably supported the Government's new wellness tourism plan.¹⁶ Bali has become a perfect island for wellness tourism. The spiritual activities of wellness tourism are closely related to local culture, natural conditions, cuisine, and the environment. The lush green zones in Ubud, Sanur, and Nusa Dua hide uncharted potential. Historically, tourists were introduced to various ingredients, treatment methods, and activities to maintain health and fitness based on tradition and local wisdom. The rise of Yoga training, the practice of Usadha medicine, meditation, and healthy food concept were examples of wellness tourism that satisfies tourists' psychology in Bali. This tourism concept would be further strengthened by the renewal of the Memorandum of Understanding and Cooperation Agreement to develop health, medical, fitness, and herbal tourism in Indonesia as one of Indonesia's leading tourism products by the Ministry of Tourism and Creative Economy with the Ministry of Health. The Sanur Special Economic Zone is the future hope of the Balinese people to establish a well-organized and sustainable tourism future. The investment matured, refreshed Bali's cultural tourism, and complemented the diversity of wellness tourism inherent in Bali, the island of God.

CONCLUSION

The economic crisis during the Covid 19 pandemic had a major impact on the Indonesian state. This crisis led to various transformations, including the tourism sector in Bali. Bali, a leading tourist

destination in Indonesia, was expected to no longer rely on mass tourism but shift towards quality tourism. The construction of the Sanur Special Economic Zone was an initial milestone in strengthening Bali tourism, which is called medical tourism. Not only that, the presence of this area was aimed at stimulating the community to make the best possible use of the best health facilities owned by Indonesia. Thus, the presence of the Sanur SEZ would significantly increase the health and tourism sectors.

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