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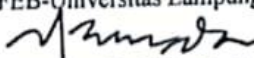|	
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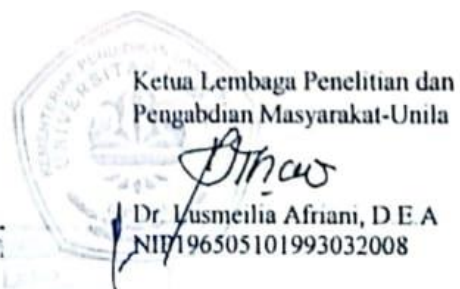Bandar Lampung, 1 Agustus 2020

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Foreign Tourist Spending
And Its Impact on the Economy in Indonesia.

By
Neli Aida

Abstract

Tourism activities within the framework of macro-economics is an activity that involves many activities that involve various sectors such as: hotels, restaurants, transport, industry, banking, and government and others. As a result of the economic role of tourism activity has become the object of debate. This study will analyze the variables that affect the tourism activity through spending foreign tourists coming from Singapore, Malaysia, Japan, Australia, and South Korea.

Data used include panel data, and the estimated expenditure of foreign tourists used the regression equation, and see the impact through the approach of the Social Accounting Matrix (SAM). Search impact further by Structural Path analysis.

Results The study found that tourism through foreign tourist expenditure is significantly influenced by the real incomes of foreign tourists, the real price relative Indonesia and Thailand, dummy bomb threats. The impact of foreign tourist spending on output 0.24%, 0.29% of labor income, household income 0.26%, 0.18% of domestic demand for commodities, import commodity demand 0.16%. The impact of tourism activity has not been evenly distributed to rural households, workers, peasants or lower income brackets.

Keywords: Expenditure foreign tourists, SAM, and the impact of tourist spending foreign

INTRODUCTION

The role of tourism activity on the economy become the object of debate for researchers and academics. The study of the tourism activity on the economy have been carried out and the results are different. Most researchers conclude that the tourism activity in the region is able to impact positively assessed and partly conclude otherwise. Fairbaim (2001) examines the tourism activities in the Pacific Islands, including Tonga, Fiji, Vanuata, Western Samoa. His research shows that foreign tourist spending in the GDP accounted for 70 % Tonga, Fiji 35 %, in Vanuata 27 %, and 25 % in Western Samoa. Kweka et al. (2001) found that, foreign tourist spending in Tanzania is a key sector in the economy and have a significant impact on increasing output.

Furthermore, in contrast to the findings of Jones (2010), Brohman (1996) and Fennel (2003). Jones (2010) found that the role of tourism activities in Mozambique did not significantly increase the value added in the economy and Brohman (1996) discovered the role of tourism activity in the Cook Islands to cause leakage of economic (economic leakage) on local content. Fennel (2003) found support facilities needs and foreign tourists more than 50 % imported from developed countries, and exacerbate the income gap between regions. Differences in study results are possible because of differences in study site conditions, differences in the variables, the data, the period of research or analysis tools.

Based on the Statistics Infrastructure Indonesia 2011, Indonesia had Attraction 3939 historical relics (historical heritage), consisting of 953 historical buildings, 203 historic bridge, 246 temples, 62 historic harbor, 115 historical train station, and in 2360 the historic

spiritual place. Indonesia also has a 3672 commercial attractions, which consists of 51 zoos, water tourism 558, 188 agro-tourism, cultural tourism 393, 985 recreational parks, and nature tourism in 1497 (CBS, 2012). Attractions Indonesia the world's most famous and desirable foreign tourists is waterboom Bali in Kuta Bali, the temple complex of Prambanan in D.I. Yogyakarta, Bali Safari & Marine Park in Gianyar Bali, Borobudur temple in Central Java, the temple of Tanah Lot in Canggu Bali, the center of the show Kecak fire and trance in Ubud Bali, Bromo volcano (East Java), Mount Merapi (Yogyakarta), Gunung Rinjani (Lombok), and Saung Angklung Udjo in Bandung (CBS, 2012).

The appeal of tourism has brought foreign tourists to Indonesia. BPS (2012) recorded five largest markets of foreign tourists visiting Indonesia is sequentially derived from: Singapore (432,060 people), Malaysia (1,380,686 people), Australia (983,911 people), Japan (497,399 people), and South Korea (351,154 people).

Foreign tourists visiting Indonesia had a fluctuating trend. The international tourist arrivals increased by 12 % in 1990-1997. Furthermore, 1997-1998, a decline in international tourist arrivals of about 30 % as a result of the monetary crisis in Indonesia which is destabilizing the economic, political, and security in the territory of Indonesia. The decline in international tourist arrivals by 50 % also occurred in 2000.2001, 2002, 2003, 2004 2005 and 2009 as a result of the terror threat Bali bomb-1; the bombing at the JW Marriot hotel in Jakarta, the Australian embassy bombing in Jakarta; Cathedral Church in the celebration of Christmas and other places of worship; Bali bombings-2 at Paddys Pub, Sari Club (SC), and the US Consulate; and Mega Kuningan bombing. The bombing of a desire to lower foreign tourists to come to Indonesia. However, in 2010-2011, foreign tourists visit again experienced positive growth with a growth rate of 8.5 % over Indonesia's economic growth at 6.5 % and 4.5 % growth in world tourism (Kemenparekraf, 2012). The rate of growth of spending and the growth of foreign tourist arrivals of foreign tourists indicates the quality becomes better. Erawan (2004) says that foreign tourists a quality demonstrated by the number of tourists and the number of tourist spending increased.

Qualified foreign tourists has been the concern of many developing countries, including Indonesia, which has diversified its sources of foreign exchange earnings. The magnitude of foreign exchange earned the state will ultimately increase output, employment, encourage investment, increase tax revenue, and strengthen the balance of payments.

The amount of foreign tourist expenditure depends by several variables that affect it. Song and Li (2008) using a variable economic and noneconomic variables in analyzing the foreign tourist spending. Economic variables include per capita income level rating, the price of tourism in the country of destination, the substitution of tourism prices, and exchange rates. Variable levels of income per capita rating studied by Lim (2004), the price level of tourism in the destination countries studied by Au and Law (2000), the price level of tourism substitution studied by Witt and Witt (1995), and Smeral (2004), as well as the exchange rate researched by Kulendran and Wilson (2000).

Noneconomic variables that describe the visit of international tourism, infrastructure conditions and generally is an accommodation capacity, capital formation transportation, mega-event variables (FIFA world cup), and dummy crisis, severe acute respiratory syndrome (SARS). Variable infrastructure and accommodation capacity examined by Proenca and Soukiazis (2005), capital formation transportation investigated by Seetanah (2006), variable mega-event (FIFA world cup) were studied by Van Lill and Thomas (2012),

and a dummy variable crises, severe acute respiratory syndrome (SARS) were studied by Hanim (2007).

Archer (1976) says that the revenues received directly from foreign tourist spending raises government revenue (government revenue), which comes from taxes, local purchases (local purchase). Government revenues have led to the payment of wages / salaries, local revenues (local income) / income received by households, and the leakage of imports (import leacages) due to the purchase of goods and services by governments and companies abroad. Zortuk (2009) found that foreign tourist spending pushed the sector directly and indirectly related to tourism activities to flourish. Kulendran and King (1977) found that the tourism activity is very spread out and very complex, include a multi-sector economy. Tourism activities that are widespread in economic activity and multi-sector led to foreign tourist expenditures flowing to the activity: hotels, restaurants, transportation, clothing, and governance (Passenger Exit Survey, 2012).

Activities tourism complex and very spread has not been a separate sector in macro economics, but spending tourism activity has spread to various economic activity. Kulendran and King, 1997 revealed that the magnitude and impact of tourism activity on the overall economy is hard to measure.

Becik et al. (2009), Proenca and Soukiazis (2005) findings stated that the tourism activity in the sub-sectors: hospitality, restaurants, transportation, clothing, and the government led to the demand for labor. Wagner (1997), Heriawan (2004), Zortuk (2009), Manente and Zanette (2010) says that the impact of international tourism on the economy. The researchers used an analysis tool of Input-Output expansion is the Social Accounting Matrix (SAM) or the Social Accounting Matrix (SAM).

Daryanto and Hafizrianda (2010) explains that the Social Accounting System (SAM) is a system that combines a variety of indicators such as production, income, consumption into a basic framework of regional or national economic balance. SAM analysis in being able to describe the economic and social conditions of society and the relationship between the variables of economic and social (economic growth, employment, and income distribution).

Thus, the phenomenon of spending by foreign tourists in Indonesia through the application of variables that influence and impact on the economy attractive for research.

RESEARCH QUESTION

Based on the background and attention to data presented previously, the research questions are as follows: (1) what are the factors that affect foreign tourist spending in Indonesia? (2) How much of the estimated changes in foreign tourist spending in 2020? (3) What is the impact on the Indonesian economy.

PURPOSE RESEARCH

The purpose of this study is as follows.
1. Analyzing the factors that affect foreign tourist spending in Indonesia.

2. Estimating changes in foreign tourist spending in Indonesia in 2020.

3. Examine the impact of changes in foreign tourist spending on the economy of Indonesia.

METHODOLOGY

Regression

Effect of real incomes of the average per capita foreign tourists, the real price relative Indonesian tourism, real prices are relatively holidays substitution (Thailand), and a dummy variable (bomb threats) to the expenditure of foreign tourists who came from five large markets foreign tourists, namely: Singapore, Malaysia , Japan, Australia and South Korea will be estimated by panel data regression.

Cross-section data covering five countries of foreign tourists visiting Indonesia to Singapore, Malaysia, and Australia. Each country will form cross-section based on the expenditure sub-sectors: hospitality, restaurants, transportation, clothing and governance. Selection of the five countries of origin of foreign tourists in addition to the largest market by foreign tourists coming to Indonesia as has been previously disclosed in the background, as well as the fundamental reason that the necessary data is complete and available. The time range (time-series) were used in 1999 until 2020. The reason for choosing 1999 as the start of the analysis period for consideration of commencement of economic reforms in all sectors.

Variables

The average real income per capita foreign tourists
This study uses the average real income per capita at constant foreign tourists. The average real income per capita at constant is a better measure because it is not affected by changes in prices (Mankiw, 2000). In this study, the income data used as independent variables, supposed to influence the pengerluaran foreign tourists to Indonesia.

Relative Real Price Tourism Indonesia and Thailand Tourism Relative Real Price
The real price level relative to the price of goods and services to measure tourism in Indonesia, should use tourism services price index data (tourist service price index). Tourist service price index using the difference in price of goods and services the needs of foreign tourists, both between countries of origin of tourists to the destination country and other countries as an alternative destination.

But the index formulations of this kind is very difficult due to lack of available data required in each country. Therefore, most researchers use the data consumer price index (consumer price index) instead. As stated by Choyakh (2008) when the price index is not available, the holidays can be used instead of consumer price index data. This study therefore uses the consumer price index relative to quantify the relative real price of tourism. The consumer price index relative ie home country's consumer price index divided by the consumer price index destination country with regard to the exchange rate between the two countries.

Dummy Bomb Terror

Other variables that need to be included in the model of the influence of some important events to the expenditure of foreign travelers. Important events that affect the variable of foreign tourist spending translates into a dummy variable (dummy variable). Kwack (1972) includes a dummy variable events of the Expo 67 in Montreal as variables that affect foreign tourist spending. This study uses a dummy variable terror bombing as noneconomic event or events that affect foreign tourist spending. Terror bombings in this study was the incidence of bombings carried out by terrorists in Indonesia. The series of bombings in Indonesia was

recorded as follows: the bombing at a Christmas celebration in Indonesia (2000), the bombs at the Atrium Plaza, School Australian International school in Jakarta (2001), the Bali bombing-1 (2002), the bombing at the JW Marriot Jakarta (2003), the bombing at the Australian Embassy (2004) Jakarta, Bali bombings-2 at Paddys Pub, Sari Club, and the United States consulate (2005) and the events of Mega Kuningan bomb (2009). As noted earlier, the bomb incident has caused foreign tourists to visit Indonesia dropped by 50 % (CBS, 2010). Event of terrorist bombings that occurred in Indonesia in 2000, 2001, 2002, 2003, 2004, 2005, and 2009 in the estimation model spending foreign tourists represented by the numeral 1 and in other years: 1999, 2006, 2007, 2008, 2010, 2011, 2012 given the number 0 means no bomb terror events.

Dummy sub-sector

Importance dummy restaurants sub-sector, sub-sector transportation dummy, dummy sub-sectors of clothing, and a dummy government sub-sectors included in the regression model is to distinguish foreign tourist spending in each sub-sector of tourism. Explanations have previously set as a sub-sector of the hospitality sub-sector comparison.

The use of the dummy in the regression model that analyzes the foreign tourist expenditures are commonly used. The use of the dummy in the study of foreign tourist spending has been done by Mill (1985), Witt and Witt (1992), Sinclair (2002), Salman (2003), Lim (2004), Dritsakis (2004) Toh et al. (2006), Hamm et al. (2007), Choyakh (2008), and Lumaksono, et al. (2012).

Dependent variable: Foreign Tourist Spending

The dependent variable in this study is the number of foreign tourist spending in Indonesia through proxies foreign tourist spending in real terms. Number of foreign tourists real expenditures for tourism is the amount of money spent by foreign travelers from departure fees, fees for local tourist destinations until the cost of the return to their home country by taking into account changes in prices through the consumer price index. Variable number of foreign tourists real expenditures as dependent variables have been used in research Hanim (2007).

The model will be used to measure the factors that affect spending foreign tourists to Indonesia adopted the formula used Hamm (2007) as follows:

$$PWA_{it} = \alpha_0 + \beta_1 P_{it} + \beta_2 HI_{it} + \beta_3 HT_{it} + \beta_4 DTB_{it} + \beta_5 Dresto_{it} + \beta_6 Dtrans_{it}$$

$$\beta_7 Dsandang_{it} + \beta_8 Dpemerintah_{it} + \mu_{it}$$

PWA_{it} = real tourism spending by foreign travelers

  (in US \$)

P_{it} = the average real income per capita foreign tourists
       (in US \$)

HI_{it} = real price relative Indonesian tourism (US \$ / US \$)

HT_{it} = real price relative tourism Thailand (Baht / US \$)

DTB_{it} = dummy bomb terror

$Dresto_{it}$ = dummy sub-sectors resto
$Dtrans_{it}$= dummy transport sub-sector
$Dsandang_{it}$ = dummy clothing sub-sector
$Dpemerintah_{it}$ = dummy sub-sectors of government

i = 1, 2, 3, 4, 5

1: Sub-sector Hospitality
2: Sub-sector Restaurants
3: Sub-sector Transportation
4: Sub-sector Clothing
5: Sub-sector Government
$\alpha_0,$ = Constant
$\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficient
μ_{it} = Error term

Social Accounting Matrix (SAM)

The impact of increased foreign tourist spending on the economy include the impact on: 1) output, 2) labor income, 3) household income, 4) domestic demand for commodities, and 5) demand for imported commodities. The magnitude of the impact is measured via the SAM approach as was done by Wagner (1997), Heriawan (2004), Zortuk (2009), Manente and Zanette (2010). Besides being able to calculate the value of the multiplier, the other SAM excellence can emit structurally revenue through structural path analysis.

RESULT

Foreign tourist spending in Indonesia flows in the sub-sectors: hospitality, restaurants, transportation, clothing, and government. Variables that affect foreign tourist spending is statistically significant, except dummy sub-sector's reign. The value of the coefficient, t-tatistik, and probability based on the Random Effect Model can be seen in Table 1.

Table 1. Values Coefficient, t-Statistics, and Probability VariablesSpending Affect Foreign Tourists in IndonesiaVariable Coefficient t-statistics Probability

Variabel	Koefisien	t-Statistik	Probabilita
Constants	182,47226	6,1003	0,0000
Real income per capita	0,001936	1,7118	0,0878***
Indonesia tourism relative real price	0,044504	7,9535	0,0000*
Thailand tourism relative real price	-5,817186	-3,2673	0,0012**
Dummy bomb terror	-5,937391	0,3735	0,0089***
Dummy sub-sector restaurants	-103,0735	-4,1668	0,0000*
Dummy transportation sub-sector	-88,87227	-2,3069	0,0217**
Dummy clothing sub-sector	-84,10309	-2,3004	0,0220**
Dummy sub-sectors of government	-16,2911	-0,2061	0,8368

Source: Calculations Regression results REM

Table 1 also shows the difference between the foreign tourist spending in the various sub-sectors. Foreign tourist spending sub-sectors: restaurants, transportation, clothing, and the government showed the difference with foreign tourist expenditure sub-sector of the hospitality sequentially in billion rupiah: -103, -88, -84, and -16.

The test results proved that the average real income per capita of foreign tourists significantly influence real spending foreign tourists. The magnitude of the effect of the average real income per capita of foreign tourists is due to competitiveness on the condition of Indonesian tourism is still relatively low at ranks 70 and it can be said that the Indonesian tourism is not a luxury item. This condition makes the foreign tourists prefer to do tourism to other countries that are considered by tourists is more superior. ASEAN Statistical Leaflet (2012) noted that foreign tourists who come from Australia, Japan, South Korea, Singapore, and Malaysia to Indonesia as a tourist destination, serial numbers above 10, meaning that the foreign travelers consider other countries tourism destinations more attractive.

Relative real price of Indonesia's tourism has a significant influence on the real spending of foreign tourists in line with the theory of demand. In the theory of demand, consumer behavior (consumerbehaviour) to meet the needs for goods and services are always faced with the limitations of income (income), bertindakan rational (rational), and the maximum satisfaction (maximize utility). The price increase caused real incomes of foreign tourists decreased consequently the amount of goods and services demanded reduced and ultimately reduce spending foreign tourists. Conversely, a decrease in prices will lead to increased foreign tourist real incomes, purchasing power becomes stronger and ultimately increase real spending of foreign tourists in Indonesia. The relative price of the goods or services which leads to high tourism Indonesia Indonesia's currency depreciates. Foreign tourists in Indonesia felt the prices of goods and services in Indonesia have become cheaper and more likely to increase the demand for goods and tourism services.

The results of this research study is strengthened by Visa (Global Travel Intentions Study), 2013, which states that foreign tourists who come to Indonesia very concerned about spending. The study involved 12 631 respondents concluded that foreign tourists coming to Indonesia tend to prefer spending-saving or low cost. The study says the cost of living in Indonesia is relatively inexpensive be important considerations in deciding foreign tourists visiting Indonesia travel. The rupiah exchange rate against the US dollar weakening has enabled Indonesia as a tourist destination is cheaper for foreign tourists. Price is an important variable as a determinant of foreign tourist spending. Every prices decline, the traveler will pay the cost of travel more cheaply. Another implication rating may extend the length of stay at the hotel and add a visit as well as increase the amount of spending.

Based on the test results proved that the real price relative Thailand tourism significantly influence real spending foreign tourists. A negative relationship between the real price relative Thai tourism with foreign tourist expenditures showed that the Thai tourism is tourism tourism substitution Indonesia.

Dummy bomb terror significant effect on foreign tourist spending. Events terror bombing in Indonesia have led some foreign tourists who come to feel uncomfortable, uneasy, gripping fear, until forced to end his life in Indonesia. Event of terrorist bombings that occurred in 2002, 2003, 2004, 2005, 2006, and 2009 was conducted by a network of international anti-Western terrorists and not beridiologi packed with sara. One of the goals of this international terrorist network movement divisive religious communities and creating discomfort for

everyone who is in Indonesia and want to visit Indonesia, including foreign tourists (criminal detectives Agency 2002).

Furthermore, the estimated value of the increase in foreign tourist spending in 2020 amounted to 3,515 billion spread over a sub-sector: 800 billion hospitality, restaurant 760 billion, 830 billion transportation, clothing 510 billion, and the government 630 billion (Table 2).

Table 2. Estimated Value Increased Foreign Tourist Spending in 2020

Sub-sectors	Foreign Tourist Expenditure 2015 (US $)	Foreign Tourist Expenditure Estimates 2020 (US $)	Changes in Foreign Tourist Spending (US $)	Changes in Foreign Tourist Spending (Billions of Rupiah)
Hospitality	47.885.900	54.605.530	67.196.500	800
Restaurants	19.321.800	78.116.370	58.994.500	760
Transportation	19.321.800	84.333.250	64.111.410	830
Clothing	25.069.900	64.330.050	39.260.200	510
Government	26.583.180	75.725.280	49.142.100	630
Total	138.182.580	357.110.480	278.704.710	3.515

Source: Count Results Estimates of Expenditure Foreign Tourists in 2020

The estimated value in Table 2. The increase will have an impact on the economy is increasing: output amounted to 0.24%, 29% of labor income, household income 0.26%, 0.18% of domestic demand for commodities, commodity demand and imports 0 , 16%. The increase in output of 0.24% (19 024 billion) contributed most of the sub-sectors: hospitality 5,899 billion. For the improvement of labor income sub-sector is the largest contributor to the restaurant, increasing household income by the hospitality sub-sector, the increase in demand for domestic and imported commodities by sub-sector of the restaurant. The role of other sub-sectors can be seen in Table 3, Table 4, Table 5, Table 6 and Table 7. In the Annex.

Structural Path Analysis

Struktural path analysis method known as SPA was first introduced by Defourny and Thorbecke (1988). Structural Path Analysis (SPA) is a methods to identify the entire network of pathways linking the influence of a sector on other sectors in a socio-economic system . A sector affect other sectors emitted through changes in exogenous variables toward endogenous variables .

Table 4 shows that there are similarities in the classification of households affected by changes in foreign tourist spending .Classification of households affected GI highest figures indicate the highest in all sub-sectors of tourism (hotels, restaurants, transportation, clothing, and government). Figures GI highest in all sub-sectors of tourism is on the classification of the upper class urban households. Lowest impact due to foreign tourist expenditure indicated also by the low GI numbers and are in the classification of rural households not labor force,

farm worker households. Observing the classification of households affected by the tourism sector in general just touched the upper class urban society.

Income urban households and rural household incomes that gap could have occurred due to urban communities and rural communities have a close relationship, mutual need and nature of dependence and has different characteristics. Depending on the city in the village to feed , foodstuffs citizens , the city as a driver of industrial , technological advances and information , to the manpower needs of professional , skilled and unskilled workers .On the other hand, the village is a source of needs required by the city.

Towns and villages that are different characteristics in terms of: facilities, accessibility, infrastructure, human resources, ownership of capital, information, and so became a magnet strong to exploit the labor of rural (household labor: agriculture, labor, lower class, and not the labor force). Borjas, G. (1990) found that the employment of rural households kekota exploited due to tourism development in the sub-sectors of the hospitality, restaurant, transportation, clothing, and the government provides opportunities for rural labor to work in agricultural activities migrate to town in hopes get a better quality of life. Labor force rural households who migrate to the city resulted in agricultural productivity and income of rural households has decreased.

BPS (2012) recorded the largest foreign tourist spending spread on three sub-sectors (hospitality, restaurants and clothing) of 60-65 per cent and sub-sector activity is located in urban areas with easy access and direct labor flows in urban households , Based on the above, the urban household labor and employment of rural households have the income gap.

CONCLUSION

Indonesian tourism through foreign wistawan spending a significant impact on the Indonesian economy (impact on output, labor income, income of rumh tngga, domestic commodity demand, commodity demand and imports). All variables that affect foreign tourist spending statistically significant effect except dummy government.

Based on foreign tourist spending shock impact on output 0.24%, 0.29% impact on labor income, 0.26% impact on household income, 0.18% impact on domestic demand for commodities, and 0.16% impact on demand for imported commodities.

Structural path analysis shows that for all the sub-sectors, urban households, upper class households receive higher incomes than rural households and lower class households. Thus the impact of tourism activity has not touched the workers, farmers and communities of rural households.

IMPLICATIONS

In order to become a tourism destination of choice in the world, tourism in Indonesia must improve itself in order to improve the tourism competitiveness index. The Travel & Tourism Competitiveness Index (TTCI) has compiled fourteen (14) pillars determinant of international tourism competitiveness index. The pillars of the competitiveness index determinants include: policies and regulations; sustainable tourism; security and safety; health; priority to the tourism sector; air transport infrastructure; land transport infrastructure; tourism infrastructure; information infrastructure, communications, and technology; price competitiveness; human Resources; affinity; natural resources; and cultural resources. Based on the value of international tourism competitiveness index, the new Indonesian tourism can

compete on the pillars of competitiveness: the price of resources, and priority to the tourism sector. Thus, tourism development policies to improve the competitiveness index is an urgent requirement.

Tourism Indonesia has advantages in terms of price competitiveness means that the price level in Indonesia is relatively low for other countries. ASEAN Statistical Leaflet (2012) informs that Indonesia is a cheap tourist destination to visit for the competitive price of the accommodation, taxes, levies, and tickets, which are low, and the price of fuel oil (BBM) affordable. For tourism activity cheap price environment is favorable, but for the activities of other economic sectors was less favorable conditions.

The exchange rate on relative real price also includes the effect of the strength of a country's currency. When the currency of the destination country experiencing appreciation, the exchange rate of foreign tourists to the country of origin of the destination country will be weakened so that the prices of goods and services become expensive destination country. Vice versa, when the destination country currency depreciation, the exchange rate of foreign tourists' home countries against the currency of the destination country will be strengthened so and increase tourist spending. In other words, the weakening of the exchange rate on the world market or the currency exchange rate of developed countries against the rupiah stronger then real price to be high relative Indonesian tourism. To increase foreign tourist spending, the Indonesian government should maintain the stability of the economy including inflation control and the stability of the exchange rate at the macro level. Another meaning of the coefficient on the variable relative real price of Indonesian tourism is a case of price change (increase) the number of requests increased tourism or tourists will increase the amount of spending. Special sub-sectors of transport, offers a relatively cheap price could have been triggered by the rise of low-cost transportation services through the promotion of low-program transport services. Today many airlines that provide cheap travel tickets, especially for the short distance as between countries in the region. In the ASEAN region, Air Asia airline industry has grown tremendously in providing services between countries with low-cost airlines (ASEAN statistical leaflet 2012). In the sub-sectors of government, MICE (Meeting, Incentiv, Conferenc, and Exhibition) and several activities such as sports events, seminars, meetings and working meetings of government / corporate in the international arena has given space to an increase in foreign tourist spending. Indonesia tourism policy in the future should improve the availability of accommodation, raises new tourist attraction both in quantity and quality to enhance the attraction of international tourism demand. According to Tan et al. (2002) of foreign tourists visiting Indonesia initially is elastic, but after that it tends to be inelastic. These results are in line with the concept of product life cycle which states that the elasticity of demand tends to be high on the new tourism product presence and tends to decrease when the tourism product has become commonplace (obsolete). Thus, tourism marketing is done should identify tourism products that have the prospect to be developed.

Heriawan (2004) said that, as a substitution tourism course must have unique strengths and are hard to find in the other destinations. Diversity and tourism activity luasanya Indonesia is unique and distinct advantages such as: the peculiarities of natural resources, cultural wealth, and the wealth of special interest has urged the government to develop tourism. The tourism development as a powerful adhesive to make the policies of other sectors in order to minimize the negative impacts that are counter-productive. Activity-based tourism as the services sector and aspires to become a world-class destination requires some changes.

Changes in the short term is the change in terms of service, for example: the service at the entrance to the airport, immigration, customs clearance, local transportation, hotels and tourist services, tourist information, until the problem of security assurance and comfort, as well as legal certainty.

Terror bombing incident indicates a weak security system in Indonesia triggered by the assumptions that the fight against terrorism are: the duties and responsibilities of the national police, berfihak with western countries, and combating any particular religion. Selanjutnya.sistem characterized by a weak security preparedness is not optimal security forces against events that potentially lead to conflict and terrorism, the emergence of fear of security forces and the people of the attitude of retaliation from terrorist bombs. Thus, the tourism policy in Indonesia should be firm and not hesitate to take into account the random (bomb terror events) through the creation of a favorable climate in the country. The creation of a favorable climate in the country is very possible that if the government and the community (religious, cultural, economic actors) the similarity of view and high commitment in realizing the ideals of Indonesia as a destination tourist destinations and sterile of a bomb threat. Attitudes and behaviors of tourists in various sectors will affect consumption spending, an increase in the value of output, income generation factors of production, and an increase in domestic commodities and commodity imports.

To avoid imbalances between household income rural and urban households up and down the golangan tourism development should not gather at points in urban areas but should be spread out to remote rural areas.

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