

# TOURISM DEVELOPMENT AND INVESTMENT IN TRANSPORT BUSINESS

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**A**t present, the living standard in many countries, both developed and developing ones, is improved considerably while environmental pollution becomes more serious. This situation makes need for travelling more urgent. Tourism becomes a global problem and it is considered by many experts as an indicator of the quality of life.

According to the World Tourism Organization (WTO), 625.2 million persons engaged in international travel in 1998 spending some US\$444.7 billion. These figures are estimated at 650 million persons and US\$460 billion respectively. An ICAO (International Civil Aviation Organization) report said that there were 2.67 billion passengers travel-

## 1. Development of tourism and transport businesses in Vietnam

The transport business certainly has its role in the economic development. In the past, the Government has made appropriate investments in this business and achieved good results to a certain extent. However, this business isn't up to international standard. The present communication network doesn't match up with the socio-economic development. All facilities are obsolete. Upgrading airports, harbors and road network is still facing many difficulties because of a lack of funds. Such simple work as maintenance of roads is still a problem. Some major works alone, such as upgrading the North - South Railway, three existing airports and

cations is so small that they could only help districts and villages have basic communications with the national networks. Communications leading to tourism resorts are even scarcer and they have never been given top priority. Thus, investment in communications is an important matter that could affect greatly other industries, including the tourism one.

Under the centrally-planned mechanism, the tourism industry, including both international and domestic travel, didn't develop. When the economic reform was started, some achievements were obtained and personal income improved, the tourism industry saw chances to develop. Since the Tourism Year 1990,



ling by air in 1999 (80% of them were tourists) and this amount is expected to rise to 2.87 billion in 2000. Thus, the air transport business serves an enormous amount of tourists every year. This means that a well-developed transport business could serve as infrastructure for the tourism industry and help create tourism products of high quality.

some harbors needed for transporting from 10 to 12 million passengers in 2000, require a fund of some billion dollars.

Although the Government has made plans to spend some 25% of the public investment on communications, this source of finance could only cover expenses on road repair and upgrade, especially roads in big cities and roads connecting populous areas. Investment in rural communi-

the amount of foreign tourists to Vietnam has increased by some 60% a year on average. In 1998, this amount fell to 1.52 million, decreasing by 11.4% in comparison with 1997. In addition, the domestic travel also developed steadily. In 1998, in spite of the Asian financial crisis, the amount of local tourists reached 9.6 million, the highest level ever seen, rising by 12.9% in comparison with 1997.





Tourism facilities in recent years have been improved considerably in both big cities and provinces. Some 6,000 means of transport supplied by 104 international travel agencies and around 300 domestic travel ones have helped improve the transport service and made it meet tourists' demand.

The tourism industry has created thousands of jobs in tourism agencies and other services. In 1998, road and waterway transport earned some VND6,400 billion and paid VND580 billion to the general treasury. This is a remarkable achievement.

In spite of many efforts by the Government, not all local governments and authorities realized relations between different industries with the result that development projects were carried out separately by each province or industry without coordination between them or a master plan for all industries. In certain cases, the development of this industry or province causes harm to others. For example, the tourism industry and air transport service failed to work out a common strategy and direction, and as a result, they took contrary actions and damaged the economic development process. The tourism industry tried its best to market tourism products and attract foreign tourists but the air transport service sold tickets at high prices and overcharged tourists for airport fees or the Customs kept on causing a lot of troubles for tourists. It's worth noting that the development of tourism industry affects many other industries but it's the air transport service that gives the first impression on tourists. Statistics show that

80% of foreign tourists come to Vietnam by air every year.

## 2. Some suggestions

As we know, the development of the transport service all over the world has caused favorable effects on the socio-economic and helped the tourism industry develop quicker. Besides the transport service, the tourism industry also needs many other services: accommodation, excursion, entertainment, health care, etc., but the transport service is the most important which full attention should be paid to. In an effort to enhance the image of Vietnam's tourism industry in the next century, we want to present here some suggestions.

- There should be a well-coordinated plan to develop both the transport service and tourism industry. Priority should be given to projects to develop communications in zones with potentials for tourism industry with a view to making it a key industry of the zone. Part of tourist receipts will be invested in communications projects in other zones.

- Main targets of communications projects are: building road networks leading to tourist resorts; building the north-south express railroad with feeder lines leading to areas with potentials for tourism; restoring local airports; and building new international seaports and airports. To secure capital for these projects, the government can persuade local and foreign investors by offering preferential treatment, especially tax incentives.

- Another measure is to modernize all means of transport. Statistics show that the air transport service

has taken care of the majority of tourists all over the world and it is followed by ship and railroad transport. However, after coming into a country or a province, tourist usually use the most convenient means of transport that is available and suitable to local conditions, therefore providing them with convenient and comfortable means of transport is a must in an effort to develop the tourism industry. The year 2001 is named the ASEAN Tourism Year with projects to develop this industry in countries along the Mekong. The availability of modern and safe transport services is a factor that could persuade foreign tourists and tourism agencies to take tours to Vietnam. This factor also helps Vietnam integrate into the tourism industry of the ASEAN region.

- Measures to ensure traffic safety should be taken, especially the task of educating drivers in sense of responsibility. All violations of traffic rules should be punished severely. It's necessary to ensure safe and comfortable traffic for passengers and tourists coming to Vietnam.

- Stipulation of close relations between the air transport service and tourism industry: the government should introduce amendments to the Ordinance on Tourism Industry with a view to establishing close relations between those two industries. The Government could form a Department of Tourism and Civil Aviation, as in many developed countries, in order to help those industries develop in harmony and leave foreign tourists with a good impression of Vietnamese people and country.