

Mekong Countries Celebrate a Decade of Success

When the history of global travel and tourism is written, the Greater Mekong Subregion (GMS) will go down as arguably one of its best success stories. In 10 years, travel and tourism has played a major role in turning once war-ravaged, impoverished areas into some of the most high-demand tourism products in the world.

As delegates convene for the 10th Mekong Tourism Forum this month, they will see a clear record of what has been achieved over the last decade since the subregional governments adopted travel and tourism as part of their reform and open-door policies and elevated it to a priority sector in national socio-economic development plans.

Cooperation has also been stepped up at the bilateral and sub-regional levels, encouraged by the support of multilateral institutions like the United Nations Economic Social Commission for Asia and the Pacific (UNESCAP), the Asian Development Bank (ADB) and the Pacific Asia Travel Association (PATA).

Building upon the brand-image of the mighty river that unites their countries and which, for many centuries, has nourished their life-supporting farms, Myanmar, Lao PDR, Cambodia and Vietnam have realised the role that tourism can play as a driving force for poverty alleviation, job creation and foreign exchange earnings.

Their success strategy has been clearly defined – relax economic restrictions, establish the necessary transportation infrastructure, liberalise visa regimes, and provide investors with adequate facilities and incentives to avail themselves of the expanding opportunities.

Today, Vietnam is nearing three million arrivals, Cambodia has crossed the one million mark, and Lao PDR is not far behind. Myanmar should get the same impetus after it hosts the ASEAN Tourism Forum for the first time in January 2006 and its first ASEAN leaders summit in November 2006 – just as Cambodia and Lao PDR did, respectively, in 2003 and 2004.

Although arrivals figures for these GMS countries pale in comparison to the heavy-hitters, Thailand and China (PRC), both these countries have played critical roles as gateways for the dispersal of their tourism millions through to their lesser-developed neighbours. They have also provided critical financial and infrastructure support.

It has been a win-win situation. On one hand, the strengths of the advanced tourism nations have been used to address the weaknesses of the emerging tourism countries. On the other, the new-product appeal of the emerging countries has bolstered the established products of the advanced countries.

Here is a brief roundup of the key tourism developments and future plans of Vietnam, Lao PDR, Cambodia and Myanmar as they face the next 10 years. Thailand and the Yunnan Province of China (PRC) are not included in order to maintain the focus on the lesser-developed countries.

Building upon the brand-image of the mighty river

Myanmar, Lao PDR, Cambodia and

VIETNAM

Had it not been for the bird flu outbreak that affected arrivals in early 2004, visitors to Vietnam may well have numbered over three million. Total arrivals still managed to reach 2,927,873 – up 20.5% over 2003 and generating foreign exchange income of US\$1.6 billion. Visitors arriving by air totalled 1,821,595 or 62.2%, by land 28.8%, and by sea 9%.

Southeast and South Asia were the biggest source markets with 1,809,216 arrivals, or 63.6% of the total. Visitors from Japan and Korea (ROK) were up 27.4% and 79.1%, respectively, over 2003.

Visitors from Thailand, the Philippines, Malaysia, Indonesia, Lao PDR and Singapore rose significantly, thanks to bilateral visa exemption agreements that allow citizens of those countries to get a 30-day visa-free stay. Vietnam also unilaterally waives visas for Japanese and Korean tourists for a 15-day stay.

Arrivals from Europe in 2004 grew by 24.5%, with Italy and Spain recording especially high growth rates of 26% and 93%, respectively. Arrivals from Australia and New Zealand also hit record levels of 139,150, up a solid 87.8% over 2003.

For 2005, Vietnam is projecting 3.2 million international arrivals and 15 million domestic visitors, with a foreign exchange target of US\$2 billion. By 2010, the target is six million international visitors, 28 million domestic visitors and a target of US\$4 - 4.5 billion in revenue.

The national economic goal is to develop tourism into a "spearhead economic sector" and "step-by-step, turn Vietnam into a regional centre of tourism, trade and services."

Marketing plans are in full swing worldwide, buttressed by the growing global flight connections of national carrier Vietnam Airlines. In 2004, Vietnam participated in 15 international travel exhibitions and roadshows.

Private sector investment has grown rapidly in resorts, entertainment areas and golf courses, and present capacity is considered enough to meet the demand for 15 - 16 million international and domestic tourists annually, including conference and exhibition delegates.

As of 2004, Vietnam had 1,462 star-rated hotels with 45,230 rooms and a total of 85,381 rooms for all categories of accommodation. A total of 130,000 rooms is projected by 2010.

The number of tour operators and travel agents registered to service international visitors reached 329, of which eight were joint venture companies with foreign partners.

There are 46 tourism training schools and vocational centres, including 20 universities, four colleges with tourism faculties or divisions, and 22 tourism vocational schools and training centres.

Every province has a tourism promotion department. In 2005, intensive promotion campaigns are underway for important events to be held year-round. Two of them are "Visit Nghe An Year," marking the 115th birthday of the late President Ho Chi Minh, and "World Heritage Road," connecting five UNESCO World Heritage sites in central Vietnam.

These World Heritage sites – Halong Bay, Phong Nha Grotto, Hue Ancient Imperial City, My Son Sanctuary and Hoi An Ancient Town – have been identified as one of the four product segments to be promoted under the country's tourism master plan. The other three segments are: 1) Eco-tourism in the national parks and Mekong delta; 2) Cultural tourism comprising traditional festivals, villages of minority ethnic groups, handicraft villages, and cuisine; and 3) Natural tourism to the country's many beaches, grottoes and highland areas.

Future plans call for the development of four national tourism complexes attached to three key economic zones. These are: 1. Ha Long - Cat Ba (in northern Vietnam) 2. Lang Co - Non Nuoc - Bach Ma Canh Duong (in central Vietnam) 3. Van Phong - Dai Lanh (in central Vietnam) and 4. Dankia - Suoi Vang (Lam Dong province in the central highlands).

Vietnamese authorities are also looking into the possibility of low-cost airlines eventually flying to points in the country and perhaps even the start of a low-cost airline in Vietnam itself.

Table 1: Tourism Infrastructure Investment in Vietnam, 2001- 2004

	2001	2002	2003	2004	Total
Capital (US\$ million)	16.8	24	28.4	31.6	100.8
Projects	23	73	167	122	385
Provinces receiving investment	13	35	52	53	-

Source: Vietnam National Administration of Tourism

Table 5: Air Capacity, 1990-2007

		Cambodia	Lao PDR	Myanmar	Vietnam	Total
Flights	Feb-05	624	204	795	1,709	3,332
	Feb-00	346	171	601	876	1,994
	AAGR-%	12.5	3.6	5.8	14.3	10.8
Seats	Feb-05	66,040	16,318	59,923	289,564	431,845
	Feb-00	38,242	12,540	51,640	130,458	232,880
	AAGR-%	11.5	5.4	3.0	17.3	13.1
ASK*	Feb-05	52,483,206	7,223,145	46,038,122	544,356,470	650,100,943
	Feb-00	24,930,869	4,931,204	36,521,072	185,824,131	252,207,276
	AAGR-%	16.1	7.9	4.7	24.0	20.8

Note: Data are per week for both directions (inbound and outbound).

* = Available seat kilometres

Data source: APGDat from Innovata, LLC

Table 6: International Visitor Arrivals (IVAs), 1990-2007

Year	% Change		% Change		% Change		Vietnam
	Cambodia	Y-o-Y	Lao PDR	Y-o-Y	Myanmar	Y-o-Y	
1990	17,000	n/a	14,100	n/a	n/a	n/a	201,000
1991	25,000	47.1	37,613	166.8	n/a	n/a	300,000
1992	88,000	252.0	87,571	132.8	n/a	n/a	440,000
1993	118,183	34.3	102,946	17.6	n/a	n/a	669,862
1994	176,617	49.4	146,155	42.0	n/a	n/a	1,018,244
1995	219,680	24.4	346,460	137.0	n/a	n/a	1,351,296
1996	260,489	18.6	403,000	16.3	n/a	n/a	1,607,155
1997	218,843	-16.0	463,200	14.9	n/a	n/a	1,715,637
1998	175,910	-19.6	500,200	8.0	197,726	n/a	1,520,128
1999	234,382	33.2	614,278	22.8	198,795	0.5	1,781,760
2000	264,649	12.9	737,208	20.0	207,665	4.5	2,150,100
2001	274,689	3.8	673,823	-8.6	204,862	-1.3	2,330,050
2002	320,187	16.6	735,662	9.2	217,212	6.0	2,627,988
2003	269,674	-15.8	636,361	-13.5	205,610	-5.3	2,428,735
2004	316,748	17.5	894,806	40.6	241,938	17.7	2,927,876
2005 F	365,102	15.3	926,875	3.6	280,345	15.9	3,355,805
2006 F	409,249	12.1	988,741	6.7	312,549	11.5	3,636,839
2007 F	447,069	9.2	1,047,448	5.9	340,464	8.9	3,886,751

Note: Data for Lao PDR for 2004 are estimated; Data for Cambodia are for arrivals at Pochentong airport only;

Data for arrivals to Myanmar are to Yangon, Mandalay and Bagan

Source: *Asia Pacific Tourism Forecasts 2005-2007* by Turner & Witt, PATA, 2005 (forthcoming-April, 2005)

iving force for poverty alleviation,

(the latest period for which figures were available at the time of writing) totalled 792,355, up 37% over the same period of 2003. The Lao National Tourism Authority (LNTA) estimates a final 2004 total of 900,000 visitors, with the likelihood of crossing the one-million mark in 2005 looking increasingly within reach.

Lao PDR is focusing on developing into a land-bridge linking the countries in Southeast Asia and China. This has meant considerable investment in infrastructure and communications networks to facilitate the movement of goods, services and people. Three international airports in Vientiane, Luang Prabang and Pakse have been upgraded to boost air links with neighbouring countries.

At the same time, the country is developing the economic growth triangles of Lao-Vietnam-Cambodia and Lao-Thai-Cambodia, as well as the Lao-Thai-Myanmar-China Quadrangle to promote socio-economic development, especially in trade and tourism.

The government has also streamlined arrivals procedures. Entry visas can be obtained upon payment of US\$30 at 14 international border checkpoints, with more expected in the near future. With the ratification of the ASEAN Tourism Agreement, visa exemptions will be extended in phases to citizens of all ASEAN member countries and target markets.

Lao PDR boasts two UNESCO World Heritage Sites – the 14th-century city of Luang Prabang and the 5th-century Wat Phou Champassak, including the ancient city of Sethapura. It has also applied to include a third site, the 3,000-year-old Plain of Jars in Xieng Khoung Province, by 2006.

A key priority is to take advantage of its massive forest cover and 20 pristine national parks to develop eco-tourism, which is regarded as a promising green alternative to smokestack industries. The Nam Ha Ecotourism Project in Luang Nam Tha province is well established and has become a model for community participation in the tourism sector.

Since the early 1990s, the number of hotel rooms has increased from 1,900 to 12,000, and the number of tour companies has grown from a single state-owned company to 62 private companies, creating jobs for about 20,000. The government has also formulated an open-door policy to carry out more joint ventures with foreign partners in the tourism

business, aiming to increase arrivals and promote higher tourist spending.

To ensure adequate manpower, the LNTA has trained more than 3,422 providers and managers. However, acknowledging that it must continue to streamline and improve, the LNTA is establishing a training centre at LNTA and a faculty of tourism and hospitality at Lao University.

MYANMAR

Visitor arrivals through international gateways (Yangon, Mandalay and Bagan) totalled 241,938 in 2004 and 414,972 through border checkpoints along the Myanmar-Thailand and Myanmar-China (PRC) borders. That raised total arrivals for the year to 656,910, up 10% over 2003. The target for 2005 is 750,000 arrivals.

Table 4: Tourist Arrivals to Myanmar, 2003 and 2004

Entry Point	2003	2004
International Airport (Yangon)	198,435	236,370
International Airports (Mandalay & Bagan)	7,175	5,568
Border Checkpoints along the Myanmar- Thailand and Myanmar-China (PRC) borders	391,405	414,972
TOTAL	597,015	656,910

Asia is by far the largest generating market, led by Thailand, Chinese Taipei, Japan, China (PRC), Malaysia, Singapore and Korea (ROK). Germany is the leading generator of arrivals from Europe, followed by France, Italy, United Kingdom, Austria and Spain.

Of the 11 airlines flying to Yangon, the three major ones are the national flagship carrier, Myanmar Airways International (MAI), as well as Thai Airways International and Silk Air. Bangkok is the major international gateway, with an average of six flights a day to Yangon. In January 2005, Qatar Airways became the first Middle Eastern airline to operate four weekly services between Doha and Yangon, giving a major boost to arrivals from Europe as well as the large expatriate population in the Middle East.

MAI has recently launched direct flights to New Delhi and Hong Kong SAR. In addition to the international airports of

Vietnam have realised the role that tourism can play as a driver for job creation and foreign exchange earnings

Table 2: Growth in Number of Rooms in Vietnam, 1992-2004

Year	Number of rooms
1992	13,050
1993	16,840
1994	21,050
1995	26,000
1996	31,200
2000	55,760
2002	74,700
Apr. 2004	85,381

Source: Vietnam National Administration of Tourism

CAMBODIA

Renowned for the World Heritage Site of Angkor Wat, Cambodia celebrated a major milestone in 2004 when arrivals crossed one million. International arrivals by all mean of transport hit 1,055,202 – up 50.53% over 2003. The main markets were Korea (12.17% of the total), Japan (11.20%), USA (9%), United Kingdom (6.08%), France (5.50%), Thailand (5.22%), Chinese Taipei (5.03%), and China (PRC) (4.39%).

Facilitation and accessibility has been key to this growth. For many years, Cambodia has granted visas on arrival (upon payment of a nominal fee of US\$20) to citizens of nearly every country in the world.

The rise in tourist arrivals corresponds with a major boom in tourist facilities and services such as hotels, restaurants, travel agencies, resorts, transportation services and guides. In 2004, Cambodia had 296 hotels with 14,271 rooms, as follows:

Table 3: Hotel Rooms in Cambodia, 2004

Area	No. of Hotels	No. of Rooms
Phnom Penh	125	6,645
Siem Reap	68	4,312
Sihanoukville	44	1,518
Other Provinces	59	1,796

Cambodia is working closely with the other GMS countries to open more international border checkpoints (road and water)

and has ratified the ASEAN Tourism Agreement, paving the way for visa exemption privileges to be granted to ASEAN citizens this year.

In addition, approval has also been granted for citizens of neighbouring countries like Thailand to cross over some of the border checkpoints using only a border pass. Tourism cooperation is also being undertaken with Thailand, Lao PDR and Vietnam under various 'growth triangle' development schemes.

One key target market is India, from which arrivals in 2004 totalled 6,597, up 25.6% over 2003. In 2004, the India-ASEAN Car Rally, comprising 246 participants and 60 vehicles, criss-crossed Cambodia, December 4-7, 2004 to highlight the potential for trade, tourism, and intercultural contact. Cambodia sees a particularly rich market from India, particularly religious and pilgrimage traffic visiting Angkor Wat.

Looking forward, Cambodian tourism authorities have identified a tourism development strategy focusing on four priority areas:

- Phnom Penh and surrounding areas, including Mekong and Tonle Sap rivers
- Cultural and historical tourist sites: Siem Reap, Kompong Kdie Bridge, Banteay Meanchey, Odor Meanchey, Preah Vihear, Koh Ker Temple, Beng Meale Temple and Koulen Mountain (origin of the stones used to build the Angkor Wat complex) and Kampong Thom provinces
- Coastal zone: Kep City, Kampot Province, Preah Sihanoukville and Koh Kong province
- Northeastern eco-tourism: Stung Treng, Rattanakiri, Mondulkiri and Kratie provinces.

This strategy is designed to allow development of tourism in a balanced way and to prevent over-congestion at many of the popular spots such as Angkor.

LAO PDR

Visitor arrivals to Lao PDR have increased from about 14,400 in 1990, when the country first began its reform and open-door policy, to 735,660 in 2002, when tourism generated US\$113.8 million in foreign exchange, becoming the top income-earner.

In 2003, arrivals fell by 13% to 636,000 due to SARS and the war in Iraq. In 2004, arrivals during January-November

Yangon, Mandalay and Bagan, the airports at Heho, Tachileik, Myeik, Kawthaung and Myitkyina have been upgraded to receive foreign airlines. On the domestic side, a fourth airline, Air Bagan, has begun operations in addition to Myanmar Airways, Air Mandalay and Yangon Airways, thus providing sufficient service to key tourist destinations.

In 2004, a total of 55 charters carrying 4,810 passengers from Italy, Thailand and Malaysia landed at Yangon and Mandalay international airports, and six cruise ships with 1,758 passengers from the United States, France, Britain and Germany called at Yangon Thilawa and Nanthida ports. During 2004, there were 1,679 yachting tours on the Myeik Archipelago.

In January 2004, an electronic visa system was launched. Visas valid for a period of 28 days can be applied for online at www.visa.gov.mm. Visas on arrival are granted to package tours, chartered flights and cruise liners by prior arrangement if the necessary applications have been made in advance to the appropriate ministry. The visa fee is US\$20.

As of 2004, there were 596 licensed hotels, motels and inns with a total room count of 18,317. Of these properties, 27 involve foreign equity. The 686 licensed travel and tour agencies include one wholly foreign-owned company and 18 joint ventures. A total of 6,250 licensed tour guides have language skills in English, Japanese, French, Chinese, German, Thai, Italian, Russian, Korean and Spanish.

To attract investment, Myanmar is considering promoting its beach resorts in the Myeik archipelago, and theme parks in Thanlyin and Yangon. The Myeik archipelago is accessible overland from the border in Ranong Province in Thailand, opening up the possibility of another gateway. Myanmar is also looking at establishing a new tourism training institute in Yangon.

Tourism will get a major boost when Myanmar hosts its first ASEAN Tourism Forum from January 13-21, 2006 in Yangon, expected to attract over 1,600 delegates. This will be followed by the ASEAN leader's summit in November 2006. Significant upgrades in both policies and products are expected to precede and follow these two events, one of which is an extension and improvement of Yangon International Airport.

CONCLUSION

The GMS constitutes a primary example of countries that have transcended huge economic, political, social and cultural disparities in order to attain real synergy for tourism development. Although internal disputes and conflicts still exist, maintaining

the focus on the common good has been a priority and driving force behind their marked improvement.

The future is bright. The Asian Development Bank is continuing to fund critical infrastructure developments such as airports, seaports and highways. The United Nations is providing software support that includes forging the necessary cross-border agreements to facilitate the transfer of goods and people. PATA is providing marketing support. New products are emerging, such as the Buddhist circuit, which will open up new opportunities to link the GMS countries with neighbouring giants India and China (PRC).

There is clearly no shortage of demand, which means that generating numbers will not be a problem. The critical issue, as always, will be to manage this growth in a sustainable way. Many of the GMS countries say publicly that they do not want to 'repeat the mistakes' of other more advanced tourism countries.

If the focus of the first 10 years of growth has been on generating visitor arrivals, clearly the focus of the second 10 years and beyond has to be on ensuring that those rising numbers do not negatively impact the culture and environment. If quantitative success is now assured, the GMS countries must shift their focus towards avoiding qualitative failure.



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