

TOURISM PROGRESS REPORT

*Presented by
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Distinguished guests, it is my pleasure today to report on the progress of the Tourism Working Group (TWG) since the VBF meeting last December. My comments will include the initiatives undertaken in the last 6 months, and also outline areas of concern that need immediate attention if Vietnam is to be recognized as one of the top tier tourism countries for the future.

In reflecting on the work over the last six months I'm happy to report that more than any other time the collaboration between the Vietnam National Administration of Tourism (VNAT) and the private sector has reached a new level of understanding and working together. Our congratulations for this improvement in communication go to Mr. Tuan Anh, General Director of VNAT, for his vision and leadership.

VNAT and TWG conducted meetings nearly every month since the last VBF and together with IFC sponsored two major seminars on tourism best practices.

These joint meetings have delved into an overall plan published by the VNAT and addressed the key issues that, if not addressed soon, will deter the recent growth of tourism. Those issues included finalization of a Tourism master plan, a comprehensive and coordinated marketing initiative, education, and environmental/infrastructure concerns.

In December we heard about best practices for Destination Marketing and promotion, with experts sharing experiences from India, Thailand, Malaysia and Bali. More recently in April the session laid out for tourism organizations the plans and challenges for the industry this year and the future.

A final presentation in the April workshop was a very detailed overview of work being done in Malaysia delivered by their Secretary General of Tourism, Mr. Victor Wee. Malaysia's plan can serve as a model for Vietnam particularly if the government recognizes tourism as the spearhead industry it is and ultimately considers elevating it to a ministerial level. Tourism, in terms of export revenues, ranks within the top 5 of all Vietnam industries generating USD3.6 billion in 2006. And in relation to employment, tourism sustains 230K direct and 600K indirect jobs; a powerhouse in employment opportunities.

So, while there has been clearly a strengthening of the interaction and collaboration between public and private sectors on tourism, there is no question much more needs to be done.

The primary issue is that the rate of tourism growth is outpacing the planning and current infrastructure. In addition there are some practices being applied in the industry that are counter productive to the standards of a world class tourism structure and are contrary to WTO provisions.

While there are numerous initiatives to address infrastructure for accommodations and transportation efficiency primarily, they are slow in coming and sometimes deterred due to government approval bureaucracy.

As a result of delayed infrastructure planning the hotel industry in particular is faced with a dichotomous situation. With a shortage of supply and high demand situation in HCMC and Hanoi, some hotels continue to raise rates. From a business standpoint this is perfectly understandable. The problem arises where some hotels have signed contracts with tour operators, but break these agreements, continuing to raise rates. This practice must stop as it is contrary to good business practices, damages the reputation of the industry as a whole, and ultimately can turn business away over the longer term as potential tourists will balk at traveling to Vietnam if they feel they've been set-up by a duplicitous bait and switch scheme. A solution that addresses both the operators and hotels requirements needs to be achieved.

Finally on the education front, there continues to be a lack of discipline to the Tourism Law around the quality and quantity of guides accompanying groups. While the law discusses specific ways to monitor guides, it is not applied consistently, leaving the door open for individuals to work as guides without the proper credentials. This is just a symptom of the issues affecting Human Resources training in tourism.

Overall then as we look at the state of the tourism industry there is a feeling of cautious optimism as volumes continue to grow, but unless the scheduled plans are implemented in a more timely way, there is the danger that the momentum for sustained tourism is in jeopardy and the target numbers set by VNAT will be unfulfilled.

However as mentioned at the beginning, the cooperative work between VNAT and the private sector under the VBF has been encouraging and we look forward to that continued effort.