



## 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. After the global economic downturn, Vietnam's travel and tourism industry has strongly rebounded in 2010, with tourist arrivals in Vietnam rising more than 30% in 2010. Foreign visitors are up partly thanks to the recovery of global tourism but also thanks to the government's good efforts in tourism-promotion campaigns, including television advertisements on CNN, BBC, Chinese national television and other networks as well as government-led efforts to cut hotel prices and airline fares. The citadel in Hanoi has been declared a UNESCO World Heritage site and some major new hotels and attractions such as Bana Mountain Cable Car have opened.

However the recovery should not lead to complacency, but to continued strong action to improve the quality of tourism in Vietnam by focusing on environmentally and socially responsible tourism respecting the Vietnamese culture and ensuring ethical behavior of all stakeholders in tourism. The European Union will launch a major project in 2011 for 11 million EUR to work with the Vietnamese National Administration of Tourism to promote responsible tourism services through public private dialogue, improved tourism planning and regional tourism product development. The Vietnam Tourism Occupational Skills Standards System will be expanded to cover more professions and make it available throughout the country. The tourism- and hospitality businesses within EUROCHAM are committed to join the government's efforts in this project to make Vietnam one of the best tourism destination in South East Asia. We have some specific recommendations as follows:

### 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 improved over the last year, but mostly by the general economic recovery and weaknesses of other ASEAN destinations, in particular security concerns over Thailand. However, structural issues in the sector remain: In particular, poor service and customer care. EuroCham believes that one of the most efficient ways to address this negative service perception of Vietnam as a tourist destination is to continue 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. Whilst good progress has already been made in this area, we note again that minimal further 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 its 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.

We also note that Tourism thrives where it is considered a priority over other investments such as residential real estate development and modern agriculture. Heritage preservation is often not considered a priority in urban development despite an abundance of land in new urban areas. Tourists stay relatively short in Vietnam and the repeat rate of visitors is low as there are too few entertainment or sightseeing options available at key tourist destinations. Information about tourist sights is limited on the internet and places are sometimes difficult to find.

### **Recommendations:**

- EuroCham believes that additionally to existing campaigns, 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. EuroCham also 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.
- EuroCham suggests incentivizing environmentally and socially responsible tourism, respecting the Vietnamese culture, ethical behavior and the environment in Vietnam. At the same time, we believe that promoting such high-quality tourism, value could be added to the industry as a whole, resulting in higher-paid and better jobs for Vietnamese seeking employment in the hospitality industry.
- EuroCham suggest improving tourism planning and tourism products: In particular, a regional approach to tourism going beyond provincial borders and allowing joint product development will allow tourists to stay longer and visit different parts of the country during different visits. Public private dialogue in planning and creation of new attractions is crucial for the success of local/regional tourism strategies. The focus should be to develop new attractions such as more cultural attractions, more sports facilities or even more adventure tourism. Information about the local and regional attractions should be made available on the internet for easy planning and as a promotional tool.

### **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. Vietnam remains one of 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.

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. Training of staff / Licensing of tourist-related services / 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.

#### **Recommendations:**

- 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, additional restrictions for foreigners to work as tour operators 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.