



Tourism

I. Overview

The tourism industry currently accounts for nearly 5% of the country's GDP and is employing approximately 10% of the labor force in the service sector, thus making the tourism industry one of the country's key employment industries. As result of the global economic downturn, Vietnam's travel and tourism industry has severely declined in 2009, with particularly the number of foreign arrivals to Vietnam falling 16% year-over-year. EuroCham believes that the tourist sector offers great opportunities in Vietnam as the economy picks up in 2010, but many areas need to be improved. In particular:

II. Promoting Vietnam as an attractive tourist destination

Within the ASEAN region, Vietnam competes with similarly attractive tourist destinations like e.g. Thailand, Malaysia, Indonesia, the Philippines and Cambodia. Vietnam' perception as a tourist destination has seriously suffered over the last year, in part by media reports relating not only to natural disasters, poor infrastructure and high inflation in general, but also to rising room rates and poor service in particular. EuroCham believes that the most efficient way to address this negative overall perception of Vietnam as a tourist destination would be a concerted promotion campaign on a national level. Such promotion campaign should highlight Vietnam's continuous attractiveness because of its rich cultural heritage, its outstanding natural beauty including beaches and its friendly people.

To this end, the Tourism Working Group (TWG) of the Vietnam Business Forum (VBF) has recently submitted to the Government a "Strategic Tourism Marketing Plan" with the aim to create a specific two year promotional sales and marketing media campaign. The TWG has suggested that such campaign should not just be limited to purchasing space in magazines, newspapers or on television, but should also be a strategic approach to building Vietnam as an attractive tourism alternative. To this end, the TWG has suggested that minimal investments could tremendously improve the passenger's introduction and perception of Vietnam: For example, improving the travel experience with measures such as in-flight-videos showing the natural beauty of Vietnam, highlighting it's culture and people that are played on all arriving international flights, or the creation of a welcome video played in the immigration area identifying the logistics of immigration, customs and transport. In this context, it is noteworthy that Vietnam's promotional budget for 2009 was approximately only \$2 million USD. As a comparison, according to the TWG, Thailand allocated \$220 million USD towards tourism promotions following the Bangkok Airport protests in 2009, whilst Malaysia has designated \$180 million USD for their memorable "Truly Asia" campaign.

Recommendation: EuroCham strongly supports implementing a tourist promotion campaign as suggested by the TWG. EuroCham believes that a "smile campaign" at the immigration could be



a further step to create a positive first impression and reduce the notion of many tourists that they are not genuinely welcome but rather seen as an easy source of short-time extra income. EuroCham finally suggests that the Vietnamese government allocates more funds towards such tourism promotion campaign and operates in close co-operation with the foreign private tourism/travel providers to make best use of such additional funding.

III. Expanding Visa exemptions and improving the “Visa-on-Arrival”

Currently, only ASEAN passport holders are Visa-exempted for stays of 30 days or less, and only passport holders from Denmark, Norway, Finland, Sweden, Japan, Korea and Russia are allowed to enter the country for a period of 15 days without a Visa. Accordingly, most tourists need to apply for a visa. However, obtaining such visa for Vietnam is often a problem for many tourists: Sometimes, there is no sufficient information by the embassies/consulates on the matter and processing is difficult and time-consuming. Overall, visa requirements remain a huge obstacle for travelers, in particular last-minute travelers. Along with Myanmar, Vietnam is now the most difficult country to be visited within ASEAN. Due to formalistic and bureaucratic visa requirements and unpredictable processing times, last minute travel to Vietnam is not an option and has been replaced by weekend trips to Phuket, Bali, Boracay, Macao and Singapore.

Over the last months, the Visa-Issue has become a widely discussed topic by both the media and the private sector. As a result of this awareness, Vietnam has chosen to join a “Multi-ASEAN”-Visa that will include amongst other countries, Cambodia, Laos and Myanmar. EuroCham acknowledges this action as an excellent long-term solution; however it does not address the immediate short term issues. Moreover, the present “Visa-On-Arrival” system is a complicated process: In fact, a “Visa-On-Arrival” can only be issued if certain documentation is provided before arrival, making it a misnomer. Currently, the processing of Visa-on-Arrival documentation can take anywhere from a few hours to several weeks. The processing is often facilitated by a third-party agent who may provide expedited Visa services to foreign passport holders against a fee. The processing time currently largely depends on the Visa service provider’s standing within the system. EuroCham notes that upon arrival at the airport, the “Visa-on-Arrival” area is not clearly visible and provides no information on the necessary forms (if any), policies, or fees.

Recommendation: EuroCham recommends that Visa-exemptions are expanded to countries that can potentially account for significant tourism revenue, such as the EU member states, the United States and Canada, Australia, Hong Kong and Taiwan. Visa-exemptions to these countries should generally be granted for stays of up to 30 days. EuroCham further recommends that an easy “Visa-on-Arrival” procedure should be established, such as in Cambodia or Laos. Such Visa-on-Arrival should enable qualifying passport holders to enter Vietnam for a period of at least seven (7) days without any documentation other than their passport. “Visa-on-Arrival” procedures and policies should be transparent and consistent, including an explanation of the process, a set fee schedule and the equal enforcement of these



policies and procedures at the airports. EuroCham believes that such improved “Visa-on-Arrival” could attract last-minute expat business travelers in the region and ease logistics for tour operators and travel agencies.

IV. Licensing of tourist-related services / restrictions for foreign operators

EuroCham notes that the tourism industry in Vietnam is still experiencing a shortage of well-trained staff. Tourists are often confronted with employees not familiar with the service industry, resulting in many tourists leaving with a bad image of Vietnam. Tour-guides are often not knowledgeable about Vietnamese culture and history, and not proficient in English or other foreign languages. Many of these tour-guides see their main task in collecting commissions from shops to sellers charging foreigners double and more. Taxi drivers at the airport and elsewhere massively over-charge unsuspecting first-time visitors. The damage to image of the country is devastating. At the same time, some of the world's best travel service providers are prohibited from setting up simple representative offices to support the development of tourism arrivals to Vietnam.

Recommendation: EuroCham recommends that licenses to tourist-related services are only granted to well-trained personnel with a formal education/qualification relating to the service-industry. EuroCham believes that creating a favorable image of Vietnam and thus contributing to a growth of foreign arrivals is more important than “protecting” Vietnamese businesses that are often simply not familiar with ground-rules of the service-industry. Accordingly, restrictions for foreigners to work as tour guides and operate in the tourist-industry should be lifted to improve overall-quality of tourist-services in Vietnam. In particular, the Implementation of the Circular for Decree 92 on the Representative Offices of Foreign Travel Service Providers is more than two (2) years overdue and is threatening to hurt tourist arrivals just at the time when Vietnam needs to boost this important source of foreign currency revenue.

V. Establishment of Tourist Police

Cases of thefts have risen of the past few years, both in the street and even in hotels. Harassment of tourists is not uncommon. Reporting of thefts and other crimes and misbehaviors is often a major problem. We know of cases where foreign visitors have been sent to three different police stations and each of them refusing to take the report. This is aggravated by the language-barrier. Accordingly, most thefts remain unreported and thereby not revealing the real situation.

Recommendation: EuroCham recommends that a special Tourist Police is established, similar to Thailand and other countries with a large number of tourists. Such Tourist Police should have recognizable uniforms, and patrol at least the city centers and places of interest. Officers in such Tourist Police should at least speak English and have a welcoming and polite attitude. At least



one Tourist Police station should be set up in city centers and be open 24 hours, where visitors can report crimes and misbehaviors, regardless of where they happened.