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An exploration of national tourism organization overseas office under one-China policy in Taiwan

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This paper explores and analyses the typology of national tourism organization (NTO) under sensitive international relations. Taiwan, under its official name the Republic of China, lost its United Nations seat to “China” in October 1971, and has long been under the confinement of the One-China Policy. However, its impressive growth in economy and outbound tourism has attracted the attention of many political entities worldwide. But, sensitive international relations and the national interest and security of worldwide political entities, have resulted in perplexity to tackle this attractive and potential market. This study attempts to explore the typologies of NTO overseas offices under One-China Policy in Taiwan. The findings reveal five typologies of NTO under the One-China Policy, with conclusion and recommendations as a reference for other NTOs to frame their worldwide tourism policy and strategies in promoting the Taiwan outbound market.

Key words: National tourism organization, one-China policy, international political relations.

INTRODUCTION

Tourism plays an important role in national economic growth and gross national product, generating valuable foreign exchange earnings as one of the fastest growing industries worldwide (Goymen, 2000; Formica and Littlefield, 2000; Dwyer et al., 2004; Dritsakis, 2004; Ferguson, 2007; Mladenovic and Zlatkovic, 2009). Tourism has also been used as a tool to build and strengthen international relationships (Litvin, 1998; Kim and Prideaux, 2003; Alipour and Kilic, 2005; Guo et al., 2006), particularly for countries without formal diplomatic relationships that are not United Nation members, such as Taiwan. This study is important given the necessity of current NTO typologies under the “red-line” sensitivity of international relationships. Despite the long-established importance of NTO in national tourism industry, academic study has been very limited in description the typology of NTO especially under sensitive international political relationships.

The NTO leads the tourism segment (Morrison et al., 1995) in promotion and marketing of national tourism in respective countries. However, the external environment (Choy, 1993) particularly the political environment, political compliance or international policies, as an influential factor on NTO roles and operations, such as One-China Policy. Therefore, NTO development of the international tourism market has typically avoided overly sensitive “guidelines” to local environments. No existing study has applied NTO typology to overseas offices under the One-China Policy. This lack of research points out a significant gap in burgeoning NTO literature and practice on international relation sensitivity.

The current paper points out that although Taiwan is a small island in the Asia region, its outstanding economic performance and outbound travel market has attracted worldwide political entities to this market to develop their inbound tourism market. Table 1 shows Taiwan economic performance, and Table 2 reports the significant Taiwan outbound travel market.

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Table 1. Taiwan economy performances.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>Person</td>
<td>22,958,360</td>
<td>23,037,031</td>
<td>23,119,772</td>
<td>23,162,123</td>
</tr>
<tr>
<td>Economy growth rate</td>
<td>%</td>
<td>5.98</td>
<td>0.73</td>
<td>-1.93</td>
<td>10.82</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>US$</td>
<td>17,154</td>
<td>17,399</td>
<td>16,353</td>
<td>18,603</td>
</tr>
<tr>
<td>GNP per capita</td>
<td>US$</td>
<td>17,596</td>
<td>17,833</td>
<td>16,895</td>
<td>19,188</td>
</tr>
<tr>
<td>National Income per capita</td>
<td>US$</td>
<td>15,192</td>
<td>15,194</td>
<td>14,271</td>
<td>16,432</td>
</tr>
</tbody>
</table>


Table 2. Taiwan outbound travel market performances.

<table>
<thead>
<tr>
<th>Outbound Indicator</th>
<th>Unit</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outbound travelers</td>
<td>Person</td>
<td>8,963,712</td>
<td>8,465,172</td>
<td>8,142,946</td>
<td>9,415,074</td>
</tr>
<tr>
<td>Proportion of outbound travel</td>
<td>%</td>
<td>19.4</td>
<td>19.6</td>
<td>17.5</td>
<td>20.1</td>
</tr>
<tr>
<td>Average outbound travel</td>
<td>Trip</td>
<td>0.39</td>
<td>0.37</td>
<td>0.35</td>
<td>0.41</td>
</tr>
<tr>
<td>Average nights per trip</td>
<td>Nights</td>
<td>9.8</td>
<td>9.7</td>
<td>9.7</td>
<td>9.3</td>
</tr>
<tr>
<td>Total outbound expenditures</td>
<td>US$ (billion)</td>
<td>13.142</td>
<td>13.139</td>
<td>11.164</td>
<td>13.836</td>
</tr>
<tr>
<td>Outbound expenditures per person trip</td>
<td>US$</td>
<td>1,466</td>
<td>1,547</td>
<td>1,371</td>
<td>1,470</td>
</tr>
</tbody>
</table>


In addition, the United Kingdom lifted visa requirements for Taiwan passport holders in 2009 to attract more Taiwanese tourists. Later in early 2011, the European Union has also lifted visa requirements and is expected to increase the quota of Taiwanese tourists visiting the region by at least 30%. According to the Ministry of Foreign Affairs (2011), the number of visa-free or visas upon arrival for Taiwanese tourists has significantly increased in 114 countries or territories worldwide (Table 3). Taiwan outbound tourism has already become a significant market in the Asia region.

Any discussion or evaluation of international tourism, including the role and functions of NTO, without reference to economic, political or cultural environment, is superficial, (Pigram, 1980; Elliott, 1983; Choy, 1993) including the tourism market and the operation, role, and functions of NTOs. Although, the Taiwan economic and outbound environment encourages NTOs worldwide to develop the Taiwan market segment, NTOs have been relatively hesitant to enter the Taiwan outbound market to promote their national destinations due to the impact of the international political environment and the One-China Policy.

Nevertheless, according to the World Tourism Organization (1995), in 1995, 12 NTOs in 69 countries put Taiwan as their top-ten target market for international tourism for their respective country. Today, totally 26 NTO offices in Taiwan are members of the Association of National Tourist Office Representatives in Taipei (ANTOR), established in 1993 with only five NTO offices.

This study is the first to explore the typology of NTO under the One China Policy, which aims at:

i) Identifying and empirically validating of NTO typology under the One China Policy in Taiwan.

ii) Assessing the current situation of foreign NTOs in Taiwan under the One China Policy to offer a reference to other NTOs to enter Taiwan.

Economics and tourism

Countries around the world have been aggressively promoting and supporting international tourism development because this industry has a positive effect on national economic growth and development (Akama, 2002; Ivanov and Webster, 2007; Aref, 2011). The financial tsunami of 2008 resulted in factors impacting world economics such as increased financing costs,
Table 3. The countries/political entities grants visa free and visa upon arrivals for ROC passport.

<table>
<thead>
<tr>
<th>Type of visa</th>
<th>Country/area</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visa free</td>
<td>Republic of Kiribati; Republic of Korea; Macao; Malaysia; Federated States of Micronesia; Nauru; Niue; Palau; Samoa; Singapore; Tuvalu; Bermuda; Cuba; The Commonwealth of Dominica; Dominican Republic; Panama; St. Vincent and the Grenadines; Turks and Caicos; Swaziland; Montenegro.</td>
<td>Less than 30 days</td>
</tr>
<tr>
<td></td>
<td>Guam; Northern Mariana Islands; Colombia; St. Lucia.</td>
<td>Less than 60 days</td>
</tr>
<tr>
<td></td>
<td>Japan; New Zealand; Nouvelle Caédelonie; Polynésie française; Wallis et Fortuna; Ecuador; El Salvador; Grenada; Guadeloupe; Guatemala; la Guyane; Haiti; Honduras; Martinique; Nicaragua; Peru; Saint-Barthélemy; St. Kitts and Nevis; Saint-Martin; Andorra; Austria; Belgium; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; Faroe Islands; Finland; France; Germany; Gibraltar; Greece; Greenland; The Holy See; Hungary; Iceland; Ireland; Italy; Latvia; Liechtenstein; Lithuania; Luxembourg; Malta; Monaco; The Netherlands; Norway; Poland; Portugal; Romania; Saint-Pierre et Miquelon; San Marino; Slovakia; Slovenia; Spain; Sweden; Switzerland; Gambia; Mayotte; La Réunion, Israel.</td>
<td>Less than 90 days</td>
</tr>
<tr>
<td></td>
<td>Fiji; Canada; Falkland Islands; U.K.</td>
<td>Less than 180 days</td>
</tr>
<tr>
<td>Visa upon arrival</td>
<td>Bangladesh; Cambodia; Indonesia; Laos; Maldives; Marshall Islands; Nepal; Sri Lanka; Thailand; Timor Leste; Vanuatu; Bahrain; Jordan; Oman; Egypt; Madagascar, Mozambique; Seychelles.</td>
<td>Less than 30 days</td>
</tr>
<tr>
<td></td>
<td>Solomon Islands; Kenya; St. Helena; Tanzania; Uganda.</td>
<td>Less than 90 days</td>
</tr>
</tbody>
</table>


Taiwan exceeded fifty thousand Euros, making it the third richest country in Asia after Japan and Singapore, and nearly 40% of Taiwanese consumers are willing to save their money to participate in overseas travel (Allianz, 2010). This reveals the potential business opportunities of the outbound tourism market in Taiwan.

Taiwan liberalized travel in the early 1990s. A decade later, more than 5 million overseas trips have been recorded, with the number reaching 9 million in 2010 and total expenditures of Taiwan outbound tourist travels reaching US$13.836 billion in 2010 and an outbound expenditure per capita of US$1,470 in 2010 (Tourism Bureau, 2011).

For example, Taiwanese seniors (aged 60 and above) are currently the hottest market segment, with spending power expected to grow to more than US$19 billion in 2015, and with travel and leisure forming the top discretionary spending, which is expected to grow at an average rate of over 10% a year (Wong and Mastercard, 2006). The substantial size and huge potential of the Taiwan overseas tourism market and high spending power (Huang et al., 1996) has aroused the interest of more countries planning to promote travel destinations to tourists from Taiwan.

The global economic crisis in 2008 (Ngowi, 2010) seriously affected the tourism market (Mladenovic and Zlatkovic, 2009). The current depressed global economic status has enhanced the responsibility of NTOs to develop or innovate the new potential market or segments to create foreign currency for their respective countries.

Hence, many political entities, particularly...
developed countries, have increasingly attempted to enhance their NTO market performance, particularly in the Asia region.

In the current economic crisis, promoting and marketing "invisible trade" in a powerful outbound spending market is critically important for NTOs to earn foreign capital. However, the international trend has moved into a new era where national security and interests are decidedly more complex. Establishment of an NTO conducted by international relations has important consequences for future economic development, particularly in Taiwan across strait, where tourism drives international political relations.

International political relations and tourism

Outbound tourism is a type of interaction or international relation among various political entities, deeply affected by international policies or politics and based on a view of national interests and security as primary factors in international relations. In international eco-political diplomacy, realism is the most distinctive political entity in international society or politics to manage national interest, security, and power seeking. Hence, realism is a critical factor in international tourism. Tourism not only comprises small business groups or networks, but also dominates international trade and political effects, such as that between U.S. and Latin America (Francisco, 1983). Consequently, related international policies such as the One-China Policy affect international relations conducted by political entities with critical consequence between governments. Taiwan under the One-China Policy has been one of the most complicated international relations (Hsieh, 2009).

In October 1971, the United Nations seat of Taiwan, officially named the Republic of China (ROC), was replaced by the People's Republic of China (PRC) when the United Nations General Assembly passed Resolution No. 2758 (Chiang, 2004). In the same year, the U.S. government established diplomatic relations with the PRC and acknowledged the "One-China Policy" to reach an understanding with the PRC government, meanwhile, the PRC government officially required that any country in the world establishing diplomatic or official relationships with Beijing, PRC must recognize the "One-China Policy," and not enter into any diplomatic relationships with ROC or the Taiwan government (Hsieh, 2009). Hence, the Taiwan Cross Strait issue has remained most sensitive in international relations for other countries.

Because of the current complexities of the "One-China Policy," international status, respective national interests, and security, governments worldwide have to choose either the PRC or the ROC government in international relations, depending on the respective national interest and security of individual countries. As a result, most countries choose to establish conventional formal diplomatic relationships with the PRC and informal or "unofficial" diplomatic relationships with the ROC. Consequently, unofficial relations between Taiwan and other countries with low political issues such as tourism, international trading, social and cultural exchange, investment and education, which are acceptable to the PRC government, have been maintained under the "One-China Policy" for international diplomatic relations with the ROC and ROC governments.

Therefore, the effects of political and international relationships on tourism should be very strong (Francisco, 1983). Some foreign political entities in considering their own national interests and international diplomatic relationships, have utilized an ambidextrous policy between national interests and security with the PRC to enhance the economic segment, particularly tourism with the ROC. Hence, political entities have established a different typology of NTOs entering Taiwan to tackle the increasing spending power of the outbound market. Under the One-China Policy, NTOs place equal emphasis on un-official diplomatic relations and economics, particularly, for those countries aimed at tackling the foreign currency.

National tourism organization

The New Zealand Department of Tourism established the first NTO in 1901. Academic studies include various NTO definitions (Choy, 1993; Baum, 1994; Morrison et al., 1995; So and Morrison, 2004; Dritsakis, 2004). The WTO (1979) introduced "a new concept of tourism management at the national level" to establish NTOs for servicing national objectives in tourism (Choy, 1993; Morrison et al., 1995; Seppälä-Esser et al., 2009), with NTO for nearly every country (Formica and Littlefield, 2000). Currently, most NTOs are an official organization responsible for tourism affairs and for promoting, marketing and developing tourism in respective political entities (Choy, 1993; Baum, 1994; WTO, 1996; So and Morrison, 2004). These NTOs promote and market respective destinations as priority tourism destinations, enhance the international tourism market share, and have the financial support of political entities (Middleton et al., 2009; Formica and Littlefield, 2000). The role and operation of NTOs have changed following a century of international tourism development and the influence of international relations and political environments (Choy, 1993; Morrison et al., 1995). Currently, the NTO is a primary arm of political entities in developing tourism (Baum, 1994), particularly for developing countries.

Private sectors cannot replace the roles and activities of NTOs in national economic and social benefits (Organization for Economic Cooperation and Development, 2008) as well as national interest. Emphasizing destinations in respective countries and increasing consumer awareness and interest in country
Table 4. NTO typologies in Taiwan and regional home country.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Total</th>
<th>Asia</th>
<th>Europe</th>
<th>Africa</th>
<th>Oceania</th>
<th>America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal relations with ROC</td>
<td>19</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>ANTOR members</td>
<td>25</td>
<td>14</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Outside independent office</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>In-house independent department</td>
<td>7</td>
<td>4</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>In-house cooperate unit</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Agency office</td>
<td>9</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>


Table 5. Descriptive of cross tabulation percentage analysis of NTO typologies (excepted embassy/consulate offices) in Taiwan and allocated average yearly budgets.

<table>
<thead>
<tr>
<th>NTO typology</th>
<th>Outside independent office (%)</th>
<th>In-house independent department (%)</th>
<th>In-house cooperate unit (%)</th>
<th>Agency office (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under US$249,999</td>
<td>40</td>
<td>85.7</td>
<td>75</td>
<td>77.7</td>
</tr>
<tr>
<td>US$250,000 – US$499,999</td>
<td>20</td>
<td>14.3</td>
<td>25</td>
<td>22.3</td>
</tr>
<tr>
<td>US$500,000 – US$749,999</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>US$750,000 and above</td>
<td>40</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

destinations are the primary promotional and marketing activities of NTOs in maximizing net foreign exchange earnings and developing the economy through tourism. To achieve this goal, most overseas offices of NTO promote country destinations in international tourism markets and develop the international tourism market as an inevitable trend. For example, as of 2010, Tourism Malaysia has established 35 overseas offices to promote Malaysia in the international market (Tourism Malaysia, 2011). The main function of the NTO overseas office is to increase or develop the international tourism market by promoting destination countries, maintain and enhance the destination image, and maximize tourism information (Coltman, 1989). Overseas offices must also create and improve consumer interest, travel trades, and media of the destination country, such as joint promotion campaigns using market facilitation activities with the travel trade and airlines. The NTO overseas office is the most effective and efficient means for developing the national tourism market.

Key factors to consider in establishing an NTO overseas office include budget limitations, market potential, organizational typologies, and the influence of the international political environment. Performing all the roles and functions necessary for operation of an NTO overseas office is very difficult. To avoid stepping on the “red-line” of international diplomatic relations, NTOs must select various typologies to perform marketing and promotional activities. Therefore, due to the enormous potential of the outbound tourism market in Taiwan, foreign NTOs adopt various typologies into this political entity to convince the outbound market.

Currently, Association of National Tourism Office Representatives (ANTOR) in Taiwan is composed of 25 members (national-based) from 192 members of the United Nations. According to market investigation and market sources from 2009 to 2010, NTOs typologies under the One-China Policy in Taiwan can be divided into five major types: the embassy or consulate office, the outside independent office, the in-house independent department, the in-house cooperate unit, and the agency office. Table 4 summarizes NTO typologies in Taiwan and their regional home country. The average yearly budgets allocated for NTOs in Taiwan are mostly under US$500,000. Table 5 shows the cross tabulation percentage analysis of NTO typologies in Taiwan and their allocated average yearly budget.

**METHODOLOGY**

To achieve the objectives of this research, this study comprises theoretical design of the occurrence relationships, actual data collection and descriptive analysis. Descriptive analysis involving a
2004; Sloman, 2010) is the main tool using in occurrence research. Direct observation and explanation of target behavior or phenomenon in the natural or sensitive environment (Grobbee, Typology of NTO under One-China policy is occurrence research. To explore the occurrence relation, this study also uses reality empirical data to conduct empirical typologies of NTO under sensitive international relations. This project was undertaken from January 2009 to December 2010.

**FINDINGS AND ANALYSIS**

The typologies of foreign NTO under One-China policy could be divided into two categories, with formal diplomatic relations and under unofficial diplomatic relations. As indicated in Figure 1, the home-based country which had formal diplomatic relations, the NTO were operated by Embassy or Consulate Office. However, the typologies of NTO under unofficial relations could be separated into four types.

**Embassy or consulate office**

One of the main functions of the embassy and/or consulate office is to strengthen and deepen diplomatic relations between two political entities. Gil-Pareja et al. (2007) stated that embassies and consulate offices are important in their positive effect in promoting tourism, particularly for developing countries. This typology must include formal diplomatic relations with the ROC; however, most worldwide political entities have avoided this typology to avoid the sensitive One-China policy.

Currently, 19 countries worldwide have established embassies or consulate offices in Taiwan, including the Republic of Guatemala and the Dominican Republic. Most formal diplomatic offices in Taiwan do not have a "Tourism Department" to promote tourism in their countries. The ambassador and consulates are in charge of promotional and marketing activities, and participate in major tourism promotion events in Taiwan such as the Taipei International Travel Fair, the most important travel fair in Taiwan. In 2010, nearly 60 tourism promotional offices worldwide participated in the yearly event (ITF 2011), but only three embassy offices in Taiwan participated in the most important annual tourism events in Taiwan.

The politics and economics of foreign embassy and consulate offices in Taiwan are multilateral. Therefore, the primary functions of tourism promotional offices in Taiwan include a tourist information center for respective countries, and provide tourism information for numerous enquiries.

**Outside independent office**

The NTO country of origin must have an un-official diplomatic office or representative in Taiwan, such as the
Malaysian Friendship and Trade Centre and the Thailand Trade and Economic Office. The NTO directly sets up an independent office outside the representative office in Taiwan and directly dispatches one or two officials (called home based staff, HBS) as the director and deputy director to manage and operate the overseas office, and a country representative to build and strengthen relationships for the accredit and home country. The HBS rotates every four years and all reports, such as the monthly report and the budget, are directly sent back and forth from the NTO Headquarters (HQ). Currently, there are five NTO offices in Taiwan under this typology, and most are NTOs from Asian countries.

These offices employ an average of four to six full-time local requirement staff (LRS) to implement yearly operational activities. These include: providing immediate and current information requested by consumers, media personnel, and travel trade people; maintaining promotional inventories such as brochures and displaying materials; collecting market intelligence information and analyses; mailing updated literature and information to travel trade and media people; assisting related travel trade, including organizing exhibitions or fairs; organizing familiarizations tours for travel trade, media and incentive tours organizations, and participating in local fairs. Due to independent operation, promotional materials are scheduled to be sent directly from HQ on a quarterly basis. One LRS plays an executive management role as an office liaison person. This person serves as a consultant for the travel trade to convince meeting, incentive conference and exhibition (MICE) organizers or to bid on incentive groups, while building strong relationships with media, airlines, and the MICE organizations and travel trade key person to increase or maintain the market share on the competitive market.

Currently, participating and organizing promotion and marketing activities is becoming the most important role for typology offices, including a predominant selling consortium, assisting airlines to inaugurate new routes to NTO origin countries, assisting travel trades to develop new market segments such as the hottest MICE and senior markets. These NTO offices typically cooperate closely with travel trades to create and maintain market share. Most of these NTO offices outsource public relations and advertising under contract. The HQ handles image advertising, and the overseas office handles product advertising and cooperatives with travel trades. An ad-hoc budget is utilized to respond to the market changes and/or to stimulate the market.

Overseas offices also organize annual island-wide road-shows and the head of the NTO updates information for travel trade and media people. The NTO office promotes the origin country, for example, it co-organizes with trade/investment divisions to promote “trade-tourism” or “investment-tourism.” The food and cultural festival has become one of the major annual events for these NTO Offices. Some NTOs publish their own “tourism newsletter” to distribute to travel trades, media, corporations, and libraries to enhance awareness and reputation to consumers. Therefore, the overseas offices marketing and promotional strategies aimed at improving images and awareness and receiving the “value” from enhancement of the relationship benefits with relative organizations.

**In-house independent department**

NTO origin country also needs to establish un-official relations with Taiwan and set up a representative office such as the Indonesian Economic and Trade Office in Taipei and the Brunei Darussalam Trade and Tourism Office. The NTO office is set up inside the representative office and called the Tourism Division. The NTO HQ dispatches one HBS as director to handle the office and rotate every four years. Reports and budgets are also directly sent back and forth the NTO HQ. Currently, there are seven NTO overseas offices in Taiwan under this typology.

The office employs one to two LRS for daily operations such as answering questions about tourism in the origin country, distributing literature or brochures to consumers or travel trades, and as front-liners to the market. Nearly all market and promotional activities are handled by the HBS. Except for the most important activities and regional travel fairs in big cities such as Taipei, Kaohsiung, and Taichung, most activities are in cooperation with the travel trade. The HQ typically handles public relations, advertising or campaigns. Because the office is set up inside the representative office, promotional materials are typically sent from HQ because other divisions, such as investment and trade, share the storage. Promotional and marketing activities make up approximately 95 to 90%, compared to outside independent office typology.

**In-house cooperate unit**

Taiwan outbound market is becoming increasingly important for NTOs worldwide to enhance their effectiveness in a competitive environment. Therefore, in the absence of official diplomatic relations with Taiwan, most un-official relations or representative offices in Taiwan always include tourism promotion as a function or role of the representative offices such as the Italian Economic, Trade, and Cultural Promotion office in Taipei, and the commercial office of the Sultanate of Oman-Taiwan. However, the NTO origin country does not need to set up its own NTO office or division in Taiwan. The head of the representative office is the person in charge of tourism and focuses on other divisions such as investment and trade, to enhance national interest of the origin country. The representative officer serves for
approximately three to four years. Taiwan currently has four NTO offices under this typology. The offices execute approximately 85 to 90% of promotional and marketing activities outside of the independent office typology.

Under this typology, the NTO offices employ a full-time official to operate the general workload for all divisions in the representative office of the country. Therefore, the offices focus on increasing awareness of the image and perception of consumers and the travel trade. Providing latest information and answering requests from consumers and the travel trade are top priority activities for the offices. The front-liner is the pioneer in establishing an image of the country. Most of these offices alter their strategies to convince more Taiwanese tourists to visit their country using sponsored media or a key person of the incentive group for an inspection tour to introduce destinations and raise awareness of the country to Taiwan consumers. Due to culture differences, the effectiveness of certain promotions and marketing activities do not attain a rapid outcome.

**Agency office**

While developing new markets, NTOs appoint an agency to operate the market. To avoid “red-line” sensitivities of the One-China Policy, NTOs appoint a public relations company or advertising company to operate the overseas office to lower the influence of political elements of NTOs under this typology. Offices such as the Macau Government Tourist Office and the Singapore Tourism Board have appointed public relations or marketing companies as representatives for their countries. The appointments span a three-to-five year period. The representative NTO office works with these representatives to conduct travel trade, travel associations, and media activities. Executives serve as representatives of the NTO and employ one or more employees to operate the route activities. Agency offices execute 80 to 85% of the promotional and marketing activities of the outside independent NTO office.

These offices contract with public relations and marketing offices for marketing and promotion. Although, almost all of the marketing and promotional activities could be arrange but actually, all the expenses always included the profit should earned by the agency offices. Cooperating with travel trade to organize promotion activities is one of the main roles of this office. Some of the agency is controlled by regional offices such as Tokyo and Shanghai.

**CONCLUSIONS AND RECOMMENDATIONS**

This paper introduces NTO typologies under international relation sensitivities such as the One-China Policy and various political entities, partially necessitated by the lack of previous study on NTOs. Five major NTO typologies under the One-China Policy in Taiwan are identified including the embassy or consulate Taiwan, the outside independent office, the in-house independent department, the in-house cooperate office, and agency office. These NTO typologies represent various levels of importance in the Taiwan market and the relationships between Taiwan and respective political entities mainly follow the diplomatic policies, national interest, and security of those countries.

Many studies have proven that economic strength is highly related to tourism, whether for the inbound or outbound market (Dwyer et al., 2004; Oh, 2005; Ivanov and Webster, 2007). Tourism development increases the gross national product, generates valuable foreign exchange earnings, increases local economic growth, and enhances the global economy. The Taiwan national income in 2010 ranked 37 worldwide (Ministry of Economic Affairs, 2011), supporting Taiwan to be a country for other political entities to invest it.

The Economic Cooperation Framework Agreement on June 29, 2010 between Taiwan and China is an important indicator of improved Taiwan strait relations and decreased sensitivity of the political environment and international relationship in Taiwan. The current climate is good for foreign-based NTOs to enter Taiwan and lead the tourism industry of their respective country to develop the Taiwan outbound market.

Finally, those NTOs aimed at tackling this outbound market could consider appointing an agency to understand the market, and utilize agency sources to establish marketing channels as a starting point. The advantages of this typology include overtaking the market with a minimal budget and establishing awareness of a respective country. The weakness of this typology is the lack of flexibility in operations and slow response to market changes, such as restrictions on coordination with travel trade. The overall performance of the outside independent NTO office is the most effective compared to other typologies of NTO in Taiwan. Taiwanese use more interpersonal relationships to solve problems, especially travel emergency problems. The flexibility of the outside independent office would indirectly enhance the image and goodwill of NTOs improves local community relations and word-of mouth marketing effect. This will result in indirectly strengthening un-diplomatic relationships for Taiwan and respective country. Therefore, other NTOs should revise their typology to the outside independent office to utilize tourism as a soft dynamic capability and to strengthen relations with Taiwan. Hence, this will enhance the national interest of respective countries, enabling them to become more flexible to rapidly respond to changes in the tourism market.

**REFERENCES**

