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THE TOURISM IN VIETNAM

Tourism is an important component of the modern Vietnamese economy. Since foreign tourists have been able to travel freely in the country in 1997, Vietnam has become a new tourist destination in Southeast Asia. The economy of Vietnam has transformed from an agrarian to a service economy. More than a third of gross domestic product is generated by services, which include the hotel and catering industry and transportation. This paper aims to describe an overview and draw some policy issues on tourism in Vietnam.

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Overview

Spreading at 320,000 square kilometres, with 2 flat deltas in the south and north; central highlands and hilly mountainous in north areas, Vietnam gets to experience different type of climates conditions: monsoonal in north and tropical in south. In addition with the coastline stretched at the length of over 3,260 kilometres, Vietnam has a lot of natural resources which are of potential tourist attractions, i.e. beaches, lakes, forests, mountain ranges with some rare species of flora and fauna. Moreover, Vietnam retained much of the rich history and culture that are of interest to visitors, as a multiethnic country with 53 distinct groups, each with its own language, lifestyle, and cultural heritage.

According to the 2006 annual report jointly published by World Travel and Tourism Council and Oxford Economic Forecasting, Vietnam's sector of tourism is expected to experience the sixth-highest growth rate of countries in the world between 2007 and 2016.³ Vietnam's ranking was based on projected tourism sector growth of 7.5%, compare to an overall growth rate of 4.6%.

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³ http://www.atimes.com/atimes/Southeast_Asia/HC21Ae02.html

Tourism products

Thanks to a huge diversity of tourism assets, Vietnam can offer a large range of tourism products, which can be lined as:

- Natural attractions: sun and beach tourism, mountainous tourism, ecotourism, expedition tourism (incorporated with caves, rivers, lakes and forests)...
- Humanitarian attractions: heritage tourism, festival tourism, rural tourism (related to agriculture and rural community life), MICE (Meetings, Incentives, Conferencing, Exhibitions) tourism...

Vietnam has 8 World Heritage Sites, recognized by UNESCO, which are also special tourism assets. Among them, in 2015, according to the Department of Cultural Heritage, Ministry of Culture, Sports and Tourism (MCST), Trang An landscape complex (mixed heritage since 2014) welcomed the most tourists with over 5 million visitors, Halong bay (natural heritage since 1994) had 2.5 million visitors, Hue ancient citadel (cultural heritage since 1993) received more than 2 million tourists, Hoi An ancient town (cultural heritage since 1999) received 1.1 million tourists approximately and Phong Nha – Ke Bang national park (natural heritage since 2003) had about 740,000 visitors.

Tourist zones

Vietnam is split into 7 zones for tourism development, namely as follows:

- *Midland and mountainous areas in North Viet Nam*, including Hoa Binh, Son La, Dien Bien, Lai Chau, Yen Bai, Phu Tho, Lao Cai, Tuyen Quang, Ha Giang, Bac Kan, Thai Nguyen, Cao Bang, Lang Son and Bac Giang Provinces, are featured with eco-cultural tourism associated with exploration of cultural identities of ethnic minorities.
- *Red River Delta and coastal Northeast*, including Ha Noi, Hai Phong City, Vinh Phuc, Bac Ninh, Hai Duong, Hung Yen and Thai Binh, Ha Nam, Ninh Binh, Nam Dinh, Quang Ninh Provinces, are characterized by sea sightseeing, cultural tourism associated with values of the wet rice civilization and local traditional activities, urban tourism, MICE tourism.
- *North Central region*, including Thanh Hoa, Nghe An, Ha Tinh, Quang Binh, Quang Tri and Thua Thien-Hue Provinces, is characterized by tours to explore world cultural and natural heritage sites, marine tourism, eco-tourism, historic-cultural exploration.
- *Coastal South Central region*, including Da Nang City, Quang Nam, Quang Ngai, Binh Dinh, Phu Yen, Khanh Hoa, Ninh Thuan and Binh Thuan Provinces, is distinguished in marine and resort tourism associated with the exploration of heritages, marine culture and cuisine.

- *Central Highlands*, including Kon Tum, Gia Lai, Dak Lak, Dak Nong and Lam Dong Provinces, have eco-tourism and cultural tourism exploiting the unique cultural values of indigenous ethnic groups.
- *Eastern South Viet Nam*, including Ho Chi Minh City, Dong Nai, Binh Duong, Ba Ria-Vung Tau, Binh Phuoc, and Tay Ninh Provinces, is featured with urban tourism, MICE tourism, culture and history exploration, marine ecological and resort tourism.
- *Mekong Delta*, including Long An, Dong Thap, An Giang, Kien Giang, Ca Mau, Bac Lieu, Soc Trang, Ben Tre, Tra Vinh, Vinh Long, Tien Giang, Hau Giang Provinces and Can Tho City, has eco-tourism, river life culture, marine ecological and resort tourism, and MICE tourism.

Figure 1

Vietnam Tourism map



Source: <https://www.pinterest.com/pin/529876712377718190/>

All around these 7 tourist zones, Vietnam has 21 national tourist sites that are state recognized, including: Sa Pa (Lao Cai), Ba Be (Bac Kan), Ha Long bay – Cat Ba island (Quang Ninh, Hai Phong), Ba Vi national park (Hanoi), Perfume Pagoda (Hanoi), Co Loa citadel (Hanoi), Tam Coc - Bich Dong (Ninh Binh), Kim Lien (Nghe An), Phong Nha – Ke Bang national park (Quang Binh), Truong Son trail (Quang Tri), Lang Co – Hai Van Pass - Non Nuoc (Thua Thien – Hue and Da Nang), Hoi An (Quang Nam), Van Phong bay (Khanh Hoa), Phan Thiet – Mui Ne (Binh Thuan), Dankia lake (Lam Dong), Can Gio (Ho Chi Minh City), Con Dao islands (Ba Ria – Vung Tau), Long Hai beach (Ba Ria – Vung Tau), Phu Quoc island (Kien Giang), Cape Ca Mau biosphere reserve (Ca Mau).

Tourism management and travel agents

Tourism business is managed by Vietnam National Administration Tourism (VNAT) which is a subsidiary of MCST. At local level, there is Provincial Department of Culture, Sport and Tourism, which is under the Provincial Peoples Committee and also guided by MCST.

The legal framework for tourism in Vietnam is based on Tourism Law (dated 2005). Under the law of tourism, there are other legal documents, i.e. Decree 92/2007/ND-CP for application of Tourism Law (Government); Decree 158/2013/ND-CP for application of punishment in culture, sport, tourism and advertising sector (Government); Circular 89/2008/TT-BVHTTDL on travel business, guiding service, tourism marketing and operation of foreign tour operators in Vietnam (MCST); Circular 88/2008/TT-BVHTTDL on operation of accommodation facilities in Vietnam(MCST)...

Vietnam has been developing a Strategy on Viet Nam’s tourism development until 2020, vision to 2030, which is approved by Prime Minister in Decision 2473/QD-TTg dated December 30, 2011. At local level, there are Master plans for tourism development for various provinces and cities.

In Vietnam there are thousands of registered companies in tourism related fields. Of which, there have been 21 travel agents registered as members of Pacific Asia Travel Association (PATA).⁴ Among them, there are the Vietnam National Administration of Tourism (VNAT), state-owned and privately own companies by local Vietnamese.

Table 1

Travel agents in Vietnam 2005-2015

| Type of the firm | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------|------|------|------|------|------|------|------|-------|-------|-------|-------|
| Government-owned | 119 | 94 | 85 | 69 | 68 | 58 | 13 | 9 | 9 | 8 | 7 |
| Limited | 222 | 276 | 350 | 389 | 462 | 527 | 621 | 731 | 845 | 949 | 1,012 |
| Joint stock | 74 | 119 | 169 | 227 | 249 | 285 | 327 | 371 | 428 | 474 | 475 |
| Private | 3 | 4 | 4 | 4 | 4 | 5 | 4 | 6 | 8 | 9 | 10 |
| Joint venture | 10 | 11 | 12 | 12 | 12 | 13 | 15 | 15 | 15 | 15 | 15 |
| Total | 428 | 504 | 620 | 701 | 795 | 888 | 980 | 1,132 | 1,305 | 1,456 | 1,519 |

Source: VNAT, updated 31/12/2015.⁵

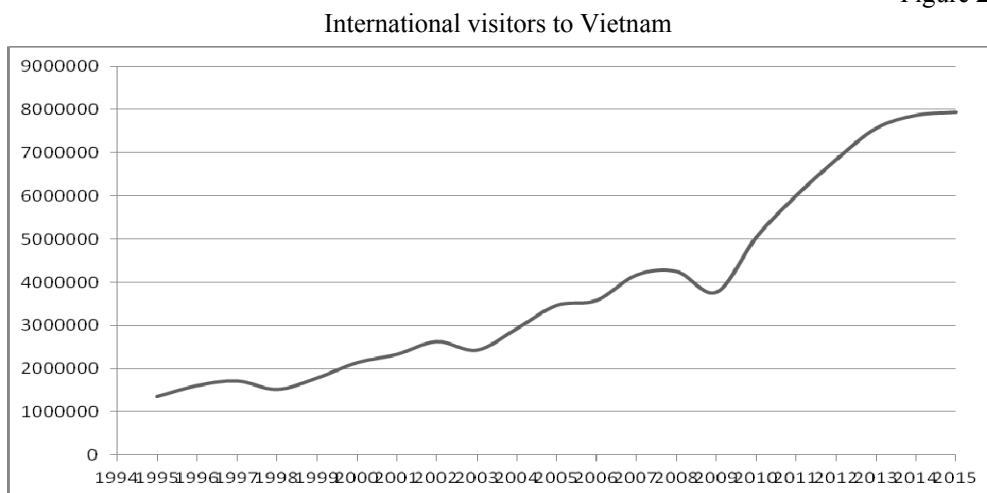
⁴ <http://www.pata.org>.

⁵ <http://vietnamtourism.gov.vn/index.php/items/13466>.

Tourism and economic development

Vietnam's economy is experiencing the structural shift from agriculture to industry and services. The political and economic reforms in Vietnam since *doi moi* (rennovation) have increased Vietnam's accessibility and attractiveness in the international tourism market, causing tourists from around the world to rediscover Vietnam. Consequently, Vietnam has seen an extraordinary growth in tourist numbers.

Figure 2



Source: VNAT.

The number of foreign tourists visiting the country grew from 92,500 in 1988 to 7,943,651 in 2015⁶ and in some periods growth has been as around 20% compared to the previous year. This year, growth in visitor numbers decreased as a result of the effects of the global recession. The low interest rates, low inflation and low unemployment are seen in both American and European market. Until November 2015, the number of international visitors in 11 months decreased 2% over the same period of 2014. However, in December, by increasing 15% over the same period last year, thus total international arrivals in 12 months reached 7.9 million arrivals, increase 0.9% over the same period last year⁷.

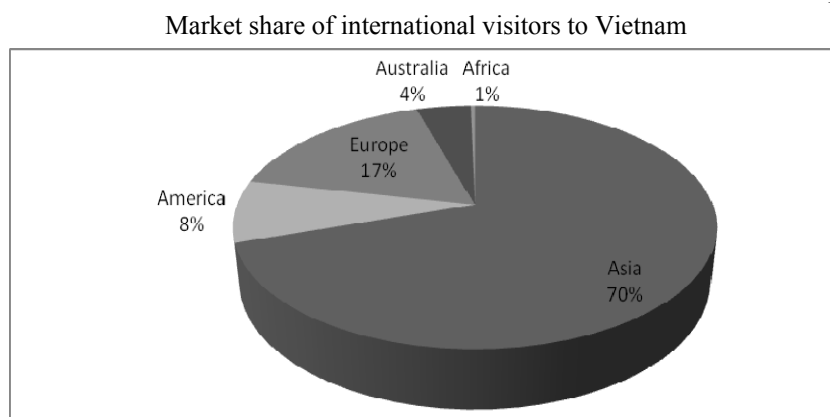
Around 70% of Vietnam's visitors are from Asian countries, followed by 17% from Europe and 8% from North America.

Top countries by visitor numbers in Asia include China, South Korea, Japan and Taiwan, followed by other South East Asian countries such as Malaysia and Singapore. Amongst 'western' countries, the biggest source of visitors was the USA with 350,000 visitors, followed by Australia and France with between 150 and 200,000 visitors per year. The UK, Germany and Canada were trailing with between 70 and 90 thousand visitors per year.

⁶ <http://vietnamtourism.gov.vn/index.php/items/16397>.

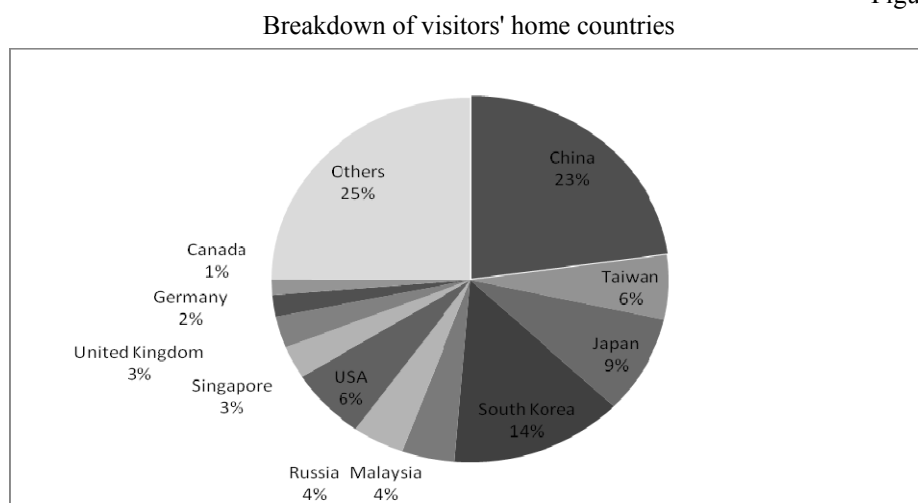
⁷ <http://www.vietnamtourism.com>.

Figure 3



Source: General Statistics Office of Vietnam, Jan 2015 – Nov 2015.

Figure 4

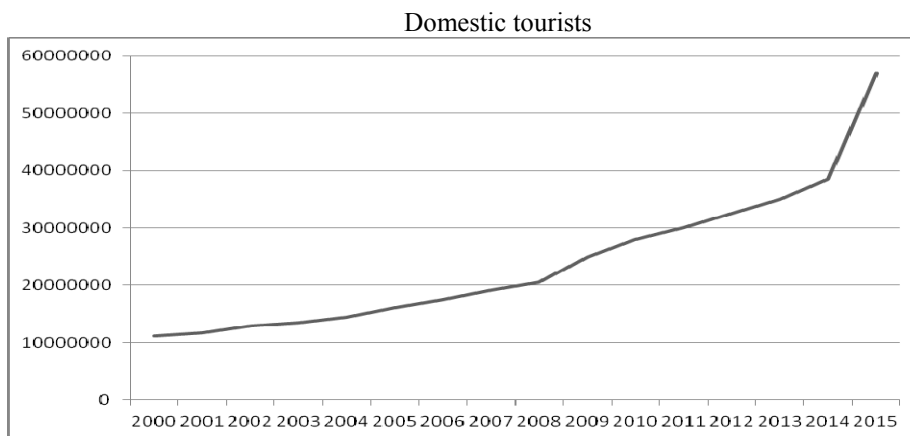


Source: General Statistics Office of Vietnam, Jan 2015 – Nov 2015.

The number of domestic travellers has also grown at an annual rate of about 10% continuously and reached a level of 57 million in 2015.

Domestic tourism is highly seasonal, which depends very much on the school year calendar and the changes in the labour policy. It's mainly sun and beach, mountain leisure tourism (concentrated during summer holidays and long weekend breaks), religious events and festivals (mostly during Lunar New Year holidays and springtime, according to tradition).

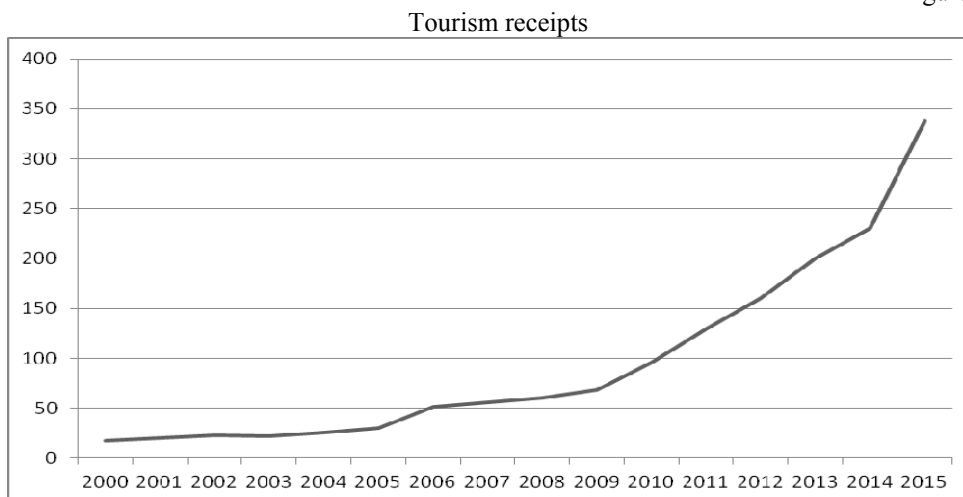
Figure 5



Source: VNAT.

According to UNDP/WTO, Vietnam's tourism turnover in 1989 was about USD 140 million, and direct employment in the tourism industry accounted for 8,000 jobs.⁸ In 2015, the tourist sector created about 620,000 among some 1.6 million of new job and generates 230 billion VND in revenue for Vietnam, contributing about 5-6% of the nation's GDP and is an important source of foreign currency that helps Vietnam manage its current account deficit.⁹

Figure 6



Source: VNAT.

⁸ Economist Intelligence Unit (1993) Indochina: Vietnam, Cambodia & Laos (International Tourism Reports No. 2, pp. 59-82).

⁹ VNAT Statistic.

Problems faced in the tourism industry

Thus, Vietnam is flying high with significant results from the tourism industry but there are still pressing problems of all kinds that are existence. These problems are also recognised by VNAT in their Master Plan.

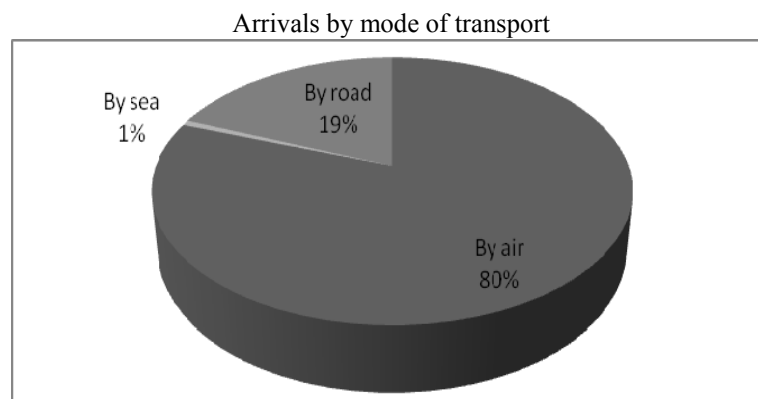
Infrastructure

Tourism industry is a group of inter-related activities together, a good network infrastructure is therefore vital to for tourism to run efficiently. Without a proper and quality infrastructure, tourists may not be able to get to places of interest with ease and safely. However, Vietnam's infrastructure is either much lacking in term of quality.

Shortages of rooms and airlines seats

There are shortages of rooms and airlines seats available to tourists to Vietnam. This is one crucial point as nearly 80% of the tourists and visitors travel to Vietnam by air transport, as shown in Figure 7.

Figure 7



Source: General Statistics Office of Vietnam, Jan 2015 – Nov 2015.

According to VNAT, the latest figures at year 2011 was 250,000 beds, in 12,500 hotels and similar establishments category. Such figures are obvious that the hotels and other similar establishments may not be enough for the visitors. Moreover, it is not clear that the accommodations are spread out in Vietnam, but more concentrated in only some urban areas, such as Ho Chi Minh City. The existing rooms are also lacking in international standards. The VNAT has forecasted these tourist establishments achieve environment standard by 2020.

Shortage of skilled staff

Vietnam lacks skilled staff. Despite of 'golden population structure' period's advantage, most of working population remained not be suitable for employment in service sectors. Very often the front line staffs lack experience and skills in providing services. Thus, it is feared that they cannot provide the most basic essential service to tourists, the type of service expected by receiving tourists. This is the most important point to note as it is contradictory. So far, there is a lack of hotel and service trainings schools at all levels.

Toward a future tourist development

Over the decades, tourism has experienced continued growth and deepening diversification to become one of the fastest growing economic sectors in the world. At the beginning of the new millennium, tourism is firmly established as the number one industry in many countries and the fastest-growing economic sector in terms of foreign exchange earnings and job creation.¹⁰

There are many criticisms that Vietnamese's plans are fortourism development is considered to be optimistic, but only on paper. One very crucial and basis reason is that, Vietnam has yet to have resources to fulfil the plans. Hence, so far since the beginning of *doi moi*, things had been good: investors thronging into Vietnam and facing positive economic growth in the 1990s. The open door policy was the primary cause of Vietnam's increasing attractiveness as a leisure and business destination and also the resulting rapid growth in numbers of tourists in Vietnam. But now Vietnam is no longer be top choice for investment opportunities and facing with huge intense competition from the global tourism markets. By the time, rather than just 'attractive location', it is now both attractive location and good service are factors that tourist looks into when booking holidays.

Furthermore, the concern for environmental issues and the threats of what global warming have brought about huge attentions to individuals around the world. Thus, the tourists are becoming more sensitive to polluted or environmentally degraded conditions at their different travel destinations and also consistently looking out for countries that are responsible for their environment. The environmental problems is not always caused only by tourism itself, but rather by industrial growth, urbanization or exploitation of natural resources, which are seen very often in developing countries.

Several countries have opted for the service industry as a catalyst to their economic growth and to solve many of the problems that Vietnam is currently facing. Vietnamese tourism is gaining popularity in recent years. Nonetheless, Vietnam must further improve the infrastructure, physical resources, human capital and services provision as their short and long term goals. Finally, Vietnam also need a new image in order to advance forward.

¹⁰ <http://www2.unwto.org/content/why-tourism>.