

## TOURISM AND HOSPITALITY

*Prepared by  
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VBF Tourism Working Group*

### 1.1 Introduction

On the penultimate day of 2011 the Minister of Culture, Sports and Tourism (MoCST) approved the new logo to be used officially for the National Tourism Promotion Programme during 2012-2015. We compliment the Government with this choice and we strongly believe that the new slogan "Vietnam - Timeless Charm" and a lotus symbol with five different colours best represent Vietnam's diverse tourism products; and marks a new growth phase of Vietnam's tourism industry.

We further compliment the Government on the move to establish a Tourism Advisory Board (TAB) under the Environmentally and Socially Responsible Tourism (ESRT) project funded by the European Union (EU).<sup>1</sup> This has taken some time but now the composition of the TAB has been agreed, we would also like to request that meetings be initiated on a regular basis. We also suggest that working groups should be formed on important issues so that significant work can be done between meetings. We strongly believe that the TAB group can be an effective support tool for Vietnam National Administration of Tourism (VNAT) in achieving their objectives and helping Vietnam reach its tourism potential due to the collective experience of the members of the TAB.

The tourism and service industry currently accounts for 4.3% of the country's GDP and is employing approximately 3.7% of total employment plus a further 3.9%<sup>2</sup> indirectly, thus making the tourism and service industry one of the country's key employment sectors.<sup>3</sup> After the global economic downturn, Vietnam's travel and tourism industry rebounded strongly in 2010, a trend which has continued in 2011 and 2012, with foreign tourist arrivals in Vietnam rising more than 30% in 2010 and 19% in 2011.<sup>4</sup> Domestic tourists also increased to 30 million, up 7.14% from 2010.<sup>5</sup> Vietnam welcomed over 3.8 million overseas arrivals in the January-July 2012 period, representing a year-on-year increase of 10.8%, according to the VNAT.<sup>6</sup> We share the view of the World Travel & Tourism Council (WTTC) that tourism is one of the world's fastest growing sectors, but that in order to achieve that it must have support from governments.<sup>7</sup> We also agree with the view of the United Nations World Tourism Organisation (UNWTO) that tourism can be the creator of jobs in today's still economically difficult situation.<sup>8</sup> In this light we also share the content of the combined open letter of the UNWTO and the WTTC.<sup>9</sup>

It is now some seven years since the current Tourism Law was adopted. Over time some shortfalls have become visible requiring the Tourism Law to be modernised. A new law is expected to be adopted in 2013. We will discuss issues related to the Tourism Law in paragraph 1.10.

<sup>1</sup> The lotus has five coloured petals. These petals represent the following: bright green represents "island and sea tourism"; green represents "ecological tourism and nature"; yellow symbolises "cultural and historical tourism"; violet stands for "adventure tourism" and pink displays "Vietnamese's hospitality".

<sup>2</sup> Description of ERST-project on [www.erst.vn](http://www.erst.vn).

<sup>3</sup> Vietnam report, the World Travel & Tourism Council (WTTC), 2012, page 8.

<sup>4</sup> Country presentation on Vietnam for UNWTO Asia-Pacific Executive Training, slide 3.

<sup>5</sup> [www.gso.gov.vn](http://www.gso.gov.vn) for more information, this number includes also non-tourists.

<sup>6</sup> Country presentation on Vietnam, UNWTO Asia-Pacific Executive Training, slide 3.

<sup>7</sup> See [www.vietnamtourism.gov.vn](http://www.vietnamtourism.gov.vn) for more information.

<sup>8</sup> Strategic priorities and policy of WTTC, [www.wttc.org](http://www.wttc.org).

<sup>9</sup> Tourism vital tackling global economic challenges unwto executive council of UNWTO, [media.unwto.org](http://media.unwto.org).

<sup>10</sup> See open letter of the UNWTO on [www.unwto.org](http://www.unwto.org), which has also been sent to Vietnam.

It is one year since the project to promote responsible tourism services through public private dialogue, improve tourism planning and regional tourism product development launched by the EU in 2011 in close cooperation with the VNAT was launched and we look forward to seeing positive results in addition to the commencement of the TAB. The fourth project to improve quality of tourism human resources is funded by Luxembourg and is now almost finished. We look forward to being able to share the successes or otherwise of the project with the VNAT.

We are pleased with the development strategy for tourism as approved by the Prime Minister on 30 December 2011. This strategy describes overall and specific targets, solutions and action programs for the sector to 2020 and a vision to 2030. The target is to develop tourism into a key economic industry with a high level of professionalism; a modern tourist infrastructure and diversified tourist products which have high quality and are competitive but are still imprinted with unique traditional cultural characteristics.

The WTTC ranks Vietnam at 80 out of 181 countries for the contribution to GDP from travel and tourism and ranks 21 out of 181 in its potential for long term growth.<sup>11</sup> On the Travel and Tourism Competitiveness Index (TTCI) 2011 of the World Economic Forum (WEF), Vietnam ranks 80 out of 139 countries, excluding Myanmar and Laos.<sup>12</sup>

**Table 1:** Travel & tourism competitiveness index for Vietnam

Topic	2011	2009	change
travel & tourism competitiveness index <sup>13</sup>	80	89	9
policy rules and regulations	67	96	29
environmental sustainability	115	100	-15
safety and security	68	100	32
health and hygiene	89	95	6
prioritisation of travel and tourism	107	61	-46
air transport infrastructure	85	84	-1
ground transport infrastructure	77	80	3
tourism infrastructure	110	109	-1
ICT infrastructure	67	79	12
price competitiveness	16	11	-5
human resources	72	82	10
affinity for travel and tourism	87	81	-6
natural resources	51	52	1
cultural resources	36	6	-30

We are fully supportive of these findings and we would like to help Vietnam achieve their potential by drawing on collective experiences that can benefit Vietnam and help meet their targets. In order to do this we have developed what we believe are a series of recommendations that can help. We have selected what we believe are the top 10 and we will focus on these which we believe would be best adopted and implemented as soon as possible, recognising the challenges where changes to laws and regulations would need to be adopted.

<sup>11</sup> Vietnam report, WTTC 2012, page 1.

<sup>12</sup> The ASEAN Travel & Tourism Competitiveness Report 2012, World Economic Forum, page viii.

<sup>13</sup> World Economic Forum, ASEAN Travel & Tourism Competitiveness Report 2012 and the Travel & Tourism Competitiveness Report 2009.

This chapter is divided in an overview of our top 10 recommendations first, then promoting Vietnam, followed by training tourism professionals, visa, the protection of cultural heritage, owning of property by foreigners, laws and regulations, and finally help to tourists in difficult situations. At the end of each paragraph you will find our recommendations. You will find a conclusion at the end of the chapter.

## **1.2 Top 10 recommendations**

In this paragraph you will find our top 10 recommendations. We believe these recommendations, would be best implemented with priority in 2013, or at least a start should be made with implementing them. If in our opinion recommendations are so closely connected that they could be implemented together, we have grouped them accordingly.

1. legalise the mandate of VNAT to become the sole tourism marketing authority for Vietnam with the role of a National Tourism Organisation (NTO) (§ 1.3.1)
2. increase funding scheme for tourism planning and development and marketing (§ 1.3.1) and introduce a 1 USD fee per night to fund this campaign (§ 1.4.2)
3. review and update training programs for workers in the sector to ensure curricula at tourism educational colleges and institutions are relevant to the industry , introduce an industry internship for all students including courses designed and developed by international experts in training programs on cross-cultural understanding and customer service skills and introduce a requirement for all training establishments and colleges to implement the VTOS training materials with accreditation from the VTCB and VTAC (§ 1.5.1)
4. broaden the group qualifying for visa exemption (§ 1.6.2) and put a real visa-on-arrival procedure in place without pre-submitted documentation (§ 1.6.3)
5. develop, implement and enforce regulations in spatial development plans, land use plans, building codes and environmental impact assessment regulations (§ 1.7.1):
  - a. to assure the appropriate protection of cultural and natural heritage and
  - b. the observation of high environmental protection standards (waste water, energy efficiency) for tourism construction projects
6. implement a programme to allow second-home ownership by foreigners in certain locations (§ 1.9.1)
7. amend the Tourism Law in the following way (§ 1.10.1):
  - a. clarify roles and responsibilities for the protection of tourists' rights and ensure that timely dispute resolution mechanisms are provided
  - b. cancel the legal requirement for tour operators to deposit a certain amount of money as a guarantee
  - c. decentralise authorisation and allow local governments to grant tour-guide certification and evaluations of hotel standards
  - d. ensure that local authorities follow national policies and standards and
  - e. address the disagreement in planning, figures and reporting
8. grant licences for tourist-related services only to well-trained personnel with a formal education or qualification relating to the service-industry regardless of their nationality (§ 1.10.3)
9. create a national tourist police, train the police in basic English and open hot-lines in various languages (§ 1.11.1)
10. open official tourism service centres (§ 1.11.1)

## **1.3 Destination marketing management**

### ***1.3.1 Role and function of VNAT***

The importance of tourism for the national economy, expressed in terms of job creation and earnings, is the fundamental rationale for any government's financial involvement. The investment made by any government in tourism is moreover reflected in the structure of the tourism industry. The importance of tourism to the national economy is one of the factors that influence the level of support given by the Government to the marketing of tourism. Political views on the extent to which the Government should support the private sector also play a part. And all these factors are naturally closely linked to the availability of State funds which, in turn, depends on the size of the country and the volume of tourism demand.

VNAT's mandate as the national tourism administration is to market Vietnam abroad as a tourism destination. VNAT is part of the MoCST that is responsible for tourism policy and for more areas of national policy, e.g. culture and sports. As VNAT is an administration body it usually comes under the influence of the MoCST. This influence may be justified because the MoCST is responsible for monitoring the effective and efficient use of public funds. In addition, the VNAT may be responsible for other tasks besides tourism marketing, e.g. tourism development and planning. On the other hand, in order to optimise the national spending on marketing, VNAT's position as the national marketing body for Vietnam may need to be elevated allowing stronger autonomy for marketing purposes, better avoiding political influence and overlap with other authorities and ministries. Such an elevation would better ensure effective targeting of potential tourist demand.

### ***1.3.2 Destination marketing or management organisations***

The current lack of effective regional destination marketing or management organisations (DMO) in Vietnam is in part testament to functional and institutional challenges that exist within the sector. Improvement would necessitate, amongst other things, awareness raising for DMO development processes, and the facilitation of collaboration of private and public stakeholders; as well as stakeholder commitment. It requires stakeholders to work together and take responsibility for specific actions to achieve these objectives. Some common issues for DMOs engaged in tourism development include planning and product development, marketing and promotion and lobbying function.

In order to better serve the customers of the tourism sector in Vietnam and improve the strategic destination marketing planning, the MoCST and the VNAT have started a strategic planning initiative by establishing regional DMO's. The ESRT programme is supporting the collaboration of the provinces and private sector stakeholders to jointly work on destination management issues. One of the key principles of the strategy is strengthening partnerships between the public and private sector. To establish these DMO's, we believe it is important to support the existing PPP and Public Private Dialogue (PPD) initiatives undertaken by the ESRT with the formation of a Technical Working Group in northern provinces for Destination Management.<sup>14</sup> Further to this initiative it is in our view also important to support the existing PPP and PPD initiatives of the DMO in central coast provinces also supported by the ESRT.

In taking a leadership role in destination brand development, destination marketing, market research and product development, the DMO will promote a high level of alignment between the public and private sectors through effective engagement and involvement. This will include establishing improved mechanisms for communication between tourism-related businesses, associations and the public sector; to work with industry groups and associations in working groups on a regular basis; to coordinate organisational structures

<sup>14</sup> [Destination management for 8 northern highland provinces](http://www.vietnamtourism.gov.vn) on [www.vietnamtourism.gov.vn](http://www.vietnamtourism.gov.vn), 8 May 2012.

and professional bodies, and to develop efficient ways to share information within the industry.

### **1.3.3 Recommendations**

We would like to make the following recommendations:

1. legalise the mandate of VNAT to become the sole tourism marketing authority for Vietnam with the role of a National Tourism Organisation (NTO) (§ 1.3.1)
2. increase funding scheme for tourism planning and development and marketing (§ 1.3.1)
3. support PPP and PPD initiative:
  - a. undertaken by the ESRT with the formation of a Technical Working Group in the northern provinces for Destination Management (§ 1.3.2) and
  - b. of the Destination Marketing Organisation in central coast provinces (§ 1.3.2)

## **1.4 Promote Vietnam as a tourism destination**

### **1.4.1 Facing competition**

As we have mentioned before, within the ASEAN region, Vietnam competes with similarly attractive tourist destinations like Thailand, Malaysia, Indonesia, the Philippines, Cambodia and more recently Myanmar. The contribution of travel and tourism to the GDP in Cambodia (9.5%) Thailand (7.1%) Malaysia (6.7%), Laos (5.8%) all rank above or equal to Vietnam.<sup>15</sup> In general, feedback from tourists and operators suggest tourists perceive service and customer care in Vietnam as poor. We believe that measures are needed to address this perception and to allocate more funding to marketing Vietnam as a tourist destination.

### **1.4.2 Advertising**

All or the majority of neighbouring countries we mentioned before are spending much more on promoting their countries as a tourism destination. We thus believe Vietnam should do more in this area to retain its current growth rates. Vietnam needs to develop a more comprehensive and sustained marketing campaign highlighting Vietnam's attractiveness because of its rich cultural heritage, its outstanding natural beauty including beaches, its friendly people and delicious and varied cuisine.

We also suggest that the Government allocates more funds towards tourism promotion campaigns and operates in close co-operation with the foreign private tourism and travel providers to make best use of such additional funding; as it is private providers who are best placed to identify what the various nationalities like and are interested in.

We understand that there are limited funds currently available but we also believe that the funding needed for this could be raised through a tourism levy collected at hotels. Even a levy of 1 USD per stay would raise several million dollars per year. Similar levies were made in Hong Kong and Singapore in the 70's and 80's to help fund marketing initiatives and development of the tourism industries in those countries.

We have understood that due to strict regulations of the law on budget and fees and charges, difficulties are foreseen, especially as it will raise the complication of accounting in businesses and related bodies. We are of the view that it is worthwhile considering exploring this possibility and changing the law if necessary. In any case we are pleased that VNAT will propose to the Government to allocate 1 USD per visitor for the tourism sector to prompt its promotion. If successfully implemented this would mean the tourism sector will

<sup>15</sup> [Country reports 2012](#), the WTTC on [www.wttc.org](http://www.wttc.org).

be allocated about 6 million USD per year for destination marketing at current visitor rates. We have learned that the initiative is supported by the MPI and MoF and will be submitted to the Government for decision. We realise that due to current economic difficulties it will not be easy to execute this immediately. However, we believe that if this financial contribution is made to the tourism sector it will have a positive effect on the economy when – as a result – more tourists will come.

#### **1.4.3 Coordination and cooperation**

We believe it would also be helpful if tourism planning and tourism products would be further improved. In particular, a regional approach to tourism which goes beyond provincial borders and allows joint product development will encourage tourists to stay longer as well as encourage return visits to different parts of the country.

Tourists are not restricted by provincial boundaries when they travel. They visit and travel throughout regions based upon the product offerings available. However, working at a regional level needs to be carefully guided by development of regional tourism bodies that develop and implement projects based upon strategic regional tourism plans. The regional plans should be based upon further developing the region's specific strategic placement as a tourism destination in Vietnam.

Further to this, a public-private dialogue in planning and creation of new tourist attractions is important for the success of local and regional tourism strategies. The focus should in our opinion 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, especially as there are many more interesting attractions than mentioned in the most important tour guides. Furthermore information about tourist sites is often limited on the internet and sites are sometimes difficult to find.

We also see a lack of coordination and cooperation domestically with major cities like Ho Chi Minh City<sup>16</sup> and Danang<sup>17</sup> having their own slogan and tag line which we believe to be counterproductive and wasted expenditure.

#### **1.4.4 Recommendations**

We would like to make the following recommendations:

1. design a promotion campaign including advertising and promotional films in close cooperation with foreign tour-operators or large local operators dealing on a regular basis with foreigners (§ 1.4.2)
2. introduce a 1 USD fee per night to fund this campaign (§ 1.4.2)
3. coordinate and cooperate on a regional level to improve tourism planning and products (§ 1.4.3)
4. introduce a public-private dialogue for planning and creation (§ 1.4.3)
5. develop new tourist attractions (§ 1.4.3)

### **1.5 Train tourism professionals**

#### **1.5.1 General**

We note that the tourism industry is still experiencing a shortage of well-trained staff. Tourists are confronted with employees not well trained in the service industry, resulting in

<sup>16</sup> City's new slogan needs backup, [english.saigontimes.vn](http://english.saigontimes.vn), 10 August 2011.

<sup>17</sup> Tourism logo winner decided, [www.danangtourism.gov.vn](http://www.danangtourism.gov.vn), 30 March 2012.

some tourists leaving with a bad image of Vietnam. We also realise that bad experiences are published more widely and spread faster than good experiences.

Many tour guides are not well paid and seek additional income from other sources related to their work. We are aware that there are several initiatives in this field, like the Luxembourg project we mentioned in our introduction and other international projects like the Australia Aid Development Cooperation Programme (AADCP) phase II to review toolboxes for development of tourism competences for the ASEAN-region. However, one of the issues we have identified is the lack of training by industry professionals with much of the training being delivered by academics. We suggest ways should be found to change this through work experience placements and having experts from the industry deliver some of the training so that students can hear first-hand experiences from trainers.

The Vietnam Tourism Certification Board (VTCB) was established in 2003 with the underlying aim to support the enhancement of products and services delivered within Vietnamese tourism through capacity and skills development across the industry. VTCB currently has no official status within either VNAT or its parent Ministry, MoCST. This is an organisational liability and prevents VTCB accessing resources and support from within VNAT on a similar basis to other operating units. Because it has no official status, its certification, while valued by stakeholders, is not recognised officially by public or private agencies in Vietnam or overseas. As a result, little progress can be made to enhance the skills levels of new entrants and experienced staff within the tourism industry and Vietnam continues to lag considerably behind regional competitors and international standards in this regard. It is also important that employees see the value of their work and study and employers need to be able to recognise the quality of their workers qualifications.

The lack of formal recognition within VNAT and MoCST combined with the absence of legal status are major impediments to the development of national certification, through Vietnam Tourism Occupational Skill Standard System (VTOS) and VTCB. We believe it is important to put a national tourism certification scheme in place. Because in our opinion it is very hard to gain acceptance and recognition of VTOS or other tourism qualifications without a national certification body, Accreditation by the VTCB and VNAT will assure that a tourism company and its employees meet the core standards for key areas of work within the industry and increase the numbers of trained and qualified personnel in all sectors of the tourism and hospitality industry thus enhancing the quality of products and services that are on offer to visitors. We believe it is also important that the VNAT works together with the GDVT of the MoLISA to support the formation of a National Tourism Professional Council (NTPC) within the VTCB as a pilot, as required by the ASEAN Mutual Recognition Agreement (MRA).<sup>18</sup>

The 2004-2010 European Union project developed thirteen skills standards as the basis for certification through VTCB for the tourism industry, Vietnam Tourism Occupational Skill Standard System (VTOS).<sup>19</sup> The management of these standards and their assessment are located within the VTCB. ESRT is now bringing the VTOS into a second phase and harmonise the existing standards with the MoLISA and MoCST requirements and align them to the ASEAN standards to ensure regional recognition of standards. We encourage the Government to expand the VTOS as soon as possible. Training programs for tour guides and curricula at tourism educational programs and courses could be reviewed and updated and they could include some cross-cultural courses and customer-service training on what foreign tourists expect and understand as good and international service standards. In this

<sup>18</sup> ASEAN Tourism Ministers Meeting, [www.aseansec.org](http://www.aseansec.org).

<sup>19</sup> VTOS and the impact of the FTA between the EU and Vietnam, [www.esrt.vn](http://www.esrt.vn).

light we also believe that a requirement for all training establishments and colleges to implement the VTOS training materials with accreditation from the VTCB and VTAC should be introduced.

### **1.5.2 Recommendations**

We would like to make the following recommendations:

1. give a legal status to the Vietnam Tourism Certification Board (VTCB) and Vietnam Tourism Accreditation Centre (VTAC) (§ 1.5.1)
2. put in place a national tourism certification scheme (§ 1.5.1)
3. encourage the VNAT to work with the GDVT of MoLISA to support the formation of a National Tourism Professional Council (NTPC) (§ 1.5.1)
4. review and update training programs for workers in the sector to ensure curricula at tourism educational colleges and institutions are relevant to the industry (§ 1.5.1)
5. introduce an industry internship for all students including courses designed and developed by international experts in training programs on cross-cultural understanding and customer service skills (§ 1.5.1)
6. introduce a requirement for all training establishments and colleges to implement the VTOS training materials with accreditation from the VTCB and VTAC (§ 1.5.1)

## **1.6 Visa policy**

### **1.6.1 General**

We do recognise that much discussion has already been going on and many recommendations have been delivered on this subject. We also recognise that visa policy extends across multiple ministries and departments. However we strongly believe that the current policy is losing Vietnam high-spending foreign independent travellers (FIT) and is also causing it to lose competitiveness with neighbouring countries. We agree with the WTTC that in order to create jobs and economic growth it is important to change the current visa policy.<sup>20</sup> The UNWTO has indicated that visa facilitation can create additional jobs.<sup>21</sup> We believe that visa facilitation will also create jobs in this sector in Vietnam. There will be also other positive side effects which we will address in the following paragraphs.

### **1.6.2 Visa exemptions**

Most tourists need to apply for a visa if they want to come to Vietnam, even for a short time. Currently, only FIT and ASEAN-passport holders are visa-exempted for stays of thirty days or less, and only FIT's who are passport holders from Denmark, Norway, Finland, Sweden, Japan, Korea and Russia are allowed to enter the country for a period of fifteen days without a visa. We have understood from a recent intra-ministerial meeting that travellers who transit in Vietnam and have an onward ticket within some days may enter Vietnam on a transit visa basis. We look forward to seeing this working in practice.

We furthermore would like to point out that it is not always easy to obtain information on visa requirements. You can find information on the internet, but it is not always clear what the source of this information is. On the website of the various embassies, the information is not always up-to-date or easy to find. Sometimes the processing can be difficult and time-consuming. We are aware of situations where the local embassies take weeks to reply to email requests for information. To encourage more tourists to come to Vietnam it would be helpful if more nationalities could enjoy the exemption of thirty days or at least the same level as passport holders from Denmark, Norway, Finland, Sweden, Japan, Korea and Russia. We believe of countries that can potentially account for significant tourism revenue,

<sup>20</sup> Freedom to travel, [www.wttc.org](http://www.wttc.org).

<sup>21</sup> Visa facilitation can create five million additional jobs in G20 economies, [www.unwto.org](http://www.unwto.org), 17 May 2012.

such as the EU member states, the United States and Canada, Australia, Hong Kong and Taiwan.

Whilst we agree that the visa waiver for the countries listed above has not increased arrivals from these countries significantly we believe that this is because the majority of arrivals from those countries are long haul travellers and they also tend to travel in groups. These types of visitors tend to plan their trips well ahead and group organisers normally are responsible for visas.

### **1.6.3 Visa-on-arrival**

As an alternative to going to the embassy you can also 'order' a pre-approval on-line and pick up your visa on arrival, showing this document sent to you by email and paying the required amount. However, practice in Vietnam has proven that a visa-on-arrival here is not as simple as it sounds. First you need to use the service of a third party to obtain the pre-approval. Second, once you arrive on the airport it is not always well indicated where you can obtain the visa and what the precise costs are. There is no counter where you can draw a number and wait till it is your turn. It seems that obtaining your visa is random and it can happen that people, who arrive after you, get their visa before you do. A further difficulty is also that because of the foreign names, it is not always clear that they call your name as the pronunciation is not what you are used to. In general little English is spoken, so it is not easy to obtain information if necessary.

In order to facilitate visitors to come to Vietnam, it would be helpful if it would really be possible to obtain a visa-on-arrival. Especially for those coming only for a short time and deciding to travel on a short notice, like British and Australian expats living and working in places like Hong Kong, Singapore, Thailand and Malaysia and who would usually be high-end and high-spending visitors. Therefore, a system similar to Laos<sup>22</sup>, Cambodia<sup>23</sup> and Bali<sup>24</sup>, could be considered, where visas are issued on arrival and visa fees are collected at the arrival airport.

We have been pleased to learn that in February 2012, Thailand and Cambodia started to grant a single visa for non-ASEAN tourists and that this model probably will be extended to Laos and Vietnam by the end of this year.<sup>25</sup> It is also good news that the region is pursuing several initiatives focused on intra-ASEAN visas and the adoption of e-visas.<sup>26</sup> Cambodia has already implemented an e-visa system while Myanmar started to use the procedure in March this year. We have been pleased to learn that during the ASEAN top in May it was agreed to implement a common visa for non-ASEAN arrivals within five years.<sup>27</sup> However, as long as these easier procedures do not apply for entrance in Vietnam yet, we believe it would be a good idea if the Government amends the existing regulations.

In case the Government continues with the pre-approval procedure, which we hope will not happen, we would like to point out that the current pre-approval documents violate the privacy of individual tourists, as other people's names including passport numbers are mentioned in the document. For each person or group of persons for whom the request have been made on line at the same time, a separate document should be issued.

### **1.6.4 Recommendations**

<sup>22</sup> [Visa-on-arrival for Laos on www.laosvisas.com](http://www.laosvisas.com).

<sup>23</sup> [Visa-on-arrival for Cambodia on www.cambodia-airports.com](http://www.cambodia-airports.com).

<sup>24</sup> [Visa-on-arrival for Bali on www.balitourismboard.org](http://www.balitourismboard.org).

<sup>25</sup> [ASEAN to make tourist visas easier to access on en.vietnamplus.vn](http://en.vietnamplus.vn).

<sup>26</sup> [Master plan on ASEAN connectivity on www.aseansec.org](http://www.aseansec.org), January 2011.

<sup>27</sup> [Joint Media Statement of the Fifteenth Meeting of ASEAN Tourism Ministers on www.asean.org](http://www.asean.org), 11 January 2012.

We would like to make the following recommendations:

1. broaden the group qualifying for visa exemption (§ 1.6.2)
2. put a real visa-on-arrival procedure in place without pre-submitted documentation (§ 1.6.3)
3. provide more and clearer information in the arrivals hall on where the visa can be obtained (§ 1.6.3)
4. provide more and clearer information on costs (§ 1.6.3)
5. put a counter with a numbering system in place (§ 19.6.3)

## 1.7 Preserve cultural heritage and natural environment

### 1.7.1 Cultural heritage

In a country such as Vietnam where supplies of wood are plentiful there are fewer buildings built with bricks or stone and fewer older buildings still in existence. Nevertheless quite a few interesting buildings do remain. However, we have noticed that over the last few years that this cultural heritage is threatened. Some historically interesting buildings have been demolished to be replaced by less-interesting high-rise buildings. In some instances new constructions and developments are made too close to protected heritage sites and thus degrade the attractiveness and the value of the heritage. We believe the Government should protect these buildings as cultural heritage because they are interesting for tourists, especially for foreigners.

These historical buildings are also a valuable and irreplaceable connection for the Vietnamese people between the present and their past which is incredibly important in order for a nation to understand its heritage and what it stands for as a people in the world today.

In terms of Community Based Tourism (CBT)<sup>28</sup>, a destination's culture, history, and natural environment are the primary motivations for a tourists' visit, and for most communities they are also the only tourism assets or products they actually have to draw tourists to their region. Preventing the erosion of key tourism assets and products in the local areas is thus critical if successful CBT is to occur.

Unfortunately, heritage preservation is often not considered a priority in urban development despite an abundance of land in new urban areas. We believe it is important that provincial authorities audit and prioritise the historical and cultural heritage remaining in their provinces and evaluate the condition, cultural significance and importance, conservation risks and preservation requirements for each.

So far, only a few building owners resist lucrative new projects, which ruin the attractive image of towns in Vietnam. In fact, many sites that tourism authorities are promoting in their campaigns are already lost to big construction projects. This happens not only in Ho Chi Minh City. The first high-rise buildings are now being constructed in Hue and Danang. It appears that only official *United Nations Educational, Scientific and Cultural Organisation* (UNESCO) World Heritage sites such as Hoi An ancient town and Hue citadel are safe from any cultural heritage destruction. One of the last vestiges of historical architecture in Ha Giang Province, the Dong Van Ancient Street, is likewise at risk of being lost forever due to a lack of adequate protection.<sup>29</sup> With all these sites it is important that new constructions do not risks the status of these sites, as could have or still might happen in Sevilla in Spain.<sup>30</sup>

<sup>28</sup> See § 19.8 for more information on CBT.

<sup>29</sup> [Dong Van's old quarter eyes preservation](#), Viet Nam News, 31 January 2011.

<sup>30</sup> See the [report](#) with decisions adopted by the World Heritage Committee at its 36th session in Saint-Petersburg in June 2012, page 127-128. It will be further discussed during the 37th session in 2013.

We encourage the Government to develop and implement guidelines and zoning regulations to audit and efficiently preserve Vietnam's cultural heritage. In particular, spatial development plans, land use plans, building codes and cultural heritage rules should be developed and strictly followed in all kind of tourism infrastructure and lucrative high-rise construction projects to assure the protection of cultural and natural heritage and the introduction of environmental protection standards. A comprehensive strategy of what should be protected should be implemented nation-wide. Special attention should be directed to Hanoi Old Quarter, which is unique in Asia. It would be helpful if clear regulations on hotel and hospitality projects would be drafted, put into practice and enforced with regards to both cultural heritage and environmental standards. It is important to develop, implement and enforce regulations in spatial development plans, land use plans, building codes and environmental impact assessment regulations to assure the appropriate protection of cultural and natural heritage and the observation of high environmental protection standards (waste water, energy efficiency) for tourism construction projects. In particular, proper waste water treatment should be mandatory, and building codes respected and not 'arranged'.

### **1.7.2 Environment protection standards**

Vietnam is facing a very dynamic development of its tourism sector. Many new tourism infrastructure projects and several thousand new beds in accommodation facilities are being constructed this year and are planned for the coming years. This development has the potential to boost the tourism sector, but it also bears the risk of highly negative and irreversible impacts on the environment, the natural and cultural heritage, the attractiveness of the landscape and on local communities. In order to avoid such negative impacts we believe it is necessary to introduce and enforce stringent rules, regulations and procedures for the development and construction of tourism infrastructure and construction projects.

### **1.7.3 Recommendations**

We would like to make the following recommendations:

1. develop, implement and enforce regulations to efficiently preserve the cultural heritage (§ 1.7.1)
2. provincial authorities should:
  - a. audit and prioritise the historical and cultural heritage remaining in their provinces (§ 1.7.1)
  - b. evaluate the condition, cultural significance and importance, conservation risks and preservation requirements for each (§ 1.7.1)
3. draft clear guidelines on hotel and hospitality projects for both cultural heritage and environmental standards (§ 1.7.1)
4. enforce respect of the building codes (§ 1.7.1)
5. make proper waste water treatment mandatory for hotel and hospitality projects (§ 1.7.1)
6. develop, implement and enforce regulations in spatial development plans, land use plans, building codes and environmental impact assessment regulations (§ 1.7.1):
  - a. to assure the appropriate protection of cultural and natural heritage and
  - b. the observation of high environmental protection standards (waste water, energy efficiency) for tourism construction projects
7. revise spatial development plans and land use plans (§ 1.7.1):
  - a. in areas with valuable cultural and natural heritage and
  - b. in the envisaged important tourism development zones to assure the proper protection of the natural and cultural heritage

8. revise building codes and environmental impact assessment regulations (§ 1.7.2):
  - a. to better assure the appropriate protection of cultural and natural heritage in Vietnam and
  - b. the observation of high environmental protection standards (waste water, energy efficiency) for tourism construction projects

## **1.8 Community-based tourism\***

### **1.8.1 Community-based tourism market research**

Publically available tourism statistics are generally limited to the national and provincial levels, with little detailed information publically available on tourism at the local level.<sup>31</sup> Such a lack of information hinders the successful development of CBT as the decisions are being made by the public and private sector without adequate knowledge of market demand, trends etc. As such, a range of issues such as the over- or under-supply of particular CBT products or services in destinations occurs, or alternatively CBT enterprises are developed that do not respond to a defined target market. Moreover, whilst considerable market research is available on the international market, the mechanics of the domestic market – who are increasingly visiting rural destinations for holidays – is comparably limited. We believe it is important to perform regular community level market research on visitation, both international and domestic, and make the information publically available and easily accessible. Research questions might cover demographics, motivation, purpose of travel, activities undertaken, places visited, trip duration, daily spend, accommodation and travel, market segments, from and to, etc.

### **1.8.2 Strategic planning and capacity building**

Local, district and provincial tourism authorities whilst understanding the importance of CBT are often limited in their capacity to effectively bring about positive change and foster the development of the sub-sector. Most members of local communities, in particular those that are more isolated, do not have the finances to enroll in private or college based hospitality or tourism training courses, whilst any free training courses are restricted to sporadic NGO or Government training programs. In our opinion awareness amongst communities of their CBT products and their social and economic value needs to be built up. Local, district and provincial authorities require assistance in the development and implementation of natural and cultural heritage protection strategies, e.g. zoning regulations, environmental impact assessments for development, development of “community care” groups, etc. Furthermore, we believe it is important that a CBT public sector training programme be implemented that includes such topics as: nature of CBT, components of successful CBT destinations, strategies for mainstreaming CBT into policy and planning and developing Public Private Partnerships in CBT. Besides this public sector training program, a CBT training programme for key local communities should be implemented that includes such topics as: mechanics of tourism industry and tourist needs and wants, CBT product development and management, low-cost marketing and promotions, small business management skills and basic English communication skills.

### **1.8.3 Co-operation and co-ordination**

Co-ordination between relevant Governmental agencies that impact the sustainable development of CBT such as VNAT, the MoNRE and the Ministry of Agriculture and Rural Development is limited, which can reduce the effectiveness of specific policies and legislation on sustainable tourism development, responsible tourism, and CBT development. We believe it is paramount to the improvement of the tourism sector that the

<sup>31</sup> Community-based tourism is tourism in which local residents, often rural, poor and economically marginalised, invite tourists to visit their communities with the provision of overnight accommodation.

<sup>32</sup> Tourism statistics and tourism satellite account in Vietnam, [www.esrt.vn](http://www.esrt.vn).

various tourism-related sectors work together. Further to this, a cross-sectoral panel or body for sustainable tourism development that meets regularly should be created or a regular cross-sectoral discussion forum on tourism development should take place that also incorporates CBT development concerns.

#### **1.8.4 Review and reform of policies**

There is also only limited formal legislative recognition, encouragement and granting of powers to communities by the Government for their own self-determination of CBT development and activities at the local level which may hinder progress in CBT development. For example in some situations home-stay prices are set by the Provincial Government, and use of revenue collected from village visitor entrance fees is determined by the Government rather than the local community. In our view it is important to review and reform the various policies, harmonise them but at the same time create more possibilities for local entities to take decisions. Besides this, the roles and responsibilities of the Government, the private sector and the community in the implementation of CBT initiatives at the local level should be reviewed. This review should include the setting and uses of revenue generated from associated activities, and identify and implement reforms in key areas that will encourage the growth of the industry and CBT small and medium enterprises (SME).

#### **1.8.5 Investment and PPP**

Most CBT companies have limited access to the knowledge and resources required to start-up or further develop a CBT business. Therefore it is necessary that those companies can profit from other companies that are interested to invest in CBT which can be via PPP. We believe that it is important that the Government drafts policies and makes it possible to create PPP to improve CBT. We believe that the Government should promote the dialogue between the public and private CBT sector specifically aiming to identify PPP opportunities in CBT. This can be achieved by organising investment workshops in key destinations that bring together CBT enterprises, tour operators, non-governmental organisations (NGO), the Government and micro-financers.

#### **1.8.6 Recommendations**

We would like to make the following recommendations:

1. perform regular community level market research on visitation both international and domestic and make the information publically available and easily accessible (§ 1.8.1)
2. build up awareness amongst communities of their CBT products and their social and economic value (§ 1.8.1)
3. provide assistance to local, district and provincial authorities in the development and implementation of natural and cultural heritage protection strategies (§ 1.8.2)
4. implement a CBT public sector training programme (§ 1.8.2)
5. implement a CBT training programme for key local communities (§ 1.8.2)
6. develop a cross-sectoral panel or body for sustainable tourism development or hold a regular cross-sectoral discussion forum (§ 1.8.3)
7. review the roles and responsibilities of the government, the private sector and the community in the implementation of CBT initiatives at the local level (§ 1.8.4)
8. identify and implement reforms in key areas that will encourage the growth of the industry and CBT SMEs (§ 1.8.4)
9. promote the dialogue between the public and private CBT sector (§ 1.8.5)
10. organise investment workshops in key destinations that bring together CBT enterprises, tour operators, NGOs, the government and micro-financers (§ 1.8.5)

## 1.9 Real estate ownership

### 1.9.1 General

If Vietnam is to reach its potential and ambitions in terms of tourist arrivals and revenues it needs to learn from successes of other countries. If we take Thailand as an example, we can see that it has managed to attract more than 17 million tourist arrivals in 2011 even when it has had both political issues and natural disasters.<sup>33</sup> This is because they have built up a high level of return visitors.<sup>34</sup> They have accomplished this by offering a wide variety of choice of destinations within Thailand, offering a wide range of quality of accommodation and prices with Bangkok as an aviation hub, and in particular allowing foreigners to own property which has proven attractive and a lure to both regional and long haul travellers. Owning property would be particularly attractive to foreigners in certain destinations which are designated tourism areas already such as Danang, Hoi An, Nha Trang and Phu Quoc. We believe it would also help reinvigorate the property market in some of these areas. In our view this would provide a huge opportunity for Vietnam as second home ownership in holiday destinations is still a huge market and creates an automatic guaranteed return visitor.

Whilst we understand the sensitivity of this issue we believe that ways can be found to allow this and still preserve the fundamental principle that land is owned by the State. We believe it would therefore be worthwhile to look at the property ownership laws and ownership would only need to be on a leasehold basis. Thailand for example started by allowing foreigners to own long term leasehold interests in apartments in a complex provided more than 51% of the units were owned by nationals.<sup>35</sup> In an effort to increase the average stay of visitors, make Vietnam more attractive to families and to help reduce the oversupply in the residential markets Vietnam could consider implementing a programme to allow second home ownership by foreigners in certain locations.

### 1.9.2 Recommendation

We would like to make the following recommendation:

1. implement a programme to allow second-home ownership by foreigners in certain locations (§ 1.9.1)

## 1.10 Regulations

### 1.10.1 Law on Tourism

The law was adopted more than seven years ago and it is foreseen that an amended law will be adopted in March 2013. Many are of the opinion that the existing law failed to recognise the role of tourists as the most important player in this important industry and failed to make adequate provision for protection of tourists' rights. It is understood that this matter is now governed by many cross-cutting laws enacted since the Tourism Law. This needs to be rationalised to ensure that tourists' concerns are addressed in a timely and efficient fashion.

The practice of requiring tour operators to deposit a certain amount of money as a guarantee of their financial capacity to deal with possible tourists' incidents has proved to be of little use at all. There have been very few instances, if any, where a tourist's problems have been settled with the money from this deposit fund. So the deposit funds only benefit the banks where money is kept at zero interest while contributing nothing to the development of the industry. We therefore believe this requirement should be abolished.

<sup>33</sup> [Statistical overview](#) of the Thai Ministry of Tourism and Sports. Please note that December 2011 is not included.

<sup>34</sup> [Laying a thousand-year egg](#), [www.economist.com](http://www.economist.com), 8 October 2010 and [Tourism Authority of Thailand focuses on exceptional experiences and excellent value that Thailand offers to German visitors, features spas and wellness at ITB 2012](#), [tatnews.org](http://tatnews.org), 7 March 2012.

<sup>35</sup> [Foreigners buying and leasing property in Southeast Asia](#), [www.business-in-asia.com](http://www.business-in-asia.com).

It might also be a good idea to decentralise authorisation, as this would release the burden for the central authority and make local governments more powerful and responsible. This would also have the effect of improving management. Local governments could be given the authority to grant tour-guide certification and evaluations of hotel standards. However it is important to ensure that in making these delegated decisions, local governments follow and implement national tourism policies and standards.

Finally we believe that the disagreement in planning, figures and reporting are also shortcomings that need to be amended in the law.

### **1.10.2 Decree 160 and Decree 95**

*Decree No. 160/2006/ND-CP* (Decree 160) of 28 December 2006 provides details on the implementation of the Ordinance on foreign exchange, No. 28/2005/PL-UBTVQH11, of 13 December 2005. *Decree No. 95/2011/ND-CP* (Decree 95) of 20 October 2011 stipulates the penalties for administrative offences in currency and bank activities. According to Decree 160 companies are obliged to state prices in VND. We agree in principle with the government's strict enforcement of Decree 160. However, the application of Decree 160 has caused some concerns and practical problems which are sometimes a result of a lack of clarity as to the interpretation of some of the provisions of Decree 160 and the stricter enforcement. This has resulted in fines and penalties for organisations that we would regard as "good corporate citizens" who would not knowingly break the law.

For example, one of the main concerns of hotel and tour operators, who are selling goods and services to inbound groups and FIT, is that they are not allowed to quote prices in USD. As the VND is not a convertible currency, most visitors and tour operators overseas are not familiar with the VND. They might get the wrong impression about a price, considering there are many zero's involved. We believe it would be helpful if hotels and tour operators would be able to display prices in dual currency on their websites whether hosted in Vietnam or overseas, so possible tourists can view prices in a currency they are familiar with.

Another problem is caused by the fact that many hotels work through local travel agents, who in turn work with overseas travel agents. According to Decree 160, local parties should contract in VND while the party dealing with the overseas parties has to agree pricing in a foreign currency. This causes both administrative issues and currency exposure issues. We believe that these measures have a negative impact on the development of the tourism industry and that the Government should allow contract prices between local entities where clearly the end user is an overseas tour operator or individual to be priced in a foreign currency. We believe that companies working in the tourism sector should be viewed and treated as any other export industry where companies negotiate and sign contracts in foreign currency, when dealing with foreign partners.

### **1.10.3 Licensing**

We believe that creating a favourable image of Vietnam and thus contributing to a growth of foreign arrivals is important. As we have seen in the hotel industry well-run foreign firms help raise the standard of the sector and the standards of local hotels and operators. We acknowledge the importance of training and engaging local personnel and operators, in the longer term the licences to tourist-related services should only be granted to well-trained personnel with a formal education and qualification relating to the service-industry, regardless if they are Vietnamese or a foreigner.

### **1.10.4 Recommendations**

We would like to make the following recommendations:

1. amend the Tourism Law in the following way (§ 1.10.1):
  - a. clarify roles and responsibilities for the protection of tourists' rights and ensure that timely dispute resolution mechanisms are provided
  - b. cancel the legal requirement for tour operators to deposit a certain amount of money as a guarantee
  - c. decentralise authorisation and allow local governments to grant tour-guide certification and evaluations of hotel standards
  - d. ensure that local authorities follow national policies and standards and
  - e. address the disagreement in planning, figures and reporting
2. remove any ambiguities in Decree 160 and make clear what is acceptable and what not (§ 1.10.2)
3. grant licences for tourist-related services only to well-trained personnel with a formal education or qualification relating to the service-industry regardless of their nationality (§ 1.10.3)
4. remove additional restrictions for foreigners to work as tour operators in the tourist-industry (§ 1.10.3)
5. improve the licensing process for tourism companies (§ 1.10.3)

## **1.11 Help to tourists in difficult situations**

### **1.11.1 General**

When you, as a tourist, are robbed, it is not easy to report this in Vietnam. However, for insurance reasons tourists often need a document proving that they reported the theft to the local police. Reporting of thefts and other crimes and misbehaviours is often complicated, due to the language barrier and the time-consuming procedures. Most thefts therefore remain unreported and thereby do not reveal the real situation. We were pleased to learn that the National Assembly during its session in May discussed a national tourist police and that they agreed that Vietnam needed more foreign-language hotlines to receive information and complaints from tourists; and proposed compulsory insurance for foreign visitors.

We suggest that the existing Tourist Police should be more active and present; with better recognisable uniforms and that they should cover all major tourist destinations in Vietnam, and patrol at least the city centres and places of interest frequently. They should also speak basic English. At least one Tourist Police station and a phone hotline should be set up in city centres and be open 24 hours, where visitors can report crimes and misbehaviours, regardless of where they happened.

The major tourism destinations should also have official tourism service centres where tourists can buy official handicrafts, souvenirs and postcards. Moreover, we believe that it would be helpful if the major tourism attractions become more visible. It is now not always easy to find them, because of the complicated street system and numbering in Vietnam, but also due to inexistent signage. Visibility could be achieved by putting signs tourists can follow to arrive at the destination they want to go. It would also be helpful indicating how many kilometres it is to a certain destination.<sup>36</sup>

### **1.11.2 Recommendations**

We would like to make the following recommendations:

<sup>36</sup> Document of VicRoads and Victoria Tourism, Australia and [website](#) of Highway Agency in the United Kingdom.

1. create a national tourist police (§ 1.11.1)
2. train the police in basic English (§ 1.11.1)
3. open hot-lines in various languages (§ 1.11.1)
4. open official tourism service centres (§ 1.11.1)
5. improve the signing to major sights (§ 1.11.1)

### **1.12 Conclusion**

The Vietnam Tourism Master Plan forecasts 10 million foreign visitor arrivals and 47 million domestic tourists by 2020; 14 million and 55 million respectively by 2025 and 18 million and 70 million by 2030. To put this into context Vietnam is aiming to have a similar number of foreign visitor arrivals as Thailand has today. So whilst on the face of it this seems to be an ambitious target it could be easily achieved, in our opinion, if the right regulatory framework is in place and the incentives are given to encourage investment into the travel and tourism sector. Our recommendations before are all designed to help Vietnam achieve their targets and based on our collective experience in this very important sector. We wish to continue to work with the relevant authorities to achieve their stated objectives.