

Recovering Vietnam Tourism Industry After The Covid-19 Pandemic And A Vision To 2030

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Abstract: The COVID-19 pandemic has comprehensively and deeply affected all countries in the world. The global economy fell into a severe recession. Vietnam's tourism industry has a large openness, extensive international integration, has been affected by the COVID-19 pandemic, greatly affecting all stages in the "value chain" of the industry. Without the Covid-19, the tourism industry in Vietnam would basically become a leading economic sector, creating a driving force to promote socio-economic development is completely grounded. Currently, thanks to the drastic direction of the Government, efforts and determination of ministries, departments, branches and localities, Vietnam has succeeded in quickly controlling many outbreaks of the disease across the country. Therefore, it is necessary to focus on recovering and developing Vietnam's tourism industry after the COVID-19 pandemic with a vision to 2030.

Keywords: Covid-19 pandemic, tourism industry recovery, Vietnam, vision, development orientation to 2030.





1. The impact of the Covid-19 pandemic on Vietnam's tourism industry.

If the previous economic crises, most of the causes came from the problems of economic characteristics such as supply - demand imbalance causing overproduction in 1929-1933 or crisis in 2008 originated from the United State real estate bubble burst, the economic recession in 2020 caused by the Covid-19 pandemic is associated with factors related to human health.

If economic factors are within the limits of the policy makers' forecast, predicting the possibility of economic recovery after the current Covid-19 pandemic based on resources and the influence level of factors is "impossible"! Because the pandemic is characterized by its spread like wildfire, with high risks and there is no "solution" to effectively control its spread, social isolation and quarantine are the most essential measures before having effective vaccines.

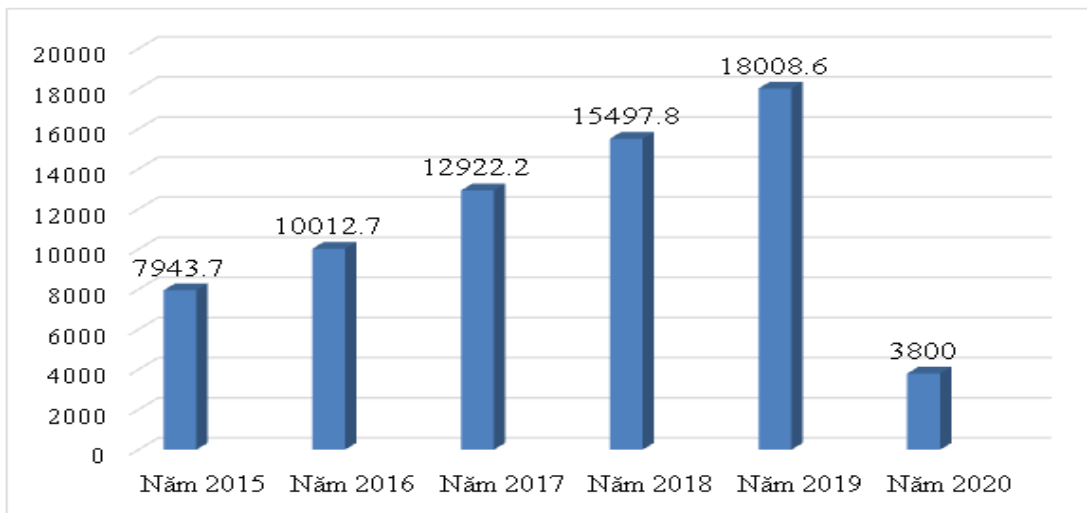
And clearly, the consequence of the current "closure" of the border is the cause of the complete "fracture" of the global supply chain in which the tourism service industry is considered to be a "vulnerable area" with the highest level of trade, at the same time being affected first and will be the last sector to recover from this great economic recession. Vietnam's tourism industry is also suffering from the above "consequences".

On the other hand, Vietnam has an economic openness of nearly 200% in the top of the world, so the number of international visitors has increased sharply over the years in the period 2015 - 2019 (figure 1), confidence in Resolution No. 08-NQ / TW dated January 16, 2017 of the Politburo sets a goal that by 2020, the tourism industry will basically become a spearhead economic sector, creating a driving force for socio-economic development was fully grounded if there was no Covid-19. In fact, according to statistics in 2020, the number of international tourists has decreased 79.5%, domestic tourists decreased 34%, total tourism revenue decreased 58.7%; Nearly 60% of the employees lose their jobs or cut down, the hotel room capacity is only 10-15%; Nearly 90% of international travel businesses closed compared to 2019¹. It can be seen that the Covid-19 pandemic has greatly affected all stages of the "value chain" of the tourism industry. Therefore, the target sets for 2020, Vietnam attracts 10-10.5 million international tourists, meets 48 million domestic tourists, revenue from tourism is 18-19 billion dollar, contributing 6.5-7% of GDP in 2020, is completely bankrupt because of the above impact.

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Figure 1: Number of international tourists to Vietnam in the period 2015 – 2020

Unit: thousand people

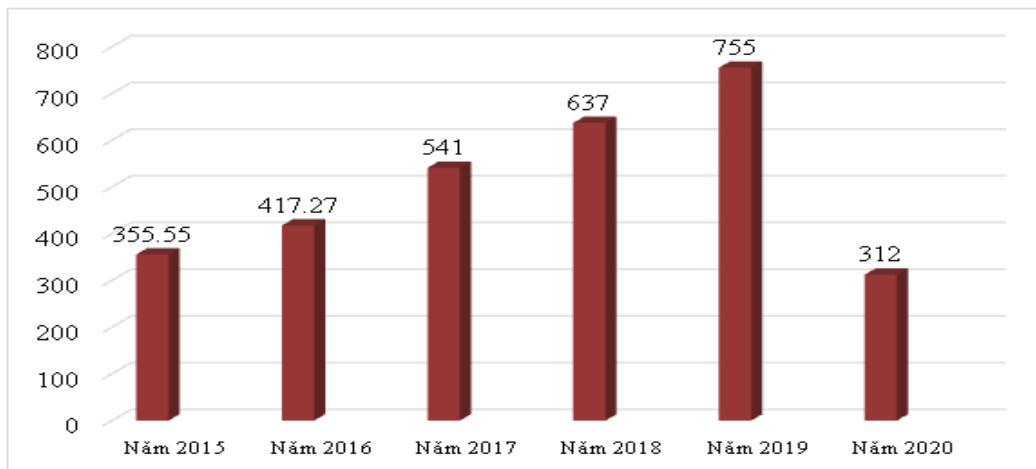


Source: General Statistics Office of Vietnam (2021)

In terms of supply and demand of the tourism market, the impact of the Covid-19 epidemic has an impact on both aspects: (1) For demand, the impact of the epidemic from both the perspective of tourist's concerns about safety as well as travel restriction policies of the departing and arriving countries. The epidemic also negatively affects economic development in general, reduces people's income, and leads to reduced ability to spend on tourism. This makes the tourism revenue of our country dramatically decline (figure 2).

Figure 2: Total revenue of Vietnam's tourism industry in the period of 2016 – 2020

Unit: trillion



Source: General Statistics Office of Vietnam (2021)

(2) Besides that, the application of a policy to limit or even suspend the tourism service business to deal with an epidemic during the the period of time has indirectly affected the tourism supply. With no tourists, no revenue, tourism businesses must quickly take measures such as staff cutbacks, marketing budgets, ... These lead to long-term impacts on businesses and tourism industry after the epidemic due to lack of labor, "fault" in the supply system, disruption of the distribution system ... the difficulties of this sector may "cross-contaminate" the financial sector, this is more worried. The bankruptcy of tourism

businesses and tourism services can create a debt crisis that is a premise for a breakdown in the financial system of our country without appropriate economic policies.

In fact, when the pandemic is under control and how long it will take to overcome its negative impacts on Vietnam's tourism industry completely depend on the evolution of the disease situation inside our country as well as outside. It is very difficult to predict before the strains of Covid-19 are becoming increasingly diverse and complex. The repositioning of the domestic tourism industry, identifying the fulcrum to maintain and recover the tourism industry in the future is quite necessary.

2. The fulcrum for Vietnam's tourism industry at the present.

First, Vietnam controls the epidemic well has created a "safe country" brand for the tourism industry.

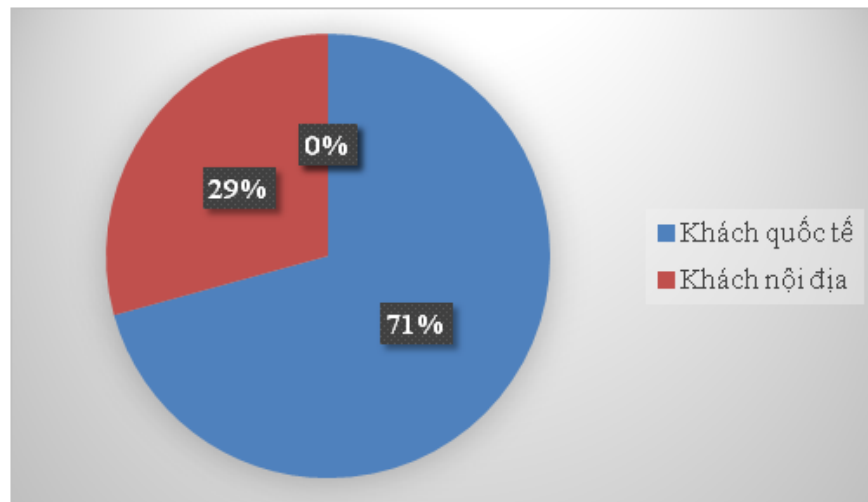
Thanks to the decisive direction of the Government, the efforts and determination of ministries, departments, branches and localities, Vietnam has succeeded in quickly controlling many outbreaks across the country. This is the premise for Vietnam's national brand to increase by 29%. Vietnam becomes the country with the strongest brand value increase in the world in 2020, opposing to the global downward trend due to the Covid-19 pandemic. The brand "safe country" enhances the image value; a safe, friendly and attractive destination- Vietnam that has been established in the hearts of international tourists for many years. This will be a strength, "leverage" for Vietnamese tourism when we reopen to welcome international visitors after the pandemic. This is not only of immediate significance but a long-term orientation, as "A blessing in disguise" when this is considered to be an opportunity to do marketing on Vietnam tourism on the world tourism map.

Second, based on the domestic tourism sector

In the past, our tourism strategy was more inclined to exploit the number of international tourists because the attraction of cultural differences and the average "pay" for tourism activities of this object is more than domestic tourists (figure 3). However, when the pandemic broke out, "the closed-door policy" between each countries was considered a quite big "shock" on the level of development of the tourism industry. The drop in tourists is accompanied by pressure on interest rates, costs, risks,... requiring tourism businesses, tourism localities to reevaluate and re-identify customers and the target tourism market to generate income, sustain the industry to survive through the Covid period. Therefore, in the general orientation for the recovery period from 2021 to 2023, Vietnam will focus on domestic tourism as the focus of exploitation. Besides that, the old products will be renewed, new tourism products will be developed to prepare to reopen step by step, come towards the complete restoration of international tourism in the context of "new normal".

According to the latest report of the World Tourism Organization (UNWTO), if the disease is controlled and the world eases travel restrictions by mid-2021, it will also take 2.5 to 4 years for the international tourism recovers equally to the level of 2019. Therefore, restructuring the target market, turing to focus on the near market and the domestic market is a common plan of many countries around the world in an effort to recover the tourism industry. In 2020, after the epidemic outbreaks were controlled, the Ministry of Culture, Sports and Tourism launched two stimulus waves for domestic tourism: "Vietnamese traveling to Vietnam" and "Vietnam Tourism - safe and attractive", has received strong responses and participation from localities, businesses, media agencies, and tourists throughout the country. In 2020, after the epidemic outbreaks were controlled, the Ministry of Culture, Sports and Tourism launched two stimulus waves for domestic tourism: "Vietnamese traveling to Vietnam" and "Vietnam Tourism - safe and attractive", has received strong responses and participation from localities, businesses, media agencies, and tourists throughout the country. As a result, the number of domestic tourists reached 56 million, bringing a revenue of about 312,200 billion VND; contribute to minimizing the negative impacts of the Covid-19 pandemic on the tourism industry. This also shows that the potential and demand for domestic travel of the Vietnamese people still can exploit (Vietnam National Administration of Tourism, 2021).

Figure 3. Average daily spending structure of international and domestic tourists to Vietnam in 2019



Source: Author calculated from the General Statistics Office, 2021

Third, the tourism industry always has the companionship, "disassembly" and support of the Government and localities.

As showed above, tourism is the industry that is impacted by pandemic in the longest time in comparison to other industries, and therefore, timely government's support is essential to revive the industry in future. It can be seen from the pass that, at the time of the outbreak of the pandemic, the Government has had timely support policies for businesses, including tourism businesses as well as workers in the industry in general through 2 policy packages is expansionary monetary and fiscal. Package 62,000 billion of social security support in which attention should be paid to those who are workers in the tourism industry through the pandemic; Tax deferred package for businesses including tourism businesses worth VND 185,000 billion or a 15% reduction in payable land rent in 2020, ... are signs showing the Government's companionship to the tourism industry. In the other hand, the best control of epidemics by the Government and localities, ensuring the brand "safe and friendly country" is the most important and long-term companion to revive the tourism industry of VietNam in the future, which is difficult for any government to do in the pandemic that is quite complicated at present.

3. Vision and orientation of Vietnam's tourism industry to 2030

It can be said that with the developments of the Covid-19 situation, it is difficult to give an exact time to fully open the domestic and international tourism industry. However, the urgent research and issuance of a "vaccine passport" is opening a new promise for the Vietnamese tourism industry. This shows a high adaptability, setting up a "new normal" state for the tourism industry in the our country. And once it's success, Vietnam will become one of the top destinations in the list of world's tourist countries.

In the view of UNWTO, although the Covid-19 pandemic causes heavy losses, but it is also an opportunity for the entire world tourism industry in general and Vietnam in particular to reassess, "restructure" and reselect priorities, thereby self-improvement, preparing for a "era of recovery" after the epidemic is under control. We need to take advantage of the opportunity, promote communication, promote and expand the tourism market, effectively implement the program "Vietnam safe tourism". Enhance promotion, promotion and development of new products to attract international tourists, especially tourists from regions not affected by epidemics, in the same time focusing on strong development of the tourism inside by exploiting tourism potential in all regions of the country.

Researching to grant free visa for international tourists to Vietnam is one of the necessary policy that the Government needs to study to consider creating a wider "margin" for development of domestic tourism in after the Covid-19 period. On the other hand, the tourism business has lost revenue during the peak season and may need more time to recover. The government should consider reducing profit tax and supporting interest rates so that businesses can have enough resources to recover when the pandemic passes.

In addition to the tourism stimulus programs, measures to ensure the prevention of epidemics "5K and vaccines" should be thoroughly and seriously implemented by localities, travel businesses, hotels, airlines ... Ensuring the security and safety of health for people in tourism establishments and destinations becomes a "dual mission" with the recovery of the tourism industry in the coming time. In addition, with the efforts of the Government to create a more favorable business environment, Vietnam will be a "dual address", not only for tourism, sightseeing but also be an attractive, friendly and safe investment destination.

The Government needs to orient and focus on developing tourism products with more "local character". At the same time, it is necessary to improve the service quality of exploited tourist sites, routes and spots. Exploiting distinct advantages to create unique tourism products, thereby forming attractive and highly competitive intra-regional and inter-regional tourist routes. We also need to promote tourism advertisement, promotion and association activities: enhancing the advertisement, promotion and creation of tourism products suitable for many segments of the tourism market; participate selectively in activities, events to promote tourism; researching and setting up a National Tourism Advertisement and Promotion Fund; Proposing to develop new tourism products such as agricultural tourism, healing-health tourism, spiritual tourism, investment tourism ... to diversify tourism products, combine tourism activities between different localities and regions so that tourism can really become a smooth activity with a higher level of competition./.

CONCLUSION

International cooperation has always been one of the priorities of tourism, with a focus on promoting integration, diversifying international cooperation and actively seeking opportunities and investment resources for tourism development. 2020 is the year that Vietnam's ASEAN Chair will bring a good opportunity for the tourism industry to coordinate with other sectors to promote comprehensive cooperation within ASEAN and expand relations with partner countries. This is also an opportunity for Vietnam Tourism in general and localities in particular to effectively promote the image of culture, nature and friendly people to international delegations, businesses and the press, creating an impression good image and contribute to the overall success of the Year of the President. The goal of Vietnam's tourism industry is to strive to be in the group of 3 leading countries in Southeast Asia and 50 countries with the world's leading tourism competitiveness (2025), aiming to be in the top 30 countries with high tourism competitiveness leading tourism competitiveness and 135 billion USD revenue from tourists by 2030. With the promotion and implementation of many stimulus packages with domestic and international visitors, introducing safe destinations and well controlling the Covid-19 epidemic to maintain the trust of tourists. Vietnam's tourism industry may take up to two years or longer to fully recover, but clearly, there are many grounds for optimism about the spectacular progress of Vietnam's smokeless industry in the future.

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