

CHAPTER 10 TOURISM AND HOSPITALITY

OVERVIEW

The Vietnamese tourism industry has shown signs of marked improvement. In the first nine months of 2023, Vietnam received 8.9 million international travellers, exceeding the goal of 8 million set back at the beginning of this year and recovering 69 per cent of international arrivals in 2019. The Ministry of Culture, Sports and Tourism plans to increase the target by 56 per cent since at least 1.2 million visitors are expected to arrive each month for the remainder of the year, raising the target to 13 million for 2023.¹

This recovery is attributed to strong tourism demand after the end of the COVID-19 pandemic, provincial programs to boost tourism and the congratulatory adjustments of the visa policies. EuroCham is committed to supporting Vietnam through our continuous collaboration with provincial authorities by providing international experience and expertise, such as our strong connection with the Ho Chi Minh Department of Tourism and our recent discussion with the Binh Thuan Department of Culture, Sports and Tourism.

There are critical issues to be addressed in the Vietnamese tourism industry, for Vietnam to be positioned competitively in ASEAN, and to develop tourism into a resilient and sustainable key economic sector. We believe the recommendations presented below are pertinent and their early implementation will lead to sustainable tourism development in Vietnam.

I. ENTRY VISA POLICIES & ADMINISTRATIVE PROCEDURES

Relevant authorities: Ministry of Foreign Affairs (MOFA), Ministry of Public Security (MPS), and the Immigration Department of MPS

Issue Description

Since 15 August 2023, a number of new regulations on immigration management took effect: (1) Implementing the issuance of electronic visas for citizens of all countries and regions territory; (2) The electronic visa duration is increased from no more than 30 days to no more than 90 days and is valid for 1 time or multiple times; (3) The temporary residence period for citizens of 13 countries that are unilaterally exempted from visas by Vietnam has been extended to 45 days.

These are ground-breaking policies, affirming that the Vietnamese Government continues to implement the open-door policy for foreigners coming to Vietnam, creating favourable conditions in terms of visas, entry and exit, especially for foreigners who come to Vietnam for the purpose of working, investing, market exploration and tourism. This provides opportunities for middle – and high-end customers in Europe, including retirees with long-term travel needs, to spend more time experiencing in-depth Vietnamese culture and exploring the landscape. Visa extension will also open the door for a wide range of tourists, especially digital nomads and long-term visitors as it offers flexibility for remote working conditions, together with Vietnam's affordable living costs and vibrant cities.²

While the visa policy does support attracting more foreign tourists, their journeys start not from their presence in Vietnam, but from the visa application and immigration procedures. As such, the administrative procedures, especially the e-visa portal, should be timely updated and upgraded to meet the increasing visa applications and improve user satisfaction. This also applies to immigration procedures, especially in Hanoi and Ho Chi Minh City, where visitors often have to wait for hours to complete entry procedures. EuroCham has been advocating for the

¹ "Government eyes raising tourist arrival target to 13 million", VnExpress, 3 October 2023. Available at: <<https://e.vnexpress.net/news/travel/government-eyes-raising-tourist-arrival-target-to-13-million-4660166.html>>, last accessed on 28 October 2023.

² "Vietnam's free visa extension a boon for inbound recovery", *TTG Asia*, dated 6 October 2023. Available at: <<https://www.ttgasia.com/2023/10/06/vietnams-free-visa-extension-a-boon-for-inbound-recovery/>>, last accessed on 21 November 2023.

introduction of special lines to reduce the workload, such as having business lines and lines for handicapped, seniors beyond 70 and families with infants.

Recommendations

We would like to make the following recommendations:

- Expand the list of visa-exempt countries to all EU countries;
- Provide short-stay visa exemption in certain situations, in particular in support of forums, exhibitions, and sporting events;
- Ensure consistency between the Vietnamese and English versions of the e-visa portal; and
- Create specific lines for business class and handicapped, seniors beyond 70 and families with infants.

II. DESTINATION MARKETING

Relevant authorities: Ministry of Culture, Sports, and Tourism (MCST), Vietnam National Administration of Tourism (VNAT), Ministry of Education and Training (MOET)

Issue Description

The importance of provincial cooperation

Currently, each province and city promote their attractions in a different way with limited collaboration with other areas, which makes it hard to appeal to foreigners when Vietnam does not have a common message or strategy to promote Vietnam as a whole. Furthermore, Vietnam tourism promotion is still limited abroad. We highly appreciate initiatives like the “Vietnam Pho Festival” in Japan on 7 October 2023 – it’s a great example how Vietnam’s unique trait could attract more foreign tourists. We suggest that Vietnam use the same format to promote its unique handicrafts, landscapes, fruits and other attractions at festivals or fairs overseas, and in such events, airlines, tour companies and local carriers can offer their exclusive packages to Vietnam for visitors.

We believe that collaboration between provinces is of utmost importance in destination marketing, as most destination management issues in Vietnam need to be addressed at the provincial level. EuroCham highly supports forums such as the Linkages Conferences, aiming to connect the various regions and provinces in Vietnam with the major outbound hubs of Hanoi and Ho Chi Minh City. With the increasingly developed transportation system, travelling between provinces is becoming more and more convenient, creating opportunities for inter-provincial tourism. Phan Thiet, for example, is now only a two-hour trip from Ho Chi Minh City and is a great choice for a weekend get-a-way for local tourists or can be easily included in a trip of foreign businessmen, thus, a tight cooperation between Phan Thiet and Ho Chi Minh Department of Tourism, together with support from the private sector, would create more inter-provincial tours and promote tourism activities in both areas.³

Hospitality towards foreigners

With the aim of Vietnam improving its low rate as a recurring tourist destination, it is very important to achieve maximum satisfaction from tourists when they visit the country, so that they become disseminators of the experience among their family and friends, but at the same time that they preserve the memory of the pleasant time that they experienced during their trip, and especially of the hospitality and cordiality received by the population.

When the levels of return to visit Vietnam for the second or successive times are not significant, it shows that the positive experience that tourists receive when they interact with the population should be increased.

³ We also discussed this initiative with the Binh Thuan Department of Culture, Sports and Tourism in our visit back in August 2023, and received positive feedback from the province.

Cinema as a marketing tool

We congratulate the initiative of having the “International Conference on Investment Promotion for the Development of Tourism Brand through Cinema 2023” in June 2023. Vietnam is a country that possesses many beautiful natural landscapes, rich in history - culture, and is an ideal destination for domestic and international filmmakers.

According to the Ministry of Culture, Sports and Tourism, over the past time, the world’s major movie channels have chosen to feature a lot of Vietnamese films, which is the best way to spread the images of tourist destinations in the country. International crews also chose Vietnam as a filming location,⁴ and these destinations have become indispensable stops on the journey to explore Vietnam by international tourists. However, there is currently no mechanism to encourage global movie productions to film in Vietnam.

Since 2018, Thailand has a scheme to encourage foreign production tax rebates, and the country has recently approved a new scheme, raising the basic tier of rebate to 20 per cent while the bonus is doubled to 10 per cent, making a potential total subsidy of 30 per cent of the production spend in Thailand. The maximum rebate allowed also rises to THB150 million (4.50 million US dollars). Foreign actors also receive the waiver of personal income tax for five years.⁵ This is a great approach that Vietnam could consider to attract both international film crews to nurture a stronger combination of cinema and Vietnam tourism, and to join the competition as a competitive filming location in Southeast Asia.⁶

Explore new tourism markets

Vietnam is a potential country to develop Halal tourism, with many attractive, rich and diverse destinations. Vietnam also has a Muslim community of about 80,000 people, mainly concentrated in the South and Central Highlands.⁷ Statistics from the Vietnam National Authority of Tourism (VNAT) under the Ministry of Culture, Sports and Tourism show that the number of tourists from Muslim countries visiting Vietnam has increased remarkably in recent years, especially travellers from India (up 240 per cent in September this year). While Muslim tourism arrivals from Southeast Asian nations such as Singapore and Indonesia have also sharply risen, businesses should also focus on the Middle East region, which is known for affluent tourists who are willing to spend on high-end services.⁸ However, Vietnam still faces many difficulties and challenges in exploiting this market, such as lack of information, understanding and awareness of Islamic culture; lack of Halal certification for products and services; lack of cooperation and association with Halal organizations and businesses; lack of strategies and policies to promote Halal tourism. Therefore, Vietnam needs specific solutions to overcome these limitations and take advantage of opportunities from the Halal tourism market.

Recommendations

We would like to recommend as follows:

- Create specific advertising campaigns aimed at business owners and their employees who normally interact with tourists, such as local shops, local restaurants, public transportation, so that they understand the value of tourism in Vietnam, the meaning of cordiality, smile and the affectionate attention to tourists;
- Create educational campaigns in schools and universities, where the values of friendship, cordiality and hospitality are disseminated as icons of Vietnam, explaining to students that helping a tourist has the value of showing the world that Vietnam is a hospitable country, pleasant and welcoming to those who want to know the country, its customs and unique cultural identities;

4 Sa Dec town (Dong Thap), Ha Long Bay (Quang Ninh), Hoi An ancient town (Quang Nam), Notre Dame Cathedral (Ho Chi Minh City), made a strong impression on tourists through famous films such as “Lover” (L’Amant), and “The Quiet American”.

5 Michael Rosser, “Thailand boosts film production incentive to 30% to remain competitive”, *Screendaily*, 9 February 2023. Available at: <<https://www.screendaily.com/news/thailand-boosts-film-production-incentive-to-30-to-remain-competitive/5178964/article>>, last accessed on 21 November 2023.

6 “Movies as a tool of Vietnamese tourism marketing”, *Vietnam Plus*, 2 June 2023. Available at: <<https://en.vietnamplus.vn/movies-as-a-tool-of-vietnamese-tourism-marketing/256220.vnp>>, last accessed on 21 November 2023.

7 “Explore the Halal tourism market in Vietnam”, *Vietnam.vn*, 25 August 2023. Available at: <<https://www.vietnam.vn/en/khai-pha-thi-truong-du-lich-halal-tai-viet-nam/>>, last accessed on 21 November 2023.

8 “Halal tourism ‘gold mine’ for Vietnam to tap into”, *VnExpress International*, 16 October 2023. Available at: <<https://e.vnexpress.net/news/travel/halal-tourism-gold-mine-for-vietnam-to-tap-into-4665191.html>>, last accessed on 21 November 2023.

- Foster provincial collaboration for tourism opportunities;
- Simplify licensing procedures, incentives for film crews to borrow loans with low-interest rates, modern facilities, and preferential policies in support of locations and accommodation;
- Create tax initiatives for international movie productions and actors; and
- Build prayer places in public areas, restaurants, hotels, and entertainment spots; provide Muslim-friendly food and drinks with certification stamps.

III. RETIREMENT AND MEDICAL TOURISM

Relevant authorities: Ministry of Education and Training (MOET), Vietnam National Administration of Tourism (VNAT), Ministry of Health (MOH)

Issue Description

“Retirement tourism,” also known as “senior tourism” or “retiree tourism,” refers to attracting retirees from other countries to spend their retirement years in a new destination. Southeast Asia has become an attractive destination for global retirees due to its tropical climate and affordable living expenses. Vietnam ranks 40th best country in the world for foreigners to enjoy their “comfortable retirement,” behind neighbours such as Thailand (18th), the Philippines (27th), and Singapore (29th), among the 5 countries that provide visas specifically for global retirees.⁹

Together with that, retirees often require healthcare services, so an ideal place for this group is a country that can accommodate their medical needs. They form a great category in the “medical tourism” sector.

Over the past few decades, new patterns of healthcare service production and consumption have emerged as a result of the expansion of international trade in medical technology, capital funding, and regulatory frameworks. The movement of patients across borders in search of health care and medical treatment - a practice known as “medical tourism” - has become a significant new component of the expanding healthcare industry. Patients from wealthier, more developed countries are increasingly travelling to less developed ones to receive medical care.¹⁰ Many ASEAN countries have issued medical visas, such as Singapore, Malaysia and Thailand.

The Ho Chi Minh City Department of Tourism stated that there has been a consistent and notable increase in the number of tourists seeking medical services in Vietnam with medical tourism estimated to generate 2 billion US dollars annually.¹¹ Vietnam currently attracts an average of 300,000 foreign visitors each year for medical examination and treatment, with Ho Chi Minh City the preferred destination for 40 per cent of these medical tourists.¹² In 2023, Ho Chi Minh City collaborated with travel agencies and medical institutions to build more than 30 medical tourism products, ready to be introduced to different markets.

Potential gains/concerns for Vietnam

Implementing retirement and medical tourism will bring many advantages to Vietnam, including but not limited to:

- Economic growth: retirees often have stable pensions and savings, allowing them to spend on living expenses, medical services and leisure activities. Similarly, foreign patients coming to Vietnam will need

9 “Southeast Asian countries with retirement visas for foreigners”, *VnExpress*, 22 July 2023. Available at: <<https://e.vnexpress.net/news/travel/5-southeast-asian-countries-with-retirement-visas-for-foreigners-4631860.html>>, last accessed on 21 November 2023.

10 Medical Tourism: Treatments, Markets and Health System Implications: A scoping review. Available at < <https://www.oecd.org/els/health-systems/48723982.pdf>>, last accessed on 21 November 2023.

11 “HCM City: Building 30 medical tourism products to be introduced to citizens and tourists in 2023”, *Ho Chi Minh City Party*, 13 June 2023. Available at: <<https://www.hcmcpv.org.vn/tin-tuc/tpbcm-xay-dung-30-san-pham-du-lich-y-te-gioi-thieu-den-nguoi-dan-va-du-khach-trong-nam-2023-1491909796>>, last accessed on 21 November 2023.

12 “Receiving 300 thousand foreign tourists for medical tourism every year, Vietnam gains 2 billion USD”, *Vietnam Finance*, 16 June 2023. Available at: <<https://vietnamfinance.vn/moi-nam-don-300-nghin-khach-ngoai-den-chua-benh-viet-nam-thu-ve-2-ty-usd-20180504224285495.htm>>, last accessed on 21 November 2023.

to spend a long time for medical treatments, which requires accommodations, transportation, and other services. This influx of foreign currency can stimulate local businesses and create job opportunities;

- › Extended Tourism Seasons: Retirement tourists may choose to stay for extended periods, and patients coming regardless of the tourism seasons, can help balance seasonal tourism demand, leading to more stable year-round economic benefits; and
- › Business development and job creation: the influx of foreign retirees and patients fosters the growth of related industries and leads to a growth in demand for jobs in various sectors. These include hospitality, real estate, pharmaceutical, and may more.

Recommendations

We would like to recommend as follows:

- › Provide medical visa and visa specifically for global retirees;
- › Enhance collaboration between travel agencies, hotels, hospitals to build medical tourism products;
- › Advertise Vietnam as a destination for retirement and medical tourism in both domestic and international channels; and
- › Provide training for relevant stakeholders to meet international standards.

IV. LONG-TERM PROSPECTS AND SUSTAINABILITY EFFORTS

Relevant authorities: Ministry of Natural Resources and Environment (MONRE), Ministry of Culture, Sports, and Tourism (MCST), Ministry of Education and Training (MOET), Vietnam National Administration of Tourism (VNAT)

Issue Description

The traveller's mindset is changing, and sustainable travel is becoming more and more popular as people look to reduce the negative environmental effects of tourism (or over-tourism, in some situations). Vietnam's tourism is mainly based on available natural and cultural resources, so ensuring its green development and responsibility to the environment and society is the only way for the sector to grow and become a national spearhead economic sector.

The Sustainable Travel Report 2023 of Booking.com, with 33,228 respondents across 35 countries and territories, shows that Vietnam is among the top 4 countries that confirm travelling more sustainably is important and 83 per cent of Vietnamese tourists want to have a regenerative approach to travel and search for vacations with maximum positive impact¹³. This mindset is also shared by international tourists. The Eurobarometer survey on Attitudes of Europeans towards tourism shows that a large majority of EU citizens (82 per cent) are prepared to change some of their habits to support more sustainable tourism, for example, by consuming local products (55 per cent), choosing ecological means of transport (36 per cent) or by paying more to protect the natural environment (35 per cent) or to benefit the local community (33 per cent).

Potential gains/concerns for Vietnam

The Strategy for Viet Nam's tourism development until 2020, vision to 2030 emphasizes: developing cultural tourism, linking tourism development with preserving and promoting heritage values and identity, native culture; Identifying cultural tourism as one of the important product lines of Vietnamese tourism; Striving that by 2030 cultural tourism accounts for about 30 per cent of the total revenue of about 130 billion US dollars from tourists.¹⁴

¹³ Sustainable Travel Report 2023, Booking.com. Available at: <<https://globalnews.booking.com/download/31767dc7-3d6a-4108-9900-ab5d11e0a808/booking.com-sustainable-travel-report2023.pdf>>, last accessed on 21 November 2023.

¹⁴ "97% Vietnamese tourists want more sustainable tourism", *VnEconomy*, 24 April 2023. Available at: <<https://vneconomy.vn/97du-khach-viet-muon-di-du-lich-ben-vung-hon.htm>>, last accessed on 21 November 2023.

However, many cultural heritage values are now over-commercialized, reducing traditional cultural values due to over-development and mass tourism.

The trend of sustainable tourism development in Vietnam is currently more focused, as evidenced by the fact that businesses organize tourism development around the principle that it must be accompanied by profits for the community, raising environmental protection awareness, and balancing tourism development and nature conservation.

Sustainable tourism helps economic growth by providing local communities and governments with steady and equitable income. Simply leveraging the cultural peculiarities of a place is an example of a sustainable tourism model in Vietnam; local people in the area can have more income and improve their lives by having tourists visit, use tourism services, and buy products typical of the region and the region.

Recommendations

We would like to make the following recommendations:

- Put a nationally coordinated action plan in place to keep beaches, cities, and cultural heritage sites clean;
- Establish effective recycling campaigns to reduce plastic that ends up in the environment and be consistent in fining those that don't abide by the law;
- Create a national plan to remove single-use plastic entirely from hotels, travel companies, airlines, and hospitality service providers;
- Prioritise sustainable, diverse developments over large-scale projects often focusing on the condotel second-home market only;
- Ensure a more systematic approach to sustainable development in tourism by promoting incentives for responsible commitments and actions taken by stakeholders;
- Support local people through training and economic empowerment;
- Strengthen the capacities of local non-profit organisations and create a framework for 'voluntourism' activities;
- Spread useful tips to tourists including information on sensitive social issues;
- Encourage experiences enabling travellers to interact with local people in meaningful ways and allowing the development of community-based tourism initiatives; and
- Strengthen the capacity of stakeholders involved in responsible tourism and support initiatives led by and for locals, to develop income-generating activities as a by-product of tourism.

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