**POSITION PAPER OF TOURISM WORKING GROUP**

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1. **OVERVIEW**

***Status***

Vietnam possesses a number of advantages allowing it to position itself as a leading destination for travelers for the development of a thriving tourism and hospitality industry. With an abundance of natural beauty, historical and cultural heritage and a dynamic, friendly and welcoming population, Vietnam has much to offer visitors to its many travel destinations. The tourism and hospitality industry has been a key contributor to Vietnam’s economic and social development and will undoubtedly continue to be a very important contributor moving forward.

In terms of the growth of the tourism and hospitality sector, as of October 2017, Vietnam welcomed 10.43 million international visitors representing an increase year on year of 28% with arrivals by air growing the fastest[[1]](#footnote-1). The stock of Tourism lodging stands at nearly 25,000 locations with over 500,000 rooms[[2]](#footnote-2). The industry contributes 13.9% to Vietnam’s GDP when calculating all direct, indirect and inferred inputs[[3]](#footnote-3). Vietnam’s ability to further grow its tourism and hospitality market and industry is a very important strategic issue for the continued economic and social development of Vietnam. Asia’s tourism receipts in 2013 were measured as being USD 359 billion representing nearly 30% of the world total[[4]](#footnote-4). ASEAN region, the World Travel and Tourism Council expect that the region will achieve annual average sector GDP growth rates of 6.2% for each of the years to 2026[[5]](#footnote-5). In the long term Vietnam has an incredible potential gain from the further development of the tourism and hospitality industry, ranking 5th out of 184 countries in terms of the importance of contribution to GDP from the industry for the period 2016-2026[[6]](#footnote-6).

***Growing the Tourism & Hospitality Industry***

The year 2017 saw many positive actions taken, including the critical decision by the Politburo of Vietnam to classify tourism as a key economic sector. Further improvements to the legal and policy framework that is supportive and competitive with Vietnam’s neighbors is critical. Budgetary support for the development of the industry and cooperation and coordination with the commercial enterprises should be made priorities to integrate public and private promotion and development of the industry.

1. **VISA POLICY AND TRAVEL FACILITATION**

The requirement to obtain a visa is a major consideration for travelers planning travel abroad. This is particularly true for leisure travelers traveling for the purpose of tourism and business tourism travelers (Meetings, Incentives, Conferences and Events - “MICE”) and has been cited by the World Tourism Organization (UNWTO) as a key factor in determining the flow of tourism globally and within regions. Tourists evaluate the cost of obtaining a visa in terms of money, time and effort. This is particularly important in the context of an increasingly competitive regional travel market.

Vietnam has taken some positive steps in making its visa regime for tourists more competitive with its ASEAN neighbors by adding Belarus, France, Germany, Italy, Spain and the United Kingdom to the list of countries whose citizens are able to travel to and enter into Vietnam without first obtaining a visa. This brings the number of countries that are exempt from visa requirements to 22. However, it is important to always consider such a positive move in the context of Vietnam’s competitors. The table below outlines the number of countries that the other ASEAN countries exempt from visa requirements:

|  |  |
| --- | --- |
| **Country** | **Number of Countries exempt from visas (not including diplomatic exemptions)** |
| Brunei Darussalam[[7]](#footnote-7) | 50 |
| Cambodia[[8]](#footnote-8) | 9 |
| Indonesia[[9]](#footnote-9) | 169 |
| Laos[[10]](#footnote-10) | 8 |
| Malaysia[[11]](#footnote-11) | 155 |
| Myanmar[[12]](#footnote-12) | 8 |
| Philippines[[13]](#footnote-13) | 157 |
| Singapore[[14]](#footnote-14) | 158 |
| Thailand[[15]](#footnote-15) | 56 |
| Vietnam [[16]](#footnote-16) | 22 |

***Recommendation***

* Make permanent the waiver of visa for the current countries that are eligible for visa waiver.
* Extend the permitted period of stay to 30 days for all of the above countries. Travelers from long-haul destinations, particularly from Europe, tend to take longer holidays when travelling. Limiting the visa exemption to 15 days for distant countries may turn away travelers.
* Expand the number of countries that are eligible for waiver of visas. A first step would be to extend visa waivers to all countries of the European Union. As Vietnam continues to expand its international airport infrastructure and particularly with the development of the Long Thanh International Airport, plans should be put into place to introduce visa waivers for the major North American markets.
* For any decisions affecting changes in visa policy, decisions should be made well in advance of any decision expirations as the international travel market plans on a one year in advance basis.

1. **DESTINATION MARKETING**

One of the most important areas for focus in growing and improving Vietnam’s tourism industry is a broader and stronger marketing platform and campaigns. Vietnam has several natural advantages that it can use to draw visitors, both international and domestic, including its long coastline with numerous beautiful beaches, long history and diverse cultural offering. However, these are not unique to Vietnam in ASEAN and also are not yet very well-known throughout the world. The key to leveraging these advantages is broad and robust marketing.

***3.1. Public-Private Cooperation***

Tourism Advisory Board (“TAB”) is comprised of leading Vietnamese and foreign-invested enterprises in tourism, travel and hospitality and has worked closely on a number of matters, particularly in the area of marketing. VNAT with the advice of TAB appointed OlgivlyOne Worldwide and created a new global website: [www.vietnamtourism.vn](http://www.vietnamtourism.vn) which is a key platform for e-marketing to international travelers. Vietnam Airlines, a member of the TAB, has put attractive and effective promotional material on all of their in-flight screens and other major industry players have also contributed to the promotion of Vietnam.

* 1. ***Budgetary resources for marketing***

A key issue regarding the marketing of Vietnam as a tourist destination is the resources that are available to the tourism authority to promote the country. Vietnam has recognized this issue and the Government has noted the need for a Tourism Development Support Fund. This is a positive signal and a needed step. It is critical that the resources to market the country are provided and there is a major opportunity to work with the TAB and the endeavors of the private sector.

***Recommendation***

* Invite the TAB to consult and coordinate with the relevant Ministries and Provincial authorities in the preparation of tourism development strategies, policies and marketing plans
* Put in place region-wide coordination structures to focus and maximize the actions of cooperating provinces and facilitate cooperation
* Improve the product, province by province, to meet (future) market needs and providing more things to do for visitors staying in the region’s expanding accommodation base
* Develop stronger regional products that clearly reflect destinations and attractions of Vietnam; Create the regional linkage in tourism product development; Examples of success include the coordination and marketing of tourism products by the provinces of Central Vietnam[[17]](#footnote-17)

1. **TOURISM DEVELOPMENT FUND**

The Government announced plans to create a Tourism Development Assistance Fund. This is a very positive development, but the key questions around this will be how funding is sourced, how the fund is managed and the priorities that the fund will be used to advance the tourism industry. There are several priorities that could be addressed. Among the most important would be providing more resources to the marketing of Vietnam as a “must-see” tourism destination for international visitors.

Key needs that could be addressed through such a Fund include the marketing described above, improving and expanding tourism and hospitality training and allocation for funds to Provinces for technical assistance from local and international experts on integrated planning of tourism infrastructure and master planning.

***Recommendation***

* When the Fund is set up funding should come from sources that are neutral to the attracting of international visitors. Any change in visa policy that may involve an increase in the requirements for obtaining a visa will be counterproductive to the growing of the tourism industry.
* The TAB and other industry representatives should be involved in setting up and assisting in administering the Fund. The current TAB is already mobilizing capital towards a goal of VND 70 billion for the development of tourism from the private sector. This represents a golden opportunity for Public-Private cooperation for the economic and social development of Vietnam.
* Once the fund is established, it should be allocated on the basis of national and regional goals and broadly across the entire tourism sector. The focus should be on marketing and increasing awareness of the wonderful offering Vietnam has, improving standards and service and coordination of planning and other efforts by regions and provinces in developing the tourism industry.

1. *Vietnam National Administration of Tourism (“VNAT”)* [↑](#footnote-ref-1)
2. *VNAT* [↑](#footnote-ref-2)
3. *“Economic Impact 2016- Vietnam”, World Travel & Tourism Council (“WTTC”)* [↑](#footnote-ref-3)
4. *“Asia Tourism Trends”, UNWTO & Global Tourism Economy Research Centre, 2014* [↑](#footnote-ref-4)
5. *“Travel and Tourism Investment in ASEAN”, WTTC, October 2016* [↑](#footnote-ref-5)
6. *“Economic Impact 2016- Vietnam”, WTTC* [↑](#footnote-ref-6)
7. *Brunei Darussalam Ministry of Foreign Affairs & Trade* [↑](#footnote-ref-7)
8. *Cambodia Ministry of Foreign Affairs & International Cooperation* [↑](#footnote-ref-8)
9. *Indonesian Ministry of Justice* [↑](#footnote-ref-9)
10. *Lao Tourism Authority* [↑](#footnote-ref-10)
11. *Immigration Department of Malaysia* [↑](#footnote-ref-11)
12. *Myanmar Ministry of Foreign Affairs* [↑](#footnote-ref-12)
13. *Philippines Department of Foreign Affairs* [↑](#footnote-ref-13)
14. *Singapore Ministry of Foreign Affairs* [↑](#footnote-ref-14)
15. *Thailand Ministry of Foreign Affairs* [↑](#footnote-ref-15)
16. *VNAT* [↑](#footnote-ref-16)
17. *http://centralcoastvietnam.com/* [↑](#footnote-ref-17)