

The Role of Political Transition in Tourism Development: The Example of Vietnam



by

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Declaration

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Summary

With the 1986 declaration of the *doi moi* programme of economic reforms, the Vietnamese government instituted a process of transition in the country, with the aim of transforming the Vietnamese economy from a centrally planned communist model to a free market economy within a socialist political culture. These changes have accompanied and encouraged a gradual opening-up of Vietnam to the international tourism market, which has brought a large new source of both income and foreign influence to Vietnam.

This study seeks to chart changes in Vietnam's tourism sector since the beginning of *doi moi*, and to relate these transformations with changes in the political culture in the country. The study focuses particularly upon the ways in which political transition has affected developments in tourism as well as the ways in which changes in the tourism sector have influenced political change in Vietnam and changes in other aspects of Vietnamese society.

The historical, economic and political context for the research is established in a series of surveys on the topics of colonialism, communism and Vietnamese history. Background studies in tourism development and the relationship between politics and tourism form a foundation and framework for the understanding and critical assessment of the phenomena of change under investigation.

The findings of the research are presented as four sub-case studies addressing different sectors of the Vietnamese tourism industry, including 1) visa, transportation and marketing (grouped under the title 'visitation to Vietnam'), 2) accommodation and tour operators, 3) attractions and 4) protected natural areas. Each of these sub-case studies is used to exemplify a certain facet of change in Vietnam tourism, especially with regard to the ways in which tourism and politics interact in a mutually-forming dialogue in present-day Vietnam.

The findings of the sub-case studies are synthesised in a discussion chapter, which proposes broad themes by which the various developments in the relation between political change and change in tourism patterns in Vietnam may be collated and understood. These themes include the division of roles between the state, private and foreign sectors; dependences that limit development; changes in government culture; new influences on Vietnam tourism development; and human resources issues.

The concluding chapter of the study offers answers to the questions posed at the outset of the research, by assessing the effects of political transition on tourism patterns in Vietnam, the changes in the relationship between government policy and tourism development, the effects of tourism on development in other aspects of Vietnamese culture, and commenting on the changing tourism image of Vietnam.

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Abbreviations

ACAP	Annapurna Conservation Area Project
ARR	Average Room Rate
ASEAN	Association of Southeast Asia Nations
ASEM	Asia-Europe Meeting
ASTA	American Society of Travel Agents
BAP	Biodiversity Action Plan
BTA	Bilateral Trade Agreement
CAAV	Civil Aviation Administration of Vietnam
CAMPFIRE	Communal Areas Management Programme for Indigenous Resources
CCP	Chinese Communist Travel
CEE	Central and Eastern Europe
CEMTOUR	Centre for Ethnic and Mountainous Tourism
CITS	China International Travel Service
CMEA	Council of Mutual Economic Assistance (of USSR)
CNAT	China National Tourism Administration
COMECON	Council for Mutual Economic Assistance
CPNP	Cuc Phuong National Park
CTNP	Cat Tien National Park
DGVT	Directorate General of Tourism
DMZ	Demilitarised zone
DPRK	Democratic People's Republic of Korea
DRV	Democratic Republic of Vietnam
EIU	Economist Intelligence Unit
ESCAP	Economic and Social Commission Asia Pacific
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FFI	Fauna and Flora International
FIPI	Forestry Inventory and Planning Institute
FITs	Foreign Independent Travellers
FPD	Forest Protection Department

FPRDP	Forest Protection and Rural Development Project
GDR	German Democratic Republic
GSO	General Statistical Office
HCMC	Ho Chi Minh City
ICP	Indochinese Communist Party
IMEX	Worldwide Exhibition for Incentive Travel, Meeting and Events
ITB	Internationale Tourismus Börse (International Tourism Exchange)
IUCN	World Conservation Union
IUOTO	International Union of Official Travel Organizations
JATA	Japan Association of Travel Agents
KAL	Korean Air Lines
MARD	Ministry of Agriculture and Rural Development
MPDF	Mekong Project Development Facility
MPI	Ministry of Planning and Investment
NCS	National Conservation Strategy
n/a	Not available
n/d	Not dated
NGO	Non-Governmental Organisation
NIS	Newly Independent States of the Former Soviet Union
NLF	National Liberation Front
NTC	National Training Centre for Conservation Awareness and Education
OAA	Orient Airline Association
OSC	National Oil Services Company
PATA	Pacific and Asian Travel Association
PAVN	Communist People's Army of Vietnam
POW	Prisoners of War
PPCs	Provincial People's Committees
SARS	Severe Acute Respiratory Syndrome
SATT	China State Administration for Travel and Tourism
SCCI	State Committee for Cooperation and Investment
SEZ	Special Economic Zone
SMEDF	Small and Medium Enterprise Development Fund
SME	Small and Medium-sized Enterprise

SNV	Netherlands Development Organisation
SOE	State-Owned Enterprise
SUF	Special-use Forest
TALC	Tourism Area Life Cycle
TFAP	Tropical Forest Action Plan
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
USSR	Union of Soviet Socialist Republics
VCA	Vietnam Cooperative Alliance
VCCI	Vietnam Chamber of Commerce and Industry
VCP	Vietnamese Communist Party
VNAT	Vietnam National Administration of Tourism
VND	Vietnam Dong
VNPPA	Vietnam National Parks and Protected Areas Association
VNQDD	Viet Nam Quoc Dan Dang (Vietnamese Nationalist Party)
VR	Vietnam Railways
WTO	World Tourism Organization
WWF	World Wide Fund for Nature

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Chapter 1: Introduction

1.1 Background of the Study

In 1986, the Congress of Vietnam introduced an economic programme called *doi moi* (Renovation), which has been compared to Gorbachev's contemporaneous *glasnost* campaign in the Soviet Union. The Vietnamese Communist Party's new policy called for measures including the decentralisation of the planning system, a decrease in the number of government ministries and bureaucracies, reliance on the private sector as an engine of economic growth, allowing state and privately-owned industries to trade directly in foreign and international markets and long-term land leases for farmers. *Doi moi* has succeeded remarkably in moving the country from a stagnant, centrally planned Soviet-style economy with macroeconomic instability to a socialist-oriented mixed market-oriented economy characterised by rapid growth (Kokko, 1998: 2).

The collapse of the Soviet Union and its 'satellite' socialist states in the late 1980s and early 1990s forced surviving communist countries such as Vietnam to re-assess their political-economic strategies and practices in order to retain their socialist ideology while adapting to the realities of the new world order. Developments such as the end of the US trade embargo on Vietnam in 1994 and Vietnam's 1995 entry into ASEAN, as well as the Vietnamese government's aspirations to join the WTO, indicate an increasing re-integration of Vietnam into international capitalist markets.

With these political and economic shifts, Vietnam has become a much more accessible and attractive destination in the international tourism market and has been rediscovered by tourists from around the world. Consequently, Vietnam's tourism industry has experienced a period of meteoric growth in recent years. According to the website of the Vietnamese National Administration of Tourism (VNAT) (www.vietnamtourism.com/index/e_index.asp), over 2.9 million international tourists arrived in Vietnam in 2004, a figure 20 per cent higher than the previous year and an increase of over ten-fold since 1990. Aside from this quantifiable growth, tourism in Vietnam has also changed in character during the years since 1986. Vietnam's

tourism industry is experiencing the emergence of new tourism niches, new kinds of attractions and businesses, new breeds of tourists and unfamiliar types of tourism such as eco-tourism and war tourism. Not merely a side-effect of economic and political changes in Vietnam, growth and change in the tourism sector also generates effects that have an influence on politics, economics and Vietnamese society in general.

The current Socio-Economic Strategy of Vietnam, for the years 2001-2010, continues the *doi moi* programme and sets out goals for the further improvement of the country in all its facets. This study analyses tourism development in the context of *doi moi* as an ongoing process.

1.2 Purpose of the Study

The primary purpose of this study is to identify relationships between political changes in Vietnam since the beginning of the *doi moi* programme and changes in Vietnam's tourism sector during the same period. More so than the patterns of tourism, the central concern in the research is the *change* in patterns in tourism, government policy and societal structures during the *doi moi* period and the interrelationships between changes in tourism and changes in political culture in Vietnam.

The central questions that guided the course of the research are:

- How has political transition affected tourism patterns in Vietnam?
- Has there been a change in the extent to which government policy has determined and guided tourism development and the extent to which tourism development has determined and guided government policy?
- Has the development of tourism helped in making progress in other aspects of development within the country since transition?
- How has the image of Vietnam presented by the government to foreign tourists changed since the initiation of the Renovation programme?

1.3 Structure of the Study

This study can be broadly divided into two sections: a series of chapters presenting a foundation of knowledge and concepts necessary for the understanding of the relationship between tourism and politics in present-day Vietnam is followed by another set of chapters summarising the findings of the research and applying the knowledge established in the earlier chapters to draw conclusions.

The five chapters immediately following this introduction constitute a report on the background research undertaken to provide a foundation for the enquiries of this study.

The first of the background research chapters, Chapter 2: Global Historical Context”, discusses broad historical movements of global significance and scale, which also have had a considerable impact on the historical development and present realities of Vietnam. Colonialism, communism and transition are identified as three political-economic trends that have shaped global events, and Vietnam in particular, politically and socially. In this chapter, each of these global political phenomena is described as a world-spanning historical progression with geographical dimensions and social and economic ramifications.

The political and economic development of Vietnam through history is reviewed in Chapter 3: Vietnam Past and Present, which illustrates how each phase of Vietnam’s history has helped shape the current economic, geographical, social and political environment of the country today, with a special focus on the central position that the ideological programmes of communism, nationalism and Confucianism have played, and continue to play, in Vietnamese culture, politics and economics. This chapter also outlines the interrelation between economics and politics throughout the different phases of Vietnamese history up to and including changes during the current *doi moi* era.

The relationship between tourism patterns and political factors is a pivotal question for this study. Chapter 4: Politics and Tourism establishes a general background for

the exploration of this issue by investigating the ways in which tourism affects, and is affected by, international relations; the political dimensions of visa regulation; and the effects of international bodies on tourism policy. The chapter also explores a range of topics of particular pertinence for the case of Vietnam, such as the effects of political instability on tourism, the political dimensions of heritage tourism and special general characteristics of tourism in post-colonial countries and communist countries throughout world.

Because this study deals with the development of Vietnam's tourism industry within a changing society, Chapter 5: Tourism Development provides a background for understanding and describing mechanisms of tourism development in a broader socio-political context and examining factors affecting tourism development and methods of planning for development. The functions of private and public stakeholders in tourism development and an appraisal of potential social and environmental impacts of tourism development are also discussed. The chapter concludes with an outline of the history of tourism development in Vietnam.

Chapter 6: Methodology details the process and methods employed in the research. The research was primarily exploratory in nature and qualitative research methods were employed more prevalently than quantitative methods. The chapter explains the rationale for this choice of methodologies and elucidates the methods and issues involved in this type of research. Interviews were an important source of primary data. The measures and criteria applied in the preparing, conducting and evaluating of interviews are described, as are the barriers that were encountered in this process. A similar description is undertaken regarding the gathering of secondary data and statistics.

Following the background studies and methodology chapters, the findings of the research are presented in the course of four chapters, corresponding to four facets of Vietnam tourism, which allow for a structured discussion of different aspects of the *doi moi* programme's effect on tourism patterns in Vietnam.

“Chapter 7: Visitation to Vietnam: visas, transportation and marketing”, the first chapter of the findings, discusses how changes in Vietnam since *doi moi* have affected the factors that play the most direct role in determining the accessibility of Vietnam for international tourists. Visa regulations are means by which the government may exercise control over the ability of foreigners to enter and move around within Vietnam. The number and nature of Vietnam’s transportation links to other countries set quantifiable bounds on the ease of access to the country from outside, as well as the number of travellers who may enter and leave the country, and move around within. Tourism promotion and marketing are important in encouraging demand for Vietnam tourism and influencing the image of Vietnam propagated abroad.

The next chapter, Chapter 8: Accommodation and Tour Operators, examines how tourism businesses in Vietnam have changed since the beginning of the Renovation programme. This section describes the evolution of the tour operator and accommodation sectors in Vietnam during the transition years, from a government monopoly to a context in which state-owned, domestic private and foreign direct investment (FDI) enterprises compete, co-exist, copy and complement one another.

The very existence of a tourism industry in a country presumes the presence of significant motivations for tourists to visit that destination. Tourist attractions prefigure the mechanisms of visitation and are prerequisites for the development of tourism businesses, as have been discussed in Chapters 7 and 8, respectively. The years since the beginning of *doi moi* have seen changes in the reasons for which people visit Vietnam and the ways in which development of tourism attractions responds to the demands and expectations of visitors. Chapter 9: Attractions surveys changes in the types of attractions that characterise Vietnam’s tourism offerings in the post *doi moi* era and describe how policy and practice regarding these attractions have been affected by the transition years. The topic of heritage tourism is of special pertinence in this chapter.

A country’s natural areas are special types of attractions that merit separate treatment in this study because of the different character of the issues and stakeholders involved, compared with man-made cultural attractions. Chapter 10: Protected Natural Areas

considers the development of tourism to wilderness areas in Vietnam during the *doi moi* period and describes the accompanying ways in which tourism patterns and policy pertaining to these areas have changed. Ecology and conservation, as well as concerns arising from contact between tourists and indigenous cultures, are central topics addressed in this chapter.

In Chapter 11: Discussion, the author identifies and discusses themes that span across the four previous chapters, and which therefore constitute overarching patterns that can be said to apply to Vietnam's tourism industry as a whole within the period under investigation. Among these themes are: the relations and interactions between the state, domestic and foreign sectors in Vietnam tourism; the dependences that limit and constrict the development of the tourism sector in Vietnam; the interplay between protection of ideological concerns and the pursuit of economic gain in government tourism policy making and enforcement; the changes in Vietnamese government culture that have come about as a result of these and other topics that have arisen within *doi moi* era Vietnam; new influences on Vietnam tourism development that have gained prominence in this period; and the influence of transition on human resource matters.

Chapter 12: Conclusion applies the findings of the study to address the key questions upon which the study is based by summarising the effects of political transition on tourism patterns in Vietnam, changes in the relationship between government policy and tourism development, the effects of tourism on developments in other aspects of Vietnamese culture and the changing tourism image of Vietnam. In this chapter, the author also suggests further studies that could be undertaken based on the body of knowledge presented in this study.

In the chapters outlined above, tourism patterns in Vietnam are described and interpreted as political as well as economic phenomena undergoing processes of change within an evolving environment of transition. The chapters offer complementary insights into the diverse manifestations of the transition process in Vietnamese culture and its effects on one set of practices. The *doi moi* programme is often described in political or economic terms. This study supplements these

discourses with a depiction and interpretation of *doi moi* as a transformation in the tourism industry of the country.

Chapter 2: Global Historical Context

2.1 Introduction

While Vietnam is certainly characterised by its own unique historical background and developmental history, this cultural background can only be truly understood by comprehending a number of globe-spanning social, political and economic phenomena that have had profound and lasting effects on Vietnam and which unite Vietnam's history and its present with nations around the world that have been caught up in the same sweeping trends. Three of these historical forces are of special pertinence in Vietnam. The first of these is the era of colonialism, during which a number of mostly Western nations maintained a specific form of hegemony over large parts of the world and during which time Vietnam was part of the French colonial empire. The second grand narrative in Vietnam's history is that of communism, which spread throughout the world in the 20th century and which played a pivotal role in Vietnam's shedding French colonial rule. The third phenomenon is transition, which refers to a process of transformation being undergone by many nations of the world in an attempt to reposition themselves within the new world order that has arisen with the fall of communism in the Soviet Union and its satellite states. On the following pages, the historical development and background of each of these great cultural streams is described and discussed in its global scale and perspective.

2.2 Colonialism

2.2.1 The Colonial Era

The colonial era was the period of history during which the influence of some European countries took on a global scale through these nations' exploration, settling and subjugation of large and distant parts of the world. In current discourse, the term 'colonisation' tends to carry with it the negative implication of subjugation and

exploitation of native societies, populations and resources to serve the needs of the 'metropolis' or colonising nation.

Although a prehistory of the European expansionism that characterised the colonial age may be discerned in the crusades and early trade settlements in Asia, the beginning of the modern colonial era is generally placed at around 1500, following the European 'discoveries' of the sea route around the horn of Africa by Bartholomew Diaz in 1487, and of the Americas by Christopher Columbus in 1492.

Various periodisations have been proposed for the colonial era (Hoogvelt, 1997: 5; Britannica, 2002; Fieldhouse, 1982) but most are in agreement on the point of drawing a distinction between patterns of colonisation before the mid-18th century and those between this point in time and the collapse of the colonial empires in the 20th century.

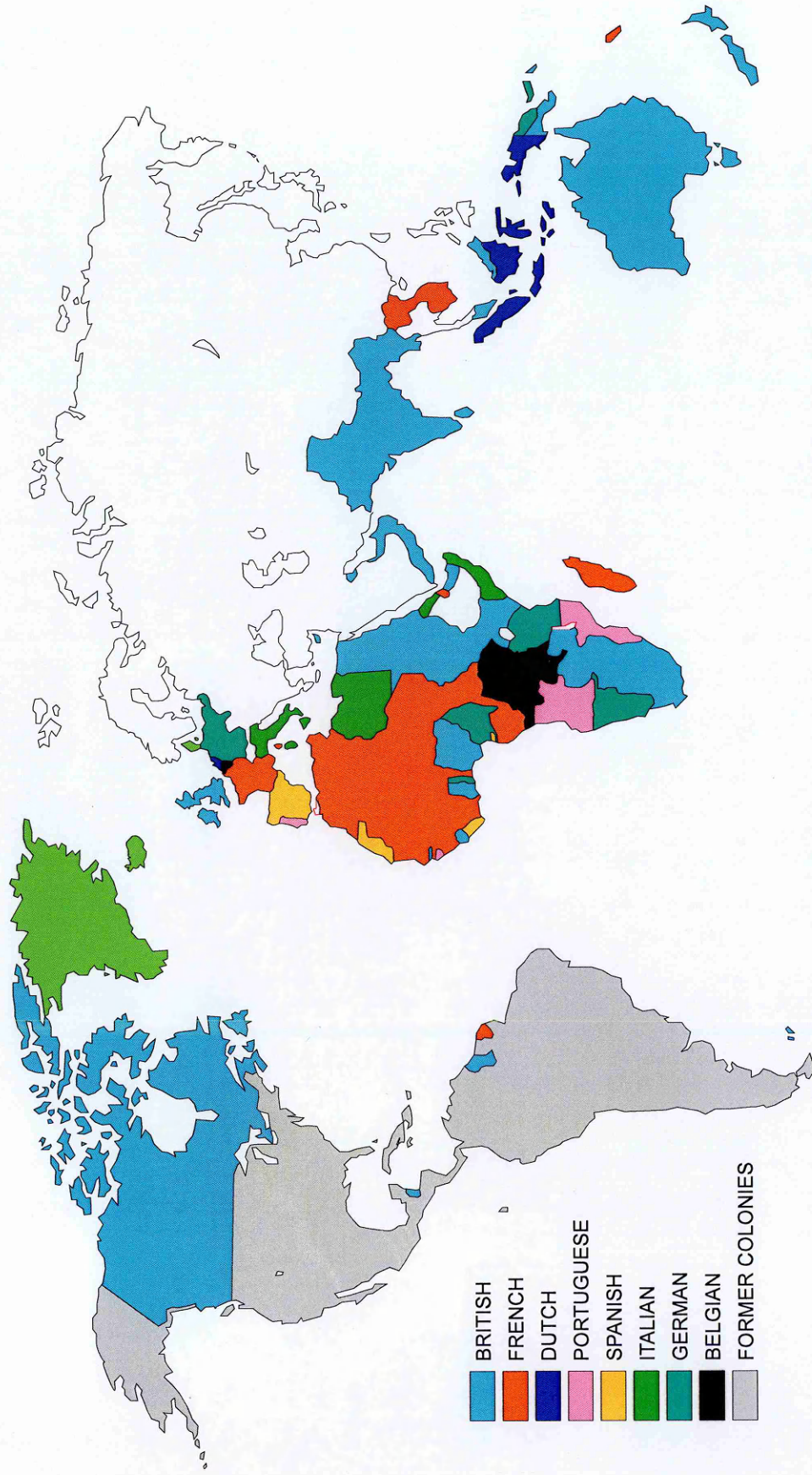
The term 'postcolonial' refers to the period from the end of colonialism until the present time.

2.2.2 (Pre-1760) Colonies of Settlement

Although neither technologically nor militarily superior to the nations of East Asia or the Islamic world in the 16th century, the handful of European nations which were to become the colonial powers were the first to develop the technology and tools necessary for long oceanic voyages out of sight of land. This enabled them to discover and settle the distant, sparsely settled and technologically less-developed Americas and other parts of the world inaccessible to other civilisations (see figure 2.1).

Portugal was the first colonial power, setting up colonies in Brazil and the Indian Ocean. Spain followed suit, beginning with settlements in the West Indies and eventually conquering vast territories in what is today Latin America and the southern United States. The American colonies of Great Britain and France were also products of this period of colonisation. The Dutch East India Company, chartered in 1602, eventually carved out a sizeable colonial trade empire for the Netherlands.

Figure 2.1: The European colonial powers and their colonies as of 1914



Adapted from sources: Dockrill, 1991 and Fieldhouse, 1982

These colonies were usually founded by adventurous individuals or groups with royal charters, or Catholic missionaries, and not by government expeditionary forces. At little initial expense or risk, the colonial governments gained territory and resources.

The trade policies of earlier colonies were relatively liberal. As the process of colonisation gained momentum, however, the governments of the colonial powers became cognizant of the economic potential of their colonies and began to guard the spoils of their dependencies jealously. Colonial governments strictly monopolised the trade relations of their colonies. Ships of other nations were not allowed to dock at a colony, and all goods from the colony had to pass through the metropolis. Colonies were not independently functioning economic entities but internal feeders of the metropolitan economy. Colonies brought in an unprecedented infusion of wealth and resources to the economies of a few countries. Pratt (1992: 36) has called this the period of “primitive accumulation” and sees the building up of capital that occurred in these years as a necessary prerequisite for the advent of the Industrial Revolution in Europe.

When discussing the founding of colonies, a distinction is made between ‘colonising’ and ‘colonisation’ (Fieldhouse, 1981: 4). ‘Colonising’ refers to the establishment of long-term settlements by people from one country in another country, and characterises the first wave of settlement described above. ‘Colonisation’, on the other hand, denotes the imposition of the ways of the colonising country on a pre-existing culture and the restructuring of that culture to serve the needs of the coloniser, and not that of the native people. For various reasons, which will be discussed, ‘colonisation’ gained in prevalence after the middle of the 1700s.

2.2.3 (Post-1760) Colonies of Occupation

In the mid-18th century, during the Industrial Revolution, Europe began to outstrip the rest of the world in terms of technological development. Of special importance as pertains to colonisation was the increasing superiority of European military technology. Whereas the first colonies were founded in sparsely populated or technologically underdeveloped regions, or in the form of small trading outposts

existing at the pleasure of the host country and thus highly vulnerable to changes in the local political climate, Europe was now able to enforce its will upon even the more developed nations, especially those of Asia.

Whether by stepping into the political vacuum caused by civil war or political strife, by striving through military might to acquire trading privileges formerly denied them, by taking control of a weakened regime to pre-empt rival colonial powers from doing the same or by maximising profit by exacting tributes from a country rather than engaging in trade, European countries began to exercise control over many independent nations between the middle of the 18th and the beginning of the 20th century.

If the first colonies were colonies of 'settlement', the new colonies became increasingly colonies of 'occupation' (Fieldhouse, 1982: 241). The Industrial Revolution was bringing about a restructuring of European society and, with it, a change in the economic function and significance of colonies. Colonies, which until this time had been tapped for their supplies of exotic wares that could not be obtained in Europe, now came to be seen increasingly as markets for the products of the industrialising major powers of Europe and as providers of industrial raw materials and food to feed the factories and workers of the colonial power (Britannica, 2002).

Most colonies were not traditionally consumers of the goods produced by the industries of the ruling power, nor were they historically major producers and exporters of the raw materials needed by Europe's industries. Practices such as the institution of purchase quotas for goods produced in Europe, the dismantling of native industries that would compete with these goods, and the wholesale restructuring of economies and societies were carried out in colonies around the world.

Such a total redefinition of a colony required a degree and depth of control much more pervasive and invasive than had been previously necessary. Mechanisms of administration, social control and peacekeeping were intensified and the language, legal system and culture of the colonising power became institutionalised (and the corresponding native forms suppressed or destroyed). This eradication of an existing

culture and replacement with one's own has been called "cultural imperialism" (Fieldhouse, 1981: 7). It often took on the guise of programmes of 'civilising' the natives, as evoked in the phrase "the white man's burden" or the French "*mission civilisatrice*" (Duiker, 1995: 31).

The economy of the colonising country was by now completely dependent on that of the colonial empire and a full integration of the colonies into the fold of the colonising culture became an imperative. A common factor in all colonial situations was the rise of an indigenous elite who collaborated with the government in the administration and running of the colony and who thus enjoyed special privileges.

Inter-European rivalries and competition began to play an increasing role in colonial politics. Disputes on the European continent caused spin-off regional conflicts around the world. Whole colonies changed hands as spoils of wars between European nations. This trend culminated in the frenzied, patternless land-grab of the late years of the colonial era, leading up to the First World War. Fieldhouse attributes this as having been set off by Bismarck's unexpected, weakly substantiated claim for German colonies in Africa and the Pacific in 1884-85, which moved colonisation into an abstract realm comparable to a stock market. Fear of exclusion, rather than actual physical presence or economic interest in a colony, became the prime motivator for acquisitions. Actual occupation of the claimed territories followed, touching off a series of messy and expensive 'little wars'. During this period, the globe was effectively 'partitioned' between the colonial powers. Africa, left virtually untouched before 1880, had been completely divided up amongst European powers by 1900 (Fieldhouse, 1982: 209-221).

2.2.4 Decolonisation and Post-colonialism

Although most of the first colonies of the Americas had gained independence from the respective colonising powers by the early 19th century, World War II was the historical turning point that heralded the decline of the great traditional colonial empires in Africa, Asia and the Pacific. Independence movements, which had existed

in many colonies before 1939, saw their chances in the post-war political climate and became especially active.

Colonies had long ceased to be seen as purely economic assets and the financially strapped colonial powers saw little to be gained in maintaining their increasingly problematic overseas possessions. Within the 25 years following the end of the war, most former colonies had been granted independence. Whilst the British divested themselves of their empire reasonably peacefully, the demise of the French colonies was marked by armed strife in many cases. Russia and the United States, both of which had pursued policies of quickly assimilating colonised regions into the nation proper in the course of their overland expansion, were spared the necessity of decolonisation.

The influence of the colonising countries, however, continued to be felt in former colonies even after the demise of the colonial empire. 'Neo-colonialism' refers to, among other phenomena, the ways in which the culture of the coloniser continues to exert its tyranny even after the nominal independence of the colony. The market relations and economic basis of the country, its legal and educational systems and the whole industrial and commercial infrastructure are often those of the former master. New forms of foreign influence by which more developed nations impose their will on developing nations also fall under the category of 'neo-colonialism'. Tourism, in some of its forms, can be seen as exhibiting a neo-colonial dimension (Britton, 1982: 334). The resentment felt by the colonised towards the coloniser is a structural result of the set of relations that constitute colonialism. From time to time this resentment has manifested itself in violent uprisings. Fanon (1963: 74) has seen this enactment of violence as the 'social glue' that binds a colonised people together, in the absence of a nation state with which they identify. The enthusiasm with which such cultural phenomena as the 'Awakening of Islam' are expounded and embraced can be seen as indicative responses to the long periods of suppression and degradation of the native culture by the coloniser (ibid: 172).

2.3 The French Colonial Context

2.3.1 The Structures of French Colonialism

In the early stages of French colonialism, the colonising companies were allowed to trade freely and foreign ships could dock at French colonies. However, laws of 1670, 1695 and 1717 forbade all direct trade or other contact between France's colonies and other countries (Fieldhouse, 1982: 41-44).

Having rid themselves of monarchic rule in the Revolution of 1789, the French abhorred the idea of dominion by absolute subjugation and touted the virtues of equality. The translation of these values into colonial practice meant that colonies were seen as an integral part of the French Republic and, ideally at least, were to be assimilated to the French homeland in every possible way. In particular, this meant that the system of taxation, the legal system, the educational system and all other aspects of government in the French colonies in all parts of the world were to be exact replicas of the corresponding features in France, with no regard for regional difference or pre-existing cultural forms in the colonised lands. This also meant that the colonies (or rather the colonists, not the indigenous people) were to be represented in the French Assembly. Thus, the power structures of the French colonial empire were centralised in Paris, in contrast to the more autonomous British colonies.

To the modern observer, this practice may seem the very antithesis of equal rule, but it was shored-up – whether because of expediency or true moral conviction – by the notion of the '*mission civilatrice*', the supposed duty of the 'more advanced' civilisations to bring the remaining nations of the world into their fold by bringing them the laws, knowledge, languages and technology of the Western world. The commercially exploitative nature of colonialism was not seen to be at odds with this ethos, for the colonised countries were thus brought to the world market, supposedly a sure prelude to enlightened modernisation (Duiker, 1995: 31). As may well be imagined, this ideal proved impossible to achieve in reality. Real assimilation was not achieved in a single one of the colonies acquired by France in the 19th century. Especially in countries with advanced cultures, such as Tunisia, Morocco and the

nations of Indo-China, French religious, social or political institutions could not get a foothold. The policy was compromised or abandoned in the face of the exigencies of individual colonial contexts.

Eventually, France's colonial policy had to be adjusted accordingly. The new *Principes de pacification et d'organisation* were outlined by Gallieni in 1896. To paraphrase, the *Principes* required that the manner of administration of a colony should be derived from the special characteristics of the country itself (Fieldhouse, 1982: 319). This reformulation brought official policy in conjunction with what had always been the practical facts of colonial administration, and led to the conservation, rather than destruction, of indigenous institutions from about the 1920s (ibid: 120).

The Second World War was the beginning of the end for French colonialism. France lost control of its colonial territories in 1940, when it was occupied by Germany, and failed to regain many of them after the war. Syria and Lebanon claimed independence from France in 1941 and the Republic of Vietnam declared itself an independent state within the Indochinese Union in 1945.

The French Union was established in 1946 in an attempt to retain the trade and political entity of the French colonial empire whilst allowing greater sovereignty for the individual states to try and stem the tide of independence. The Union consisted of the French Republic (France and some island colonies), the Overseas Departments, the colonial dependencies of the Overseas Territories and the fully autonomous Associated States (Tunisia, Morocco and Indo-China). The president of the French Republic was the head of the Union. Less than a decade after its inception, the French Union began to disintegrate, spurred by US encouragement of decolonisation, rising nationalist sentiments in many colonies and the general anti-oppression attitude of the post-war period (Fanon, 1963: 62), as referred to by British Prime Minister Harold Macmillan in his famous 'Winds of Change' speech (McWilliams and Piotrowski, 2001: 105). The Associated States all seceded between 1954 and 1956 and nationalist movements became active in many of the Overseas Territories. The dissolution of the Union in 1958 by Charles de Gaulle and the creation of the French Community, in which the previous Overseas Territories were granted full autonomy in all but foreign

policy, failed as well. With Algeria's full independence in 1961, the French Community was dissolved and all remaining colonies became independent.

2.3.2 French Colonial Rule in Indo-China

In the early half of the 1800s, France's presence in Asia was limited to five unfortified trading settlements in India. France sent missionaries to Asian countries but the scale of trade was small. France acquired its colonies in Indochina incrementally from 1858 to 1893. Each of the three territories within the borders of modern-day Vietnam was administered differently. Cochin-China was ruled directly by a French governor with a colonial council and a representative in Paris, whilst the pre-existing mandarin and emperor were retained in Tonkin and Annam, respectively, under French 'protection'. All important administrative positions were reserved for French nationals. The extremely severe traditional Vietnamese judicial system, however, was supplanted by the more liberal French system only in Cochin-China (Smith et al, 1997: 46-48).

With its assimilation of Annam by treaty in 1884, France had acquired the rights to Annamese interests in what is today Laos, over which Siam however still exercised suzerainty. The French colonial presence in Laos consisted of a very small contingent of only a few hundred Frenchmen, and the influence of French ways and culture on traditional life in the country was minimal (Langer and Zasloff, 1969: 22). French rule was highly dependent upon the collaboration of the small indigenous elite class.

The era of French colonialism in Cambodia was initiated in 1863 with a treaty whereby the French, already established in neighbouring Cochin-China, offered protection to Cambodia's unpopular and embattled king Norodom in exchange for exploitation charters for timber and minerals (Chandler, 2000: 141). France gradually usurped power from the weak monarch, forcing him to officially declare his country a French colony in 1884. The French fascination with the relics of Cambodia's ancient Khmer culture appeared to heighten their disdain for the contemporary inhabitants of the country, who they deemed unworthy heirs of such a noble culture. The burdensome taxes and dehumanising tactics of rule instituted by the French as they

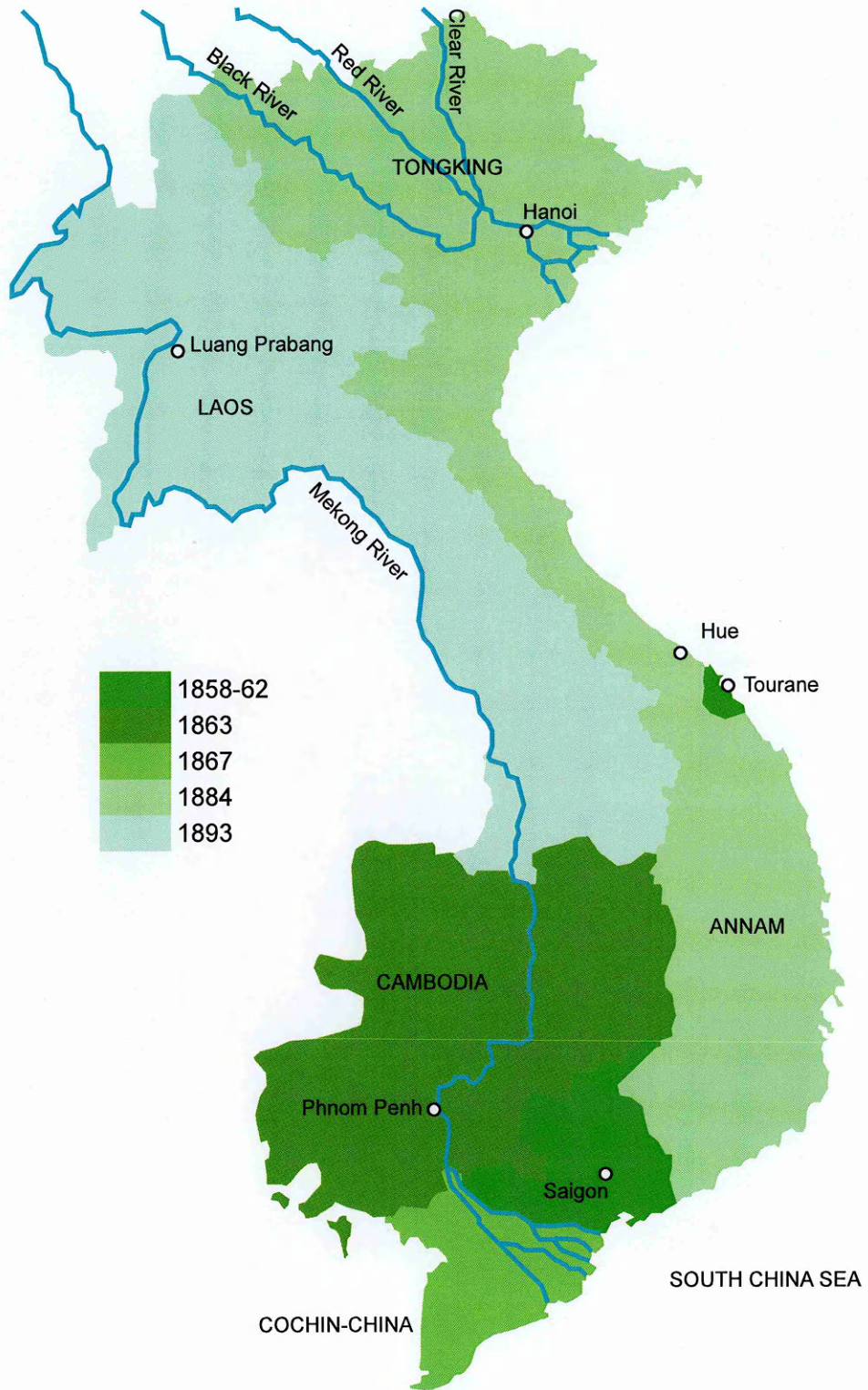
extended their exploitation of Cambodia were the cause of much resentment. Throughout the period of French rule, the Cambodian monarch remained as the nominal head of state.

France consolidated all of its Southeast Asian colonies (Tonkin, Annam, Cochin China and Cambodia) into the Indochinese Union in 1887. Laos was annexed and added to the Union in 1893. The political structure of the Indochinese Union was established by 1900. See figure 2.2 for a geographical overview of French colonial acquisitions in Indochina.

From 1945, King Sihanouk was able to loosen the French hold on Cambodia only gradually and with much effort. Laos was granted limited self-government in 1949 but the communist Pathet Lao, who had risen during the Japanese occupation as an anti-French force, continued to fight uncompromisingly for the country's full independence. The eight-year long Indochina war against the Viet Minh in Vietnam ended with the French defeat at Dien Bien Phu in 1954. The dissolution of French Indochina with the Geneva Agreement of that same year brought to fruition the anti-colonial struggles of the Viet Minh, the Pathet Lao and King Sihanouk, with full independence for Vietnam, Laos and Cambodia.

Economic objectives were the driving force of French colonisation of Southeast Asia, but the rhetoric surrounding the colonial enterprise centred more upon the achievement of greater glory for the French nation and the ever-present evocation of their 'duty' of civilising the colonised. However, the civilising aspect of the colonial enterprise was usually eclipsed by the profit motive and the good of the native populations were always subjugated to those of France and the French colonists.

Figure 2.2: Expansion of French colonies in Indochina



Adapted from source: Fieldhouse, 1982

2.3.3 The Legacy of French Colonial Rule in Southeast Asia

The current political geography and national fortunes of the different modern Southeast Asian countries have their roots in the patterns and policies of French colonial rule that prevailed in the various colonies. "It created firm boundaries where previously there had been none, and in doing so laid the basis for future conflict. Political decisions taken by colonial governments have led to continuing conflict as well as to successful revolutions" (Osborne, 1971: 14-15).

Laos was never an integral political unit until the area and its peoples were united under the French. Although the country owed its nationhood to French colonialism, Laos was seen by France as the backwater of its Indochinese holdings. The consequent lack of infrastructural, educational and industrial investment in Laos by the colonial power can be seen as a contributing factor in the relative weakness of the country amongst its neighbours both in terms of development and as pertains to a sense of national identity.

In Cambodia, the French imported thousands of Vietnamese workers for their plantations, setting the scene for continuing ethnic conflicts in the post-colonial years in what was previously an ethnically homogenous state (Waddell, 1972: 62).

French colonialism also left its mark on current politics in Vietnam. The most influential South Vietnamese statesmen during the years of the US conflict came from Tonkin or Annam, in which French rule was less direct and all-encompassing, rather than from Cochin-China, which was under direct French rule and whose inhabitants, therefore, had little experience with administration or self-governance (ibid: 78).

In these postcolonial times, the colonial legacy is indelibly impressed into the linguistic, political, sociological, psychological and philosophical structures of the cultures of former colonisers and colonised alike. Colonial discourse is a stream of post-modern thought, which addresses the cultural phenomena that are the legacy of colonialism. This topic is addressed in the next section.

2.4 Colonial Discourse

2.4.1 Definition

Nearly 85 per cent of the land area of the earth was at one time under the rule of a European government during the colonial era. As such, postcolonialism is one of the key defining characteristics of large parts of the planet at the current point in history. During the 400 years of their hegemony, the colonial powers succeeded in impressing the laws, customs and languages of their nations onto the far reaches of the world, and to Euro-centrally re-organise the global economy and culture. Whilst in one sense unifying the world for the first time under a single episteme, colonialism also polarised humanity into the two irreconcilable camps of Europe and “the rest of the world” (Loomba, 1998: 57). The cultures, economies and languages of modern nations that were formerly colonial powers have been moulded by the many cultures with which they came into contact in the course of their colonial histories. The symptoms of postcolonialism in previous colonies are just as irrevocable but by no means exclusively benign.

2.4.2 Terms and Key Concepts

The vocabulary of colonial discourse provides terms to describe the psychological substructure and sociological constructs arising from colonial practice and the relation between coloniser and colonised.

Mercantilism is an important term used in analysing colonial economic structures. It refers to the use of economic means to achieve political power or ends and can be aptly used to describe the conquest through trade with which the huge econo-political machines that were the colonial empires were established and maintained. From the mercantilist point of view, wealth was a fixed sum and a country only gained wealth by taking it from another country, as in the exclusionist, exploitative colonial economy (Hoogvelt, 1997: 3). This mindset predates and contradicts Adam Smith’s classical economic theories, which see wealth as something that is produced rather

than taken, and judges the wealth of nations based on what has come to be called their gross national product, and not just their military prowess or physical extent.

The colonial relationship mirrors the structure of Hegel's master/slave analysis, in which he shows how both master and slave are oppressed and trapped by their role in the relation (the slave by subjugation, the master by dependence) and how each only gains identity through recognition by the other (Rohmann, 1999: 172). The concept of 'the Other', through whose gaze one attains identity, has been specifically applied to colonialism by Loomba (1998: 57-8).

The ethos of the civilising mandate, with which colonisers justified colonisation as a philanthropic duty to the non-European cultures of the world, relied on the institutionalising of the irreconcilable dichotomy of the (civilised) self and the (barbaric) other between which there was no middle ground and no grounds for compromise. The interests of coloniser and colonised are irreconcilable, leading to a relationship of mutual resentment that takes on a Manichaean character. "To the theory of the 'absolute evil of the native' the theory of the 'absolute evil of the settler' replies" (Fanon, 1963: 73).

The maintenance of this absolute distinction between 'self' and 'other' requires a 'stereotyping' – the cognitive reduction of the other to a set of simplistic characteristics. The stereotype manifests itself as 'representations' diffused through language, culture and societal institutions (Said, 1978: 272). 'Representation' is a normally innocuous practice that becomes a tool of oppression when one group declares another group as unable to represent themselves and presumes to act as their representative, without their permission (Childs and Williams, 1997: 104). This applies to representation in government and legislative bodies as well as in the cultural sense just mentioned.

If the theoretical structural logic of colonialism is 'black and white' and unyielding, the lived realities of existing colonial contexts is much more subtle and fluctuating. Pratt (1992: 6) has coined the phrase "contact zone" to denote the space in which two previously separate peoples come into contact with one another. This space is the site

of interaction, co-presence, compromise and interbreeding that belies the polarised logical infrastructure of colonialism. New cultural, linguistic, racial and political forms arise from the interaction of worlds within the contact zone. This creation of new transcultural forms, which is a characteristic of all colonial cultures, is called 'hybridity' (Ashcroft, Griffiths and Tiffin, 1998: 118). 'Transculturation' is a related term. It refers to the process by which subordinated people appropriate and re-interpret the cultural forms imposed on them by the dominant culture. "While subjugated peoples cannot readily control what emanates from the dominant culture, they do determine to varying extents what they absorb into their own, and what they use it for" (Pratt, 1992: 6)

Citing Homi Bhabha and Benedict Anderson, Childs and Williams (1997) state that it is in the space of ambivalence between opposing terms such as belonging/alienation, custom/power, order/licence, justice/injustice and not either one of two polar opposites, that the 'narrative' of a nation is played out. A nation is not defined by its absolute distinction from an 'other' but rather by the interplay of ostensible opposites (Childs and Williams, 1997: 138). Analogies to the hybridisations of the contact zone may be easily discerned.

An extension of social patterns associated with colonialism can be seen in modern tourism in developing countries. The selling of the tourism destination as a stereotyped 'exotic' experience with little connection to the lived realities of the country echoes the stereotypes of the colonial era. Tourism development is also largely driven by the markets of developed countries and the business strategies of multinational corporations, potentially bypassing and alienating the native population and increasing the dependence of local economies on external entities (Ashcroft, Griffiths and Tiffin, 1998: 98).

Because of the colonial legacy of Vietnam and the implicitly neo-colonial potential of modern tourism, especially in developing countries, elements of colonial discourse shall play a role in this study. The rise of communism in Vietnam was instrumental in bringing about the demise of French colonial rule in the country, and has determined

the economic-political context of Vietnam ever since. The following section describes the historical development of communism in its global scope.

2.5 Communism in the Global Context

“Communism is the doctrine of the conditions of the liberation of the proletariat”

Friedrich Engels, 1847

“Communism is at once a complete system of proletarian ideology and a new social system. It is different from any other ideological and social system, and is the most complete, progressive, revolutionary and rational system in human history. The ideological and social system of feudalism has a place only in the museum of history”.

Mao Tse Tung, January 1940

2.5.1 The Communist Ideology

According to Pipes (2001), the term ‘communism’ refers to three explicit phenomena: an ideal, a program, and a regime set up to realise the ideal. The ideal - the abandonment of the concept of ownership and social class - originated in classical Greece. The communist programme appeared around the middle of the nineteenth century, introduced by Karl Marx and Friedrich Engels. In their Communist Manifesto of 1848, Marx and Engels declared: “the theory of the Communist may be summed up in a single sentence: abolition of private property”. After gaining power in Russia in 1917, Vladimir Lenin and his *bolshevik* (majority) party were the first to apply Marx’s ideology to the ruling of a nation (Pipes, 2001: Preface).

The Communist Manifesto calls for revolution, not slow-paced evolution, to overthrow the existing class-based society. In Marx’s view, social change and progress could only be achieved by ‘war between the classes’. In his ideal communist society, property would belong to the community as a whole, thereby ceasing to define a system of power relations amongst individuals. Marx assumed that the final

stage of 'full communism' would see the obsolescence and 'withering away' of the state. Workers in collectives would produce a constant surplus of needed goods, and each person in the community would contribute according to their ability and take from the common storehouse according to their needs.

Lenin doubted that communism could gain power in open public forums, and suggested the establishment of cells or nuclei in various political, military and educational organisations. He saw class struggle as an all-out war, where any and all tactics were justified. Marx had believed that communist revolution would happen first in the countries whose economies had reached the stage of mature capitalism, such as England and other Western European nations. Lenin, though, saw the underdeveloped, poor and politically weak countries in Africa, Asia and Latin America as the strategic regions for the demolition of existing systems and the installation of Marxist-Leninist ideology. Propaganda, infiltration and guerrilla tactics were proposed and used as strategies of Leninist groups to instigate revolution.

Lenin's thesis 'Imperialism: the Highest Stage of Capitalism' (1916) draws ideas regarding colonialism from J.A. Hobson's 'Imperialism' (1902). Lenin remarks that "we are living in a peculiar epoch of world colonial policy, which is most closely connected with the latest stage in the development of capitalism" (Lenin, 1916). Colonies were, for him, raw materials consumed to fuel the expansion of capitalist nations, which depend on a constant supply of new raw materials - meaning new colonies - to survive and compete (ibid). In August 1920, at the Second Congress of the Comintern, Lenin presented a colonial program with his draft, 'Theses on the National and Colonial Questions', in which he advocated collaboration with the bourgeoisie in Asian countries because, in distinction to the European middle classes, their Asian counterparts tended to side with 'the people' (van der Kroef, 1981: 3).

2.5.2 The Rise of Communism

After Lenin's death, his successor Stalin was active in supporting national liberation movements in underdeveloped countries, in order to establish an alliance against the West. The support included military assistance and financial aid, establishing, as Pipe

puts it “an economic dependency that could be translated into political dependency” (Pipes, 2001: 128). These activities alarmed the West, especially the United States and exacerbated the tensions of the Cold War.

The communist bloc of nations expanded significantly during the half-century after the revolution in Russia. From the original 200 million in Russia, the population of people living in communist countries increased to 900 million by shortly after the Second World War. Mao prophesied that, if there were to be a Third World War, several hundred million more would become socialists, leaving no room for the imperialists (Mao Tse-tung, 1957).

According to Lane (1996) the ascendancy of communism in different countries followed three general patterns:

1. *Autonomous internal revolution* such as in Russia (1917), Mongolia (1924), Albania (1944), Yugoslavia (1945), North Vietnam (1945), China (1949), Laos and Cambodia (1975).
2. *Imposition of communist rule*, this category includes most of the Eastern European socialist states and North Korea (1948).
3. *Internal political or military coups*, such as in Cuba (1959) and Zimbabwe (1980).

The transitions in Czechoslovakia (1948) and Nicaragua (1979) came about by a combination of the first two cases: a populist movement supported or driven by a communist movement (Lane, 1996: 57).

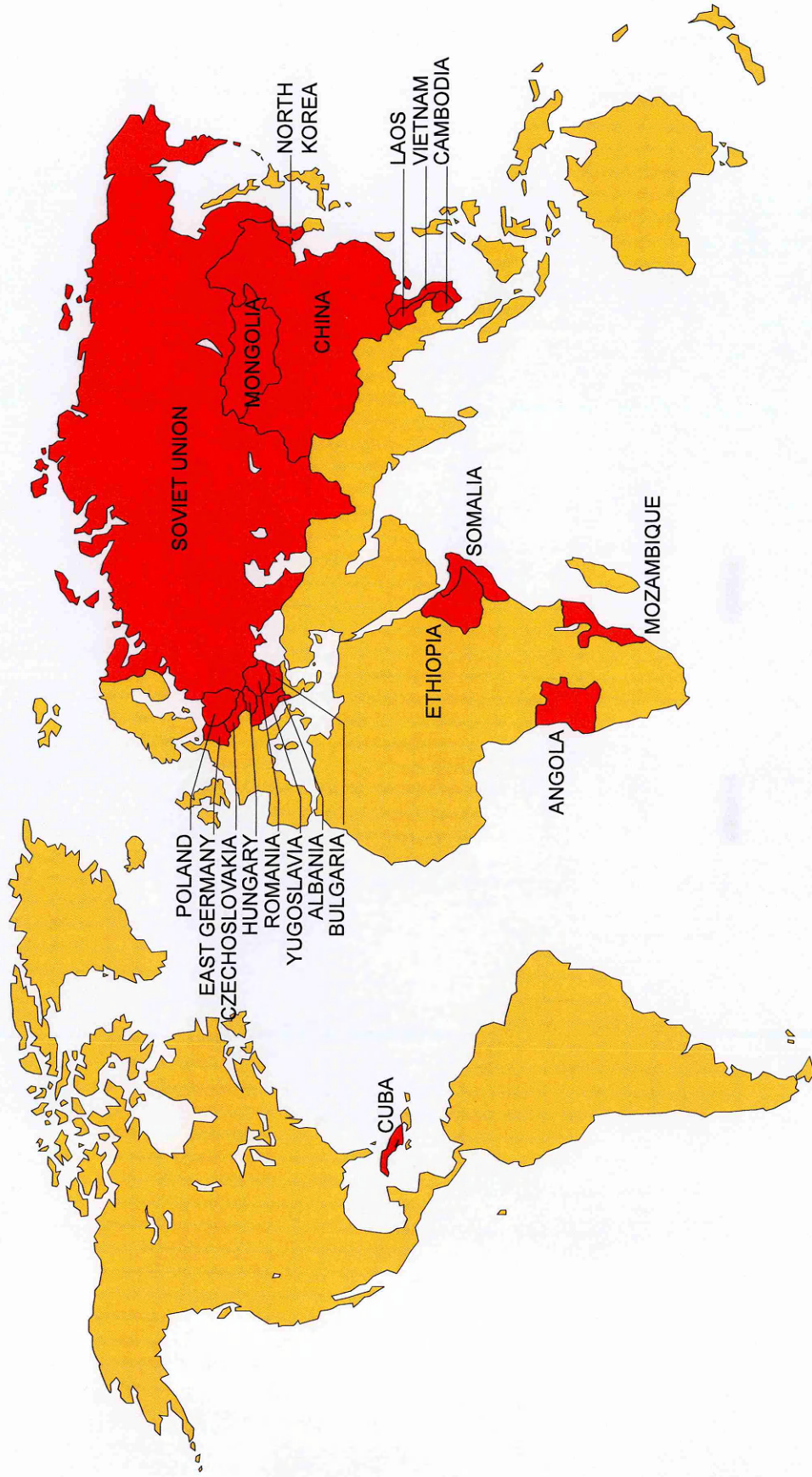
By 1980, twenty states were ruled by communist regimes. While most of them were poor and in an early stage of industrial development, the USSR had become the second military and economic world power, after the United States. Organisations uniting the communist countries of the world included the communist common market, the Council for Mutual Economic Assistance (COMECON) and the military alliance known as the Warsaw Treaty Organisation (Lane, 1996: 58).

Communist regimes differed from country to country. Nevertheless, two characteristics are common to all: state ownership of property and control of economic development, and a Communist Party monopoly of power in the political system (Milibrand, 1989: 7). The European communist nations all had had histories of near-authoritarian rule and weak civil societies, whereas Cuba and all the Asian communist countries were all former colonies, near colonies or dependent states (ibid: 8).

Mao Tse-tung, who came into power in China with his toppling of the *Kuomintang* (Nationalist) regime in 1949, was another remarkable communist leader. Mao's revolution was dependent on Russia for financial, military and technical support. The slogan of Communist China's first Five Year Plan (1953-1957) was "Learn from the Soviet Union" (Lane, 1996: 70). By the mid-1950s, however, the relationship between Moscow and Beijing began to disintegrate. Mao regarded his brand of communism – a Marxist doctrine of revolution by peasant revolt, aimed primarily at non-Western countries – to be superior to the Soviet model (Pipes, 2001: 125). Mao's 1961 'Critique of Stalin's Economic Problems' indicated his disagreement with Stalin's economic policy. To Stalin's statement, "Leaving aside astronomical, geographical, and other similar processes, in which man really is powerless, even if he has come to know the laws of their development...", Mao countered, "This argument is wrong. Human knowledge and the capability to transform nature have no limit" (Mao, 1961).

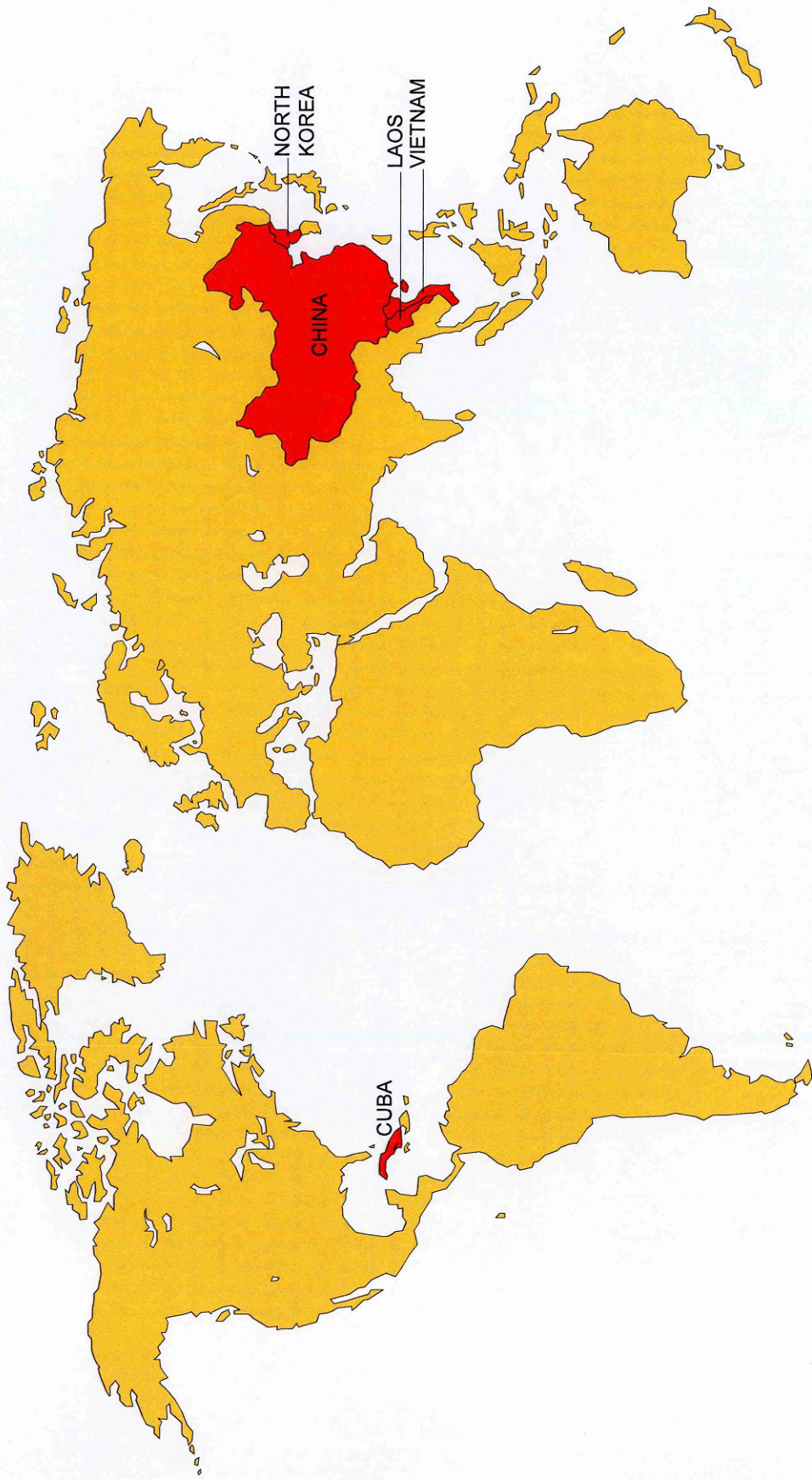
The Chinese were annoyed by the Moscow terms on loaning no more than US\$ 300 million for five years, which the Chinese had to repay, with interest, in agricultural produce (McWilliams and Piotrowski, 2001: 190), and also by Russia's refusal to share knowledge of nuclear technology with Beijing (Pipes, 2001: 123). By the mid-1960s, Russia had withdrawn its 1,300 economic advisers, engineers and technicians and even the blueprints of many projects from China (McWilliams and Piotrowski, 2001: 193). Most communist nations sided with the Soviet Union in the Sino-Soviet conflict, due to their militarily and politically dependent relationships with Moscow. Only self-sufficient countries, like Yugoslavia and China, could afford not to take orders from Moscow (Pipes, 2001: 126).

Figure 2.3.1: Communist countries as of 1980



Adapted from source: Harvey, 2003

Figure 2.3.2: Surviving communist countries as of 2005



2.5.3 The Fall of Communism in the Soviet Union and Eastern Europe

By the mid-1980s, it was becoming evident that the Soviet Union could not afford the continuing cost of imposing its hegemony in Eastern Europe and pursuing a constantly escalating arms race with the United States. Economic stagnation, increase in public access to information and defeat in Afghanistan all served to weaken Soviet resolve. The resolutely anti-communist stance of the Reagan administration in the US, increasing prosperity and optimism in free-market countries around the world and the success of the Solidarity movement against the communist government in Poland were external events that had a demoralising effect on global communism.

Gorbachev's *perestroika* programme, initiated in February of 1986 as an attempt to preserve the Soviet Union by radically reforming Soviet communism, was a major facilitating factor in communism's worldwide demise. The central object of *perestroika* was the establishment of rule of law in the Soviet Union, to replace the absolute rule of the Party. Realising that economic reform depends on political reform, Gorbachev sought to decouple the economy from the static state apparatus through greater decentralisation. Authority was shifted from the Party to the individual regional *soviets*, or parliaments. He also instituted a quasi-electoral system with greater accountability to the public (Lane, 1996: 111). The political programme of *perestroika* was accompanied by a social policy known as *glasnost* (voice), which relaxed censorship of the news and entertainment media and encouraged citizens to criticise weaknesses in Soviet society (McWilliams, 2001: 495).

Communist regimes relied on coercion, rather than incentives, to ensure productivity. Diligent and productive work was not rewarded with incentives but punished with even higher production quotas and the nationalisation of industries put management in the hands of political functionaries who had neither the knowledge nor the motivation to optimise productivity or efficiency. This same bureaucratic rigidity also made Communist economies slow to adopt innovations in technology or management (Pipes, 2001: 151-152; Hosbawn, 1990: 121). Because communist states maintain themselves through coercion, they can only exist through maintaining authoritarian control. As soon as this control is loosened, the state dissolves. It is communism's

inherent rigidity that led to its downfall (Pipes, 2001: 156). *Perestroika* had the effect of destroying the Communist Party by removing its legitimacy and its apparatus of control. An end to government subsidies contributed to a decline in productivity and GNP and a sharp rise in unemployment, inflation and foreign debt occasioned hoarding of goods and a series of strikes throughout the Soviet Union (Lane, 1996: 112; McWilliams, 2001: 499).

Some see the very central precepts of communist ideology as intrinsically flawed. As Pipes notes, Marxism had claimed that the phenomenon of private property was a passing and unsustainable aberration, whereas history indicates that this criticism could be more aptly applied to the notion of collective property (Pipes, 2001: 148). Elson points to the incompatibility between the socialist ethos of structuring the economy to meet needs rather than make profit and the failure of central planning in Eastern Europe and the Soviet Union to create a sustainable economy capable of meeting a nation's needs (Elson, 1991). These are contradictions that must be addressed by those countries still ruled by communist governments today.

By the end of 1989, non-communist governments had been installed in most Eastern European nations, starting with Poland, and the division of Germany came to an end with the absorption of the DDR into the Federal Republic and the demolition of the Berlin Wall. In December of 1989, Gorbachev dispelled one of the primary rallying points of the communist bloc when he told the American President George Bush, "We don't consider you an enemy any more" (Lane, 1996: 1-2). The dissolution of the Soviet Union itself into fifteen independent states occurred in 1991.

2.6 Transition

2.6.1 Defining Transition

With the crisis of global communism in the late 1980s and early 1990s, communist countries were faced with a need to redefine their political and economic agendas. The subsequent 'transition' period of redefinition is still in progress, but it is

acknowledged that, for all their varied approaches to the problems facing them, these nations have much in common, allowing one to generalise when speaking of 'transition countries'. The purpose of this section is to identify the implications of this state of transition for the present and future economic and touristic development of Vietnam.

Transition is defined as "the act of passing from one stage to the next and an event that results in a transformation, a change from one place or state or subject or stage to another" and also as "a movement, development, or evolution from one form, stage, or style to another" (<http://www.m-w.com>). In political and economic terms, transition can involve many different types of movement from one state to another: for instance from oligarchy to democracy or from a colonial to a post-colonial society. The means by which transition is achieved, whether schismatically through revolution or peacefully through internal reform, also vary from context to context. This section examines transition from a centrally-planned economy to one that is more market-oriented.

Two patterns of transition can be discerned in communist countries. The first pattern is internal reorganisation within an intact socialist context as in China and Vietnam. The second pattern is a redefinition of constitutional rules, accompanied by market-oriented reforms, as in the Eastern European nations and Russia. One could say that the distinction is between nations where economic transition occurs within an established political milieu and those in which economic transition is accompanied by a transition from one political model to another. The speed of political transition from communism to democracy in countries such as the Czech Republic, Hungary and Slovenia is remarkable because they achieved democracy on the same level as Germany, only a few years after the transition initiated (Fidrmuc, 2001: 5). It remains to be seen whether political changes will follow the current economic restructuring in countries like China and Vietnam, as they did in the cases of Chile, Taiwan and South Korea (*ibid*). Whilst the distinction between these two patterns will be useful in illustrating some points, the following discussion will be concerned primarily with economic transition rather than political transition.

2.6.2 General Characteristics of Transition Economies

One of the characteristics of communist economies that hindered their transformation into market economies is communism's concentration on the supply side of economics by rationalising modes of production, whilst ignoring or even suppressing the demand side of the equation, which is the driving force in the mass-consumption that characterises mature capitalist economies. In Russia and its satellites, for instance, dissent occurred when the new generation, who were used to living in an advanced industrial society and took it for granted, yearned for a quality of life which the communist society established by Stalin could not provide (Rostow, 1971: 133-135). The failure of the communist system has been discussed in more detail earlier in this chapter.

Because the transition process involves complexities of large-scale institutional changes, it is a difficult phenomenon to conceptualise. This would require accounting for ambiguity and political barriers at the same time in a single theoretical model. A general theory of transition did not exist before 1989 (Roland, 2000: 13). A few Eastern European countries had made efforts at reform before the fall of communism in the Soviet Union: for instance Yugoslavia in the 1950s, Hungary in 1968 and the former Soviet Union at many times. However, there was no attempt to transform the centrally-planned economy to a market oriented economy. For this reason, when the post-1989 economic transition began in Eastern Europe, advisors and planners of reforms had little direct experience in economic transition and looked to the experiences of developing countries in the early 1980s and China's development in the 1970s for clues as to how to deal with the new situation (Fischer et al, 1996: 45).

This phase of transition affects at least 1.65 billion people (Roland, 2000: xvii). Transition is acknowledged as an important theme in current global economics, as evinced by the World Bank's publishing of the World Development Report: 'From Plan to Market' in 1996, examining the 28 countries in Central and Eastern Europe (CEE), the Newly Independent States of the Former Soviet Union (NIS) and China and Vietnam (Gelb, 1997: 450).

Transition from a centrally planned economy derived from the totalitarian model of bureaucratic organisation and state property to a market-oriented economy characterised by market regulation and private control of property must be regarded as a complicated historical process of changes (Kolodko, 2000: 273). Transition should not be misconstrued as a “short-run policy issue” (Roland, 2000: xix). Transition to a capitalist economy is a drawn out process involving various facets of economic activities (Kolodko, 1999: 2; Roland, 2000: xviii). The question of how one can separate where transition ends and development begins was addressed by Gelb, with the assertion that the end of transition could be declared when the economic and social issues of a transition country become comparable to those of long established market economies with a similar standard of living (1997: 451). The process of transformation is susceptible to setbacks, arising from political and social vagaries and the self-interest of the parties involved (Ellman, 1997: 30). Transition can be seen as three simultaneous processes: liberalisation-*cum*-stabilisation, institution building, and the restructuring of the existing economy at the microeconomic level (Kolodko, 2000: 273).

Each country experiences transition differently, according to its economic organisation, macroeconomic situation and political developments (Gelb, 1997: 451). Most policy advice given to Eastern European nations in the early stages of transition was adopted from the so-called ‘Washington Consensus’ (Roland, 2000: xviii). The Washington Consensus is a list of ten principles for economic reform in developing countries, formulated by economist John Williamson in 1989. It accentuates, “liberalising prices, tight monetary policy and balance budget to stabilise the macroeconomy, and privatising state-owned enterprises in order to induce profit-maximising behaviour” (ibid). It must be noted that the Washington Consensus was explicitly designed for countries that already possessed a market economy, and Washington Consensus-inspired policy reforms were borrowed from the experiences of Latin American countries in attempting to heal their existing but ailing market economies. In contrast, in Eastern European countries, basic institutions which are important for a market economy, such as an independent central bank and general tax regulations, were absent or not well-established (Kolodko, 1999: 6-8).

One can make a general distinction between the 'big bang' (or 'shock therapy') technique of transition and the strategy of 'gradualism'. The relative appropriateness of these two methods is the subject of debate amongst economists. The 'big bang' or 'shock therapy' strategy, involving implementing many sweeping reforms at once to achieve a sudden, potentially traumatic, transformation, is exemplified by Russia. China, Hungary, and Slovenia, on the other hand, prefer to pursue the strategy of 'gradualism', in which reforms are seen as a programme of slow change over time (Roland, 2000: 14). It should be noted that these terms are used by numerous economists who interpreted and employed the terms to transition countries differently. For example, Sachs et al (2000: 16) and Roland (2000: 14) applied the term 'big bang' to Vietnam, whereas Pickel describes Vietnam's approach as gradualist (1998: 76). Kolodko sees shock therapy as a fundamentally detrimental technique that brings more problems than solutions. He states that "because a market economy requires adequate institutional structures and an appropriate behaviour, transition can be executed only in a gradual manner, since these are very gradual processes based upon new organisations, new laws, and the changing behaviour of various economic entities" (1992: 2).

Generally, the early stages of transition to a market economy involve the development of a small private sector, followed by privatisation and restructuring. Liberalisation and privatisation appear to be gradual and stabilisation seems to be in the middle of the transition process (Roland, 2000: 16). In actual real-world contexts, the major problem in transition is not one of theoretical framework, but rather the practical question of how to go about transforming a communist system to a liberal capitalist system (Pickel, 2002: 111). Sachs and Woo have argued that small transition economies have a greater potential for managing transition than larger transition countries, because their state apparatus is less unwieldy and quicker to gain institutional knowledge. They use this to explain what they see as Vietnam's successful Eastern-European-style 'big bang' in 1989 (1999: 14).

2.6.3 Societal and Ideological Differences Between Europe and Asia

The differences between the transition experiences of the formerly socialist Eastern European countries and the socialist countries of Asia can be better understood by looking at the differences between these two cultural contexts. To generalise, Asian societies tend to be based on the principle that the well-being of the society should be the ultimate aspiration, with each person's rights and duties being defined by their place in society. The contemporary Western understanding of well-being is much more centred on the actualisation of the individual, with an emphasis on individual rights. A closer examination and comparison of developments in Russia and China, the epicentres of European and Asian communism respectively, will aid in understanding the implications of these cultural distinctions for transition.

The Chinese government proved much more tenacious than that of Russia in the face of calls for change. In 1989, while the communist regime in Russia was showing signs of weakening after the introduction of the *glasnost* programme of reforms, the Chinese communist regime reconfirmed their authoritarian stance and absolute power with the massacre in Tiananmen Square. Political and social stability are important factors in ensuring sustained development in a nation, and the uncompromising stance of the Chinese authoritarian regime gives a sense of societal stability. The regime is associated with pre-revolutionary, revolutionary and post-revolutionary eras, becoming synonymous in the public imagination with the society to which each person owes his or her identity. This appeal to nationalism is used in China as an instrument to preserve the power of the communist party. China possesses a stratified social structure, comparable to a feudal system, in which people are classified in different groups with different rights, largely based on their relation to the communist Party (Sachs et al, 2000: 26). This politically imposed set of relations coexists with the traditional Chinese societal fabric based on an inherent sense of communal belonging, in which people's relationship to each other is based on the mutual obligation of kinship and friendship rather than contractual obligations (Shlapentokh, 2002: 240). In contrast, the Russian government had already lost its credibility because of the discrepancy between the communist regime's propaganda message – equality, brotherhood, and peace – and its true aims, which were central control and

superpower status (ibid: 253). The Soviet communist state was seen as the source of constraints put on individuals, rather than a structure within which individuals found identity and continuity.

Of course it would be oversimplifying to see this distinction as the basis of all differences between the Russian and Chinese transition experiences. There were also differences between Russia's and China's pre-transition labour structures. For example, while in 1978, China's labour force in agriculture was 71 per cent and in the state sector was only 19 per cent, Russia's agriculture workforce was only 13 per cent, and most Russians were state workers. Therefore the rural sector economic reform in China in 1978 was able to succeed by shifting millions of agricultural workers to new industries and service enterprises. In contrast, Russian economic reforms required moving workers from state enterprises and also a large segment of the agriculture workforce which was already low in productivity (Gelb, 1997: 453).

To clarify how market economies can be achieved using such differing models of transition as those exemplified by China and Russia, a further distinction must be made between the Eastern European and East Asian brands of capitalism. Whereas Russia and most of Eastern Europe seek to model themselves politically and economically on the capitalist democracies of Western Europe and North America by replacing totalitarian structures of rule with accountable elected governments (Shlapentokh, 2002: 205), China and Vietnam find inspiration in so-called 'Asian Capitalism' (Pickel, 2002: 108-9), as exemplified by Taiwan and Hong Kong (Sachs et al, 2000: 13), characterised by a higher degree of government control and regulation than in the West. This kind of economic policy also involves the creation of special economic zones where other economic rules and mechanisms apply. Proponents of Asian Capitalism call it 'capitalism with a human face', saying that it sees the company as a social unit which must flourish for the good of all participants, and not simply as a profit-making tool (Widyahartono, 2002). Critics, on the other hand, see it as an unsuccessful attempt to marry communism and capitalism, which is ultimately to blame for the Asian economic crash of 1998 (Petras, 2001).

2.6.4 Transition in the European Context

The observed results from 25 economic transition countries reveal that democracy strengthens economic liberalisation, an important factor for economic growth, which also guarantees property rights, creating a climate for continuous growth (Fidrmuc, 2001: 7-14). Despite its positive effects, democracy has also brought negative effects and disadvantages with it, in cases where it was not accompanied by equally pervasive liberalisation, especially during the early stage of transition. Fidrmuc identifies two ways in which democracy without liberalisation can have a detrimental impact. One aspect is that democracy implies significant political uncertainty due to political backlash in reaction to negative effects of reforms. The second factor is that elected governments are likely to focus on short-term goals and policies, which could have a limiting effect on the next government (2001: 16). Political constraints have been a major obstacle to economic reforms in the transition process in Eastern Europe. For example, in Russia in 1992 and 1993, the parliament hindered plans for market reforms. Also in the early 1990s in Poland, the parliament stood in the way of a mass privatisation plan for about three years. After the plan had been altered and approved by the parliament, it became ineffective (Roland, 2000: 25).

During the transition process, a large number of the executive positions of the large privatised firms are often held by the same people who ran state enterprises. Some of them are willing to adapt themselves and prepare for the competitive challenge of the new market economy, but others are less adaptable and maintain the old style to which they are accustomed, providing obstacles to economic reforms (Kolodko, 2000: 288). Independent of cultural or historical factors, it can be argued that centrally-planned economies are inherently flawed in their lack of flexibility and absence of mechanisms for mediation between workers and owners, engendering a society in which, to quote a popular saying, “the state pretended to pay the workers and the workers pretended to work” (Williams and Baláž, 2000: 14-15).

The starting point for the transition to a market economy varied amongst the many diverse nations comprising the formerly socialist countries of Eastern and Central Europe, ranging from the reformed economies of countries like Poland, Hungary and

Yugoslavia to the rigid Soviet-style structure of the newly independent former republics of the Soviet Union (Kolodko, 2000: 275). Despite the different paths followed by the various formerly socialist nations of Eastern Europe since 1989, several general characteristics of transition in these countries can be discerned. These include an increase in privatisation in banking and other economic sectors, an abolition of central economic planning, the introduction of currency conversion and an appropriate tax system for a market economy (Hall and Kowalski, 1993: 24).

In most of these countries, these measures led to inflation and a contraction of the economy rather than the hoped-for expansion. There was an initial assumption that market institutions would be a natural and automatic result of liberalisation. However, the absence of any kind of established economic system, either free-market or centrally planned, led to a decrease in production, savings and investment, with an ensuing recession (Gelb, 1997: 452; Kolodko, 1999: 9). This supports the assertion that one of the most important determining factors in the success of economic transition is the extent and character of government involvement in the restructuring process. Beyond simply providing for economic liberalisation and privatisation, the government must ensure that the necessary institutions are put in place to provide guidance (ibid: 18). The discontinuities and shifting of power and responsibilities that characterise a state of political and economic transition make this task all the more difficult. A lack of an established constitutional mandate for such governmental powers, exacerbated by resistance to institutional change from remnants of the deposed communist regime, have also proven a hindrance to government initiatives in providing a structure conducive to market reforms (Sachs et al, 2000: 17).

The need for attentive government control in creating the conditions for economic transition could be seen to run counter to the general mood of restriction of governmental powers to interfere in the perceived freedom of enterprise. The 'sharp-shock' strategy of transition pursued in many Eastern European countries involved a drastic reversal from a state-controlled, centrally-planned economy to a type of liberal capitalism characterised by "market liberalisation, privatisation, currency convertibility and trade liberalisation" (Williams and Baláž, 2000: 24).

Inflation and international debt payment difficulties have been major obstacles to the recovery of a number of Eastern European nations from the fall in output that accompanied the beginning of the transition process. This has encouraged governments to cease subsidies to overdeveloped industries unable to perform within a free market (Gelb, 1997: 452). The fledgling market economies were able to stabilise inflation only gradually. In Russia, it took five years to bring inflation down to the “more or less civilised level” of 22 per cent (Ellman, 1997: 28). Economic transition is a continuing process in the formerly socialist countries of Eastern Europe, and the final outcome is still uncertain. Whilst some of these economies are among the fastest growing in Europe (Gelb, 1997: 452), with Poland for example having experienced steady growth since 1992 (Ellman, 1997: 23), most have not yet attained a pattern of ‘sustainable growth’ and one-quarter were still in a state of contraction in 2000 (Kolodko, 2000: 272).

The transition process is characterised by an increase in privatisation and foreign investment. A case study of a Hungarian clothing company by Koopman and Heller identifies positive effects of privatisation, which include “access to Western European markets, better product design, inflow of new equipment, managerial know-how and cash” (1998: 298). Restructuring appears to lag behind when a transition country allows privatisation to proceed rapidly, whereas successful transition economies such as Poland tend to be less speedy in privatising state enterprises, relying on newly established private companies for growth (Ellman, 1997: 28). The need for privatisation varies from country to country, influenced by two factors: the amount of restructuring needed and whether there are viable alternatives to privatisation. The means of privatisation are strongly influenced by political factors (Gelb, 1997: 455).

In order to compete internationally, transition countries require a huge amount of new investment, and foreign direct investment (FDI) is seen as an important component (Váradi and King, 2002: 15). Transition countries have to judge which areas of business are appropriate for FDI as well as guaranteeing equal legal treatment to domestic investment and FDI (ibid: 16).

Transition requires new partnerships and new ways of thinking. A problem in doing business within transition countries is building trusting relationships with new partners (Kolodko, 1999: 19). Economic transition also often necessitates a new legal system, and sectors such as banking, government and the private sector have to adjust to the new situation (ibid: 20). The history of the transition process has shown that reform measures need to be credible to be successful, and that it is important for transition countries to have a clear goal and model in order to sustain reforms, for example the goal of becoming a member in the European Union (Gelb, 1997: 454).

2.6.5 Non-European Transition: Transformation from Within

China, Cuba and Vietnam have proven, to varying degrees, that successful economic reform does not require a nation to desert the communist ideology.

Cuba is not regarded as a transition country because the ruling regime has strongly and constantly refused to follow a path of neo-liberal transformation development (Pickel, 2002: 209). Nevertheless, after the fall of socialist governments in Eastern Europe - Cuba's most important trading partners – Cuba's communist regime has had to rethink its closed door policy regarding economic relations with capitalist countries. Cuba introduced a sequence of economic reforms such as the establishment of the dollar as one form of official legal tender, joint ventures and foreign investment, economic decentralisation and limited price liberalisation (Pickel, 1998: 76). The shake-up caused by economic restructuring in Cuba is different to that in the Eastern European countries. Whilst these countries have experienced growing unemployment and shut down of industries, Cuba has instead experienced a different problem in the form of a sharp devaluation of the national currency (Hoffmann, 2001: 6)

Despite advice from Western experts to create a market economy, the Chinese communist regime maintains its centrally-planned economic system (Shlapentokh, 2002: 251). However, China is considered to be one of the most successful transition countries, as indicated by the falling number of people living in poverty from 250 million in 1978 to approximately 35 million by 2000 (Cook, 2002: 616). As in Eastern

European countries, exports, services and new enterprises have been important factors for economic growth in China (Gelb, 1997: 453). In the 1990s, China attempted to imitate Western style laws under communist rule by enacting legislation such as the Corporation Law and the Anti-Unfair Competition Law, but they could not be implemented due to the political constraints of communist constitutional rules (Sachs et al, 2000: 22).

It is worth noting that reforms of the socialist system which were unsuccessful in Eastern European countries continue to succeed in Asia (Kolodko, 1999: 21). The increase of growth in China and Vietnam owes much to development policy and market-oriented reforms, which are used as tools for successful economic development (ibid). According to Gelb, the next stage of economic reforms in East Asian countries should involve the clear definition of the scope of the role of the state sector. In addition, development of the corporate governance of state, non-state and private enterprises is important (1997: 458). The significance of these issues in the specific context of Vietnam will be discussed further in section 3.4 Economics and Politics in Vietnam.

2.6.6 Tourism in Transition

If transition countries are regarded as underdeveloped nations, it could be said that these countries are in the stage of early take-off. In the opinion of Rostow, transition countries wishing to develop economically need to take three non-industrial sectors into account. These are social overhead capital, agriculture, and foreign-exchange-earning sectors. In addition, they need to gain access to modern sectors (1971: 139). Tourism is regarded as one of the most obvious industries which quickly generates foreign hard currency in transition countries.

Tourism and transition are interdependent (Williams and Baláz, 2000: 3). Obviously, tourism contributes to the economies of transition nations in various forms, including employment. The studies of Szivas and Riley on tourism employment during economic transition in Hungary reveal that employment could possibly play the role of a 'port in a storm' or a 'refugee sector' (1999: 748). Loss of jobs in other sectors

are to a certain extent compensated by a growth in the tourist sector, a refuge for job seekers unable to find employment in other industries. The common conception of the tourism sector is that it requires unskilled workers and is highly seasonal. Therefore, it is not surprising that the same studies identify that tourism employees come from a wide variety of previous professions (ibid: 748-768). In addition tourism is an attractive source of jobs due to the common belief that employees in tourism receive higher salaries than those in other sectors. This is often true, as in Cuba where employees in traditional state sector such as educational and health care organisation earn less than one-fifth of the amount that low-skilled workers in the tourist industry do (Pickel, 1998: 76).

Williams and Baláz remark that three principle areas of transition have significant implications for tourism: “the broad raft of stabilisation and market creating reforms which constitute the ‘sharp-shock’ economic transition strategies applied in Central Europe; the re-internationalisation of the economies; and strategies for privatisation”. These factors have brought about a transformation of the macro-economic environment for tourism in transition countries (2000: 5). The topic of tourism in transition will be discussed in more detail in Chapter 4: Politics and Tourism.

2.7 Conclusion

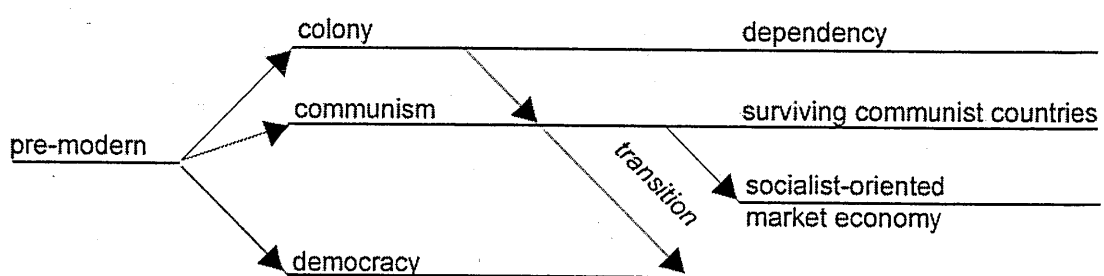


Figure 2.4: Progression model putting colonialism, communism and transition in global historical perspective

The preceding sections constitute an outline of three broad phenomena that have played, and to varying extents continue to play, defining roles in economic-political

affairs, relations and events at a global scale. The chart above depicts an interpretation of the relation and succession of these three historical forces within modern world history, based on the background research of this study. Having thus established and discussed elements of the greater context within which Vietnam's past and present must be understood, the following chapter will examine how these three cultural streams manifest themselves in the specific milieu of Vietnam and how they have interacted, and continue to interact with one another, as well as with a myriad of other sub-streams and events, to write Vietnamese history.

Chapter 3: Vietnam Past and Present

3.1 Introduction

Vietnam's history is that of a people whose strong national identity has transcended and survived multiple periods of partition and eras of domination by external powers. At various stages of her history, Vietnam has been occupied by China - the mighty neighbour to the north, France at the height of her colonial might, and the military superpower of the United States. The country has been partitioned time and again by internal strife or as the result of global power plays, but has always re-emerged as a unified, independent nation. As an undercurrent within this unity, there has always been an historical distinction between the North and the South of the country. The early history of the Vietnamese people is characterised by a constant apprehensiveness of China to the north, accompanied by an expansionist policy at the expense of the weaker countries and civilisations to Vietnam's south. Indeed, Vietnam's North, heavily influenced by the Confucian tradition imported from China, has always been the more tradition-oriented part of the country whilst the South, exposed to Hindu civilization through early trade and assimilation of conquered peoples, continued as the more cosmopolitan, heterogeneous and liberal region. French colonisation and, later, the American presence, were centred in the South, with the North serving as a breeding ground of the nationalists who would each time eventually expel the foreigners. In Vietnam's current state of transition, many of the important current and recent events in the country are driven or influenced by the *doi moi* or 'Renovation' programme of reforms, which aim at redefining and reorienting Vietnam within a changing world.

3.2 History of Vietnam

3.2.1 Early History

The Vietnamese people are thought to have originated in what is now southern China and migrated south to settle at the mouth of the Red River in the area of northern Vietnam known as Tonkin (alternatively spelled Tongking). In the second century B.C., the kingdom of Nam Viet spanned parts of modern-day northern Vietnam and southern China.

The Chinese emperor Wu Ti conquered Nam Viet in 111 B.C. and the Vietnamese people existed under Chinese rule until 939 A.D., during which period Chinese became the official language of administration and an educational system was instituted based on the Confucian tradition. The Chinese also brought their art, architecture and music to the region, which made a lasting impression on Vietnamese culture. Despite this millennium of Chinese domination, the Vietnamese never became completely assimilated into the Chinese culture and remained a distinct people within the empire. Time and again, there were Vietnamese popular uprisings against the Chinese, who continued to be seen as foreign invaders (Duiker, 1995: 18).

The dream of an independent Vietnam became reality early in the tenth century when the Vietnamese general Ngo Quyen took advantage of the confusion surrounding the disintegration of the Chinese T'ang dynasty in 939 A.D. and mustered an army to drive out the occupier and declare the sovereign state of 'Nam Viet'. Ngo Quyen died a mere five years later, and the ensuing years were marred by civil war, but the young country survived Chinese attempts to retake it.

3.2.2 The Le Dynasty and the Tay Son Rebellion

The establishment of the Le dynasty in 1010 ushered in the classical era of Vietnamese history. This family of rulers renamed the country Dai Viet (Great Viet) and led the Vietnamese through a period of stability, cultural growth and prosperity. Buddhism was made the state religion. Dai Viet came under Chinese control again in

1407, inciting a powerful movement of nationalist resistance. The resistance leader Le Loi staged a campaign of guerrilla warfare against the Chinese. The skirmishes escalated to all-out war by 1426, and by 1427 the Chinese had been expelled and Dai Viet liberated. Le Loi took the crown as Emperor Le Thai To.

The period after the reinstatement of the Le dynasty saw steady increases in population, accompanied by pressures for more territory. Expansion to the north was blocked by China, so the Vietnamese turned their energies to the south, initiating a territorial conflict between the Vietnamese and the people of Champa. By 1471, under Le Thanh Tong (ruled 1460-97), the Vietnamese nation had completed its drive south, attaining its present-day size. This extension of the Vietnamese state into new territory altered the political geography of the country. Until this time, Dai Viet had been a highly centralised country, ruled by a strong central administration. The connection between the northern heartland and the new southern territories was more tenuous, sanctioned neither by geography nor tradition.

The first North-South partition of Vietnam came about through a civil war between the Trinh and Nguyen families. Although the Le emperor remained the titular ruler of all Vietnam, a *de facto* internal partition was in effect by the late 16th century. The Nguyens ruled over the South of the country, with their capital at Hue, while the Trinh dynasty ruled the North. The oppressive nature of both of the ruling houses gave occasion for frequent revolts throughout the period of the Trinh-Nguyen feud.

Three brothers from the village of Tay Son in central Vietnam organised simultaneous revolts against the ruling houses of both the North and the South. In 1778, the oldest brother toppled the Nguyen in the South and proclaimed himself emperor. Only one member of the royal family, Nguyen Anh, was able to escape. The youngest of the Tay Son brothers followed his brother's example a few years later with his overthrow of the Trinh in the North. For a short period, Vietnam was once again reunited under their rules.

3.2.3 Gia Long and His Successors

In 1802, however, Nguyen Anh, with the help of private French interests, was able to defeat the Tay Son brothers and return as ruler not only of the South, but of the whole reunited country. Nguyen Anh declared himself emperor, took the name Gia Long and gave his country the name 'Vietnam'. Vietnam's contact with Europe had begun in 1535 when the Portuguese Captain Antonio da Faria arrived in Da Nang Bay. The Portuguese established a trading port at Faifo (Hoi An) and dominated early European trade with Vietnam. Portuguese missionaries arrived later in the 16th century, followed by other Europeans, but missionary activities were met with apprehension in the strictly Confucian Vietnamese court. Fearing ideological contamination of the populace, the missionaries were expelled. The new emperor Gia Long, however, whose usurpation of the throne from the Tay Son brothers had been sponsored and supported by the French, understandably looked more favourably upon European culture. He granted French missionaries permission to resume their activities.

Gia Long succeeded for the first time in establishing a strong and centralised administration for a united Vietnam. His liberal domestic policy accommodated regional interests and differences between North and South. After his death in 1820, however, Gia Long was succeeded by Minh-Mang, whose more heavy-handed and authoritarian approach to rule re-ignited North-South antagonisms. Determined to enforce the traditional, Chinese-influenced Confucianist system across the whole country, he sent new officials to the south. These officials were the target and casualties of a revolt led by Le Van Khoi. Minh-Mang retaliated brutally, retaking the Saigon citadel and executing thousands of its occupants in 1835.

All French advisers who had been welcomed into the country under Gia Long were expelled in Minh-Mang's efforts to exclude all influences that would counteract his vision of a Confucian nation. Christian missionaries and converts in Vietnam became the target of prosecution and even violence. Under the pretence of protecting its nationals, France dispatched a fleet in 1857 to the central Vietnamese port city of Tourane (Da Nang). They captured the city in 1858 and continued south, taking Saigon in 1861.

3.2.4 French Colonial Rule

In 1862 Minh-Mang's successor Tu-Dac signed a treaty granting France dominion over three provinces in Cochin-China, including Saigon. The treaty also guaranteed freedom of religion, French priority with respect to any future territorial annexations, the opening of three Vietnamese ports to French commerce and an indemnity of 4 million *piasters* (Cady, 1964: 418).

The French colonial strategy in Southeast Asia was redefined as a result of the Lagrée-Garnier expedition of 1866-68, which explored the Mekong valley and produced the conclusion that the Mekong River would not provide the French with access to China, as hoped, and that the only possible route from Indochina to China would be via the Red River in Tonkin (ibid: 421-22).

French dominion of Vietnam was sealed with the taking of the remaining North of the country in 1883. The independent nation of Vietnam officially ceased to exist with the Treaty of Protectorate, signed on August 25 of that year. Annam became a protectorate of France and Cochin-China a French colony. China initially blocked the formalisation of French control in Tonkin, but in 1884 withdrew her troops and acknowledged France's rule over all of Vietnam. The division of Vietnam into three parts was retained by France throughout the period of occupation, with different governments in the three provinces. Saigon was the capital of Cochin-China in the south, Annam was ruled from Hue while Tonkin's capital Hanoi also served as the administrative centre for the entire *Union Indo-Chinoise*. Figure 2.2 in the previous chapter shows the extent and locations of the various divisions of French Indochina.

The superposition of French culture upon the existing Vietnamese patterns brought about transformations in the social, political and cultural landscape of the nation. The always-present nationalist elements within the country began to coalesce into organised movements amongst urban intellectuals in the early 20th century. Their indignation was fuelled by the obvious discrepancies between the liberal Western ideas brought to the country by the occupier and the oppression of most Vietnamese under French colonial rule. Their optimism was strengthened by Japan's victory over

Russia in 1905, which demonstrated that an Asian nation could stand up to a Western power and prevail (Smith et al, 1967: 50).

3.2.5 Ho Chi Minh and the Beginnings of Vietnamese Communism

By the mid-1920s, anti-French nationalist organisations had formed throughout the country. Peasant dissatisfaction with forced labour, high taxes and rents and French monopolies imposed by the colonial regime led to revolts in central Vietnam in the early 20th century. In the mid-1920s, several nationalist organisations were established in all three regions of Vietnam. The Vietnamese Nationalist Party (VNQDD), modelled on the Chinese Nationalist Party (*Kuomintang*), formed in 1925 in exile in Canton and two years later in Hanoi. The party gathered its members primarily from among the urban population. Communism made its appearance in Vietnam at around the same time, when Nguyen Sinh Cung, who would later be known as Ho Chi Minh, formed the Vietnamese Revolutionary Youth League (*Viet Nam Thanh Nien Cach Mang Dong Chi Hoi*), predecessor of the Indochinese Communist Party (Smith et al, 1967: 51).

Ho Chi Minh was born in 1890 into a family with a strong Confucian tradition from central Vietnam. He left Vietnam in 1911 and spent the next thirty years abroad, in various European and Asian countries. His attraction to Communism began in Paris in 1920 when he read Lenin's 'Thesis on the National and Colonial Questions'. He was a founding member of the French Communist party and went to Moscow in 1924 for training at the ComIntern headquarters (SarDesai, 1998: 50). Ho Chi Minh realised that the anti-French Vietnamese nationalists lacked political sophistication and saw social revolution based in the communist doctrine as the answer to the national liberation issue. Marxism was not much known in Vietnam because the French prohibited the reading of Marxist material. In 1926, Ho Chi Minh wrote a textbook on Marxist revolutionary doctrine called 'the Road to Revolution' (Duiker, 1996: 16-19).

To many Vietnamese intellectuals, communism raised issues that related directly to their own experience. They perceived a classic example of imperialist exploitation, as described by Marx, in the situation within their country (Osborne, 1971: 63). Anti-

French organisations were many but not united. A Vietnamese communist periodical of the time noted: “Revolutionary ideology may be one, but when it comes to action then each person goes his or her own way. The enemy is united, cohesive and solidly organised” (*Do (red) Newsletter*, 1929: 279). The founding of the Indochinese Communist Party (ICP) was presided over by Ho Chi Minh in Hong Kong in 1930. The agenda of the party included the expulsion of the French and a sweeping programme of political, economic and social reforms. ICP-aided peasant uprisings in that year were brutally suppressed by the French (Fairbank et al, 1989: 883).

3.2.6 Japanese Occupation and the Return of the French

Following the occupation of France by Germany early in the Second World War, the French territories of Southeast Asia came under the tutelage of Germany’s fellow axis power Japan, which intended to integrate the region into its ‘Greater East Asia Co-Prosperity Sphere’ (Fairbank, 1989: 885). In 1941, Ho Chi Minh returned to his home country for the first time in thirty years and established a united front organisation, the Vietnam Independence League (*Viet Nam Doc Lap Dong Minh* or *Viet Minh* for short) and welcomed all anti-French nationalist groups to join. He disguised his own communist ideological leanings and stressed the nationalist image of the League over the revolutionary agenda, but the communists played a dominant role in the new organisation. The Viet Minh specialised in guerrilla warfare, which they practiced against both the Japanese and the French. Ho Chi Minh was imprisoned by the Chinese nationalist government in 1942 but released in exchange for intelligence on Japanese activities in Tonkin. Ho Chi Minh’s group in China also obtained assistance from the American Office of Strategic Service to re-enter northern Tonkin in order to set up an anti-Japanese front (Cady, 1964: 582) including an undetermined amount of small arms and communication equipment (Smith et al, 1967: 54).

Initially, Japan ruled Indochina through the existing French colonial administration. Becoming suspicious of the French, the Japanese occupiers dismantled the French governmental structure in March of 1945 and declared Indochina free of colonial rule. Bao Dai, the last of the Nguyen emperors, who had been essentially a complicit instrument of the occupying Japanese, declared an independent Vietnamese nation in

Annam and Tonkin. Later that same year, Cambodia and Laos declared their independence.

With the Japanese surrender in August 1945, Ho Chi Minh assembled a *Viet Minh* congress and developed a ten point plan that was more nationalist than communist in tone, calling for measures such as an abolition of unfair taxes, promoting democratic rule, redistribution of communally-owned land and keeping up good relations with their allies (SarDesai, 1998: 56). Through successful propaganda, Ho was able to convince nationalist groups, and the Bao Dai government, that the *Viet Minh* enjoyed the support of the allies (Cady, 1964: 582). Bao Dai abdicated in favour of Ho Chi Minh, who declared the founding of the independent Democratic Republic of Vietnam (DRV) on September 2, 1945. Bao Dai was appointed high counsellor of the new government (Smith et al, 1967: 55). Sects and nationalist groups continued to contest the power of the newly-formed government in Cochin-China, and the Communist regime had to share power with these groups in order to establish a Committee of the South.

The Potsdam Conference of July 1945 stipulated that the Chinese nationalist army would accept the surrender of Japan in the North of Vietnam and the British would fulfil this role in the South. The British took advantage of this situation to re-establish their ally the French as an occupying government in the South. On September 23, 1945 the French returned and took over the government offices in Saigon, to the general outrage of Vietnamese of all political varieties. Ho Chi Minh established his base in the North of the country, where he continued to lead a guerrilla war against the occupiers and remained the acknowledged spokesman for the nation in dealings with the French. Chinese forces in North Vietnam found that the *Viet Minh* and non-communist nationalist groups were willing to cooperate with them, and established a nationalist coalition government, led by Ho Chi Minh, consisting of the VNQDD, other nationalist groups and the *Viet Minh*. In 1946, however, China accepted the return of all of Indochina, including North Vietnam, to the French in exchange for various concessions (Smith et al, 1967: 57), such as agreements favouring Chinese commercial interests (Fairbank, et al, 1989: 887).

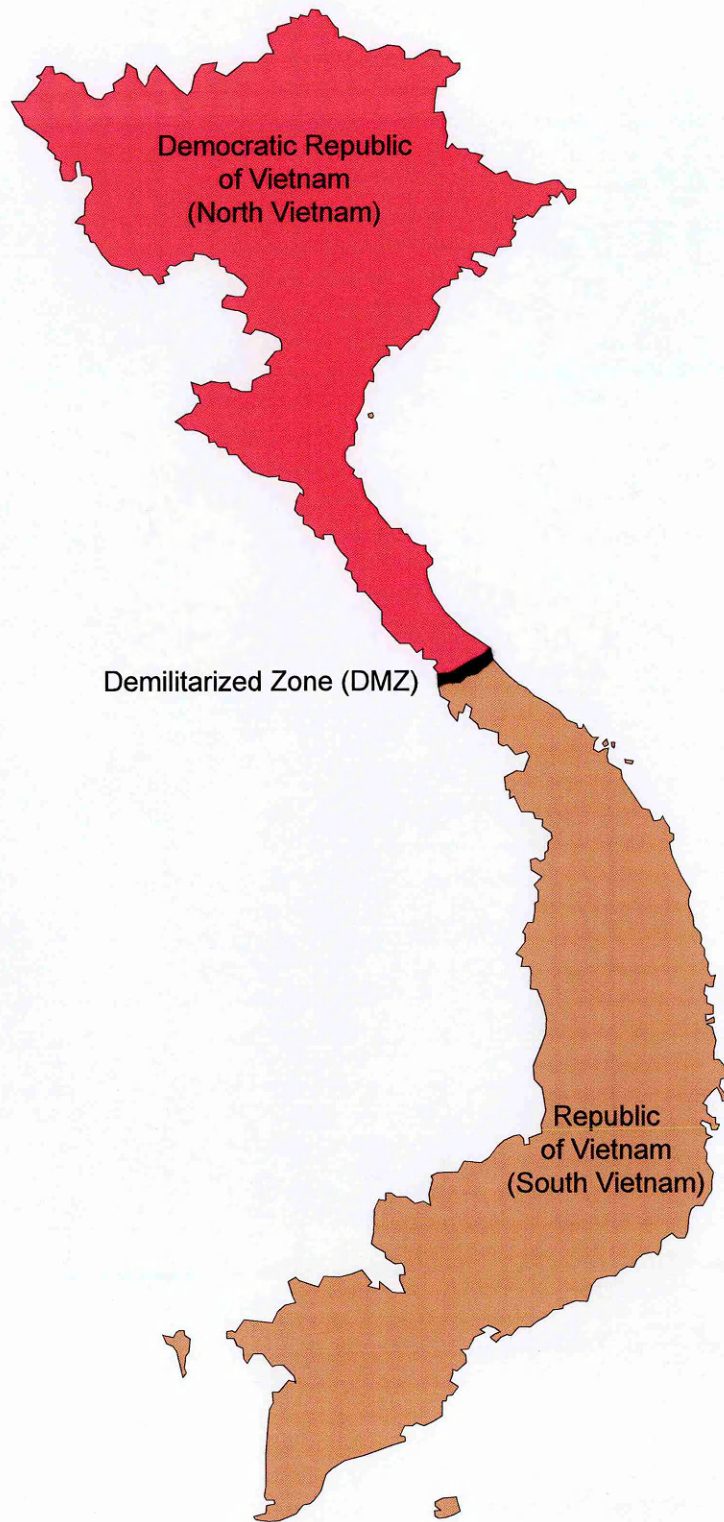
The status of Vietnam remained in a state of indeterminacy. In 1946, Vietnam was promised the status of 'free state' within the (as yet to be created) Indochinese Federation and the French Union, allowed to keep its own army, parliament and finances in exchange for agreeing to French cultural, economic and political dominion, as well as a continued French military presence in the North. The definition of 'free state' was never adequately defined. Recognising that his forces were not yet powerful enough to wrest independence from the French, Ho Chi Minh grudgingly accepted this *modus vivendi* pending a planned resumption of talks the following year (Duiker, 1995: 47).

3.2.7 The Indochina War and the Geneva Conference

The negotiations, and accompanying cease-fire, were ultimately a failure. Hostilities between French and Vietnamese forces broke out again in the North in the autumn of that year. The bombardment of Haiphong on November 23, 1946, in retaliation for a civil uprising incited by the opening of a French customs house in the city, killed 6,000 Vietnamese and triggered the Indochina War. Ho Chi Minh and his troops were driven out of Hanoi. For the next three years they pursued a war of guerrilla tactics and were gradually able to regain large areas of the country.

In 1950, China became the first state to recognise Ho Chi Minh's party as the legitimate government of all Vietnam. The Soviet bloc countries followed. A few months later, the United States and Great Britain countered with their recognition of the French-sponsored Bao Dai government. When it became clear that Communist China was providing military assistance to the North, France sought increased aid from the United States. The Bao Dai regime never did enjoy popular support. Well aware that the monarchy was a façade for the return of colonialism to their country, the sympathies of the populace tended towards the nationalist Viet Minh (Smith et al, 1967: 59). Ho Chi Minh's repeated offers of peace talks during the course of the Indochina war were shrugged-off by France.

Figure 3.1: Divided Vietnam (1954-1975)



The final French defeat came with the fall of France's military base at Dien Bien Phu on May 7, 1954. Around 2,000 French soldiers were killed and 10,000 taken prisoner, striking a fatal blow to the French military presence in Vietnam and weakening France's resolve (McWilliams and Piotrowski, 2001: 120-121).

On the following day, the Geneva Conference convened to decide the course of Vietnam's future. Representatives of the two Vietnamese governments, France, Great Britain, the Soviet Union and the United States negotiated a 'temporary' partition of the country near the 17th parallel, with the Viet Minh ruling in the North and the Bao Dai regime in the South, with a demilitarised zone between. Figure 3.1 shows the geographical definition of the two Vietnams and the demilitarised zone that divided them. The division of Vietnam was first suggested by the Chinese foreign minister Zhou Enlai, indicating that the long-standing Chinese rivalry with Vietnam had more meaning than empathy for a fellow communist nation (McWilliams and Piotrowski, 2001: 121). The bisection of Vietnam was to have been a provisional arrangement pending national elections and reunification scheduled for 1956. The agreement was signed by the Viet Minh and the French. The Bao Dai delegation refused to sign, stating that "the absence of all liberties in North Vietnam makes impracticable at the moment any approach to the problem of electoral and pre-electoral operation" (Keesing's Research Report 5, 1970: 24).

The elections never did take place. US involvement in the region began with aid for the resettlement of refugees from the North. In 1955, Bao Dai's foreign minister Ngo Dinh Diem launched a purge campaign to rid the country of Viet Minh collaborators. Hanoi responded by calling on Viet Minh members in the south to defend themselves. Diem was also seen as the major figure behind other oppressive policies of the South Vietnamese government.

From the time of the partition until the end of the war with the United States, Communist insurgencies in the South were sponsored by the DRV. In September 1960, at the Third Congress of the *Lao Dong* Party, which was formed in 1951 as a reincarnation of the ICP, which had been dissolved in 1945 (Fairbank et al, 1989: 889), secretary Le Duan stated that "the immediate task of the revolution in the

South” was “to achieve national reunification” after winning “national independence”, foreshadowing the formation three months later in South Vietnam of the *Mat Tran Dan Toc Giai Phong Mien Nam Viet Nam* or ‘National Front for the Liberation of South Vietnam’ (NLF) (Van der Kroef, 1981: 41). In 1963, a general named Duong Van Minh led a successful military coup in the South. Diem escaped briefly but was found assassinated the next day. A populist figure, Duong Van Minh nevertheless lacked the leadership qualities to unify the various political interests behind him and the government split into feuding factions. In addition to the programme of financial aid initiated by the Eisenhower administration, US President Kennedy increased the anti-communist tone of American policy and increased the number of US ‘advisors’ in South Vietnam to 15,000 by 1963 (Duiker, 1995: 65).

3.2.8 The US War

During the war with the French, the communist nature of the *Viet Minh* had already become apparent, weakening their support in some sectors of Vietnamese society (Smith, 1967: 59). US President Eisenhower noted that all reliable sources indicated that Ho Chi Minh’s popularity was such that, had the elections been held during the fighting, Ho Chi Minh would have received an 80 per cent majority of the popular vote (SarDesai, 1998: 71). The popularity and political ideology of Ho Chi Minh and the *Viet Minh* raised concerns in the United States, which feared a spread of communism from China into Southeast Asia similar to the rapid appropriation of Eastern Europe into the Soviet sphere of influence after World War 2 (the so-called ‘domino theory’).

In late 1964, troops of the Communist People’s Army of Vietnam (PAVN) began to press southwards in the first indication of open military confrontation and region after region began to come under communist control. Within the US government, it was predicted that, without outside assistance, South Vietnam would soon fall to the forces of the communist North and a decision was made to intervene (Duiker, 1995: 67). An attack on a US naval ship off Tonkin was used as a pretext for an American aerial bombardment of North Vietnamese coastal positions in August of 1964. The congressional Tonkin Gulf Resolution granted President Johnson a mandate to act to

protect US forces in Vietnam, sanctioning US entry into the war. An attack on a US camp at Pleiku drew retaliatory bombing of targets in the North. During the spring and summer of 1965, American ground troops began to join South Vietnamese forces in engagements against North Vietnamese forces in the central highlands and along the coast. Over the following years, during which several South Vietnamese governments rose and collapsed, the US involvement in the war intensified, exceeding all initial intentions or expectations.

American public support for the US involvement in Vietnam dwindled as the conflict wore on. A massive communist offensive during the 'Tet' holiday of 1968 resulted in great loss of life on both sides and massive destruction in many cities. The 'Tet offensive' marked a turning point in the American perception of the war and was likely instrumental in encouraging the US to enter negotiations rather than striving for an ever more unlikely all-out military victory.

Newly elected American President Nixon sought what he termed a 'Vietnamisation' of the war: a strengthening of the South Vietnamese forces to the extent that American troops could be withdrawn. This ambition proved illusory, as the army of the South was no match for its enemy. Secret talks between US and North Vietnamese officials, aimed at negotiating a withdrawal of American troops and a scheme for a postwar government, to be constituted by the Vietnamese, were hindered by South Vietnamese President Thieu's refusal to accept the terms of such an agreement (McWilliams and Piotrowski, 2001: 215). Tens of thousand more American and Vietnamese troops were to be killed in the years 1969 to 1973.

The US waged a long, costly and ultimately futile war, which the US government interpreted as an international conflict rather than a civil war between the Vietnamese (McWilliams and Piotrowski, 2001: 206-208). Ho Chi Minh's death on September 2, 1969 raised hopes in Washington that the Vietnamese communists would lose their resolve to continue the war, but Ho Chi Minh's followers regarded him as a guardian spirit who provides them with 'supernatural' guidance even after his death, who led them to eventual victory six years later (Neil, 1993: 359).

The Paris Peace Agreement, which called for the withdrawal of all US troops and negotiations between the two sides as to division of territory, was finally signed in January, 1973. However, the planned talks quickly disintegrated and internal rivalries became, if anything, more intense. The year 1974 saw a strengthening of communist NLF (National Liberation Front) forces in the South and, in 1975, the North resolved to pursue a rapid and complete military takeover of the country. Indeed, by April of that year, they had taken all of central Vietnam and, at the end of the month, entered a demoralised Saigon and claimed victory. On April 30, 1975, helicopters evacuated the last US troops from the roof of the besieged American embassy in Saigon.

3.2.9 Unification and Renovation

A November 1975 convention of leaders from the North and South in Saigon (now renamed Ho Chi Minh City) drafted a plan for the political and administrative unification of Vietnam under communist principles, influenced by the Leninist leanings of those veteran communists who had been with the organisation since its inception. This involved the removal of the capitalist economic sector and a purging of the military, government and foreign-owned firms of all those potentially unsympathetic to the regime. Re-education camps were set up for their socialisation.

Pol Pot's Khmer Rouge had gained power in Cambodia at about the same time that Vietnam was united under communist rule. A Khmer Rouge campaign against ethnic Vietnamese in Cambodia prompted a Vietnamese invasion of Cambodia in January, 1979 and the deposition of Pol Pot. This invasion and occupation was harshly criticised by the international community and prompted China to invade Vietnam in February, withdrawing a month later. The Vietnamese were not to withdraw from Cambodia until 1989, as part of an effort to gain international acceptance.

The hard-line ideology of the aging party leaders, through whose perseverance the party had prevailed against the French and the Americans, was now seen by many as a major obstacle to the economic development of Vietnam (Hines, 2000; Torode, 1998). Economic stagnation continued into the 1980s, prompting the Sixth National Congress of the VCP (Vietnamese Communist Party) in 1986 to call for a radical

intensification of the system of reforms referred to as the *doi moi* (Renovation) programme. This programme and its economic and political consequences will be discussed in detail in a later section of this chapter.

In its struggle to assert itself as an autonomous and unified country after a long history of division and domination by external forces, Vietnam shares characteristics with former colonies throughout the world, as already elaborated in the preceding chapter.

3.3 Discussion: Communism, Nationalism and Confucianism in Vietnam

In the Western world, there has been a debate as to whether Ho Chi Minh's political persuasion was communist or nationalist (Osborne: 14: 58). Many authors offer the view that Ho Chi Minh used the communist movement as a vehicle for the nationalist programme of Vietnamese liberation (Fairbank et al, 1989: 883; McWilliams and Piotrowski, 2001: 117; Bastin and Benda, 1968: 189). Osborne also describes the victory over the French as a triumph of Vietnam's strongest nationalist group, which happened to be communist-led (Osborne, 1971: 128). It has been remarked that the sense of national unity achieved with the Viet Minh's victory over the French transcended the arbitrary political division of the seventeenth parallel, and that Ho Chi Minh maintained the status as a father figure and symbol of Vietnamese unity and independence for many Vietnamese in both North and South (Bastin and Benda, 1968: 189).

Confucianism can be seen as the codification of the social values, institutions and ideals that constitute traditional Chinese society, and is best described as a system of social and ethical philosophy rather than a religious belief system (Berling, 1982). The first prophet of Confucianism, Master K'ung Confucius, considered himself a re-interpreter and transmitter of the Chinese cultural legacy, rather than a prophet or political figure.

Confucianism embodies complex social structures as well as subtle values, which are "so closely linked with everyday life that they sometimes seem trivial" (Berling,

1982). Confucianism requires that one should know and keep one's place in society, paying respect and loyalty to one's parents and rulers. The structure of the family was a central ideal and model in Confucian philosophy, on which all other structures were modelled. Relationships such as the subordination of subject to ruler, son to father, wife to husband, and younger brother to elder brother, and the mutual respect between friends were seen as inherent in the structure of the universe. The ruler, for instance, was to be as a father to his subjects; seeing after their well-being and commanding their respect and obedience (ibid). The emperor was at the top of the Confucian social scheme, ruling by mandate of heaven. The scholar-officials, who administered the imperial government, were chosen through examinations in literature and philosophy, rather than political machinations. Although commoners were allowed to apply for the exams, it was mostly the sons of scholar-officials who could afford the best schooling ([http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field\(DOCID+vn0050\)](http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+vn0050))).

Confucianism was introduced to Vietnam during the period of Chinese rule, displacing and dominating the prevalent Buddhist ideology. The new Sino-Vietnamese state of Dai Viet adopted Confucianism as a political instrument to justify the monarchy and strengthen the central power of state. The highly structured Confucian social schema aided bureaucratic efficiency and support their position within Vietnamese society (Duiker, 1995: 81-82; Cady, 1964: 103-104). Vietnamese society and culture were interwoven with Confucianism for centuries, accounting for a highly stratified, authoritarian society. Because of various alienating aspects, such as the favouritism and elitism in the guise of meritocracy described in the situation of the exams for scholar-official posts and the immutable social structures, Confucianism never became popular amongst the general public in Vietnam, who associated it with the oppressive Chinese rulers (www.yale.edu/seas/bibliography/chapters/chap6.html).

The French colonial era brought Vietnam into direct contact with Western culture, knowledge and values. By the late 19th century, members of the Vietnamese elite preferred to educate their children in the sciences and other "modern" subjects rather than learning the traditional Confucian classics ([http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field\(DOCID+vn0050\)](http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+vn0050))). Besides the loss of the social status of Confucianism, intellectuals began to blame its backward-looking and introverted

nature for many of the current ills in Vietnamese society. Nguyen Thuong Hien, one of the founding members of the Association for the Restoration of Vietnam wrote a document, arguing that his government's 'closed doors' policy had kept the Vietnamese people ignorant of the world situation and the urgent needs of foreign policy (Nguyen Thuong Hien, 1912 or 1913: 166). Tran Huy Lieu, a member of VNQDD, called the government "autocratic mandarins" whose short-sightedness was to blame for the loss of the country to the French (Tran Huy Lieu, 1927: 252).

Convinced that the colonial dilemma could not be resolved within the strictures of Confucianism and its canonised social order, many Vietnamese intellectuals sought a new doctrine to replace it (Osborne, 1971: 17; Fairbank et al, 1989: 877). In fact, the royal court and bureaucracy seemed content to serve the colonisers, angering Vietnamese nationalists. Many found in Marxism the ideal antidote to precisely those aspects of Confucianism that they most strongly rejected: its stiff hierarchy, ritualism, conservatism and resistance to change. Tellingly, a large numbers of the nationalist leadership came from families with a strict Confucian tradition, increasing their sense of having been betrayed by their rulers (Duiker, 1996: 25-26). Confucianism was being decried in the land of its birth as well. "Down with the Confucian shop!" was a rallying cry of the Chinese cultural movement of 1919. During the Cultural Revolution of the 1960s and 1970s as well, anti-Confucian fervour was drummed up to dismantle all vestiges of past traditions considered inimical to the Revolution (Liu, 1998: Preface).

Confucianism and communism are diametrically opposed in many of their fundamental beliefs. Confucianism sees human society as static and ruled by eternal values while communism see it as dynamic and progressive, characterised by revolution and change. Confucian social structures are strictly hierarchical. Communism valorises equality among people. The former deprecates material wealth as a distraction from ethical pursuits, while the latter glorifies material production (Duiker, 1996: 26). The Confucian disdain for profit seeking, and favouring of land over other types of wealth seems non-conducive to economic growth (Fairbank, et al, 1989: 876), and Marxists have also criticised the doctrine for too readily accepting

and rationalising unjust and exploitative social situations in the name of preserving social harmony (Berthrong, 1998: 177).

Despite their apparent irreconcilability, Confucianism and communism were balanced masterfully by Ho Chi Minh in his propaganda campaign. Ho did not assume that the revolutionary code must be at odds with traditional Confucian morality, and effectively used Confucianism as a mechanism to gain popular support for his communist programme, expanding upon the similarities between the two belief systems, such as personal moral integrity and devotion and subordination of the individual to the greater society (Duiker, 1996: 26-28). It has been suggested that both Confucianism and communism develop Man's social and political awareness, and define Man as the sum of his social relations, and that for this reason the transition from traditional Confucianism to modern Marxism is a logical one (<http://www.yale.edu/seas/bibliography/chapters/chap6.html>). Ho Chi Minh has been credited with successfully splicing the two ideologies, to ease the transfer of loyalties and beliefs from one social structure to another. Frances Fitzgerald has remarked on the concerted efforts undertaken in the initiation of NLF soldiers, to transfer familial loyalties to loyalty to the greater 'family' of the Party. Ho Chi Minh's public image as caring and protective 'Uncle Ho' helped foster this familial metaphor (ibid).

The history of Vietnam is marked by transitions and conflicts between a succession of political and economic forms. The following sections are a more concerted study into the ways in which economics and politics have defined the parameters of Vietnamese society and culture in each of the major stages of its history.

3.4 Economics and Politics in Vietnam

3.4.1 The Vietnamese Economy During the French Colonial Era

As has already been mentioned in the chapter about colonialism, colonised countries feed the economy of the colonial powers by providing sources of raw materials for industry, and markets for the products of the colonising nation. Accordingly, under

French rule, Vietnam's economic structure was organised to best benefit the interests of the French and, peripherally, those of the minority of Vietnamese who made up the class of indigenous elite (Duiker, 1995: 131). In order to transform the economy of the newly industrialised nations, the colonisers often had to disrupt existing social systems. To bring about significant social change, political transformation was also generally necessary. Such societal and political redesigning of a nation relied on peacekeeping measures to ensure social stability, as well as a class of indigenous elite who collaborated with the colonisers and enjoyed a privileged position in the society in exchange.

This situation also applied to Vietnam, where economic privileges, including land ownership, were the prerogative of the French and the pro-French Vietnamese (Smith, et al, 1967: 49). The Chinese were another group who reached a collaborative agreement with the French in Vietnam, securing themselves a near monopoly on trade in rice, copra and fish in Cochin-China, where 80 per cent of the ethnic Chinese population in Vietnam was concentrated. They also played a role in assisting the French in administering the economic development plan for the colony (Cady, 1964: 546-549). The process of the transformation of Vietnam's economy included the development of a modern transportation and utilities infrastructure, at least within areas of strategic importance for the colonisers. The new roads served the primary purpose of expediting French mobility within the country (Beresford, 1989: 45), such as the system of roadways linking Saigon with French farms in the surrounding areas. A railway line of over 1,000 miles in length, between Saigon and Hanoi, linking the Red River with the Mekong delta, was also built during French rule (Cady, 1964: 551).

The French also installed European-standard urban utilities in Saigon, Hanoi and Phnom Penh. Utilities systems served the French sectors of cities and bypassed other quarters, as was the case with Hanoi's sewer system. These sewers ran directly into the Red River, along with the city's storm sewers, causing backups of sewage into the city when the river flooded, exemplifying the slipshod character of some of the French-installed utilities (Sheehan, 1992: 29). The colonisers expanded the commercial and industrial sectors in what was previously a primarily agrarian

economy. During French rule, Hanoi, Haiphong and Saigon became vibrant commercial and manufacturing cities. Light industries such as paper, textiles, food processing and bicycle assembly were the most prevalent. The amount of cultivated land in Vietnam also increased greatly during the colonial era, including much previously virgin land in the Mekong delta, turning the country into a major rice exporter (Smith, et al, 1967: 49).

European interests, and those of other foreigners such as the Chinese and Indians, dominated commerce and industry in Vietnam during these years. The French controlled 95 per cent of foreign investment in the country (ibid). Development of an indigenous commercial and manufacturing sector was not supported, and indeed was actively discouraged through tariffs on native industries that produced goods that competed with French-produced goods (Duiker, 1995: 36). The division of Vietnam with the Geneva Conference heralded the end of the colonial economy in the country and initiated a new phase in Vietnam's economic development.

3.4.2 The Economies of Divided Vietnam

During the era of Vietnam's division, the two quasi-states (North and South) became increasingly politically and economically polarised, driven by their increasing respective reliance on opposing cold war powers for military and economic assistance. After the Geneva Conference of 1954, the VCP (Vietnamese Communist Party) faced severe problems. A large number of the industrial plants, communication and transportation facilities had been disrupted or destroyed during the Indochina War. Much mining equipment, for example, had been removed by the French with their withdrawal, damaging the industry that had provided the bulk of the North's foreign exchange (SarDesai, 1998: 70).

The National Planning Board of North Vietnam was established in 1955 to prepare the country's transition to a fully socialist society. In 1958, a three-year plan was inaugurated to accompany the first stages of primarily rural initiatives and pave the way for a five-year plan for complete socialist transformation by 1966. From 1955 to the end of the first five-year plan, Hanoi received over a billion dollars' worth of aid

from socialist allies, mostly from the Soviet Union. This allowed the construction of facilities such as fertiliser plants and two power stations (Duiker, 1995: 139). The communist regime confiscated land from the rich and distributed it among landless peasants. Although ostensibly a land reform exercise, the policy was used as an instrument of terror against enemies of the regime (Waddell, 1972: 94). Consequently, a large number of the local elites in the North fled for the South. As many as half a million people are thought to have lost their lives in the course of this liquidation exercise (SarDesai, 1998: 70).

With the outbreak of the war with the US, the five-year plans were superseded by one-year plans. The full-scale bombing of the North by the US in 1965 caused damage to the transportation network and industrial facilities. The state of war prompted an economic crisis in Hanoi and caused an influx of increased aid to North Vietnam from its socialist allies, and therewith an increased dependence on outside economic support. Over the course of the War, North Vietnam received over US\$ 4 billion in total aid from these countries. Industrial workers became soldiers and industrial facilities were evacuated to rural areas as the war effort became more urgent than the economic agenda (Waddell, 1972: 97-98).

The resolute conversion of the North to socialism was mirrored in the South by the emergence of a capitalist society. The southern part of Vietnam was home to the country's more experienced and well-trained commercial and industrial workforce, and its most fertile lands. Saigon had become the nation's most significant commercial centre during the French era and the French had also established the South as the predominant agricultural region of the colony (Beresford, 1989: 19-20, 45), although the North contained most of Vietnam's raw resources such as gold, iron, tin and zinc. Due to the limited availability of raw materials in the South, the Diem government concentrated largely on encouraging the development of the consumer goods sector. US attempts to encourage foreign investment in South Vietnam were largely unsuccessful, and hopes that tourism could provide a significant contribution to the economy were thwarted by increasing political instability (Duiker, 1995: 133). By the late 1960s, South Vietnam's economy had become almost completely reliant

on American aid just as the North had become dependant on aid from the Soviet Union.

The polarisation of the two Vietnams, and their dual absolute economic dependence on politically-motivated external aid, eventually led to all-out armed conflict in the North-South War of the 1960s and 1970s.

3.4.3 The Economy After the US/Vietnam War

After the end of the War in 1975, The VCP was in control of the whole country, and was faced with the daunting task of post-war reconstruction. The influx of aid from the US, which had fuelled the South Vietnamese economy had, of course, stopped and more than 2 million Vietnamese soldiers were suddenly unemployed. The devastation wrought by the war was considerable. Twenty-nine of the thirty regional capitals had been severely damaged and nine completely destroyed. A US programme of defoliation, using the herbicides Agent Orange and Agent Blue to kill food crops and the thick jungle that offered cover to enemy troops and blocked helicopter landings, had destroyed an estimated thirty years' worth of Vietnamese timber resources (SarDesai, 1998: 94-95).

Those who now ruled the country were, to a large extent, the same men who had stood by Ho Chi Minh in his original uprising against the French. These aging hard-line communists believed in a strong centralised economy. At the Fourth Party Congress in 1976, the VCP called for the dismantling of the capitalist sector in the South in order to create a fully socialist society throughout Vietnam. Pragmatic considerations dictated, however, a transitional stage of a 'multi-sector' economy, with socialist and capitalist elements (Duiker, 1995: 142).

The Second Five-Year Plan of the reunited Vietnam (1976-1980) inaugurated a new policy to promote the transformation of Vietnamese society and introduced the 'three revolutions' in the fields of productions relations, ideology and culture, and science and technology. Acknowledging that the current primitive state of technological development in the country was one of the major obstacles to growth of the national

economy, the VCP concentrated on the improvement of the science and technology sector. In 1978, the process of socialist transformation in the southern provinces began in earnest. All major trade and manufacturing companies were taken over by the state, with only small family-owned firms continuing to operate as private enterprises. In May of that year, the VCP introduced a new common currency for all of Vietnam (SarDesai, 1998: 100). The programme of state takeovers created much discontent among the commercial and industrial classes. A large number of members of these classes left Vietnam for other countries. The Chinese community was hit especially hard, and it has been suggested that the policy may have been a deliberate attempt to dissolve the country's ethnic Chinese community (Duiker, 1995: 146).

The global political significance of Vietnam dwindled with the end of the war and the disappearance of the Cold-War political standoff between the two quasi-states. Economic assistance from countries with an ideological vested interest in the outcome of the war evaporated accordingly. The Vietnamese government had been promised foreign aid by various nations, but very little of it was forthcoming. President Nixon of the United States had vowed to pay three billion dollars in post-war reconstruction aid as a stipulation of the Paris Agreement. However, the Carter administration refused to honour this promise, using the pretext that Vietnam had not been living up to its side of the agreement. China, previously an important source of funding for North Vietnam, put priority on funding domestic development. The only assistance Hanoi received was from European countries, especially France and Sweden.

Encouraging foreign investment in Vietnam proved difficult because of a lack of technological capability and managerial experience in the country. The infrastructure, destroyed during the War, was in a sorry state. The press criticised the administration for having difficulty in abandoning the 'guerrilla mentality' and making the transition from a wartime to a peacetime society (Duiker, 1995: 145). As Sheehan remarks: "Overnight, the world had turned upside down. The Ministry of Engineering and Metals in Hanoi, which had always been the great paternal figure, became useless, capable only of suggesting guidelines that might or might not make sense" (Sheehan, 1992: 24). Many Vietnamese with managerial experience and training in commercial fields were excluded from decision-making posts for various reasons, such as being of

Chinese descent or having collaborated with the US during the War (Duiker, 1995: 145). The VCP established re-education camps to indoctrinate these and others considered potentially hostile to the communist regime. Floods and typhoons added to the existing problems. Food shortages ensued. The economy was in a critical condition.

In a 1978 Treaty of Friendship, the Soviet Union agreed to give military, economic and diplomatic support to Vietnam in exchange for the use of the American-built naval base at Cam Ranh Bay (Fairbank et al, 1989: 895). The Soviets' communist-bloc rival, China, reacted by calling-off all of its projects in Vietnam. The 1979 Vietnamese invasion of Cambodia prompted the United States and some of its allies to declare an embargo on trade relations with the SRV, exacerbating the Vietnamese economic crisis.

At the Fifth National Congress in 1982, the Party made an effort to mediate between reform-minded and ideologically orthodox factions. The new Five Year Plan reflected this in its twin priorities of increasing food production and giving incentives to encourage the production of consumer goods. Nevertheless, there were dissenting voices amongst the VCP leadership. Nguyen Van Linh, a southerner and economic reformer, was opposed to the collectivisation of agriculture. He argued that the right way to spur development in this sector was through incentives, and that 'patriotic capitalists' who allied themselves with the government would be permitted to continue doing business. Mr. Linh was dismissed from the Politburo, but was offered a post as Party secretary of Ho Chi Minh City, where he was able to experiment with capitalist-sector programmes (Sheehan, 1992: 77-78).

Truong Chinh, who succeeded Le Doun as General Secretary after the latter's sudden death in 1986, was seen as a dogmatic Leninist on economic matters. However, he was obliged to admit some reformist elements while remaining true to the long-term goal of a fully socialist society. This stance did not go far enough for reform-minded party members, who were instrumental in electing Nguyen Van Linh to the top Party post in that year. It is argued that this as a promising sign of a more pragmatic

approach to economic development (Morley and Nishihara, 1997: 5; Sheehan, 1992: 77; Trung, 1990: 1-2).

3.4.4 Doi moi

In seeking a way to spur development while remaining true to communist ideals, the Sixth National Congress of Vietnam in 1986 concluded that the Party had been mistaken in trying to achieve a mature communist society in a country that had not passed through the prerequisite stage of capitalism (Morley and Nishihara, 1997: 18). In light of this revelation, the Congress introduced an economic programme called *doi moi* (Renovation), which has been compared in its character to Gorbachev's contemporaneous *perestroika* campaign. The Party's new policy called for measures including the decentralisation of the planning system, a decrease in the number of government ministries and bureaucracies, reliance on the private sector as an engine of economic growth, allowing state and privately-owned industries to trade directly in foreign and international markets and long-term land leases for farmers. *Doi moi* has succeeded remarkably in moving the country from a stagnant, centrally-planned Soviet-style economy with macroeconomic instability to a mixed market-oriented economy (Kokko, 1998: 2). The transition was not an easy one. In an interview with Mr. Nguyen Can, director of a pump factory at Hai Dong, Sheehan asked which was worse, fighting the French in Interzone Five or managing a state factory during *doi moi*. He replied "it was easier in Interzone Five" (Sheehan, 1992: 26).

In 1987, a new foreign investment law was inaugurated, encouraging foreign investment by offering enticing conditions for joint enterprises and foreign-owned corporations. From 1987 to 1995, foreign investment in Vietnam totalled US\$ 20.63 billion. Tourism was the most popular sector for foreign investment, accounting for over US\$ 3.3 billion. Hotel and office building was in second place with about 3 billion, followed by heavy industry at 2.8 billion, light industry 1.7 billion and housing construction over 1.5 billion (Vasavakul, 1997: 348).

Growth in the private sector and foreign direct investment (FDI) were concentrated mainly in the South, where better infrastructure, longer personal and business

relations with Vietnamese and Chinese abroad, and a supportive local administration created a more favourable environment than in the North (Dodsworth, et al, 1996: 16). Although northern cities such as Hanoi and Haiphong also succeeded in rapid economic development, they were outpaced by Ho Chi Minh City. Industrial restructuring was directed by the government in the North, much more so than in the South (Diez, 1999: 367-368). A new agricultural policy was instituted in an attempt to reverse the food shortage, which, by 1988, had become so severe that there were threats of widespread starvation. The regime allowed long-term leases on land contracted from collective farms. As a result, the agriculture sector improved significantly. The new policy was so successful in encouraging growth in industrial and food production that Vietnam was soon able to export rice and by the mid-1990s had become the third largest global exporter of rice (Duiker, 1995: 156).

In 1991, the Seventh National Congress of the Vietnamese government adopted the new slogan "Vietnam befriends all", declaring an open attitude towards foreign policy. Vietnam normalised relations with China in 1991, and then with Japan in 1993. In February 1994, the Clinton administration declared an end to the US embargo and Vietnam normalised relations with the US in 1995. The same year, Vietnam was admitted into ASEAN. By the end of 1996, Vietnam had diplomatic relations with 163 countries, compared with only 23 non-communist states in 1989 (Thayer, 1997: 365). Membership in ASEAN enhanced Vietnam's bargaining position with other nations, especially China and the United States. The belief was that "a transformation in Vietnam's political relations would also lead to a transformation in Vietnam's economic relations that in turn would reinforce its domestic policy of renovation" (Thayer, 2000b). An important modification in Vietnam's "multidirectional foreign policy" was adopted by the Seventh National Party Congress in 1991 (Thayer, 1997: 365). In an internal memo to the Eighth National Congress in 1995, Prime Minister Vo Van Kiet's declared that Cold War rivalries no longer determined international relations (Vasavakul, 1997: 354; Thayer, 1997: 365).

There can be no disputing the success of the *doi moi* programme in stimulating economic growth in Vietnam. The annual GDP growth rate between 1990 and 1997

averaged over 8 percent (Kokko, 1998: 2; Thayer, 2000b). However, in 1996, FDI declined for the first time since *doi moi* was adopted, and the economic growth dropped to 4 per cent. Analysts have commented that some aspects of the Renovation project are nothing more than empty rhetoric on the part of the government. Foreign investors may have come to the realisation that the country's political climate may not have been as open as was originally assumed, as evinced, to give one example, by the 1996 campaign to abolish 'social evils' which called for the prohibition of signs in foreign languages (Batha, 2000).

Many internal factors may also have contributed to Vietnam's economic downturn, such as an excess of bureaucracy, which discouraged investment, a complicated and opaque system of rules and regulations, widespread corruption in the government and banking systems and favouritism for thousands of dysfunctional State-Owned Enterprises (SOEs) (Thayer, 2000b). The most fundamental obstacle for foreign investors was the Hanoi government itself (Hines, 2000), which had introduced *doi moi* in 1986 "not out of altruism, but because its hand was forced". The VCP has been accused of having taken two steps forward and one step back (Mitton, 1998). In an interview, Tony Foster, a lawyer with a Vietnamese branch of a British-based company in Vietnam, states that "(t)here was a perception that the crisis had created a window of opportunity that would have forced them to open their markets. Instead there has been an opposite move" (Torode, 1998).

Since 1996, Vietnam and the US had been negotiating a Bilateral Trade Agreement (BTA), which would allow Vietnamese goods access to the American market on a 'normal trade relations' basis, in return for which Vietnam would open its market to US companies in areas that had previously been heavily protected. A signing ceremony was scheduled for September 13, 1999 between Premier Phan Van Khai and President Clinton. An article from Long Le, dated September 8 1999, warned the US about the risks of investment in Vietnam and suggested that the contract should be renewable annually. Le argued that the VCP was not interested in Vietnam becoming the next 'Asian Tiger', and that the main intent of the reform was to maintain political monopoly for the Party (Le, 1999). On 11 September, the Vietnamese regime surprised the US government by cancelling the appointment. Vietnamese sources

remarked on the visit of the US Secretary of State Madeleine Albright to Vietnam earlier in September, “she side-stepped items on the agenda - human rights and the trade agreement - and asked about Vietnam’s plan to implement true democracy and multiparty politics” (David Lam as quoted in Thayer, 2000a: 317). Thayer notes that Secretary-General Le Kha Phieu “was surprised and peeved to be receiving more advice from another American about how to run Vietnam” (ibid).

Vietnam has fared better in the Asian Economic crisis than other ASEAN nations. A GDP growth rate of 6.6 per cent was announced for the first half of 1998. However, there has been some comment that a *doi moi II* is required, to gain back the confidence of foreign and domestic investors by liberalising trade, reinforcing the financial system and achieving more transparency in the mechanisms of the economy (Kokko, 1998: 1).

Lieutenant-General Le Kha Phieu noted that “capitalism had a benefit – that of making money” and that Vietnam could learn from capitalism and have relationships with capitalist nations without having to become capitalist itself (Soloman, 1998). In November 2001, Vietnam's National Assembly finally ratified a trade agreement with the US. However, the VCP warned the US not to interfere in Vietnamese internal affairs, indicating that US insistence on certain items on the agenda such as the Human Rights Act, “may do harm to bilateral economic and trade relations including the implementation of the trade agreement” (Vietnam Approves U.S Trade Pact, 2001). The eventual outcome of this current stage of political and economic change is not yet foreseeable, in light of the crisis of global communism in the late 1980s and early 1990s. As Morely has said, “Vietnam, like China, is conducting a political experiment of historic proportions, testing whether a communist party-state can liberalise its economic system without weakening the dictatorship of the party” (Morely, 1997: 15).

Vietnam’s gross national product increased by 7.2 per cent in 2003, the fastest growth rate since the 8.2 per cent recorded in 1997. Much of this growth happened in the industrial and construction sectors, which make up about 40 per cent of the country’s economy as Vietnam shifts from an agricultural to an increasingly industrial

economy. The service sector accounts for 38 per cent and experienced a growth of 6.6 per cent (Vietnam's Economic Growth Accelerates, 2004). By 2003, Vietnam's per capita income was US\$ 440, compared to less than US\$ 250 in the late 1990s, and Vietnam was removed from the United Nations Conference on Trade and Development's list of least developed countries (U.S Firms Give Viet Nam Economy Their Approval, 2005). Trade between Vietnam and Russia, its long time trading partner and has begun to increase again. Russia intended to increase bilateral trade with Vietnam from US\$ 571 million in 2003 to over US\$ 1 billion in 2004). Russia is the eighth largest investor in Vietnam, investing around US\$ 1.5 billion in the country in 2004 (Russia – A Promising Economic Partner of Vietnam, 2004). In general, Vietnam's economic trajectory during the *doi moi* programme seems to have satisfied the intentions of the programme, to stimulate economic growth, attract foreign exchange and expand and upgrade the industrial and service sectors of the nation's economy. However, the Vietnamese government will have to continue to remove remaining blockages to economic development if Vietnam is to compete with other rising regional economies like China.

3.5 Conclusion

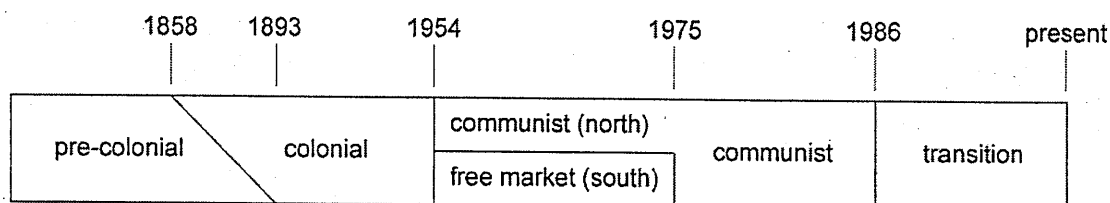


Figure 3.2: Historical political progression of Vietnam

This chapter has described the historical, political and economic backgrounds that have played a role in making Vietnam into the country it is today, and which define the environment within which current events take place. The chart above depicts the progression of economic and political phases and divisions in Vietnamese history, as discussed above. The following chapter will explore issues in the relationship between

tourism and the broad defining forces of politics and economics, which are of special pertinence to understanding tourism in Vietnam.

Chapter 4: Politics and Tourism

“International tourism today must be described primarily as mass tourism – the movement of large number of travellers from one country to another by means of mass transport, and this involves mass hotel accommodations, and above all, mass selling. It is precisely this quality of modern tourism that makes the industry so complex and so highly political. The activity which we call tourism has become intensely institutionalized and competitive”.

Matthews, 1978: 3

4.1 Introduction

Richter (1983: 314) stated that “after oil, tourism is the single largest item of the world trade”. The politics of international tourism are as vital a dimension of world tourism as the politics of oil are for the environment, and government policy is an important determinant of the character and possibilities for expansion in global tourism (Matthews, 1978: 5). A government’s position on the role and appropriate nature of tourism is an important component of that government’s foreign policy and is indicative of the ideological and economic alignment of the nation (ibid: 74-75).

The tourism industry is in one sense an economic mechanism to attract foreign currency, and for most countries tourism represents a major portion of the nation’s economy. Consequently, a primary concern of governments of most developed and developing countries is to increase receipts from tourism. It has been convincingly argued, however, that economic opportunism should not be the main focus of government initiatives regarding the tourism industry. Richter, for example, suggests that leaders should ask policy analysts “is it wise to develop tourism?” rather than “how can we develop it quickly to show case our nation’s attraction and bring in big bucks” (Richter, 2000: 19).

In addition, government decisions on international issues often affect the number of tourism arrivals to a nation. For instance, the Mexican government’s support of a UN

General Assembly resolution that equated Zionism with racism led to a surge of cancellations in resort areas (Francisco, 1983: 367). The importance of international tourism in the global context is a major issue. This is illustrated by an incident in 1984, in which the Soviet Union shot down a KAL jetliner. Tourists from European and North American nations cancelled flights to Russia, and Aeroflot was refused landing rights at many international airports (Richter, 1984: 614). Despite its political importance, the political dimension of tourism had long been relatively ignored by the discipline of political science (Richter, 1983: 314). It is only recently that the importance of tourism in politics has begun to be acknowledged and studied.

The potential role of tourism in signalling a state of diplomatic normalcy between nations also plays a role in politics. For example, tourism has served the function of connecting Israel politically and culturally with other nations (Stock, 1977: 30), and Israel and Egypt employed tourism agreements as tools to obtain political acceptance on some of aspects of the Camp David accords (Richter, 1983: 326). Tourism may also play a role in legitimating nationhood, as in the case of Bhutan where tourism has been used to promote Bhutan's image as an independent nation in the eyes of visitors and maintain its precarious sovereignty in the face of potential Indian claims on its territory (Richter, 2000: 178).

Tourism is also increasingly perceived as playing an important part in the promotion of understanding among different nations and cultures and as a force for world peace (D'Amore, 1989: 269; Jafari, 1989: 439). Two conferences were organised during the 1980s in recognition of this phenomenon. 'Passport to Peace' took place in May 1987 in Ireland, followed by 'The First Global Conference, Tourism – A Vital Force for Peace' in Canada in October 1988.

The tourism trade also requires a degree of cooperation between the governments of tourist-generating countries and those of destination countries. Currency exchange rates, taxes, duties and customs, transport routes, immigration policies and diplomatic agreements each play a part in this. Even for non-governmental ventures, successful business efforts depend on political acumen in dealing with authorities in host nations. For instance, a foreign enterprise wishing to establish a major hotel in a foreign

country will inevitably need to negotiate with the host government (Matthews 1978: 10).

4.2 State-to-State Relations

Tourist flows between two countries provide a relatively reliable measurement of the state of their political relations (Richter, 2000: 1-2). A government can choose to construct political barriers against travel by its nation's own citizens to a particular foreign country as a way of indicating its antipathy towards that country's regime or people (Stock, 1977: 33). Under colonial regimes, travel restrictions were often exercised on the native population of a colonised country in order to emphasise and maintain their subordinate status (Fanon, 1963: 189).

Tourism can be used as a political instrument in relations between states, and travel restrictions were especially prevalent during the Cold War, between countries of the socialist and capitalist blocs. For example, the Soviet Union refused to take part in the Olympic Games in the United States in 1984, blaming the United States' high crime rate and claiming fear of anti-communist extremist groups in South California. In turn, the United States orchestrated a boycott against the Moscow Olympic Games in 1988, in part to show its disapproval of the Soviet invasion of Afghanistan (Richter, 1983: 325; 2000: 6).

Restrictions on travel by its own citizens have been used by the United States government as a political tool for many years. The long-standing bans on travel by US citizens to the PRC and Cuba are well-known examples. Improving political relations in recent years have brought about a normalisation of travel rules. President Reagan's visit to the Soviet Union, and his declaration that the USSR was no longer to be regarded as an 'Evil Empire' and an enemy marked a watershed in relations between the US and communist bloc countries (Matthews and Richter, 1991: 128). The amelioration between China and the United States resulted in the cancellation of the travel ban to China for Americans (Richter, 1983: 325; 2000:6; Stock, 1977: 33).

Other similar situations, such as the enduring and complete tourist blockade between Israel and its Arab neighbours, still stand (Stock, 1977: 33).

Many developed countries, such as Japan and the United States, issue warnings or even prohibit their citizens from travelling to destinations that are perceived as dangerous. Richter notes that the intensity of the warning given by the United States' authorities appears to depend on their relationship with the country in question more than the actual level of danger. Potential threats in 'friendly' nations like Mexico are underemphasised whilst situations in hostile or volatile countries, such as Iran, are given more emphasis (Richter, 1999: 41).

Matthews and Richter have commented on the discrepancy between the willingness of Western policy makers to impose politically-motivated travel restrictions on their own citizens and these same governments' disparagement of similar restrictions instituted by other states. The restriction of citizens' movement was an issue in the Helsinki Accord of 1975. The demands made by the United States and its Western European allies on Russia included respect for human rights, expansion of contacts between Eastern and Western Europe and freedom of travel. In return the Soviet Union asked for a guarantee of non-intervention in the domestic affairs of Eastern European nations and recognition of the hegemony of the Soviet Union within the region (Matthews and Richter, 1991: 124-129).

The constantly shifting state of political relations between the world's many nations is reflected in changes in restrictions and encouragements to travel. The current discussion of a revocation of a visa-free policy for American tourists to Indonesia, as a response to the newly-instituted US policy of requiring Indonesian males travelling to the United States to register with the immigration office as part of an anti-terror campaign, accompanied by an Indonesian government warning to its citizens against travel to the USA are evidence of increasingly wary relations between these two countries (ETN Global Travel Trade News, 22/01/2003, 23/01/2003). The January, 2003 anti-Thai riots in Cambodia caused the Thai government to suspend all flights between Thailand and Cambodia and close their borders to Cambodians (Cambodia Apologies to Thais, 2003). On a more positive note, the Chinese/Laotian agreement to

facilitate cross-border tourism between China's Dai Autonomous Prefecture of Xishuangbanna and the region of Louang Phrabang in Laos is a sign of improving political cooperation between these neighbours (ETN Global Travel Trade News, 17/01/2003).

Within the bounds set by governmentally-imposed travel restrictions, each tourist also wields the ability to express their approval or disapproval for the government of a potential destination country by designing their itinerary to suit his conscience. The case of Myanmar can be used to illustrate this point. Even with a lack of explicit prohibitions on travel, and despite attempts by the junta to develop and market Myanmar as a tourism destination, many potential tourists appear to choose to heed the tourism boycott called for by opposition leader and Nobel laureate Aung San Suu Kyi and thereby express their disdain for the corrupt leadership of the country.

4.3 Politics and Tourism in Quasi-States

Travel restrictions between so-called 'quasi-states', political units formed by the division of a larger state into politically independent countries, represent a special case. Quasi-states have a shared history and culture, most often a shared language as well, but have been split by relatively recent internal schisms or the intervention of external powers. Some countries, such as Germany, Korea and Vietnam, were bisected into quasi-states in the course of the partitioning of the globe by the two superpowers following the Second World War. Others, such as the islands of Cyprus and Ireland, the former British colony of India (split into India and Pakistan) were split apart by irreconcilable ethnic or religious differences of national or regional significance. The political implications of travel restrictions are especially pertinent in these environments.

Travel between two quasi-states is usually more severely restricted and controlled than travel between either one of the quasi-states and other foreign countries (with notable exceptions, such as Ireland and Northern Ireland). With different resources, political systems and economic development strategies, tourism in quasi-states often

follows divergent paths. The consequences of such a division often transcend the internal tourism patterns of a country. The foreign tourism markets of both East and West Germany, for instance, were absolutely determined by their respective integration in politically-defined blocs. The internal division of some countries (such as Germany and Vietnam) or cities (such as Jerusalem or Berlin) did not live out the 20th century. The re-integration of the tourism markets of reunified states brings with it challenges as well as opportunities (Suntikul, 2001).

In 1949, when communists took power in China, Chinese nationalists declared an independent nation on the island of Taiwan. Travel between Taiwan and the People's Republic of China was seriously restricted until 1978, when Taiwanese were granted the right to visit the mainland as part of the PRC's economic reform policy (open-door policy). However, it was not until 1979 that Taiwan allowed its citizens to travel abroad, and not until November 1987 that they were allowed to visit their friends and relatives in mainland China. Although there are no direct flights between the two Chinas and travel is only possible via a 'gateway', such as Hong Kong, Macau or Manila, more Taiwanese currently visit China than do residents of any other country (Bailey, 2000: 37). In a recent development, the Taiwanese government has decided to permit residents of the mainland to make sightseeing trips to Taiwan (Wu, 2001).

Korea was divided into two zones, demarcated by the line of the thirty-eighth parallel, after the Second World War and the country's liberation from Japan. The division between North and South Korea is still absolute, with no post or telecommunications contact allowed between the two states. The government of each Korea refuses to recognise the other as legitimate and refuses to issue visas to the other state's citizens. With the recent slight thaw in relations between the two Koreas, joint tourism ventures in the demilitarised zone are being undertaken, but are slow in attracting popularity. In 1985, the first exchange of visiting groups and performers between North and South Korea took place, culminating in a series of negotiations that had begun in 1971 (Kim and Crompton, 1991: 357). In an effort to promote inter-Korean relations, the South Korean government is financially supporting a Hyundai project organising tours to North Korea's Mount Geumgang (N.K Tour: Peak Cooperation,

2003). The effects of the recent revival of North Korea's nuclear weapons programme on the development of tourism on the peninsula remain to be seen.

In a variation on the quasi-state type, the city of Jerusalem was divided into Israeli and Jordanian-controlled 'quasi-cities' from the establishment of the state of Israel in 1948 to the reunification of the city under Israeli rule following the Six Day War of 1967. Travel between the two halves of the city was extremely restricted. Movement from the West to the East was forbidden for normal travellers, while tourists wishing to enter the Western sector of Jerusalem from the East were required to spend 56 hours in Jordan before permission would be granted (Shoval and Cohen-Hattab, 2001: 16). Most of Jerusalem's attractions were located in the Eastern, Jordanian-controlled, sector of the city, whilst most of the hotels remained in the Western, Israeli, part. In the years that followed, each half of the city strove to compensate for the 'missing half' of its tourism infrastructure.

A similar division is still in force between the Greek and Turkish halves of the island of Cyprus, albeit with a marked asymmetry in entry and exit regulations. The Greek-Cypriot authority does not allow tourists to enter their country from the Northern (Turkish) part, whilst travel from the South to the North is permitted by the Turkish-Cypriot government. The South Cyprus government allows travel to the North for day trips only.

During the period of Vietnam's Cold War division into two politically-polarised quasi-states, North and South Vietnam did not maintain diplomatic, trade or cultural contact, similar to the current situation on the Korean peninsula (Smith et al, 1967). The ongoing integration and consolidation of the tourism infrastructures and practices of the two halves of the country also involves overcoming the North-South distinction that may still exist in the minds of natives and visitors alike.

4.4 Politics and Visa Regulations

Countries legitimately determine who is allowed to enter their territory by imposing entry regulations. The degree of stringency or relaxation of these regulations depends on the relationship between the sending and receiving countries. For example, citizens of the United States and the British Commonwealth nations are allowed to travel to Canada without a passport or visa, whereas tourists from major European countries and Japan require a passport but no visa and travellers from most of the world's developing countries are required to obtain a visa before being allowed to enter Canada. Conversely, Vietnam requires visas for citizens of the United States and many developed countries, while exempting citizens of Thailand, Malaysia and the Philippines. For many developing countries, visa fees might well be seen as a source of income.

Most countries in the world see tourism as an economic driving force, especially developing countries where tourism represents a major source of foreign income. For this reason, many developing nations do not hesitate to open their doors widely to Western tourism. Some notable exceptions, such as Burma, Nepal and Bhutan, accept limited tourism, but only because of a lack of other sources of economic development. Wealthy countries sometimes choose to selectively or completely exclude tourism. Richter cited the example of Saudi Arabia, which used to categorically refuse to issue tourist visas (Richter, 1983: 318; 2000:14, 134), although this policy has been revoked since the time of Richter's writing. Indeed, the Secretary-General of the Supreme Commission for Tourism (SCT) of Saudi Arabia, Prince Sultan bin Salman, has stressed the importance of tourism as an income generator and also as a source of jobs and investment opportunities (www.saudiembassy.net/press_release/01-spa/02-12-SCT.htm).

A general trend towards more permeable borders can be observed, at least within a given region. Citizens of the nations comprising the European Union can travel to other member nations without a passport, and the executive committee for Arab tourism, the Gulf Cooperation Council (GCC), has discussed the issuing of unified

visas for tourism within its member states (www.saudiembassy.net/press_release/03-spa/01-11-GCC.htm).

4.5 International Bodies and Tourism

The growth of international tourism is related to other developments in international relations (Matthews, 1978: 11). Richter has emphasised the importance of close scrutiny of the political implications of this interrelation (Richter, 2000: 3). An increasing acknowledgement of the importance of tourism in the international political arena has led to the formation of ministries and departments of tourism within the governments of many countries. These are supplemented by a number of international bodies partially or wholly concerned with the development of international tourism.

In recognising the importance of international tourism, the International Congress of Official Tourist Traffic Associations was established in 1925 in the Hague as a global intergovernmental agency. After several intermediate manifestations, this organisation eventually became the World Tourism Organization (WTO) in 1974. The WTO's objectives are to encourage and develop tourism to promote international understanding, peace, observance of human rights, fundamental freedoms and economic development (www.world-tourism.org). There are also regional bodies dealing with tourism development, such as the permanent committee on tourism that was set up by the Association of South East Asian Nations (ASEAN).

The United Nations Educational, Scientific and Cultural Organization (UNESCO) initiated convention concerning the Protection of the World Cultural and Natural Heritage in 1972, to provide a framework for international cooperation in preserving and protecting designated World Heritage Sites throughout the world, chosen for their outstanding cultural significance. One of the objectives of this convention is the protection of these properties against the kind of damage brought by overdevelopment (<http://whc.unesco.org/pg.cfm?cid=160>).

4.6 Political Instability and Tourism

Tourism is an extremely fragile industry. Successful tourism products depend on several factors including quality of service, beautiful scenery and a congenial environment. However, security and safety are even more important criteria in determining the attractiveness of a destination in the eyes of tourists (Steen, 2000: 45; Hall and O'Sullivan, 1996: 105; Sönmez, Apostopoulos and Tarlow, 1999: 13). Generally, tourists avoid destinations that they perceive as dangerous or which have attained a negative image as a result of political instability. According to Richter and Waugh "many national leaders and planners either do not understand or will not accept the fact that political serenity, not scenic or cultural attractions, constitute the first and central requirement of tourism" (1986: 231).

Political instability takes various forms such as internal war, terrorism, social unrest and strikes. Regardless of the specific way in which it manifests itself, any indication of political volatility in a nation damages its tourist industry. Richter notes that terrorists constituted one of the earliest groups to recognise the political significance of international tourism (2000: 9). Tourists are seen as easily accessible and vulnerable stand-ins for the actual targets of the terrorists' wrath (Richter and Waugh, 1986: 237). This will inevitably lead to a reaction from the government of the home nation of the tourists in question, leading to intense pressure on the host government (Richter, 2000: 9). The sites and facilities associated with the tourism industry, such as airports and aircraft, are especially prone to terrorist attack, and damage to these facilities can be counted as another aspect of the injury inflicted on a nation's tourism industry by terrorism (Hall, 1994). The number of disasters caused by terrorism and warfare which have claimed tourists among their victims has increased in recent years. A study by Pizam and Smith reveals that between 1985 and 1998 there were 70 terrorist acts, an average of five acts per year, causing 830 deaths and 1,465 injuries. Seventy-one per cent of these victims were tourists. The majority of these events happened in the Middle East and the primary motives were identified as 'independence' and 'social injustice' (2000: 132).

Internal unrest is one version of political instability that can perpetuate a negative image for a destination. For example, Northern Ireland has suffered from an image as a politically unstable, and therefore unsafe, place due to the conflict between Loyalists and Republicans. The dramatic events of 1989 in Beijing's Tienanmen Square were broadcast live by CNN, showing the brutality of the Chinese military and discouraging many potential tourists to China for some time.

Recently, global terrorism has begun to have a growing effect on the tourism industry. The terrorist attacks of September 11, 2001 had a severe negative effect on the US economy, including the travel industry. The airline business entered a slump and tourist numbers dropped dramatically. More than 100,000 airline employees were laid off in the aftermath of the attacks (Goodrich, 2002: 575). The terrorists responsible for the bombing of a club on the Indonesian resort island of Bali on October 12, 2002, seemed to have intentionally chosen tourists as their victims. The blast killed more than 190 people, most of whom were foreign tourists. Predictably, many Western countries immediately issued travel warnings to their citizens advising against travel to Indonesia. Sönmez, Apostolopoulos, and Tarlow claim that terrorism will gain in prevalence as an institutionalised form of armed combat and will continue to choose 'soft' targets such as tourists and thus can be expected to have an increasing effect on tourism in the future (1999: 14).

Wars, whether international or civil, are perhaps the most detrimental type of political instability, in terms of harm done to a destination's image. Besides the obvious sense of danger and insecurity, another effect of war is the destruction or damaging of infrastructure, heritage sites, tourist attractions and other sites of importance to the tourism industry, usually requiring a considerable investment of time and money to rebuild. For example, before the Second World War, Berlin was internationally known as a cultural centre and a modern and dynamic city. After the War, nothing was left of the city but a field of rubble. The war between the Croats and Serbs in the former Yugoslavia beginning in 1991 caused much damage to many of the country's tourist sites, including the UNESCO-listed old city of Dubrovnik (Mihalič, 1996: 234).

Such events inevitably lead to a decline in tourist arrivals but can also have much wider implications. For example, the Yom Kippur War between Israel, Egypt and Syria in 1973 caused not only a regional tourism decline, but also the first world oil crisis which effected tourism globally (Mansfeld, 1999: 31). During the 1991 Gulf War, some sectors of the tourism industry suffered a decline, and the war between Iraq and the United States spread fear throughout the travel trade around the world and resulted in increased insurance premiums and oil shortages which had an effect even outside of the immediate region of the Middle East (ETN Global Travel Trade News, 09/01/2003).

Destinations employ varying techniques to win back the confidence of potential visitors. Following the terrorist attacks of September 11, 2001, the Moroccan, Egyptian and Malaysian tourism ministries put an effort into restoring confidence to visitors with an advertising campaign, which subtly downplayed the issue of religion. Even King Abdullah of Jordan hosted a Travel Channel special 'Jordan: the Royal Tour' in which he could be seen riding his (American made) motorcycle through Wadi Rum, where Lawrence of Arabia had once travelled (Dickey, 2002). Under the threat of possible Iraqi missile attacks before and during the US/Iraqi War, the Israeli Tourism Ministry equipped hotels around the country with 10,000 gas masks and made similar provisions for the distribution of masks to visitors through department stores and Ben-Gurion Airport (ETN Global Travel Trade News, 14/01/2003).

Ironically, the very situations that frighten many tourists away from a certain destination are the same factors that make tourism so crucial in maintaining a semblance of normality. Stock recounts having seen tourist buses amongst the tanks and troop transports returning to the front during a visit to Israel after the ceasefire in the Yom Kippur War. According to Stock "without the existence of the tourist industry, we can imagine that Israel would have been more of a garrison state and more of a ghetto. The near constant flow of tourists has contributed to the air of normalcy at many moments of high tension" (Stock, 1977: 32-41). Tourism in Israel needed a full three years after the end of the Yom Kippur War to return to normal conditions (Mansfeld, 1999: 31). The current intensification of hostilities between Jews and Palestinians is damaging the tourism industry severely. Tourist numbers in

2002 dropped 29 per cent from 2001 to the lowest level since 1982, the year when Israel invaded Lebanon (Israeli Tourism Hits 20 Years Low, 2003), and this time it might take longer than three years to recover.

With the negative effects of war on a country's tourism industry can come some unexpected mitigating effects as well. After the war in 1991, Slovenia was on a 'black list' of war destinations and experienced a marked decline in tourism, partly due to lack of cooperation from tour operators. In part because of this, the Slovenian tourism industry was compelled to restructure to accommodate the more lucrative individual tourism market rather than mass tourism. Thus, the actual financial loss was not as extreme as the drop in tourist numbers might imply (Mihalič, 1996: 244-245).

Hall and O'Sullivan note that a 'curiosity factor' could play a part in enticing some tourists to visit a destination recently ravaged by war but currently declared as safe (Hall and O'Sullivan, 1996: 118). Pitts' study on the uprising in Chiapas, Mexico in 1994 reveals an interesting mode of tourist reaction to political hostility. The expected immediate drop in tourist arrivals was accompanied by another trend consisting of a change in the type of tourist attracted to the region. Before the uprising San Cristóbal, the largest town held by Zapatistas, was primarily an attraction for ethnic tourists. After the outbreak of hostilities, apart from journalists, 'conflict' or 'war tourists' represented a major segment of visitors to the region. 'Zapatista homeland' guided tours were sold at around US\$ 500 and a burgeoning war souvenirs business contributed significantly to local markets and street hawkers, which could be seen as positive effects after the event (Pitts, 1996). Mihalič has also written on the marketing of 'war horror' as an incentive for tourism to certain destinations (1996: 234).

4.7 Domestic Tourism

Domestic tourism was long neglected by policy makers, traditionally being seen as less prestigious than international tourism as it does not bring hard foreign currency into a destination's economy (Richter, 2000: 104). However, it is being increasingly

recognised that domestic tourism is an important element in the economics, politics and culture of a nation's tourism industry.

Domestic tourists in developing countries do not usually demand the Western-standard facilities necessary for the international travel market. This means that there is little need of an initial infusion of foreign exchange to develop these relatively lower-budget facilities. The trade surrounding domestic tourism is usually locally-based and locally-owned, employing locally-produced goods. Because domestic tourists have a better understanding of their own culture, the cultural impact is less intrusive. Domestic tourism serves as an economic and political instrument for balancing tourism's development whilst providing employment and encouraging patriotic identification with the tourism industry (Richter, 2000: 105, 197) and giving government a "greater national control and direction" (Richter, 1984: 291).

Domestic tourism plays an important role in many Muslim countries, where religious pilgrimages lure even non-affluent native and regional tourists. Even though the average spending of citizens is low, domestic tourism makes a significant contribution to tourism earnings in countries like India, and Pakistan (Richter, 1984: 291). According to the WTO, in 1984 there were only a few countries that gathered domestic travel statistics because movement of people within a country is hard to record. International travel, which usually involves the crossing of borders, is easier to document. Some countries collect domestic travel statistics from hotel registration forms (Cooper et al, 1999: 83). Statistics thus gathered do not represent the actual number of domestic tourists, since a significant number of native travellers tend to stay with friends and relatives.

For example, in Thailand during festivals, religious practices such as *tham bun* (merit) are always associated with *pay thiao* (journey), a term with hedonistic implications. However, this type of traveller is likely to stay with friends and relatives, in cheap guest houses (Peleggi, 1996: 436) or even in temples.

The current political situation of the world presents manifestations of many of the forms of political instability discussed earlier. The renewal of hostilities between Jews

and Palestinians in Israel, the rise of Islamic extremism, the growth of global terrorist networks, hostility and suspicion in many Western societies against Muslim nations, and ongoing hostilities in Iraq could affect the tourism industry globally. The United States issues travel warnings to its citizens for many countries on most continents. Indonesia, Jordan, Venezuela, Pakistan and the Persian Gulf are all currently listed as high-risk destinations. This air of insecurity in the world could possibly lead to an increase in domestic tourism, regional tourism and tourism to countries with the same religion of rule as the tourist's home country over the next few years.

Malaysia experienced a tourist decline for the first time in five years in 2002 due to a decrease in demand from Western tourists (ETN Global Travel Trade News, 23/01/2003). To counteract the decline, the Malaysian government made an effort to attract tourists from Muslim countries. A visa-free policy for tourists from Muslim countries adds to the attractiveness of Malaysia as a travel destination within the Islamic world (Seno, 2002).

Many destinations are making concerted efforts to maximise their potential in the domestic tourism market. Hawaii, for example has long given preferential treatment to domestic tourists by giving native tourists a discount rate on accommodation, transportation, and admission to tourist attractions (Richter, 2000: 197). After long having neglected domestic tourism, the Thai government is following a similar strategy. Although sometimes perceived as indicative of a double standard by non-native visitors, programmes such as these cater to income groups that would perhaps otherwise not be able to travel, and who do not demand a Western standard of facilities nor require the development of the expensive infrastructure associated with Western-oriented tourism. Such measures should be seen as merely indications of suppliers exercising their capitalist prerogative to maximise profits by identifying and encouraging new markets for their goods and services.

Besides the different type and standard of facilities demanded by domestic and foreign tourists, these two groups of tourists will also approach the attractions in the host country differently, influenced by their different cultural backgrounds. The heritage of a nation, as it is embodied in many of the nation's attractions, is

perceived differently by a tourist depending on their perceived relation to that heritage. The following section expands upon this and other political issues that arise in the context of heritage tourism.

4.8 Political Issues in Heritage Tourism

The attractiveness of a destination is largely determined by the sights and activities available to visitors. Appropriately, these are usually termed the 'tourist attractions' of the destination. Heritage attractions lure a significant number of tourists who are interested in local cultural traditions. Nuryanti describes heritage as "generally associated with the word inheritance; that is, something transferred from one generation to another" and points out the function of heritage as a bearer of the cultural tradition of a society (1996: 249). Catering to heritage tourism usually involves the portrayal of national identity, socialisation, culture and the political system of a nation's past or present, evoking certain political issues and criteria that might not be as obviously important to other types of tourism (Richter, 1999: 108-121).

One role of government is to protect and preserve a nation's historical, cultural and ecological inheritance from exploitation (Richter, 2000: 198). Heritage development involves economic issues such as employment, taxes, national pride and private interest. Hewison has pointed out that heritage is, in a sense, manufactured like other commercial products (1987: 9). As Richter has stated: "heritage tourism is in no way immune from the battle over power and resources. Establishing a heritage district in some cities in the world is scarcely easier than creating a red-light district" (1999: 108)

Usually, a nation's government is involved in determining which heritage sites and historical buildings to preserve or protect and which to neglect or destroy. This practice is often used in a politically motivated way. In Berlin, for example, after the German reunification, the government called for the eradication of many of the built traces or remnants of the fallen socialist regime, most famously the Berlin Wall itself.

This reaction could also be found in the attitude of newly independent countries towards the relics of their colonial period (Matthews and Richter, 1991: 126).

There are also cases in which more than one nation or culture lays claims to a particular piece of heritage. Such is the case with the famous Elgin Marbles, a central attraction of the world-famous British Museum and arguably a part of British heritage, which are the object of ongoing contention between Greece and the UK, both of which claim right to ownership. This phenomenon of 'stolen heritage' is repeated in other museums throughout the Western world, such as the Pergamon Museum in Berlin, whose collections consist in large part of plundered historical objects from less-developed nations.

Especially in attractions such as museums and memorials, certain artefacts or aspects of an era are presented in isolation, giving no indication of the overall social dynamics of an era and allowing a one-sided presentation of historical fact. Hence, information on wartime heritage, for instance, could be distorted (Henderson, 2000: 279) to convey only a glorious and righteous image of the nation that is presenting itself. Whilst well-informed tourists might be able to distinguish historical fact from embellishments and distortions, misunderstanding could occur to the less well-informed.

There is of course a greater incentive to promote heritage attractions that allow the glorification of the host culture and vilification of its enemies, such as the showcasing of the decadence of former Philippine dictator Marcos in tours of his former presidential palace (Richter, 2000: 79). However, Richter has commented on the phenomenon of belated acknowledgement of a nation's own historical failings in what she calls '*mea culpa*' tourism (Richter, 1999b: 120-122).

Henderson argues that heritage is largely subject to perception, as it can hardly be claimed that there is one unique truth in history (2000: 279). Postmodern tourists exercise their intellectual ability to obtain and interpret messages in their own ways. The types of attractions and destinations favoured by heritage tourism are also beginning to reflect this attitude. Tourists in search of alternatives to an increasingly

homogenous global culture are drawn by the traditions, religions and cultures of less-developed countries (Nuryanti, 1996: 249-251) and a new trend in “revisionist heritage tourism” focuses on the alternative narratives offered by the point of view of marginalized groups in society (Richter, 1999b: 111).

The ‘staging’ of heritage for the benefit of mass tourism involves the extraction and ‘packaging’ of certain stereotypical aspects of a culture in a way that does not necessitate (or allow) the deeper penetration of the space of the native population by visitors (Cooper et al, 1999: 305-306). One can see vestiges of the colonial mindset in this preservation of ethnic forms for the purpose of showcasing them to foreigners, which MacCannell has termed “reconstructed ethnicity” (1984: 385). The following section expands upon the issue of neo-colonialism in terms of its influence on tourism.

4.9 Tourism and Neo-Colonialism

“International tourism creates little islands of luxury in the vast seas of poverty and squalor that dominate the developing countries. International tourists demand haut cuisine while the masses starve; they demand fresh, pure water while local citizens get impure water; they want plenty of heat, air conditioning, and light while most local citizens live and work in the heat, the cold and the darkness; and they lie in the sun to darken their skins while they disdain the dark skins of the resident population”

Stock, 1977: 37

As already discussed in the chapter on colonialism, tourism in developing countries is sometimes seen as an extension of social patterns identified with colonialism. Mass tourism has been labelled by nationalist groups as a new manifestation of colonialism and imperialism (Matthews, 1978: 6). Because of a lack of financial means on the part of domestic operators and authorities, most of the infrastructure for tourism in developing countries is constructed with foreign funds and controlled by foreign

interests. It is therefore common that much of the profit gained from tourism will not remain in the host country (Richter, 2000: 181).

Matthews compares tourism to the colonialist plantation system under which wealth gathered from the colonised regions was quickly transferred to the colonising country to feed its economy (1978: 80). In many cases plantation managers were sent from the metropolitan centre to run operations in the colony, but to enable contact with local workers, lower level native managers were engaged. Similarly, foreign-run tourism ventures in developing countries need the cooperation of the local elite to ensure peaceful relations. In the context of colonialism, Fanon comments on this trend disparagingly, accusing the native middle class of identifying more with the oppressor than their own culture, and colluding in making their country into "the brothel of Europe" (Fanon, 1963: 123). This arrangement could be seen as a continuation of inequalities of the plantation system by other means, with tourism having replaced sugar, bananas and cotton as the commercial goods (Matthews, 1978: 80).

Development of a tourism infrastructure by enterprises from developed countries can increase the dependence of the developing countries on external forces (Britton, 1982: 355). For example, in 1978, Qantas and Air New Zealand controlled 80 per cent of the airline seats on flights to and from Fiji, and all the cruise-ship companies in the Pacific were owned by non-regional firms. In Fiji, this contributes to the fact that most tourist revenue goes to foreign enterprises, while less than 35 per cent remains in the country. In addition, Western tourists tend to favour Western-style amenities and make contact with native people who act like Westerners. In this sense, tourism may be termed an 'enclave industry' (ibid: 337, 341) which takes place to a large extent in sequestered areas separated from the spaces of the daily life of the local people. The difference between the luxurious tourist facilities and the relatively humble and undeveloped native areas could create a psychological barrier between the host and guest cultures. This can be compared to the *de facto* apartheid that existed in many colonised nations (Fanon, 1963: 52).

The heavily touristed Hawaiian Islands can serve as an example. Not only have the dense developments and large hotels of the tourism industry contributed to an increase

in pollution, congestion and energy costs, but the native Hawaiians have been relegated to a status of “decorations or service personnel rather than owner or managers of the tourism industry” (Richter, 1983: 320). Hall has commented that the natives of Hawaii have in effect become “strangers in their own land” (Hall, 1994: 130). Beyond marginalising the native populations, this can even lead to cases of outright exploitation. Stock criticises this trend, saying “the tourist trade turns the local men into servants, the local women into chars, the growing girls into prostitutes, and the young boys into gigolos” (1977: 37).

Tourism development as neo-colonialism gives preference to the interests and demands of financially or politically influential external pressure groups rather than the internal priorities of the nation (Britton, 1982: 334). For many developing nations, tourism is an important driving force in the national economy. Like colonialism, tourism development by foreign operators contributes to the development of an infrastructure within a developing country that otherwise could not be afforded. As in colonialism, however, the actual economic benefits to the host nation are more in the order of ‘spin-offs’ or ‘trickle down’, and the mechanisms of this type of tourism development do little to provide access for the native economy into the global economy (ibid: 347).

4.10 Communism and Tourism

4.10.1 Communist Philosophy of Tourism

The ways in which tourism is practiced and promoted in different societies are often reflections of the political orientation and values of each particular society, including their concept of ownership and the role of government (Matthews, 1978: 74-75, Matthews and Richter, 1991: 124). Global tourism, as it currently manifests itself, is largely an actualisation of capitalist ideology. The idea of profit-making as the driving impetus behind tourism development, a disdain for governmental restrictions on development and the belief that individuals should be allowed to exercise their own discretion in the expenditure of their surplus income and leisure time are all

expressions of capitalist values (Matthews, 1978: 75). Socialism has left less of an imprint on global tourism patterns than capitalism, yet socialist critics disparage the commodification, overdevelopment and inherent structures of oppression and exploitation that they discern in capitalist modes of tourism (ibid: 78).

The issue of tourism in a Marxist-Leninist context has been termed a 'philosophical' problem, neither Marx nor Lenin having formulated a directive as to its position or development (Hall, 1991: 11). Despite the potential of tourism in furthering certain 'socialist' objectives of promoting the a nation's image (Pizam, Jafari and Milman, 1991), creating employment opportunities and legitimisation of the ruling establishment, development in the sector was often limited by the bureaucratic, inflexible, xenophobic nature of the socialist governments themselves (Hall, 1991, Hall, 1981, 1984 quoted in Hall, 1998: 355) and by the subordinate position of tourism in the hierarchy of the socialist economic and political model. In the communist ideological vocabulary, tourism has been seen as an 'unproductive' industry, distinct from the more highly-regarded 'productive' sectors, such as manufacturing and agriculture, and tourism development was given a correspondingly low priority (Kerpel, 1990: 147).

In general in socialist societies, tourism has been perceived largely as a didactic tool and a mechanism of socialisation, and only secondarily as an economic sector. In the state socialist world-view the correct role of tourism is "to renew one's spirit or as a just reward for one's labour" (Matthews, 1978: 78). This is reflected, for example, in the use of the term *Erholung* ('recreation', and also 'relaxation' or 'regeneration') in former communist East Germany to refer to its state-organised tourism programme (Suntikul, 2001: 51). Correspondingly, tourism was and is seen under many communist governments as an important component in the development of socialist citizens and thus a necessary and legitimate facet of the role of government. For this reason, tourism development in most socialist countries was and is subject to a complete or near-complete government monopoly. Because tourism is seen as an important means of the socialisation of citizens, tourism policy in socialist states has tended to focus more on residents than foreign visitors (Richter, 2000: 16). Richter has commented that the tourism infrastructures and industries of the Soviet Union and

its Eastern European satellite nations were organised around the domestic market, in stark contradistinction to many developing nations whose tourism developments focus on luring the lucrative international tourism trade, often to the exclusion of the native population (ibid: 16).

Despite the lack of explicit cues from Marx or Engels, Hall has proposed the following list of suitable roles for tourism within the socialist ideological context: “(a) aid the equal distribution of incomes and opportunities within the state area: (b) help improve the existing infrastructure for the benefit of the indigenous population: (c) not prove to be deleterious to the natural environment: (d) raise the cultural and ideological horizons of foreign visitors and imbue them with a sense of the superiority of the socialist system; (e) provide much needed hard currency; (f) avoid introducing ‘anti-socialist’, ‘revisionist’ or ‘capitalist’ influences to ‘turn the heads’ of the indigenous population working in the tourist industry and coming into contact with foreign tourists; and (g) aid international peace and understanding (as defined by socialist ideologues)” (Hall, 1984: 542). The ways in which the development of tourism has manifested itself in specific real-world communist contexts will be discussed in the following section.

4.10.2 Patterns of Tourism in Communist Countries

The above-mentioned government monopoly on tourism development has meant that all the important facets of the tourism industry in most communist countries, including travel agencies, hotels, guide services and transport providers, historically have been largely government-controlled and subsidised. The private sector traditionally plays a minor or non-existent role in tourism development within centrally-planned communist economies (Jenkins and Henry, 1982: 503).

Whilst the imposition of travel restrictions on their own citizens and visitors to their country is the prerogative of all national governments, communist governments have historically been known for quite restrictive regulations of travel across their borders, especially to and from nations outside the communist bloc. In the aftermath of the Second World War, Stalin imposed strict constraints on contact between citizens of

the USSR and those of Western nations, in order to protect the economically weakened Soviet Union from exposure to the West and insulate Soviet citizens from ideological 'contamination' from contact with capitalism. This included travel restrictions on both incoming and outgoing travel. Restrictions on travel by most citizens to non-communist countries became a standard policy for the governments of all the communist governments that arose in the post-war years in Eastern Europe and beyond.

Within the constraints of this policy of containment, the geographically compact, ideologically quite homogenous cluster of Soviet republics and 'satellite' nations of Eastern Europe provided an opportunity for a relatively broad range of recreational travel not available to citizens of other communist countries. Travel by citizens of communist countries of Eastern Europe to other communist nations was allowed but was subject to government organisation. This constituted by far the largest segment of international tourists to these countries (Hall, 2000: 446) In communist Bulgaria, for instance, East European tourists represented 80 per cent of overnight stays (Bachvarov, 1997: 44). Most travel by tourists between Eastern European countries in the communist era took the form of political or union-organised delegations (Hall, 1984: 540). Because most international tourist traffic to Eastern European communist countries originated in other Soviet-bloc countries, a self-perpetuating, self-enclosed cycle of low expectations and low performance in terms of quality of service and facilities was developed, which had a detrimental effect on the attractiveness of these countries to the non-communist international tourism market (Richter, 2000: 16).

Aside from this type of intra-bloc tourist exchange, international tourism has typically had a subordinate role under communism. The primary roles of international tourism in communist countries were traditionally as a source of exchangeable currency and as a potential propaganda tool. The itineraries of international tourists in communist countries were usually restricted to a greater or lesser extent by the host government, for if international tourism was to serve its public relations function, it had to be guaranteed that the image presented to visitors is a positive one. Also, the fear of ideological 'contamination' of communist citizens who met tourists from capitalist

countries necessitated a strict control of the amount and nature of contact between foreign tourists and the local population.

To these ends, the tourist sites and routes as well as the tourism information and guidance available to foreign tourists were restricted and carefully selected, while rules for tour group sizes, duration of stay and type of currency accepted were also determined by the host government, all in the name of presenting a good image of the country and minimising any uncontrolled contact between tourists and locals (Hall, 1984: 542). This led to apparent internal contradictions, as Richter has noted in the case of the Chinese government. It maintained separate hotels for Chinese and foreigners and differently-priced seats on supposedly classless trains, while claiming to promote “international understanding and friendship as a goal even as Chinese and tourists are kept apart under a system of portable apartheid” (Richter, 2000: 47). These phenomena of showcasing and segregation were taken a step further in the former East Germany, where the entire cities of East Berlin and Leipzig were effectively set-up as showcases to the west and magnets for foreign currency. In East Berlin, this was accomplished by a profusion of large, Western-standard hotels and an almost total lack of government-provided accommodation for East German citizens, combined with strict regulation of domestic tourists entering the city and foreign visitors leaving the city for other parts of the GDR (Suntikul, 2001: 89-91).

The forms taken by government-organised tourism in communist countries evinces intentions of using tourism to support the indoctrination of citizens into socialist ideals. Children’s camps and holidays played an important role in this endeavour, such as the Young Pioneers in Russia (Burns, 1998: 557). Tourism in communist Eastern Europe was usually communal in nature and was often undertaken with the same group with which one worked. Trade unions had a large involvement in tourism (ibid). Patterns of domestic tourism were also subject to government controls and planning, and the allocation and itinerary of domestic tourism was organised by the government as a sort of reward for urban workers and their families. For urban industrial workers in pre-reunification East Germany, this meant providing the workers with an ‘escape’ from the city into nature. As a result, the government did not encourage or even permit tourism to the larger cities. Tourism facilities in the GDR –

at least those available to domestic tourists – were therefore concentrated away from the centres of population (Suntikul, 2001: 51). In many countries, like Bulgaria, individual travels never constituted a large segment of tourism (Bachvarov, 1997: 45). However, individual and family vacations became more common as car ownership and affluence increased in certain nations such as Yugoslavia, East Germany, Hungary and Czechoslovakia, decreasing dependence on government-provided or subsidised transportation and accommodation (Hall, 1984: 540).

Romanticising of the role of the worker in society has been central to the communist social model. Thus, factories and communes were and continue to be popular sites for government-planned tourism in communist countries (Richter, 1983: 332). Richter has cited Schuchat, who reported that the most popular factories in China became so overwhelmed with tourists by the late 1970s that factories in other cities had to be opened to tours to lessen the disruption of work (ibid).

Pre-1980s Yugoslavia was a notable exception to many of the general characteristics of communist countries discussed above. Because of its political independence from the Soviet sphere of influence, Yugoslavia was able to practice a higher degree of self-determination and flexibility in tourism policy than the USSR's Eastern European satellites. It was the only communist nation of Eastern Europe to attract large numbers of non-communist tourists. The Yugoslav government did not severely restrict its own citizens from travelling to non-socialist foreign countries. Restrictions introduced in 1982 were seen as primarily economically motivated rather than an expression of political isolationism (Hall, 1984: 540).

4.10.3 Tourism in the Context of Transition to Capitalism in Eastern Europe

The rapid fall of one communist government after another in the Eastern European nations in 1989 and 1990 necessitated a re-evaluation of the significance and character of tourism in the greater social, economic and political landscape of the region. The governments of many of these 'transitional countries' then saw tourism as an important component of plans for economic recovery, growth and achievement of a competitive position within the global economy (Tajnikar, 2000: 415; Eatwell et al:

1995) and the assessments of the net effect of this political shift on the tourism industry are generally optimistic. To cite one example, “liberalisation of prices, enhanced foreign trade and investment, internal currency convertibility, the encouragement of entrepreneurial ventures and a programme of large- and small scale privatisation” as well as “greater freedom of access and movement, easier currency dealings and the gradual improvement in tourist facilities and infrastructure coupled with less state involvement and the rigours and opportunities of a more open market economy” are among the post-1990 reforms in the political, economic and social spheres in post-1990 former Czechoslovakia that have laid the groundwork for great advances in the tourism industry of the two republics of the former Czechoslovakia (Johnson, 1995: 22). The role of government in tourism, which was all-encompassing in the communist era, is now largely constrained to monitoring, quality control, promotion and legislation of tourism (Bachvarov, 1997: 48). This lessening of control greatly complicates the government’s task. In Russia, for instance, by 1997 the two government tourism agencies – Intourist and Sputnik – had been replaced by around 10,000 independent enterprises that had to be monitored (Burns, 1998: 557).

The low prices of Eastern European tourism destinations, as well as the lure of novelty and proximity, provide significant enticement for Western tourists. Currently, however, international tourism in the formerly socialist countries of Eastern Europe tends to concentrate in the larger and more geographically accessible destinations such as Prague, Budapest and Krakow. The distribution of tourists throughout the rest of the region remains very uneven. In Slovenia, 1.3 million of the 2 million tourists in the country in 2002 were foreign visitors (ETN Global Travel Trade News, 10/02/2003) whilst Armenia, larger than Slovenia in terms of area and population but deeper within the former Soviet region of influence, welcomed only 8,000 foreign tourists during all of 1997 (Beilock and Nikolic, 2000: 85).

The majority of the Eastern European nations shed their communist governments with little or no bloodshed. The demise of the central communist authority in Yugoslavia, however, unleashed a series of civil wars between the country’s disparate regional and ethnic groups. The nation-fragments of Yugoslavia – formerly the most attractive and inviting Eastern European communist nation for travellers from the West – must now

contend with the many already-mentioned negative impacts of war to regain its image as a safe destination. At least in the case of Croatia, though, a decline in tourist numbers was noted even in the years before the war, due to a lack of sufficient and adequate Western-standard provisions for tourists (Benic, 2000: 98).

The tourism infrastructures of the communist nations of Eastern Europe, though extensive, were almost exclusively aimed at the domestic markets, characterised by communal, centrally planned tourism of citizens with low expectations in terms of standard of service and little self-determination in choosing a destination. Without government funds to maintain them, many tourist facilities are deteriorating, although there are programmes attempting to maintain the ideals of socialised organised tourism, such as the "Holiday Cheques for Russia" scheme in Russia in which tax relief is given to employers and employees who opt to participate (Burns, 1998: 561). However, because socialised systems are completely inimical to the Western-oriented capitalist global tourism market, privatisation attempts have not been successful in attracting buyers (Beilock and Nikolic, 2000: 85).

Indeed, a relationship may be seen between the success of an Eastern European country or destination in post-1989 tourism development and the openness of that country's government to foreign investment. Already by 1990, Hungary and Poland, which led the way in encouraging foreign joint ventures as well as in actively wooing business tourists and private investment, were experiencing far quicker growth in popularity and standards than Romania and Bulgaria, for instance, which displayed more hesitance in the provision of incentives for foreign investments (Kerpel, 1990). Despite a general recognition of the need for foreign investment in developing a tourism industry capable of competing at the international level, there is also concern amongst the governments and general population of formerly socialist countries that the country not be 'sold out' to outside economic forces, accounting for restrictions or prohibitions against foreign interests owning land in many of these countries (Beilock and Nikolik, 2000: 88-89).

Even after the end of communist rule in Eastern European countries, some of the ways of thinking and acting that were ingrained in the societies over the decades of

Soviet influence still provide hurdles that must be overcome in the development of tourism in the area. These include the inflexible ponderous bureaucracies and general mistrust of capitalism and of outsiders in general that characterised the Soviet bloc governments, as well as the corresponding negative image of these countries as destinations (Kerpel, 1990: 4, 147; Beilock and Nikolic, 2000: 88).

A very tangible aspect of the legacy of communism in Eastern Europe are the physical structures, monuments, buildings and even entire urban plans realised in many Eastern European cities during the communist era. The Stalinallee (now renamed Karl-Marx-Allee) and Alexanderplatz in Berlin, the socialist skyscrapers of Moscow and Warsaw, and Ceaucescu's monumental reworking of the urban plan of Bucharest are well-known examples, but one must also include the thousands upon thousands of workers' housing blocks and other faceless buildings that make up much of the urban fabric of many cities in this region. These structures continue to endow these cities with an unmistakable atmosphere that distinguishes them from the cities of Western Europe, contributing an air of exoticism that attracts tourists (Johnson, 1995: 22; Hall, 2000: 442; Suintikul, 2001: 26). Light and Dumbraveanu have commented on the explicit touting of Bucharest's "legacy of communism and revolution" by Western guidebooks as a selling point of the city (Light and Dumbraveanu, 1999).

Aside from this recent socialist heritage, many Eastern European destinations are drawing on their more distant cultural past to draw tourists. The global trend of an exodus of traditional manufacturing industries from cities has been exacerbated in Eastern Europe by the withdrawal of the state support that existed under socialist governments (Law, 1992, 1994; Shachar, 1995; van den Berg et al, 1995 quoted in Hall, 1998), causing municipal governments to seek strategies for the repositioning of the cities as tourism destinations. Examples of events aimed at this market include the 'Warsaw Autumn' and 'Prague Spring' music festivals. The 'staged authenticity' of putting a rediscovered cultural heritage on display for consumption could be seen as a concession to capitalism. However Hall claims that such 'staging' of cultural history was in fact a central strategy of the whole socialist state (Hall, 1998: 350). He has also declared that the nurturing of such a 'heritage industry' is part of a greater project of the articulation of a rediscovered post-communist national image (Hall, 2000: 451).

A nation's expatriates are a subset of 'foreign' tourists for whom the heritage of that nation has a special significance. Returning emigrants make up an appreciable portion of incoming tourists for Eastern Europe. Having escaped poverty or persecution in their homelands over the last 40 years, a large number of expatriates are returning to visit or even resettle in their country of origin (Kerpel, 1990: 6). These travellers are a subset of visiting friends and relatives, who represent a large group of tourists to Eastern Europe, most of whom use private accommodation. Especially in Poland, a country with a large number of nationals living in Western Europe and North America, this is a considerable market which is also of importance because of the propensity of these expatriates to invest in Poland for altruistic or entrepreneurial reasons (ibid: 94).

Hall has proposed that the concept of 'transition', often applied to the change from a centrally-planned economy to a market economy in the formerly socialist nations of Eastern Europe, must be supplemented with the concept of 'transformation', a more qualitative term referring to such parameters as advances in sustainability and equality (Hall, 2000: 442). By these more comprehensive criteria, the economic gains brought by tourism must be weighed against factors such as the increase in emissions from increased private car ownership and mobility (ibid: 444). In the Czech and Slovak republics, the 'novelty effect' and low prices that drew tourists in the years immediately after 1989 are now counteracted by new taxes, withdrawal of government financial subsidies and inflation due to an influx of western products (Johnson, 1995: 26). Whilst efforts are being made to attain an international standard in the tourism offerings, the quality of tourism accessible to the Eastern European domestic tourist has in some ways declined since the fall of communism. The majority of new tourism facilities are aimed at the lucrative and growing international market and are unaffordable to the countries' own citizens. Cooper and Morpeth (1998) have described the regeneration of the city centre of Prague as serving the needs of the foreign tourism market and commercial interests whilst alienating the native population. Although many political barriers to private travel may have been removed with the dissolution of the communist bloc, many individuals and families find themselves unable to afford even the type of domestic travel to which they had

been accustomed under communism, because of the evaporation of government-subsidised tourism programmes, privatisation of recreation facilities and the high rates of inflation and unemployment that have typically accompanied the transition to a capitalist economy in these nations (Baláz, 1995: 145).

4.11 Tourism in the Surviving Communist Countries

4.11.1 Tourism in China

Under Mao, tourism in China was officially regarded as an aspect of foreign affairs, and not as an economic sector (Sofield and Li, 1998: 378; Zhang, 1989: 58; Richter, 1983: 397). In 1954 the China International Travel Service (CITS) was established to arrange a limited number of visits for 'foreign friends' (Richter, 1983). These carefully regulated visits were seen as an opportunity to show off the successes of the communist state to a select international audience. People working as tour guides were seen as fulfilling a diplomatic function within a coordinated foreign policy and received the same training as members of China's diplomatic corps (Sofield and Li, 1998: 368). As government functionaries, tourism workers were entitled to the so-called 'iron rice bowl', meaning that their jobs were secured for life, regardless of their individual performance. With neither opportunities for advancement because of good performance nor a threat of demotion due to laxity, such workers were provided with no motivation to achieve a high standard of work. This mentality has always been a bottleneck to service sector enterprises such as the tourist industry.

Richter has described how the CCP (Chinese Communist Party) in the Mao era required that all tourists be escorted on their travels to ensure that they would not encounter locals who might be prone to express political views other than those officially endorsed by the Party. The granting of permission for a particular tourist to enter China was also dependent on the applicant's empathy for the communist regime. Citizens of the United States and several other Western countries were prohibited from travelling to China, both by their own governments and by the Chinese authorities (Richter, 1983: 398). There were two types of hotels in Maoist China, *Lü-*

guang for locals and *Bin-guang* or 'guest houses' for foreign tourists. Chinese were generally forbidden to stay in *Bin-guang* (Zhao, 1989: 63).

Foreign tourists were allowed access only to selected attractions, chosen primarily for their effectiveness as staging grounds for demonstrating the accomplishments of the socialist programme. Visits to factories and farms, with their well-drilled 'revolutionary' peasants and workers, were promoted as effective opportunities for dissemination of communist propaganda. Fewer than twelve cities in China were open to visits from 'foreign friends' during this period. True to the Chinese Communist Party's disdain for the traditional culture of the past and valorisation of the view to the future, heritage tourism was not encouraged or supported. In fact, as a result of the Great Leap Forward (1958-1960) and the Great Cultural Revolution (1965-1970), many heritage sites were demolished in pursuit of this ideal (Sofield and Li, 1998: 364).

After Mao's death in 1976, many of China's isolationist policies were dismantled by the new Premier Deng Xiao-Ping, who recognised the importance of foreign exchange in modernising the country after the disastrous economic effects of the Great Cultural Revolution. In 1978, Deng introduced the 'open door' policy, providing for a less centralised 'socialist commerce economy' and granting local and regional authorities much greater autonomy in carrying out trade and economic relations with the world (Chow, 1988: 208). This opened the way for a tourism trade that bypassed the narrowly defined, politically motivated criteria set by the previous central Party. Tourism became an acceptable industry to be pursued not solely for political ends but also as a source of income (Zhang et al, 1999: 472). Deng himself stated "...tourism should first develop those businesses, which could earn more money". Chen Yun, the supreme leader of the CCP, followed and supported Deng's example by justifying tourism as "...just like the export of scenic spots, earning foreign exchange more quickly than the export of goods" (ibid: 473). In 1981, SATT (the China State Administration for Travel and Tourism) was separated from the Ministry of Foreign Affairs and became an independent body under the State Council (Zhang, 1989: 58). In 1983, China joined the World Tourism Organization (China Daily 1983: 1 quoted in Chow, 1988: 209) and in 1986, the tourism industry appeared for the first time as a

sector in the national plan for social and economic development (Zhang, 1989: 58). This shift from the rigid policy of hardcore Maoist socialism to a more pragmatic, market-oriented view was a watershed in Chinese history after decades of communist rule.

The global tourism industry was quick to react to the relaxation of constraints on travel to China. Within half a year of Mao's death, well before the official declaration of the 'open door' policy, Western cruise liners were docking at Chinese port cities after a 30-year absence. The dozen cities that were open to foreign tourists under Mao were increased to 60 by 1979 and more than a hundred by 1982 (Richter, 1983: 400). Until 1982, separate permits were required for each city that a foreign tourist intended to visit. In 1983, this requirement was eliminated for 30 selected cities and by 1986 there were 244 cities in China that could be visited by foreigners without them needing to apply for express permission (Dexter et al, 1986: 199).

In a radical reversal of the concerted measures to erase traces of pre-communist history from Chinese culture that characterised the Cultural Revolution, one of Deng's goals was to restore recognition of China's long cultural heritage as an important resource and a source of national identity and unity. A policy statement regarding tourism and the environment was issued by the State Council in 1981, calling for the protection, promotion and preservation of both natural and cultural heritage sites (Sofield, and Li 1998: 377). Over 250 historical and cultural sites in Beijing alone came under national protection as a result of this initiative. In 1984 the CCP formed a special foundation that succeeded in collecting Y8.5 million in donations for the restoration of a portion of the Great Wall of China north of Beijing under the campaign "Love our country, repair our Great Wall" (Zhang, 1989: 56).

In addition to the places and structures of cultural heritage represented by so-called 'heritage sites', certain traditional Chinese practices and events were allowed a rebirth as a result of this change of attitude. Xiaolan's *Gokh Chin* or Chrysanthemum Festival, which had traditionally been organised by elite groups such as landlords and merchants for the city's residents, had been banned by the CCP because the festival was associated with feudalism and capitalism, and was therefore deemed contrary to

socialist philosophy. One year after the open door policy, the festival was once again allowed to take place (Sofield and Li, 1998: 380). Food culture is another realm in which a return to traditional practices occurred after 1978. Many typical Chinese culinary arts, such as the famous traditional cuisine of Guangzhou and the local pastries of Suzhou in eastern China, had been suppressed because the CCP believed that such traditional ways of cooking were wasteful and uneconomical. By contrast, Chinese eating culture is now seen as an important lure for both foreign and domestic tourists to destinations in China. The CCP has actively promoted mainland Chinese cuisine to Hong Kong Chinese tourists (Chow, 1988: 212-213) and the official theme for China's 2003 tourism campaign is 'cuisine travel' (ETN Global Travel Trade News, 9/01/2003).

This complete turnabout in CCP tourism policy, made possible by the less dogmatic communist ideology of Deng and the determination to use tourism as a tool for economic growth, encouraged a rapid increase in China's popularity as a destination. Tourist arrivals increased steadily from 1.8 million in 1978 to 12.8 million in 1984 (Dexter et al, 1986: 197) making tourism one of the fastest growing sectors of the Chinese economy (Sofield and Li, 1998: 387). The Chinese government had to rely on foreign development partners for much of the money and know-how needed for the expansion of the tourism infrastructure to meet the needs of this expanding and changing market. The hotel sector was the first in which foreign investment was allowed, and investment in hotels was encouraged by a complete tax exemption on foreign investment for three years and a 50 per cent exemption for the next two years (Zhang et al, 1999:476). The first joint-venture hotel '*Jianguo*' was opened in Beijing in 1982.

In order to accommodate a growing number of tourists, the accommodation provisions had to improve quickly, not only in terms of quantity but also quality. In 1980 accommodation suitable for overseas visitors to China was limited to 230 hotels with 31,788 rooms, but by the end of 1987, 1,283 hotels of this class with 187,710 rooms were available (Zhang, 1989: 55). Other components of the infrastructure were not developed in step with this growth in accommodation. Whilst focusing on the expansion of hotel capacity in cities, the CCP paid little attention to the improvement

of transportation links between these cities (Zhao, 1989: 66), which caused mobility problems. Also, many new hotel projects were undertaken on the ill-informed assumption that the development of luxury hotels would be the best way to meet foreign demand and maximise income. The result of the miscalculation was an oversupply of luxury hotels and a lack of rooms for other classes of tourist. A 1985 study of hotels in 15 Chinese cities revealed that 70 per cent of hotels were of the luxury class (Zhang et al, 1999: 477).

Like luxury hotels, amusement parks are another expensive type of development that are in oversupply in China, also due to miscalculation and overzealous building. There are four competing amusement parks in Beijing alone, and Guangdong province has 13 such attractions. Zhang has noted that such attractions are typically too expensive for most Chinese people yet not of a high enough quality or uniqueness to attract American or Japanese tourists (Zhang, 1989: 56).

The increased flow of tourism brought about by the 'open door' policy seems in some ways to have been taken for granted by the CCP, which originally did not see the necessity of promoting China as a destination as part of a comprehensive tourism policy. It was not until the novelty effect of the newly opened country began to fade and China experienced two consecutive years of decline of tourist arrivals (1987 and 1988) that the market promotion campaign 'Tourism Year of Dragon' was initiated in 1988 (Zhang et al, 1999: 480). The speed of transition from centralisation to decentralisation has caused some problems in Chinese tourism development. For example, a lack of communications tools for booking and confirming reservations and a shortage of workers trained in the use of such tools could create problems such as overbooking and a rise in number of complaints concerning discrepancies in standard of service or botched itineraries (Dexter et al, 1986: 199-200). The growth of the tourist industry also brought with it several negative impacts on the social milieu. Prostitution, corruption, illegal money exchange, the accepting of bribes or demanding of unreasonably high commissions are among the problems that arose from the early, uncontrolled years of tourism development under the 'open door' policy. The acceptance of tips, unheard of under socialism, became so prevalent that, in 1987, the CCP passed a regulation banning the practice of tipping (Zhang, 1989:

62). The natural environment has also suffered in some regions due to non-sustainable tourism development patterns. The Star Lake, famous for its beautiful scenic limestone cliffs, lies between Zhaoqing City and Gaoyao County. Whilst both of these localities have tried to reap the benefits of the tourism potential of the area, neither has seen the maintenance of the lake as its responsibility, causing the Star Lake to become polluted (Chow, 1988: 211).

The first years of the 'open door' policy could be seen as a period of experimentation by the CCP in the unfamiliar realm of tourism policy, in which a workable blending of socialist ideology and market-oriented reforms was sought (Dexter et al, 1986: 197). The extremely quick process of decentralisation in Chinese politics, combined with the pressures of an urgent need for foreign currency and a complete lack of experience in the tourist industry led to a hasty and expedient, *ad hoc*, fragmentary 'disorder tourism' (Zhang et al, 1999: 477). Richter commented on the need for the new China to 'digest' the experiences of post-Mao tourism before embarking on a more reasoned, balanced and well-considered programme of development (1983: 401). Since 1991, the focus of tourism development in China has put more emphasis on quality and less on quantity of development, with the goal of converting China to an advanced tourism destination (Zhang et al, 1999: 479)

The growing wealth of Chinese citizens and the increase in discretionary leisure time since the 1995 CCP declaration of a five-day workweek have boosted Chinese demand for recreational travel, a practice formerly disparaged as indicative of a bourgeois lifestyle. In 1991, the China National Tourism Administration (CNTA) instituted a policy permitting Chinese citizens to join China Travel Service tours to selected neighbouring countries (Zhang and Lam, 1999: 587). Many foreign destinations are intentionally targeting Chinese travellers. As Rex Johnson, president and chief executive of the Hawaii Tourism Authority stated, "The Chinese market is on everybody's radar screen" (ETN Global Travel Trade News, 20/01/2003). The Korean National Tourism Board has also acknowledged China as a potentially significant origin of visitors to Korea in coming years (Waitt, 1996: 116). It must be remarked that 64 million of the 73 million 'arrivals' to China in 1999 were travellers from Hong Kong and Macau to the mainland. These are actually domestic tourists,

but are counted as arrivals because they pass through border controls. Today, tourism is firmly situated as a lucrative and growing sector in China. The CNTA predicted 100 million tourist arrivals and receipts of US\$ 70 billion from tourism in 2003. In a demonstration of international recognition of China's increasingly important position in the world tourism market, the World Tourism Organization held its 15th meeting for the first time in China from October 17 to 24, 2003 (ETN Global Travel Trade news, 9/01/2003). The upcoming 2008 Olympics are expected to bring unprecedented numbers of international tourists to China.

4.11.2 Tourism in Cuba

"The growth in income from tourism is considerable, and it's very important that everyone should understand how much Cuba needs tourism, even though it implies our making some sacrifices. We'd like to go to all of the hotels, but this is a matter of trying to save our homeland, the Revolution and Socialism, and we need those resources...if only we had as much oil as Venezuela or Kuwait has, so we wouldn't have to think about international tourism, and could build a thousand hotels! If only all of hotels could be ours, but where would we get the capital? Who is going to lend it to us – the CMEA (the USSR's Council of Mutual Economic Assistance) or the socialist camps? So, we're resorting to foreign capital".

Fidel Castro, 4th Party Congress, 1991, in Corbett, 2002.

Indeed, tourism was traditionally an important economic sector in Cuba even before the First World War. By the late 1920s up to eighty thousand tourists were visiting Cuba each year (Schwartz, 1997: 4). During the 1930s, Cuba became the tourist hub of the Caribbean and after the end of the Second World War, thousands of tourists flocked to Cuba. American citizens were the largest group of tourists to the country. In 1957, for example, 270,000 tourists visited Cuba, 87 per cent of whom were from the US (Hinch, 1990: 215). Apart from sun, sea and sand, many tourists were attracted by the exotic charms of the distinctive old Spanish colonial city and gambling (Schwartz, 1997: xiv). The growth of the gambling industry in Cuba paralleled measures by the US government to eradicate illegal gambling in Florida. The owners

and clients of many casinos moved and set up shop in Havana, turning the city into a tropical alternative to Las Vegas (*ibid*). The Cuban tourist industry was built mostly by foreign investment. The development of tourism in these years was concentrated in Havana and the world-class beach resort area of Varadero (Hinch, 1990: 216).

After the communist revolution in 1959, the number of tourist arrivals to Cuba declined dramatically from 350,000 in 1958 to practically none by 1962, the same year that the US government issued an embargo and forbade its citizen to travel to the island (De Holan and Phillips, 1997: 782-783). The slot machines and casinos were seen by the rebels as symbols of the imperialist Batista regime and thus destroyed. Declaring Cuba a communist country, the Castro government embraced the socialist ideology of a classless society. Privately owned hotels and beaches were nationalised and the government granted more free time to workers and subsidised domestic recreational travel. A new resort was constructed at Guama (Bay of Pigs) in the early 1960s and facilities that were formerly reserved for the exclusive use of foreigners were made available to domestic tourists. However, a small number of foreign tourists continued to visit the country. Throughout the early 1960s Cuba received about 3,000 to 5,000 foreign visitors a year, most of whom had been invited by the Cuban government on the basis of friendship or solidarity (Hinch, 1990: 216-217). There were also a small number of independent tourists from Eastern bloc countries, whose number or spending power was not comparable with the capitalist American visitors of bygone years. These visitors from socialist nations came with lower expectations regarding the standard of tourism facilities and services than the US citizens, resulting in a decline in quality of tourist facilities such as restaurants and accommodation (De Holan and Phillips, 1997: 783).

Recognising a need for foreign hard currency, the Cuban government chose not to take the hard-line isolationist stance of other communist countries regarding tourism, and admitted some tourists from non-communist countries as well. In the 1970s, Canadian firms began to offer package tours to Cuba. In 1976, the Cuban government decided to form the Department of Tourism (INTUR) (Ben, 2002: 26) in order to develop the tourism industry for the express purpose of attracting more foreign currency. There was even a brief period of renewed tourism from the United States,

following US President Carter's temporary lifting of the travel ban on travel to Cuba by American citizens in 1977. By putting an emphasis on publicity, INTUR promoted Cuba as a destination in the international tourism market and in 1980s and established offices in Toronto, Montreal, Frankfurt and Paris. The success of the promotional strategy was reflected in a 64 per cent increase in tourist arrivals between 1980 and 1985 (Hinch, 1990: 217).

Despite the success of the Cuban tourism programme in attracting foreign currency to the country, there were also negative social effects that contradicted the values of Castro's ostensibly classless society. It appeared to many locals that foreign tourists had access to luxuries and privileges that were denied to most Cubans. For example, foreigners with hard currency would receive preferential service in restaurants and access to a better selection of consumer goods (Hinch, 1990: 218, 223). Before 1989, domestic tourists were allowed to stay in the same hotels as foreign tourist at a reduced price of one peso to the tourist (US) dollar. However, a policy of segregation eventually emerged, with the intention of preventing tourists and Cubans from mingling in hopes of both isolating the Cuban people from disruptive foreign ideological influences and keeping thieves from robbing the tourists (Ben, 2002: 29).

The introduction of '*perestroika*' in the USSR in the 1980s and the reforms appearing in Eastern European countries did not persuade Castro to enact a similar set of reforms. Castro expressed disappointment at these trends and reaffirmed his faith in Marxism through the rejection of this type of radical economic and political reforms. He emphasized that "(i)t does not even remotely occur to us to return to capitalism, to disgusting, repugnant capitalism" (quoted in Hinch, 1990: 221). As an alternative, Castro proposed a process of 'rectification' aimed at resolving the problems of inefficiency and consumer shortages through a strengthening of the role of the Communist Party (Hinch, 1990: 221). With the collapse of the Soviet Union in 1991, Cuba suddenly lost 80 percent of its trade, causing a drastic slump in the Cuban economy. Tourism and foreign investment were identified as possible quick sources of earning foreign exchange (Ben, 2002: 24). Castro's unsuccessful *Zafra de diez millones* (harvest of 10 million) programme of 1969, designed to pull Cuba out of its economic woes by achieving a monumental harvest of 10 million tons of sugar cane,

had become a common benchmark against which it became customary to compare all subsequent schemes. In this context, Corbett has quoted the seductive arguments for pursuit of the international tourism market as follows: "If we shoot for a harvest of 10 million tons, which on the world market is today fetching less than 10 cent per pound, we might bring in \$2 billion per year. But if we shoot for building 200,000 hotel rooms and we take in \$20,000 to \$40,000 per room per year, we'll make two and a half to four times more than we ever could with sugar" (Corbett, 2002: 26).

Many of the problems which the Cuban tourist industry came across in pursuit of this vision were actually similar to those being faced by many of the formerly socialist countries of Eastern Europe that were trying to make the transition to capitalism. These problems include a lack of skilled workers, a shortage of managerial capabilities, low-standard tourism facilities, a dearth of knowledge or experience in the tourist industry and a lack of the financial means for investment. In recognising these problems, the Cuban government developed a number of relationships with international companies to build and manage hotels and other facilities. The need for hard currency investment was part of the reason for a growing interest in joint ventures shortly after 1989 (de Holan and Phillips, 1997: 782). Commonly, foreign entrepreneurs bring with them managerial skills and experience in the service sector, which would gradually be transferred to Cuban employees. This tactic has been used widely in former socialist countries and the surviving communist countries. One factor that distinguishes the Cuban tourism infrastructure from those of non-communist countries is the reduced incentive for innovations and improvement brought about by government policies, intentionally eliminating the element of competition. This is achieved largely by avoiding duplication of hotels and other services and facilities at a given location. This is a limiting factor that can be expected to have detrimental effects on the speed and quality of tourism development (ibid: 787). Regardless of such restrictions, Cuba has continued to develop new hotels, with the help of foreign investment. In 1995, plans for the next five years involved the construction of 27,000 new rooms, more than doubling the 1994 capacity at an estimated cost of US\$ 2.4 billion (Simon, 1995: 32). Although this number was not attained within the allotted time, by the end of 2004 there were 41,000 international standard rooms in Cuba, 2,000 more than in 2002 (Grogg, 2005).

The prevalence of foreign participation in tourism development in Cuba does not indicate a lack of a domestic tourism market. In fact, Cuba's domestic market is quite strong. Conveniently, the peak season for domestic travel is during the summer when the water is the warmest whilst foreign tourists tend to come in the winter, fleeing the harsh winter at home. Thus, conflicts and off-seasons are minimised (Hinch, 1990: 223).

Fidel Castro is a prominent proponent of tourism in his nation. The communist practice of encouraging tourism in a way that was seen to show their society in the best light (Hollander, n/d: 9) has already been discussed. Well-trained guides and interpreters played an important role in ensuring that only a certain image of the nation would be presented to visitors. In Cuba, Castro himself has been known to take on this role of host/guide, taking selected important visitors such as politicians, intellectuals, businessmen and, journalists on personal guided tours, often driving by himself. Being shown around by Castro is said to be an event that in itself made the chosen visitors feel important and welcome (ibid: 6).

Tourist arrivals to Cuba increased by 82 per cent between 1990 and 1994 (Simon, 1995: 27) which made tourism the second largest economic sector in terms of gross export revenue, earning US\$ 650 million, surpassed only by sugar exports of US\$ 720 in 1993 (Jenkins, 1995). In 2004, Cuba received 2,048,572 foreign tourists (Gibbs, 2005). Canada has been a major source of development funding and know-how for Cuba in the past years, with the US government continuing to forbid American companies from dealing with Cuba (Mullin, 2002). A major restructuring of the bureaucracy responsible for tourism in Cuba took place in 1994. The government dismantled INTUR, the monolithic institution in charge of all international tourist trade, and created several holding companies in its place, that now manage well-defined sectors of activity (de Holan and Phillips, 1997: 783). Tourism development still tends to focus around Havana and Varadero, as in pre-communist times (ibid: 787), possibly in an attempt to contain and minimise the impact of the development presence of foreign visitors on the local population. As significant as tourism has become to the Cuban economy, it is still relatively restricted in terms of its direct

impact on the indigenous Cubans, compared with other Caribbean destinations. Whereas in Barbados, for example, 17 per cent of the workforce was involved in tourism in 1995, the figure for Cuba was a mere 1.6 per cent (Simon, 1995: 29). In 2005, over 100,000 Cuban tourism industry workers were explicitly directed by the government to limit their contact with foreigners to a minimum, and prohibitions were put on visiting the homes of non-Cubans or accepting gifts from them (Gibbs, 2005). Government policy, rather than demand, can be expected to continue as the primary limiting and controlling factor.

4.11.3 Tourism in North Korea

North Korean politics and policy typically have been characterised by isolationism and a strong-minded will for self-sufficiency (Stern, 1990: 217-218). By the 1980s, though, the country was severely indebted as the result of years of buying technology on credit from Western sources. North Korea had already defaulted on its debts in 1975 and the urgent need for new sources of cash eventually outweighed even the hard-line communist xenophobia of the government. North Korea's Premier visited the Shenzhen Special Economic Zone (SEZ) in China in 1984 and, apparently impressed by the success of the Chinese example, the Democratic People's Republic of Korea (DPRK) issued new legislation for joint-venture projects with foreign partners later that same year (Hall, 1990: 41). The Chinese economic reform model of SEZs in Shenzhen and Shanghai had been studied in order to promulgate new policies, including 50-year land-lease contracts, tax exemptions, tax reductions and even the dubious policy of a reduction of the minimum wage in certain regions to encourage companies to set up there (Hoshino, 1996). Before late 1980s, 70 per cent of North Korea's trade was with socialist countries. With the fall of the Eastern European communist bloc, North Korea's already precarious economy experienced a downturn. In 1993, at the end of the third Seven-Year Plan, a decision was made against the drafting of another Seven-Year Plan in favour of a fundamental change in the economic planning mechanism and a shift towards light manufacturing, agriculture and trade with an emphasis on consumer goods (Hoshino, 1996). North Korea also came to acknowledge tourism as a source of money, and began to develop

several sightseeing attractions (Kim and Crompton, 1990: 364) and review its tourism policy.

North Korea's tourism industry has traditionally relied heavily on visitors from other communist countries, mostly China, as well as ethnic Koreans abroad, especially Japan (WTO 1991, quoted in Butler and Mao, 1995, Ueno, n/d). Ryohaengsa, the state tourist organisation, was established in 1956 but began to play a more active role during the 1980s, when it began actively seeking sources of visitors outside the communist bloc of nations. As a result of these efforts, the first (West) German tourist groups arrived in 1985, followed by British in 1986. In 1987, Ryohaengsa participated for the first time in an international tourist fair in Beijing (Hall, 1990:43). The number of tourist arrivals began to increase gradually in the mid 1980s, from 70,000 in 1984 to 80,000 in 1985 (ibid: 48). Air Koryo, the state-owned airline of North Korea, which was established in 1954 under the name Chosonminhang (CAAK), still does not serve locations beyond East Asia and the former Soviet bloc. Air Koryo flies from Pyongyang to Bangkok, Beijing, Macao, Moscow, Berlin (via Moscow), Shenyang and Vladivostok. Air Koryo's use of Soviet-made planes seem still to be one of its unique selling points (http://www.angelfire.com/pokemon2/aerokimchi/koryo_e.html).

The meagre selection of accommodation available in North Korea was a serious limiting factor to a further increase in tourist numbers. Between 1955 and 1984 only six hotels of international standard were built in the capital Pyongyang (Hall, 1990: 43). Recognising the lack of accommodation provision, the DPRK constructed numerous hotels in the 1980s. In 1987, construction was begun on a 105-story hotel tower in Pyongyang (Kim and Crompton, 1990: 364). It was planned to be the tallest hotel in the world, but still stands unfinished and unoccupied (<http://www.vnc.nl/korea/pyy-htl.htm>). A US\$ 8 billion spate of tourism infrastructure construction, including a 650-room hotel and a new airport, took place in North Korea in anticipation of the hoped-for but eventually aborted co-hosting of the 1988 Olympics with South Korea. Despite the failed Olympic bid (North Korea ended up boycotting the games, which were held exclusively in Seoul), this improved tourism infrastructure provided incentives to encourage tourism and foreign investment in the country (Hall, 1990: 49).

Foreign tourists to North Korea are still relatively few and subject to many restrictions. Similar to most communist countries, the state tourist organisation of North Korea controls all tourist activities such as accommodation, transport and guides. Foreigners are not allowed to stay with locals and must be escorted in groups of 15 to 30 virtually all of the time by state-approved guides. They may only use public transport if accompanied by an official of the Ryohaengsa agency (Hall, 1990:45). The North Korean currency (*won*) received by tourists are colour-coded to indicate whether they have been purchased with exchangeable currency (coded with a red blob) or a socialist bloc currency (coded with a green blob), with better exchange rates being offered for the 'red blob' money. Korean citizens do not seem to have access to this currency (ibid: 45-46).

The website of the North Korean official tourism organisation tells how Korea was known throughout its 5,000 year history as the 'land of golden tapestry', proclaiming the DPRK the "Eastern Country of Good Manners." (http://www.travel.dprkorea.com/english/travel_view.phd?no=31&ca_no=400). North Korea possesses sites of natural beauty such as Mt. Kumgang (or Geumgang, also known as Diamond Mountain) and beaches that remain pristine and 'untouched' largely because nearly all of the southern coast of the country is cut off with barbed wire, electric fences and artillery emplacements to ward off potential invaders (Hall, 1990: 44). One of the major tourist attractions in North Korea is the demilitarised zone (DMZ) at the border with South Korea. Its well-known reputation as the world's most heavily fortified border and the site of the last Cold War standoff, described by former US president Bill Clinton as "the scariest place on earth" (Havely, 2002), is indeed the very attraction of the DMZ, which attracts 150,000 tourists yearly (ETN, Global Travel Trade New, 11/02/2003).

All in all, the Korean peninsula's image as a region of unrest is certainly a barrier to tourism for both North and South Korea. A slight thaw in relations between the two Koreas in the 1990s led to joint tourism ventures in the demilitarised zone, but these have been slow in attracting popularity. A sight-seeing tour to Diamond Mountain, organised by the South Korean Hyundai group, did not attract enough interest to

justify the US\$ 12 million monthly which Hyundai had to pay the North Korean government for this privilege (Lee, 2001). Hyundai plans to invest US\$ 100 million to build facilities such as a spa, shopping mall and a performing arts centre at Diamond Mountain, followed by a further investment of nearly US\$ 300 million in projects for golf courses, ski slopes and hotels in the surrounding area (Steinberg, n/d). In 1989, the World Tourism Organization became involved in a project with North Korea. It also assisted the tourism development of the Diamond Mountain region (Gluck, 2002). The DPRK has designated the Diamond Mountain resort area as a tax-free special tourism zone with more relaxed rules regarding currency conversion and visas, encouraging foreign investment and promising to protect the property of foreign interests by law (North Korea Designates Tax-Free International Tourism Zone, 2002). Around 500,000 South Korean tourists visited the Diamond Mountain resort area in 2002 (Geumgang to Draw 500,000 Tourists This Year, 2002). Despite a more open and flexible policy of foreign investment, fear of 'contamination' from foreigners still remains, as a correspondent of BBC reported during his visit to the Diamond Mountain "It was obvious the North Koreans did not want us to have any contact with ordinary people. The road to the mountains was lined with barbed wire. Every 100 metres or so stood a solitary soldier" (Wood, 2000).

The Rajin-Sonbong area in the northeast of the country, bordering on China and Russia, has been re-designated from a manufacturing region to a 'free economic zone' for tourism development and cross-border trade. The DPRK recently opened a new casino in the region to lure people across the border from China, and a new international airport is also being constructed (<http://www.kimsoft.com/korea/nk-koryo.html>). There are reports that the issue of separation of natives and tourists in the Rajin-Sonbong region has been addressed by displacing all the original residents and replacing them with others hand-picked for their loyalty to Pyongyang (Bradley, 1999).

In 2001, the number of tourist arrivals to North Korea was about 200,000 and there is still room to grow despite persisting problems such as a lack of infrastructure and a lack of a trained and experienced workforce. According to experts, eco-tourism and cultural tourism are two potential sectors for development (Gluck, 2002). Other niche

markets are being explored, such as the cycling package tours of Pyongyang that the DPRK plans to market to Japanese tourists (Have a Year for Cycling around Pyeongyang, 2002).

Because of the large amount of South Korean investment in the tourism infrastructure of the North, inter-Korean relations remain an important determining factor in the future development of tourism in North Korea. Earlier proposals for such joint projects as a 'city of peace' and 'reunification park' in the demilitarised zone (Kim and Crompton, 1990: 363) are currently being eclipsed by recent tensions on the peninsula. Near the end of 2002, North Korea withdrew from a cooperative mine-clearing project, which was to have cleared a safe path through the demilitarised zone for a road and rail link between Seoul and Pyongyang. This move was most likely a reaction to the suspension of US oil supplies to North Korea in the context of the still-developing impasse surrounding the country's revival of its dormant nuclear programme (Geumgang Officially Named Special Tourist Zone, 2002).

4.12 Conclusion

As has been demonstrated in the preceding pages, there is a multitude of ways in which the political alignment and situation of a country influence the development of the country's tourism industry and the position of the country as a destination in the global tourism landscape. One of the primary political facts of Vietnam is the nation's status as one of the world's few surviving communist countries, striving to encourage tourism without compromising its core socialist ideals.

As has been discussed above, socialist countries before 1989 shared many common characteristics with regard to their practice of tourism, by nature of the politicising of the tourism industry that was a common practice of communist governments. With the demise of the Soviet Union and its Eastern European satellites, the self-enclosed and self-sustaining bloc of communist countries lost its critical mass. Perhaps surprisingly, the tourism-related problems facing the surviving communist countries of the world now have more in common with the problems currently being faced by

formerly socialist, now free-market, countries than with those experienced in pre-1989 communism. In tourism, as in other facets of trade and economics, the formerly socialist countries and the few remaining communist countries of the world are all compelled to come to terms with the predominantly capitalist nature of global markets.

The examination of the current situation in the surviving communist contexts of China, Cuba and North Korea has shown how each of these countries is approaching the issues of post-Soviet tourism in communist countries in ways that are telling both in their similarities and their differences. Some commonalities are obvious in the responses of the three countries that have been examined above, such as the acknowledgement of tourism as an economic sector and a lucrative source of foreign exchange rather than a political tool. In some aspects, however, one could claim that the tourism strategies of China, Cuba and North Korea have become more differentiated, with each nation developing a tourism pattern that has more to do with its national character and specific regional and cultural issues and less with shared communist ideals or practices. Vietnam is also a member of this small club of nations seeking to reap the benefits of international tourism whilst remaining, to various degrees, true to the values of socialism. The comparisons that may be drawn between Vietnam and the countries discussed above will be an important element in this investigation and evaluation of the influences, ideals and criteria impacting on current developments in tourism in Vietnam.

In this study, the word 'development' – indicating the plans and processes involved in moving from one state to another – has a double significance. As a transition country, Vietnam is undergoing a process of societal development. At the same time, within this transition process, Vietnam's tourism sector is developing from a less advanced to a more advanced state. The specific issues involved in speaking of development in tourism are subjects of the following chapter.

Chapter 5: Tourism Development

5.1 Introduction: Defining Development

'Tourism development' is a pivotal term for this study. This chapter outlines the scope of this term and introduces the issues involved in its definition. Sharpley and Telfer refer to 'development' as "an ambiguous term that is used descriptively and normatively to refer to a process through which a society moves from one condition to another". The term refers to "a philosophy, a process, the outcome or product of that process, and a plan guiding the process toward desired objectives" (2002: 23). Pearce also states that 'development' is a broad concept with many connotations, referring to both a state and a process, which may be applied in purely quantitative economic terms or more qualitatively to encompass aspects of social progressiveness (1989: 7-8). Mabogunje, as cited in Pearce, classifies five different ways in which the term 'development' has been used: as economic growth, as modernisation, as distributive justice, as socio-economic transformation and as spatial reorganisation (in Pearce, 1989: 8).

Gartner sees tourism development as "the process of increasing the quality of life for tourists and host societies alike" and as "an evolutionary process related to tourist activity" (1996: 11). Tinsley and Lynch assert that development is usually deemed as a geographic/physical expansion of the tourism infrastructure (2001: 372). Tourism development is also seen as a "process of physical change" (Gartner, 1996: 8) and as a "major agent of transformation" which involves changes in society, environment (Murphy, 1983: 180) and the socio-economic milieu (Mihalič, 2002: 83). In a broader sense, development is associated with progress, implying positive transformation or "good change" (Thomas, in Sharpley, and Telfer, 2002: 23). The concept of development has shifted from purely economic growth to the promotion of the 'good life', comprising social, cultural, political, environmental and economic goals and processes (Sharpley, and Telfer, 2002: 5). Development should not be seen as a 'single process' or a 'single static condition' (ibid: 23-24). Telfer divides development theory into development ideology (the ends) and development strategy (the means)

(2002: 83) and Hettne refers to development strategy as “the means of implementing the development process guided by a specific ideology” (in Telfer, 2002: 37). For Loukissas, the tourism development process is a complex system and requires abstraction to enhance understanding of the factors that contribute to the development and impacts that it has on the environment and the economy of communities (1983:12). An example of a model of the tourism development process, based on an application of such theories to observation of processes in the real world, is elaborated below.

5.2 Butler’s Tourism Development Model

Butler’s Tourism Area Life Cycle (TALC) is one of the most cited models for tourism development, widely accepted by tourism academic researchers and tourism development practitioners.

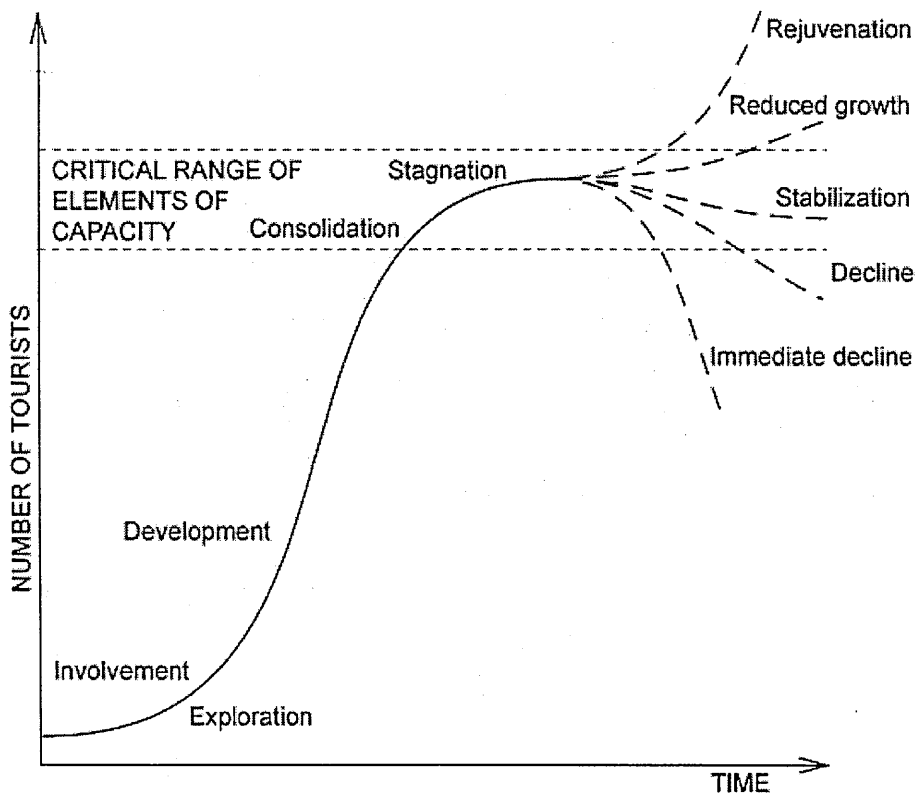


Figure 5.1: Butler’s TALC model

In the first stage, as described by Butler, a destination is essentially undeveloped, in terms of expertise and provisions for tourism, and attracts only a small number of tourists. Subsequent mutually-fuelling increases in infrastructure, know-how and tourism numbers cause rapidly accelerating growth. At some point, though, the destination nears the limit of its carrying capacity and the rate of increase in visitor numbers begins to slow drastically and eventually level-off. At this stage of stagnation, the destination reaches a critical juncture, from which it may take off on a number of different paths, ranging from an immediate decline to rejuvenation.

Gartner, however, disputes the assumption, which he sees as implicit in Butler's and other related models, that tourism development is first and foremost a physical process. He argues that development is a process that includes not only physical, but also economic and social reorganising (1996: 11). Russell and Faulkner develop a so-called chaos theory for tourism development whose framework they claim could be applied in juxtaposition with Butler's TALC (1999: 422).

Cooper points out that if the TALC theory were to be used as a forecasting tool, management could encounter difficulties in identifying the stages or turning points in real-world contexts. He warns against basing policy decisions on preparation for the supposed succession of phases (1998: 116). In an attempt to address the question of whether the TALC model could be useful in an operational context, Haywood (1986: 15) suggested the following six major theoretical and measurement decisions need to be taken into account:

- Unit of analysis
- Relevant market
- Pattern and stages of the tourist area of the life cycle
- Identification of the area's shape in the life cycle
- Determination of the unit of measurement; and
- Determination of the relevant time unit

Any model is a general schema that elucidates the commonalities of a set of situations, but does not necessarily give insight into the exact form that development will take within a specific context. The developmental path taken by the tourism sector is affected by the political, economic and cultural dimensions of the time and the place. The next sections address the ways in which some of the broad historical trends have affected the path taken by tourism development in the past and outline the factors that influence the direction taken by tourism development of a specific destination in a specific period of its history.

5.3 Some Historical Factors in Tourism Development

Though there are negative effects with which former colonies must cope in their struggle to assert themselves as autonomous nations, these nations do have a certain advantage over other developing nations because of their colonial legacies. Singapore, Hong Kong, Macao, Gibraltar, Ceuta and Melilla, for example, have made virtues of their location, becoming *entrepots*, and later duty-free ports, and defence sites. They have built on this status to construct economies very different from those of their surroundings. Many colonies were also favourite holiday destinations for the elite class of the colonising nation. Because of this, many of these colonies possessed a tourism infrastructure and the know-how and experience required to cater to the international tourism trade. Some former colonies have built more aggressively and successfully upon this legacy than others. Macao and Christmas Island have legalised gambling, whilst others (like the Cayman Islands) have become tax havens and retirement centres. Most of these regions or nations have capitalised on their uniqueness by actively promoting tourism. Without 'colonial' status they would have been largely indistinguishable from neighbouring areas (Aldrich and Connell, 1998: 61). The colonial era also left many nations with their most recognisable and marketable landmarks. The best-known historical attractions in Ghana, for instance, are colonial relics clustered on the Cape Coast, most famously Elmina Castle, which was built by the Portuguese in 1482 (Teye, Sönmez and Sirakaya, 2002: 671).

Though the seeds of the global tourism industry can be traced back at least as far as the colonial era, the pace of tourism development has increased rapidly since the Second World War (Murphy, 1985: 1; Telfer, 2002: 50; Inskip, 1991: 8; Getz, 1986: 21). According to Inskip, the reasons for this boom can be linked to various factors such as a decrease in working hours, an increase in paid holidays and free time, as well as considerable advances in modes of transportation. The growth of international tourism owes much to the development of commercial airlines (1991: 9). The tourism trade seemed at first unprepared for this new scale and character of tourism, and unable to anticipate the significance of these developments. Individual entrepreneurs led the way in realising the significance of tourism as a revenue generator, with governmental agencies following rather than leading (Murphy, 1985: 1). Getz perceives a three-stage development of national tourism policy in the years following the Second World War. In the initial stage, facilitation of travel was emphasised, followed by a second stage focusing on tourism promotion. In the third stage, during the 1960s, tourism became an important industry and a tool to bring foreign hard currency and create employment (1986: 21; Telfer, 2002: 50).

5.4 Determining Factors in Tourism Development

An interplay of various factors causes different typologies of tourism development to arise in varying contexts, comparable to the existence of many different agrarian or urban models in different parts of the world (Pearce, 1981: 2). Tourism development planning should not be carried out as an isolated project. It is integrally tied into, and dependent upon a destination's natural and man-made resources and environment, its political, social, economic and cultural atmosphere, as well as its position within the global tourism market (Baud-Bovy, 1982: 308; Britton, 1987: 168). Even within the above-mentioned generalised models of tourism development, such as the life-cycle model, the rate of succession of the consecutive phases is dependent on many local factors (Butler, 1980: 11). Haywood has argued that the life-cycle approach does not adequately acknowledge the effects of the unique characteristics of individual destinations on the path of tourism development. He proposes that the evolution of a

destination is strongly influenced by a political and economic substructure that can be described by seven forces:

0. rivalry among existing tourist areas
0. developers and development of new tourism areas. . .
0. substitutes for the tourism/travel experience. . .
0. environmentalists and concerned public who oppose tourism or tourism development.
0. transportation companies, tour operators, travel intermediaries. . .
0. tourists – their needs, wants, perceptions, expectations and price sensitivities. .
0. governmental, political and regulatory bodies and forces. . .

(Haywood, 1986: 164).

For the purposes of this chapter, the determining factors will be discussed according to the categories of economic, political, physical, social and perceptual factors.

5.4.1 Physical Factors

In order to be successful in tourism development, a destination has to offer a wide range of tourist products and services. According to Pearce, tourism facilities and services are grouped into five components, including attractions, transport, accommodation, supporting facilities and infrastructure (Pearce, 1981: 6).

A distinction can be made between natural tourist attractions such as landscape and wildlife, and man-made attractions such as theme parks, architecture and museums (Wanhill, 1998: 290). However, in order to be successful in enticing tourists, a destination should have a good mix of both attraction types (Pearce, 1981: 7) so that if natural attractions decrease in quality or drawing power, a destination could still lure tourists with its artificial attractions, or *vice versa* (Britton, 1987: 169-170). Physical attractions, whether natural or man-made, can be seen as quite fundamental prerequisites for the viability of a location as a tourism destination.

Transportation is one of the most important preconditions for a destination that wishes to attract tourists. After World War II an increase in car ownership helped spur the rise of domestic tourism in the West. As cited by Pearce, historically, the development of tourism has been closely related to advances in transport technology. The dependence of seaside resorts on the advance of the railways is a good example (Pearce, 1981:7). Westlake argues that “tourism is about being elsewhere and, in consequence, the relationship between transportation and tourism development has traditionally been regarded as “chicken and egg” (1998: 270). Technological developments enabled aircraft to carry increasing numbers of passengers for increasingly affordable prices and to reach other parts of the world in less time (Prideaux, 2000: 53). No part of the world is now more than 24 hours flying time from any other part (Westlake, 1998: 281). Innovations in transport have in turn influenced patterns of tourist movement and typologies of accommodation, as “large terminus hotels gave way to highway cabins and eventually to motels”, parallel to the evolution of transport arteries from rail to highway to interstate freeway (Carlson and Deasy quoted in Pearce, 1981: 7).

Any destination’s accessibility is largely a factor of its transport links with tourist generating nations. Geographical location is an important determinant of the relative accessibility of destinations. Britton has noted that geographical proximity to wealthy tourist-generating countries was a determining factor in the success of tropical Third World destinations (Britton, 1987: 168), although he went on to note that sufficiently spectacular or unique attractions in more far-flung countries could counteract this principle (ibid: 169). Australia is an example of a nation that is almost totally dependent on air routes for its inbound tourism trade (Prideaux, 2000: 54). Lengthy or inconvenient journeys serve as a deterrent to tourists and the rise in popularity of a destination like Cairns, Australia, for instance, can be directly attributed to the establishment of direct international flights, removing the need for a plane change in Sydney or Brisbane (ibid: 61).

Geographical convenience and enticing attractions may suffice to pique the interest of potential tourists, but the maintenance of a tourism industry requires the construction of an on-site infrastructure of transportation, accommodation and support services. A

nation's physical resources, like its economic resources, are not infinite. Tourism development must contest with other factors for the right to consume land, labour and materials, and conflicts will often arise. Pearce singles out accommodation and transport as the two primary areas of conflict, describing how tourism accommodation development can supersede residential construction or even require the demolition of existing homes (Pearce, 1981: 81).

5.4.2 Economic Factors

The allocation of funds and financial programmes for tourism development represents just one component of a country's development plan. Tourism development competes with other sectors of a destination's economy in vying for limited financial resources. Economic investment will necessarily be proportional to the expected rewards, in terms of foreign exchange, increase in national income, employment and development (DeKadt, 1984: 8). For developing countries, tourism is an obvious and enticing potential source of income. Currently, tourism development tends to be seen as an economic 'escape route' by many of the formerly socialist nations of Eastern Europe and East Asia (Hall and Jenkins, 1995: 40). However, nations with developing or declining economies usually have limited investment capital and are faced with urgent demands on their economic resources from sectors other than tourism development (Pearce, 1981: 12). This may be part of the reason why the governments of some developing countries encourage foreign investment in their tourism sector, even though it can lead to a loss of government control over tourism development and a 'leakage' of tourism revenues out of the country.

Of course, tourism should not be the only economic activity in an area. Tourism development occurs in the context of other regional economic activities, influencing them and being influenced by them. Wise tourism development will make use of existing local economic resources and will feed back into the local economic base (Spanoudis, 1982: 315). Integration of tourism development into the pre-existing economy, and the avoidance of a tourism 'monoculture' in a region, lessens the susceptibility of a local economy to fluctuations in the tourism market (Gartner, 1996: 516; Getz, 1986: 21).

5.4.3 Political Factors

The modes and impacts of tourism vary in different political contexts (De Kadt, 1984: 18-19, 32). Whilst some socialist countries have discouraged tourism for political reasons, usually in order to exclude outside influences and avoid dependence on foreign nations, this never was true of all socialist countries, and one should not generalise socialist governments as being inimical to tourism (DeKadt, 1984: 18). As has been discussed, the surviving communist countries are becoming increasingly open to foreign tourism and are striving to develop tourism within the socialist context.

Aside from the ideological dimension of tourism development policy, the primary impetus for governmental involvement in tourism is to exploit the sector's employment and income-producing potentials (Hall and Jenkins, 1995: 36). This involvement happens through various channels. Federal, state and local governments are able to enact and enforce legislation that directly affects tourism development. Travel regulations, tourism promotion and economic exchange policies all contribute to the attractiveness and accessibility of a destination for tourists. Grants programmes and tax incentives, limits on foreign investment and other measures can be used to influence the extent, character and location of development, whilst conservation laws can be used to shield natural or cultural sites from overdevelopment (Pearce, 1981: 12). Building codes and zoning regulations are instruments of government control on the physical infrastructural components of tourism development. Such laws can regulate and limit the degree of private ownership of land, the height and density of development and the nature of use (ibid: 35).

Britton sees strong public sector leadership as a positive factor in tourism development. He mentions Singapore as an example of a destination in which pervasive government control has led to successful tourism development, and sees *laissez faire* policies as indicative of governmental weakness, indecisiveness or ignorance, leading to uncoordinated and uncontrolled development (Britton, 1987: 170). DeKadt blames the powerlessness of local governments to block the sale of real estate to outsiders for the outflow of capital and the lack of allowance for local

initiative or employment for local labour in the tourism development of regions such as Bali and the Fuenterrabia region of Spain (DeKadt, 1984: 23-24).

The advent of transnational corporations has brought about a situation in which certain interests in the private sphere wield enough political power to effectively circumvent or negate legislation even at the national level (Pearce, 1981: 12).

5.4.4 Social Factors

The impact of tourism development on a host society will depend largely on the degree and nature of the development (Yoon, Gursoy and Chen, 2001: 364). For instance, in one sense, enclave tourism development could be said to have less of a direct impact on native social patterns and systems because of the limited contact between tourists and locals. In another sense, however, one would expect other societal effects, such as feelings of resentment or exclusion that could arise out of such a stark juxtaposition of cultures.

A severe imbalance of economic power and effective organisation will often exist between local populations and the outside parties involved in developing an area for tourism, allowing exploitative practices on the part of developers (DeKadt, 1984: 9-10). Consumer and environmental interest groups addressing tourism issues, especially regarding impact at the local level, began to appear in the 1960s. Today such groups are involved in many aspects of tourism policy making (Hall and Jenkins, 1995: 48).

Tourism development depends on the cooperation of local people and institutions, which have the power to encourage and cooperate with tourism development if they feel that it is beneficial to them and their region (Yoon, Gursoy and Chen, 2001: 364). In the words of Murphy, "Tourism, like no other industry, relies on the goodwill and cooperation of local people because they are part of its product. Where development and planning does not fit in with local aspirations and capacities, resistance and hostility can raise the cost of business or destroy the industry's potential altogether" (Murphy, 1985: 153).

5.4.5 Perceptual Factors

The image of a destination is a primary factor influencing tourists' choices of itineraries and is therefore an important determinant in tourism development (Lawson and Baud-Bovy, 1977: 10). The depiction of a destination in the media plays a major role in perpetuating a certain image. Extreme and dangerous events such as wars, natural disasters or disease usually have an immediate detrimental effect on tourism figures that may take years to overcome, even after the real danger is past (Butler, 1980: 11). A detrimental shift in image because of a catastrophic event may be counteracted by other measures. This is exemplified by the substantial recovery of tourist numbers in Luxor, Egypt within three months of the massacre in 1997, which caused a 75 per cent decline in visitors. An increase in security and the waiving of visa fees had helped to achieve this (Shackley, 1999: 543). The 2003 outbreak of a new strain of pneumonia, Severe Acute Respiratory Syndrome or SARS, caused possibly the largest drop in tourism numbers worldwide in recent years (Miller, World Travel and Tourism Council, WTTC, Vice President quoted in ETN News, 16 May, 2003).

5.5 Planning for Tourism Development

The tourism industry involves disparate groups, including tourists, host governments, tourist services providers and local people. It is not surprising that conflicts will often arise as all of these groups pursue their own self-interest in the tourism development planning process. Striking a balance between these interests and achieving a result that benefits all groups and alienates none is an important target of the planning for tourism development. Getz adds that planners must also ensure that tourism is planned in concordance with overall development policies and social goals and that the roles, problems and goals of tourism development within this greater context must be clearly and transparently defined. Tourism planners should also address the question of whether the stated objectives are achievable. For Getz, tourism development should be expected to play a role in the following components of social development:

- Community development
- Heritage and environmental conservation
- Enhancement of cultural identity
- Provision of leisure opportunities
- Population and demographic change
- Social welfare
- The provision and maintenance of living amenities

(1986:30)

As cited in Baud-Bovy (1982: 310), the first tourism development plans of the late 1950s were concerned mainly with the physical planning of features such as infrastructure and facilities needed to accommodate an expanding tourist demand. It was not until later, when the potential economic significance of tourism was recognised, that the traditional emphasis on physical planning shifted to economic planning, concerned more with promoting economic growth through the creation of employment opportunities and the generation of foreign exchange (Murphy, 1983: 182). It is now relatively common that objectives such as maximising foreign currency, luring high-spending tourists and boosting employment are found in tourism development plans (Fletcher, 1998: 208).

5.6 Public and Private Roles in Tourism Development

There are a number of possible economic and political motivations for public sector involvement in tourism development. Increases in employment, income levels and tax revenue, as well as a favourable balance of payments, economic diversification and a contribution to regional development are amongst the economic benefits to be reaped by tourism development (Pearce, 1981: 10). In the political realm, it has already been shown that tourism development policy can be seen as part of a propaganda programme and an aspect of foreign policy.

By contrast, the main motive of the private sector in tourism development is profit. By nature, self-interest will predominate over community-minded thinking in private initiatives and quick returns on investment will characteristically be prioritised over planning for the long term. Individual initiative plays a much more prominent role in the private sector than in the public. The term 'movers and shakers' has been coined to describe entrepreneurs who play determining roles in defining the trajectory of tourism development in a particular area, for better or for worse (Russell and Faulkner, 1999: 420).

The state bears the responsibility of mitigating between private ambition and the general welfare, integrating tourism development into the overall development programme of the country and reconciling it with the nation's economic and social priorities (Telfer, 2002b: 130). The duties of the public sector in tourism include the protection of the local population and the natural environment from the adverse effects of tourism (Pearce, 1989: 40). This often necessitates the limitation of tourist access and tourism development in certain areas, using means such as environmental guidelines and the land use regulations already discussed. Public sector planners should be able to recognise which areas are appropriate for tourism development and which areas should be off-limits (Spanoudis, 1982: 315).

One can distinguish between active government involvement in tourism development – in which the public sector sets and supports tourism development goals or even undertakes tourism development itself – and passive government involvement, involving legislation or even a lack of government control or prohibition, which has indirect implications for tourism development (Jenkins and Henry, 1982: 501).

Governmental restrictions on development are often at odds with the interests of private sector operators, and there may be a low degree of acceptance of such policies in developing countries in need of foreign capital and jobs (Oliveira, 2003: 106). The reasons for private sector support or resistance to such public sector initiatives are generally based on self-interest, such as the case of small lodge operators in regions of Brazil favouring strict environmental impact laws in order to block larger hotels from entering the local market (ibid: 108).

It is common for governments to support tourism development strategies by way of incentives to private operators (Pearce, 1981: 10-11). Public bodies typically play a leading part in developing all facets of tourism in developing countries, where it may even be necessary for the government to take on the role of entrepreneur in the absence of effective or powerful private agents (Telfer, 2002a: 51; Jenkins and Henry, 1982: 501). Conversely, tourism development in wealthier, developed countries tends to be dominated by private corporations and government regulation of tourism is generally passive rather than active (Wall, 1996: 42).

In general, successful tourism development initiatives involve balanced cooperation between public and private actors. Private sector corporate domination will lead to a fragmented policy based on short-term gain, whilst an overbearing public sector involvement is often a hindrance to achieving maximum economic gain (Fletcher, 1998: 199). Fletcher has noted a shift in strategy for such unified programmes of public/private cooperation away from inflexible and comprehensive 'master plans' to more flexible and responsive 'development plans' (ibid). Various factors, such as the size and nature of the project, the phase of development and the relative capabilities and powers of the parties involved, will determine the relative degree of public and private involvement in a particular development project (Pearce, 1981: 13).

5.7 Tourism Development Impacts and Sustainable Tourism Development

The changes that occur in a geographical area of tourism development over time are not exclusively for the better, and too often are for the worse. The original authenticity of the location is marred by development and the class of tourists attracted tends to decline over time, leading in turn to dissatisfaction amongst locals, which fuels the decline of the standard of development in the area (Haywood, 1986: 154). Not only the natives but also tourists themselves become disenchanted, as the destination loses the attractive qualities upon which its tourism industry was built in the first place (Oliveira, 2003: 97). The rewards – financial and otherwise – of even the most successful tourism developments do not always benefit the host society

appreciably in the long term. To give one example, it can be argued that tourism development does not add jobs to the market but merely redistributes the existing workforce, and that the jobs created for the native population are usually of the menial variety (Mihalič, 2002: 104-105).

Programmes aimed at sustainable tourism development seek to rectify such negative impacts by creating and nurturing a tourism trade that does not threaten the indigenous natural or social environment of the destination. Since sustainable development is an issue requiring a long-term view, spanning many economic and social fields, it often falls within the concern and responsibility of the public sector, rather than private operators or individual tourists (Telfer, 2002c: 347). However, commercial operators are increasingly claiming to be pursuing sustainable development as a way to ensure their own longevity and future viability, as well as responding to increasing ethical demands of consumers and stakeholders in companies (Burn and Holden, 1995: 211).

Because it is at odds with many of the predominant political, economic and market forces that characterise mass tourism, sustainable tourism has manifested itself to this date primarily in local 'alternative developments' rather than global trends (Sharpley, 2002: 336). Indeed, it is within the nature of sustainable tourism development that standard models are not imposed without regard for local differences, but rather that each development should take form in response to the unique local context for which it is designed. The participation of the local population is necessary in order to achieve a form of tourism development that is appropriate for the local society, economy, culture and needs (Lankford, Knowles-Lankford and Povey, 1996: 332; Hawkins and Cunningham, 1996: 351). The initial hesitancy of some native populations to participate in this unfamiliar process is an obstacle that has been encountered in some sustainable development initiatives (Bourke and Luloff, 1996: 291; Addison, 1996: 296). At times and places in which mass tourism and sustainable tourism initiatives come into contact and conflict, such as currently in the formerly socialist nations of Easter Europe, governments must intervene to protect or assist sustainable initiatives (Hall, 1998: 429).

There seem to be good reasons why governments should concurrently encourage tourism development and enforce a policy of sustainability. However, Shackley describes how ecologically protected areas and other sustainability measures declared by the Egyptian government in conjunction with its encouragement of tourism development in the lower Sinai are often subverted or ignored in practice, when they are seen to inhibit the attractiveness of investment in the region (Shackley, 1999: 543-545).

Sustainability in tourism development also involves the sustainability of tourism itself. Overdevelopment is the result of an attempt to satisfy or encourage an increasing demand for a destination. Besides diverting monetary and material resources from other needs in the region, too-rapid development can also diminish the attractiveness of the destination and fuel its decline, as has been so often repeated (Murphy, 1985: 32). Sustainable development should be seen as an ethos of careful and reasoned planning rather than as a reduction of the tourism trade in a nation as a whole. The regulation of accessibility is an important measure in achieving sustainable tourism without sacrificing tourism revenues or total carrying capacity. This involves restricting access to overtrafficked or fragile destinations as well as facilitating tourism to less developed destinations (ibid: 70).

While striving to eliminate much of the potential harm brought by tourism to a destination, sustainable practices of tourism development can actually reduce some of the benefits of tourism for an area. Restricted tourist volumes and a lower degree of contact between tourists and natives may mean that fewer people will profit from the tourism trade (Sharpley, 2002: 332). The market for sustainable tourism caters to the desires of certain types of tourists to encounter unspoilt, less developed cultures. The material and economic enrichment and social changes brought to an area by tourism can endanger this status. Ironically, it almost seems that, in order to continue to attract sustainable tourism trade, the inhabitants of a destination must forego many of the advantages of tourism development (ibid).

5.7.1 Tourism Development in Context

The above sections have provided an overview of the processes that make up the tourism development of a destination and has also discussed the interplay of various issues, considerations and stakeholders which have an influence on the path, priorities and patterns of a country's tourism development. While the above-mentioned dimensions may be common to tourism development in general, the actual path followed by tourism development in a specific country, and the exact manifestation taken by each of its components, will be to a large extent determined by the historical, cultural, social and economic background of that country. The following section describes the actual path taken by tourism development in Vietnam through its history until the beginning of the *doi moi* programme and explains this development in terms of many of the factors introduced above.

5.8 History of Tourism Development in Vietnam

5.8.1 Development of Tourism in Vietnam by the French

Vietnam in the 1820s was perceived as a mature civilization by experienced observers who visited Vietnam during that time. Influenced by the Chinese culture, the Vietnamese people were seen to have accomplished the highest level of culture development within Southeast Asia. Even at this early stage in the history of their contact with foreigners, Cady described the Vietnamese as “not awed in the least by the sight of European visitors” (Cady, 1964: 407).

Dating back to around the beginning of the 17th century, Saigon already had a reputation among foreign merchants as an important trade centre (Ca Van Thinh et al, 1998: 7). In 1862 under the French rule, Saigon became a gateway port for vessels travelling to Hong Kong or Singapore, receiving 111 ships from Europe and 144 from other countries in 1862. (Dinh Xuan Lam, 1998: 42). Around 1900, the French began a campaign of ‘initial development’ in Indochina. The three major points of this programme were the development of a tight fiscal system, the acquisition of

mechanical equipment along with the development of communication lines and the expansion of agriculture, trade and industry in the colony. In the course of this project, roads were built connecting Saigon, Hue and Hanoi. A railway from Saigon to Nha Trang started operation in 1910 (ibid: 44).

In 1865, the French had opened the Thao Cam Park, known to the Saigonese as *So Thu* which means the zoological park. Initially, the park was used to grow imported industrial plants such as rubber, coffee and cacao as well as serving as a collection point for exotic animals and birds from Vietnam destined for zoos in France. The park was recognised by the press of the time as the second most beautiful park in the Far East, after the Zoological and Botanical Garden in Singapore (Hoang Anh, 1998: 239).

The French discovery of Dalat can be dated at 1893, when Dr. Alexandre Yersin happened upon the sparsely inhabited area during his exploration and survey of the mountainous region of south-central Vietnam. Thirty years after Dr. Yersin's expedition, the population of the primarily French settlement at Dalat had reached only around 1,500 people. The number of inhabitants increased steadily over the ensuing years. In 1933, a serrated railroad was built to Dalat and a railroad station followed in 1938 (Truong Phuc An, 2000: 110-114). Dalat Central Cathedral opened its doors to French inhabitants and holidaymakers in 1942 after an eleven-year construction (Lonely Planet, 2001: 428). As Dalat's accessibility and amenities grew, so did its population. In 1939, Dalat had 11,500 inhabitants, most of whom were French, with very few Vietnamese (Truong Phuc An, 2000: 118).

Besides extolling the exotic allure of travel in Vietnam, travel writers during the French colonial era often compared scenes in Vietnam with familiar European contexts. Bourde saw Tonkin as a European village with "(t)he tiled roofs of pagodas, with upturned corners like the pointed tip of a wooden-shoe. The white walls of rich houses are seen through the green vegetation sometimes makes (sic) you think of a European village" (ca. 1883: 17). De Tissan described the Mekong Delta as "a kind of exotic Holland" due to its countless canals (ca. 1918: 9). Lyautey compared Halong Bay to Norwegian and Scottish fjords (ca. 1895: 29). Duc-Chaigneau claimed that the

French-built fortified precinct of Hue resembled a European defensive town, except with a Chinese pavilion (n/d: 130). The colonial regime attempted to remodel Saigon to resemble a city in France in order to give the French residents the feeling of being at home while being in an exotic land. As described by Osborne, “The public buildings were consciously constructed to reinforce this comforting atmosphere, from the Opera House to the City Hall, and from the prefabricated Catholic Cathedral to the *Palais de Justice*, the latter looking as if it had been transplanted from southern France. To sit and drink one’s *aperatif* on the terrace of the Continental Palace Hotel in Saigon was to replicate the reassuring comfort of the cafés and bars along the *Champs Elysées* in Paris...” (2000: 156). It is not surprising that the boutiques and elegant shops of Saigon’s rue Catinat made French novelist Pierre Billotey feel as if he were back in France during his visit to Vietnam in 1928 (in Osborne, 2000: 158).

This seeking of familiar points of reference in an unfamiliar context can be partially attributed to human nature, but the restructuring of cities and other contexts after imported European models is evidence of the effort of the French regime to shape Vietnam to suit their French lifestyle. The French architectural influence is obvious in all parts of Vietnam. For example, numerous important buildings in Hanoi, including the Palace of the Governor-General, the Opera House, the St Joseph’s Cathedral, the Metropole Hotel and the main post office were built in the French neo-classical style in this era (Sidel, 1998: 18-19). The French government spent such huge amounts of money in its zeal to rebuild Hanoi as a miniature Paris that more than a decade was required to recover the ensuing deficit (Pedelahore quoted in Sidel, 1998: 19). The success of the French programme of urbanism in Vietnam is attested to by the monikers ‘Pearl of the Far East’ and ‘Paris of the Orient’ by which the cities of Saigon and Hanoi, respectively, came to be known (Lam, 2000: 52). Many buildings from this time are among the most famous tourist attractions in Vietnam’s cities in the present day.

5.8.2 Tourism Patterns During the French Colony

In contrast to the French colonisers, the Vietnamese were apparently not accustomed nor inclined to travel, as indicated in a writing of 1907, in which the anonymous

author laments “A few hundred kilometres away from our house, we already feel ill at ease as if it rained yellow flowers. A few years spent in a foreign country would make us unhappy and would make our hair turn white” (Anonymous, 1907: 145). One could say that tourism effectively did not exist in Vietnam until its introduction by the French. ‘*Le Tourisme au Tonkin en Annam en Cochinchine et ses Relations avec l’Europe*’ is a 1914 handbook which contains comprehensive details useful for voyagers travelling in Vietnam, including travel distances and transportation fares (Debrabant, 1914). A guidebook titled ‘*L’Annam-Guide du Touriste, Collection du Vieux Hue*’ encouraged tourists to visit Annam for the appreciation of nature and for hunting game. The guide referred to a lack of deluxe hotels on the highway between Hanoi and Saigon, but reassured that this should not be an obstacle for tourists wishing to enjoy unusual exotic nature and beautiful spots (Léopold, 1921: 11-12).

For overland transport, Vietnam’s strategic position as a gateway to Asia was reconfirmed, with Indochina serving as a convenient crossover route for businessmen travelling from Siam or Penang to Japan or China (Government Information and Publicity Bureau, 1938:26). The Tourist Bureau in Indochina published a guidebook in 1929 titled ‘The Opening of Aerial (sic) Tourism in Indochina’ which promoted travel by air and hydroplane in the Indochina region, using Saigon as a gateway to Angkor. The Saigon-Angkor route was the first-ever use of air transport exclusively for touristic purposes. Previously, this type of travel was associated primarily with postal and commercial transport (Tourist Bureau in Indochina, 1929: 3). Air Vietnam, the national airline of Indochina, was formed on October 1, 1951, by a French-Vietnamese consortium. 66 per cent of the company’s shares were held by government and local interests. 33 per cent were held by Air France (Smith, 2002c: 352).

In 1935, the Government General of Indochina established an official Information Tourist Bureau in Saigon under the name of *Office Central du Tourisme Indochinois*, subsidised by the Government General, local governments, municipalities, chambers of commerce and commercial firms (Government Information and Publicity Bureau, 1938: 18). Its tasks were to organise tourist activities in Indochina, to distribute information in order to make attractions and monuments better known, to regulate

timetables and fares in agreement with the Travel Association and other tourist businesses. The Information Bureau maintained reliable and current information on accommodation, communication, road and rail transport, monuments and tourist sites and activities such as big game hunting. The Bureau publicised Indochina tourism through advertising in newspapers in Hong Kong, Singapore, Ipoh and Kuala Lumpur (ibid: 19) where large numbers of Western foreigners resided, in an apparent attempt to attract Western colonial expatriates living in the region to come to Vietnam as tourists.

The lure of a largely unexplored and unexploited destination was certainly a unique selling point of Indochina as a tourism destination in the 1930s. World-class sites such as Halong Bay and Angkor Wat provided many opportunities for an experience of this exotic atmosphere. A brochure of *L'Office Central du Tourism Indochinois* promoted Indochina as a paradise for tourists. Big game hunting was apparently a particularly popular activity. According to A. Bourrin, the Director of the Central Office "travellers can go at their leisure and do what they please without trouble or unpleasant control" (Government Information and Publicity Bureau, 1938: 27).

In 1883, there was only one hotel in Hanoi (Bourde, ca. 1883: 58). The increase of accommodation was very gradual. According to the *Office Central du Tourisme Indochinois*, in the 1930s, Hanoi had three larger hotels with 190 rooms, Saigon had four large hotels which contained a total of 363 rooms while Dalat had two big hotels with 108 rooms between them (Government Information and Publicity Bureau, 1938: 23) Most of the luxurious hotels in Saigon and other parts of the country were owned by the French (Lam, 2000: 55).

Dalat was a popular holiday destination for the French due to the cool climate and beautiful landscapes. During the Second World War, Dalat became a second home for French nationals who could not go back to France for holidays. Bookings for hotels in Dalat in these years had to be done several months in advance, indicating the high demand and great potential of the area for tourism. The Langbian Tourist Company, with a staff of 80, was founded to deal with this great influx of tourists. The French government had even proposed to move the capital of Indochina from Saigon to

Dalat, and proceeded to improve and expand Dalat's infrastructure system in anticipation of the move. At the end of the Second World War, Dalat was still a holiday resort for French officials (Truong Phuc An, 2000: 118).

5.8.3 Tourism During the Partition and the US/Vietnam War

As mentioned above, tourism was a quite foreign concept to most of the Vietnamese, and the practice of tourism in Indochina established by the French came to an end with the end of the colony. In 1946, one year after the declaration of Vietnamese independence, the Communist Party ratified the first Vietnamese Constitution. It appealed to patriotic sentiment, emphasising the role of the State, while guaranteeing free elections and the rights to free speech, press, belief and travel in the country and abroad. There was no explicit mention of communism or traces of the communist ideology in its text. Equally absent was any mention of tourism or addressing of issues relating to tourism development. Even though Vietnam had attracted European tourists since the 19th century, the break-up of the French colony and the political instability during the period of partition following the Geneva Conference of 1954 proved to be a major constraint on tourism development. Tourism relations with foreign nations were affected by the political polarisation of the two countries, with the American consulate in Hanoi closing in 1955 (EIU, 1993: 59).

In 1959, five years after the partition, the Communist regime of North Vietnam declared a new Constitution with a decidedly more socialistic tone. A new added chapter "Economic and Social System" included guidelines for socialist economic orientation. A primary concern seemed to be expediting the shift to a communist economic model without unnecessary disruption. Article 16 stated that "(t)he State encourages and guides the national capitalists in following the path of socialist transformation through the form of joint State-private enterprises, and other forms of transformation". The right of private citizens to inherit property is explicitly protected in Article 19, although Article 20 gives the State the right to requisition or nationalise private property, if it were deemed to be in the public interest. However, there were also provisions for suitable compensation according to fair market prices. The 1959 Constitution could be seen as an initial introduction to a communist system. While not

banning them, the State did not seem to encourage private enterprises, and the right of the State to repurchase private property tended to make private firms stay away from investing in North Vietnam, with implications for a lack of foreign investment in tourism development in the country.

Just as France tried to mould their colony into a home-away-from-home, the USA and the Soviet Union left their own imprint on the character of the developments in the two Vietnams during the partition. The influence of the USSR in Hanoi can be seen in buildings from the 1950s and 1960s such as the Ho Chi Minh Mausoleum, the Ho Chi Minh Museum and the Soviet-Vietnamese Friendship Culture Palace (Sidel, 1998: 35). The significant increase in industrial development in Hanoi during the 1950s also contributed to making the city resemble cities of the Soviet bloc. The tourist flow to North Vietnam during this period was mainly from the Eastern bloc (EIU, 1993: 62). During the US/Vietnam War, tourism in North Vietnam came to a virtual standstill. Hanoi, for instance, was the target of heavy bombing from the American forces, necessitating the relocation of commercial enterprises, government operations, and evacuation of its citizens to the countryside (Sidel, 1998: 35) making tourism in the city extremely unattractive and nearly impossible.

The Civil Aviation Administration of Vietnam (CAAV) was founded on January 1, 1956 at Hanoi's Gialam Airport. The first scheduled flights (between Hanoi and Beijing) began on April 20 of the same year, using planes donated by the Soviet Union, with training and aircrew from East Germany. Services expanded very slowly and had been re-dedicated to military uses after 1961. In 1967, service between Hanoi and Moscow was initiated (Smith, 2002a: 811).

Tourism development in the South was as heavily influenced by capitalist Western models of tourism as the North was by Soviet-model socialist tourist models. In 1960, the Vietnam Tourism Company was established under the control of the South Vietnamese Ministry of Trade (EIU, 1993: 70). The presence of many thousands of American and Allied servicemen, foreign correspondents and foreign businesses (Saigon Tourist and Saigon Tourist Association, 1990: 11) made Saigon a dynamic and developing city, even during the War years. New business such as restaurants,

bars and cinemas opened for the entertainment of American officers and GIs. The *rue Catinat*, a focus of tourist activity during the French colony, continued to attract foreigners, becoming a centre for correspondents, military personnel and foreign businessmen during the War (ibid).

The unconventional nature of tourism and tourists during the War led to discrepancies in the definition of what constitutes a tourist and touristic travel, resulting in widely varying statistics from different sources. For instance, one source identifies 32,379 tourists arrivals by air to South Vietnam in 1968 and 61,215 in 1969 - an increase of 89.1 per cent (IUOTO, 1970-71: 133). However, another source cites the numbers of arrivals at Saigon alone as 300,669 and 370,246 respectively, for the same two years (National Institute of Statistics, 1971). Such enormous variance in recording and reporting standards poses a problem regarding use of sources for reliable data. One could conjecture that the figure of the Monthly Bulletin of Statistics, the source of the second set of figures above, recorded all passengers arriving in Saigon as tourists, without further categorisation into pleasure related, military or diplomatic purposes, whereas the IUOTO source may have applied more stringent criteria for separating 'tourists' and 'non-tourists'. Even while remaining sceptical as to the validity of the absolute figures, a marked increase in tourism revenues can be perceived through the late 1960s. The IUOTO published figures of US\$ 4.9 million for 1968, US\$ 9.2 million for 1969 and US\$ 10.9 million for 1970 (IUOTO, 1970-1971: 31). Figures published in 1970 noted that Americans represented 21.24 per cent of the total number of tourists to South Vietnam, followed by Chinese at 15.59 per cent and French at 11.03 per cent. (Tourism in Vietnam, 1970: 334). Whilst the total number of arrivals showed an upward tendency, figures from the latter years of the war show a constant decrease in activity for Air Vietnam itself, from 24,000 airline departures and over a million travellers in 1971 to 16,000 departures and 553 thousand passengers in 1974 (International Civil Aviation Organization, 1976: C5, C23).

Despite the significant role played by tourism in contributing to the economy of South Vietnam, the government seems to have seen little reason to promote or encourage such activities (Tourism in Vietnam, 1970: 346). According to an IUOTO report, the Vietnam National Tourist Office's total budget was US\$ 73,380 in 1968 and in 1970

this was increased to US\$ 78,322 (1970-1971: 74). The Vietnamese document 'Tourism in Vietnam' named the somewhat higher figure of US\$ 100,000 for 1968 (Tourism in Vietnam, 1970: 346). Because the War effort must have been given budgetary priority, and because much of the tourism to South Vietnam at the time was associated with the War and not of the discretionary, leisure type, tourism marketing in its traditional form may have had little effect or relevance. Interestingly, though, even during the war, plans were being drafted in South Vietnam for the post-war development of a tourism industry in the foreseen Western-oriented postwar Vietnam (see appendix 1) (ibid.)

5.8.4 Accommodation in the South

The demand for accommodation in Saigon rose with the increasing numbers of foreigners. According to a Vietnamese-published proposal, Saigon had 144 hotels with 4,436 rooms in 1968, compared to 47 hotels with 1,239 rooms in 1961. The same source counted a total of 432 hotels with 9,441 rooms in South Vietnam as a whole in 1969. Most of the hotels were concentrated in Saigon and bigger cities along the coast, which made for an uneven distribution of accommodation (Tourism in Vietnam, 1970: 363). As in other facets of tourism in Vietnam during this period, there is some disagreement on numbers, possibly stemming from different standards or methods of counting. IUOTO published figures of 5,096 hotel rooms in South Vietnam for 1970, 5,594 in 1971 and 5,832 in 1972 (IUOTO, 1971-1973: 125), as compared to the over nine thousand mentioned above for 1969. The number of employees in the accommodation sector of South Vietnam in 1970 was 10,192 and 11,188 in 1971 (IUOTO, 1971-1973: 126).

Before the Vietnamese reunification, Saigon was home to 200,000 foreigners (Saigon Tourist and Saigon Tourist Association, 1990). It is not surprising that South Vietnam was often short of rooms for foreign tourists due to the long-term renting of rooms on a monthly basis by the allied forces and employees of allied countries (Tourism in Vietnam, 1970: 336). The South Vietnamese government did not subsidise the hotel industry in Vietnam, as opposed to the government of the neighbouring Khmer Republic, which encouraged the hospitality industry by granting equity participation,

tax exemptions or reductions, duty-free import of equipment, and facilities and other incentives to attract foreign investors, admission of foreign workers, technical advice and concession of state-owned land for tourism development (IUOTO, 1971-1973: 128). Without support from the state, Saigon Tourist had to operate its hotels on a close to non-profit basis (Saigon Tourist and Saigon Tourist Association, 1990: 29). Instead of encouraging the accommodation sector, the South Vietnamese state put an added burden on private hotels in the form of a tax of 40 per cent (Tourism in Vietnam, 1970: 364).

5.8.5 Tourism After the US/Vietnam War

Many of the elements of Vietnam's pre-partition tourism landscape were degraded or destroyed in the course of the War, and many surviving elements were dismantled or altered in the aftermath of 1975 by the government of the united Vietnam. The obvious physical damage to infrastructure and monuments is only one facet of this trend. For instance, French-style accommodation and gastronomy had always been a unique selling point to attract tourists to Vietnam. However, after the reunification of the two Vietnams under communist rule, the major tourism flow to Vietnam came from Eastern Europe. These tourists had lower buying power and less demand for luxurious accommodation than those in the colonial era. For this reason, between 1975 and 1988, the significance of French accommodation and cuisine had declined considerably (EIU, 1993: 62). The American bombings had destroyed many important historical buildings in the North. Notwithstanding efforts at repair, the splendour of Hanoi's colonial railway station never was restored after the damage it sustained during the Christmas bombings of 1972. In the course of its eventful history, however, the station has accrued new significance as an attraction, having become a memorial to French colonialism, the US/Vietnam War and the Soviet internationalist style architecture of its renovation (Sidel, 1998: 36). The General Department of Vietnam Tourism was established in 1978 and charged with the overseeing of 14 tourist companies and 30 provincial and rural firms (EIU, 1993: 70).

Five years after the War's end, the Communist Party issued a new Constitution for the reunified Vietnam. The 1980 Constitution was grounded much more explicitly in

communist ideology. For example, in chapter II, 'the Economic System', article 31 states that the government and collective economic organisations employed the Marxist principle: 'From each according to his ability, to each according to his work'. In Chapter III, 'Culture, Education, Science and Technology', article 38 declares that the development of Vietnamese society is guided by Marxist-Leninist ideology. Article 105 states "Vietnamese literature and art are developed on the basis of the perspective of Marxism-Leninism". In Chapter I, 'Political System', article 14 asserts Vietnam's intention to reinforce its relationship and cooperation in all areas with the Soviet Union, Laos, Kampuchea and other socialist countries, implying an increasing alienation from Western countries. The establishment and maintenance of friendly relations with neighbouring countries is also mentioned.

The economic priorities of the regime are revealed in article 16, which declares an emphasis on heavy industry, agriculture and light industry, conforming to the typical socialist valorisation of 'productive' industries over 'non-productive' service related industries such as tourism. Article 21 guaranteed the State a monopoly on foreign trade and other dealings with foreign countries or entities. Further discouragement for domestic entrepreneurship or foreign investment in tourism and other fields could be found in article 25, in which the Party expressed hostility against capitalist practise by stating that "all economic bases of feudal landlords and comprador capitalists are nationalised without compensation". In contrast to the 1959 Constitution, which guaranteed fair compensation for requisitioned property, article 28 of the 1980 Constitution makes clear that "The State may, when deeming it necessary for the public interest, purchase or requisition with or without compensation, the property of individuals or of collectives".

Ironically, despite the explicit worsening of the political conditions for tourism development, the 1980 Constitution is the first version in which tourism is addressed and, at least at the level of rhetoric, promoted as an important factor in economic development. Article 49 states that "(t)ourism is encouraged and adequately organised". In the 1980s, efforts began to be made to remedy Vietnam's isolation from the global tourism market and, in 1985, Vietnam was represented at the ITB in Berlin for the first time (ITB Chronik, 2001). Perhaps the realisation of the internal

contradictions between the goals and means expressed in the 1980 Constitution played a role in preparing the way for the *doi moi* reforms of the later 1980s.

With no indigenous tradition of tourism, the tourism patterns and infrastructure of Vietnam have always been inheritances, impositions or imports from outside cultures, be it by colonisation or patronage. The long war of the 1960s and 1970s, coming so soon after the country's independence, blocked chances for the development of an indigenous Vietnamese tourism industry, and Vietnam emerged from the war more firmly attached to the Soviet Union, and more alienated from the global tourism market than previously. It is only quite recently, concurrent with the series of reforms known as *doi moi*, that Vietnam has made a concerted effort to define and develop a tourism industry on its own terms.

5.9 Conclusion

This chapter has established the modes of discourse and the historical context for the discussion of Vietnam's post-*doi moi* tourism development that constitutes most of the remainder of this study. During the colonial years, Vietnam's tourism industry was organised chiefly to serve the needs of the colonisers. During the years of partition and the US War, development was crippled by extenuating circumstances. It is only in the last three decades, since the country's reunification, that the development of a Vietnamese tourism industry by the Vietnamese has been possible, and it is only since *doi moi* that tourism development has become a government priority and the country has opened up to foreign visitors and investors. The legacy of some historical factors in Vietnam's tourism development can still be perceived in the country's current tourism industry. For instance, many of Vietnam's most famous attractions and hotels are relics of different phases of the country's tumultuous history. On the other hand, some defining criteria of pre-*doi moi* Vietnam, such as the country's Soviet-oriented political and economic ties, have been radically altered or even reversed in the course of Vietnam's transition, causing equally-radical changes in the tourism development patterns in the country.

The next chapter will present the methods applied by the author to analyse Vietnam's post-*doi moi* tourism development. After the methodology chapter, each of the subsequent chapters will apply the criteria introduced above to examine and analyse patterns of tourism development in specific sub-sectors of Vietnam's tourism industry, such as visa regulations, transportation, tourism marketing, accommodation, tour operators, attractions and protected natural areas. The analysis shall focus on the way in which *doi moi* and its consequences have brought about change in each of these sectors.

Chapter 6: Methodology

6.1 Timeline of Research

The author began the research in April 2002 and submitted at the end of March 2005. The table below chronicles the phases of the process of researching and writing this study.

April 2002	Beginning of study
April 2002 – March 2003	Researching background chapters and gathering information on Vietnam tourism
(October – November 2002)	First field trip to Vietnam
April 2003 – April 2004	Background of methodology chapter, identifying sub-case studies, designing questions, identifying and contacting organisations and companies for potential interviews
(October 2003)	Pilot study at Cat Tien National Park
May – June 2004	Conducting interviews
July 2004 – February 2005	Writing findings chapters, discussion and conclusion
March 2005	Amendments to chapters based on supervisors' comments
End of March 2005	Submission

Figure 6.1: Timeline of research

6.2 Type of Research

As already outlined in the introduction chapter, this study aims to identify relationships between political changes in Vietnam and changes in the country's

tourism sector since the beginning of the *doi moi* programme. The central questions that guided the course of the research are:

- How has political transition affected tourism patterns in Vietnam?
- Has there been a change in the extent to which government policy has determined and guided tourism development and the extent to which tourism development has determined and guided government policy?
- Has the development of tourism helped in making progress in other aspects of development within the country since transition?
- How has the image of Vietnam presented by the government to foreign tourists changed since the initiation of the Renovation programme?

Because of the complicated and inseparable network of factors involved in the dynamics of the changes in Vietnam, an exclusively causal investigation was deemed beyond the scope of this study. The investigation was first and foremost correlational, but includes some causal aspects, striving to depict and compare tourism policies and development before and since the initiation of the 'Renovation' programme in Vietnam and attempting to ascribe direct cause/effect relationships where appropriate.

Since very little research has been done to date on the topic of Vietnam tourism, with most research being done from secondary data (Cohen, 1999: 5), the study was of necessity primarily of an exploratory nature. Exploratory research seeks to better understand the problem and is seen as appropriate for contexts about which not much information is available and in which not much prior research has been done (Sekaran, 2000: 123). Consequently, the gathering of data and information focused on many interviews and on-site visits to gather first-hand observations. Case studies are a particularly appropriate way of gathering data in exploratory research. Qualitative, rather than quantitative, methods of data gathering are often more appropriate for research of an exploratory nature. Case studies and interviews are among the forms of information gathering suited for qualitative research (ibid: 123-124).

6.3 Qualitative vs. Quantitative Research Methods

In terms of research methodologies, one can make a broad distinction between quantitative and qualitative methods. In general, qualitative research is 'interpretive' and bases its methodology on the inductive methods used in the social sciences, whilst quantitative methodologies tend to be positivist or 'scientific' in nature, borrowing methods from the natural sciences (Jennings, 2001: 21-22). Each of these ways of doing research implies a predilection for certain strategies. In reality, researchers will at times use a mixture of qualitative and quantitative methods, which Jennings refers to as the 'mixed methods approach' (ibid: 22). For example, qualitative research has classically been used as a tool to develop hypotheses that are then evaluated using quantitative methods (Wall, 1997: 524).

Because of the nature of the information that is being pursued in this research, qualitative research methods are expected to be more useful and appropriate than quantitative methods of data collection and analysis. Insight is being sought into decision-making processes, the rationale behind changes in policy and the effects of these changes in the political and tourist culture of Vietnam. This markedly exploratory research requires the type of knowledge germane to social scientific studies rather than a scientific or statistical description, and typically makes use of qualitative research rather than quantitative (Jennings, 2001: 17).

6.4 Qualitative Research

Denzin and Lincoln have summarised the development of qualitative research in seven historical moments, which have been extensively cited by qualitative academic researchers. The moments are the traditional (1900-1950), the modernist or golden age (1950-1970), blurred genres (1970-1986), the crisis of representation (1986-1990), the post-modern or period of experimental and new ethnographies (1990-1995), post-experimental inquiry (1995-2000), and the future (2000-). The moments are seen not as a succession of paradigms but as an accumulation of available methods, all of which overlap in the present (2000: 2-3; Riley and Love, 2000: 169).

Five of these moments are discussed extensively in Riley and Love (2000). The details of the seven moments are not a main focus of this paper.

Qualitative research originated in the social sciences and psychology (Flick, 1998: 1,7), and indeed it is widely accepted that qualitative research methods can offer a 'deeper understanding' of social incidents than purely quantitative data (Silverman, 2000: 89). The development of qualitative methods in sociology is closely related to the gathering of information on different cultures that accompanied the growth of colonial trade (Alasuutari, 1995: 143). Qualitative design is characterised as holistic and begins with a search for comprehension of the whole. It is not constructed to prove something or to control people, but rather to focus on understanding given social settings (Janesick, 2000: 385). As stated by Bryman, qualitative research is "an approach to the study of the social world which seeks to describe and analyse the culture and behaviour of humans and their groups from the point of view of those being studied" (1988: 46).

Qualitative research is "a situated activity that locates the observer in the world and it consists of a set of interpretive, material practices that make the world visible" (Denzin and Lincoln, 2000: 3). The qualitative researcher is required to become the research instrument, necessitating an attention to detail and an intense involvement of the researcher's mind and body in an ongoing analysis of the data gathered (Janesick, 2000: 385, 389). Qualitative researchers are encouraged to 'get close' to the subject being explored and to become an insider so that they can perceive the issue as a participant in that setting. The observations, impressions, frustrations and feelings of researchers in the field are also used as data in their own rights. (Flick, 1998: 6). Qualitative researchers describe the data obtained from their work as 'rich' and 'deep', denoting the complex nature of qualitative findings (Bryman, 1988: 96-103).

Denzin and Lincoln describe qualitative research as a "field of inquiry in its own right", spanning boundaries between disciplines and possessing an intricate vocabulary of terms and concepts (2000: 2). Nevertheless, qualitative research lacks a unified base of theories or concepts (Flick, 1998: 7; Denzin and Lincoln, 2000: 6). Qualitative research strategies are relatively unstructured and open. While they may

prepare “some orienting questions, some headings for observations” (Miles and Huberman, 1984: 42), qualitative researchers tend not to decide beforehand on methods and what should be investigated, enhancing opportunities for serendipitous experiences and encounters which give access to useful insights (Bryman, 1988: 66). The interpretation of qualitative data is just as subjective as the methods of its gathering. Most qualitative researchers would agree that there is not only a single correct interpretation for a given observation (Janesick, 2000).

Because of its implicit ‘openness’, qualitative research is sometimes disparaged as a type of ‘art’ or ‘*bricolage*’, as opposed to the rigorous and precise methods of quantitative research (Decrop, 1999: 160). Many research funding agencies view qualitative researchers as ‘journalists’ or ‘soft scientists’ (Silverman, 2000: 2; Denzin and Lincoln, 2000: 7). The work of qualitative researchers is regarded by some as unscientific, exploratory and subjective, as criticism and not theory (Denzin and Lincoln, 2000: 7). Silverman takes issue with the assumption that qualitative research can only ever be ‘anecdotal’ or ‘exploratory’ and calls on qualitative researchers to question and counteract this prejudice (Silverman, 2000: 235).

The holistic, open, cross-disciplinary nature of qualitative research can be infuriating for those conducting it, lacking fixed methods or clear boundaries to their work. Qualitative researchers often conduct research in an environment whose representativeness is unfamiliar and possibly incomprehensible, making it difficult to decide whether the findings are generalisable (Bryman, 1988: 100). Jamal and Hollinshead have stated that qualitative research scenarios are ‘messy’ due to the difficulty in isolating and analysing a set of behaviour from a complicated milieu of other social activities (Jamal and Hollinshead, 2001: 71).

6.4.1 Issues in Qualitative Research

Gaining access to the field under study is an important question in qualitative research because qualitative researchers often seek close and intense contact. For instance, in open interviews, the researcher needs to interact directly with the interviewee, which is different from handing out a questionnaire. The issue of accessibility in qualitative

research has been discussed by Flick. According to him, “researchers and their communicative competencies are the main ‘instrument’ of collecting data and of cognition... The growing insight into the importance of the interactive process of negotiating and allocating roles to the researchers in the field finds its expression in the metaphors used to describe it” (1998: 54-55).

As a research project usually involves collecting data, information or sometimes interviewing representatives of institutions under study, the process could be seen as a disturbance and interruption in the operations of the institution or organisation. Whilst there may be apprehension within an institution of the potential ulterior motives of the researcher, such as exposing perceived shortcomings of the institution, there is often no obvious rationale for refusing a research request, adding to the potential perception of research as a disturbance requiring the invention of reasons for refusal. For this reason, Flick has recommended that the building of a relationship of trust between the researcher and the researched is a critical factor in this type of research (ibid: 57-58).

In the experience of this researcher, this gaining of trust is an incremental process. Where possible, the researcher should begin with a preliminary visit to the institution to ascertain and acquire what information is readily available to the public and to make a preliminary survey of what data can be acquired from the archives, if any, and individuals of the institution. This serves the purpose of making the first personal contact, as well as judging whether it is worth pursuing a more in-depth research of the institution in question. Building a relationship of trust with this first contact person through correspondence over time is very important, because in the beginning this will be the only person who could vouch for you on a personal level within the institution. Subsequent correspondence should be made to ask for permission for access, referring to the initial visit. While one must be cognisant of the cultural differences in the significance of bureaucratic hierarchies, in the experience of this researcher one should not hesitate to write to the highest official in the institution. In the cases where the official does not have the time or inclination to deal with the request personally, it will be passed down to a secretary or lower functionary, but there are cases in which the high level official will respond and react personally.

Because qualitative researchers do not have recourse to the absolute standards of proof and scientific methods that exist within quantitative research, it is necessary to employ other means to ensure oneself, and convince others, of the reliability, respectability and validity of one's findings. Marshall suggested that the 'goodness' of qualitative studies be judged by various types of evidence, including that:

- "The method is explicated in detail so that the reader can judge whether it was adequate and makes sense. An articulate rationale for the use of qualitative methods is given so that sceptics will accept the approach. . .
- Assumptions are stated. Biases are expressed. . .
- The researcher is careful about the sensitivity of those being researched – ethical standards are maintained. . .
- The study is tied into 'the big picture'. The researcher looks holistically at the setting to understand linkages among systems. . .
- The researcher traces the historical context to understand how institutions and roles have evolved."

(Marshall, 1990: 193-195)

6.4.2 Methods of Qualitative Research

Silverman cites four methods typically used in the pursuit of qualitative research. These are: 1) observation, 2) analysis of texts and documents, 3) interviews, and 4) recording and transcribing (2001: 11). The second and third of these methods figured most prominently in the methodology of the author for this research, and are discussed in more detail below. Methods of qualitative research tend to be very demanding of the time, effort and energy of the researcher. Patience, diplomacy and skills in human interaction are mandatory in this type of research (Thorne, 1994: 254-5). Qualitative researchers eschew the use of a theory or hypothesis to guide their research because this is seen as an imposition of preconceptions on the study (Bryman, 1988: 97). In place of theories, background studies into historical precedents and other contextual information are a type of necessary 'stretching exercises' that provide the researcher with the necessary knowledge and frame of

mind for the type of insightful observation required in qualitative research (Janesick, 2000: 386).

6.4.2.1 *Interviews*

Qualitative researchers use a variety of methods to gather data upon which to base their analysis of the context under study. Two of the most common are interviews and observation. Participant observation is a type of observation that involves the prolonged immersion of the researcher in the day-to-day life of the researched. Because the research at hand is not concerned primarily with psychological or sociological aspects of societies, but rather with policy and planning at the governmental level, interviews will be a useful method of attaining data, while direct observation is deemed inappropriate.

Interviews can take many forms, ranging from direct face-to-face talks to telephone surveys to questionnaires. Structured interviews consist of a fixed set of questions that are put to a number of different interviewees, leaving little room for flexibility. Unstructured interviews are more suited for qualitative research because of their open-ended nature, allowing the researcher to react instinctively during the interview and attain a much greater depth and breadth of information from the responses (Fontana and Frey, 2000: 649). Responses to open-ended questions are more spontaneous and, therefore, potentially more telling, yet they are also much more difficult to compare between interviewees, because of the inevitable difference in the frame of reference of the different people being interviewed (Mannheim and Rich, 1995: 135). The author chose to use a semi-structured interview format, as will be discussed in greater detail at a later point in this chapter.

In some cases it may be appropriate to select specific interviewees for their unique qualifications as individuals, rather than as interchangeable representatives of a specific type or group. Interviews of this type are called elite interviews. Elite interviewees are chosen because of their access to certain privileged information or experiences, and the questions and manner of an elite interview are tailored specifically to the interviewee (Mannheim and Rich, 1995: 161-2). Though this type

of interview can allow access to data that cannot be gathered by other means, the researcher should be aware that the information thus gathered will always be tinged by the personal history, psychology and affiliations of the interviewee. Not what the interviewee said, but rather the fact that he or she said it, is often the principal data obtained from an elite interview (ibid: 163).

The role of the interviewer extends beyond that of conducting the interview. Berg has noted that interviewers must simultaneously perform their lines like actors, assess their own performance as well as that of the interviewee like directors and control the interview process like choreographers (Berg, 1989: 35).

6.4.2.2 *Analysis*

Qualitative data tends to be expressed in texts rather than in figures, and the methods of analysis for qualitative data are perhaps not as obvious as those for quantitative data. Because of the highly subjective and non-quantifiable nature of the data it pursues and the lack of a unified theoretical base, qualitative research poses the problem of how to gather and present information that makes up a coherent whole rather than a collection of fragmentary remarks (Morse, 1994: 1). Miles and Huberman discern three parallel processes in qualitative data analysis. The first of these is 'data reduction', or the sorting-through the raw data to establish degrees of importance or relevance. The second is 'data display', which involves organising data in a way that allows patterns to be discerned. The third is 'conclusion drawing and verification', involving the assignment of meaning, explanations and directives for action, and the testing of these conclusions to verify their validity (1984: 22).

Validity is an especially critical point in qualitative research, because of what is sometimes referred to as the 'anecdotal' nature of the data thus gathered, and the problem of using a handful of examples to depict a broader phenomenon (Silverman, 2000: 10). Data triangulation is one possible way of testing the validity of data. It involves the checking of one's interpretation of a situation by adopting several different ways of looking at it. This could mean employing more than one set of data. Secondary data and publications can play an important role here in helping to validate

primary data (Decrop, 1999: 159). Another validation technique, usually included within triangulation, is 'member checking', in which transcripts or summaries are given to the interviewees or informants for review and comment (ibid). It is also wholly possible that quantitative methods or social surveys may be appropriate ways of analysing or validating data gathered in qualitative research (Alasuutari, 1995: 8).

6.4.3 Qualitative Research in Tourism

Historically, researchers in tourism have tended to apply quantitative research methods rather than qualitative research methods. Riley and Love (2000) investigated the methods being used in articles published in four reputable tourism journals: Journal of Travel Research (JTR, published since 1970), Annals of Tourism Research (ATR, since 1973), Tourism Management (TM, since 1980), and Journal of Travel and Tourism Marketing (JTTM, since 1992). It was found that even in ATR, the journal with the highest tendency for publishing articles adopting a qualitative methodology, just under 20 percent of articles contained qualitative components. In JTR, TM, and JTTM, qualitative content appeared only sporadically, in an average of 5 per cent of articles. Riley and Love argued that the smaller number of qualitative articles could be attributed to three reasons. Firstly, a number of editors and reviewers are unfamiliar with qualitative research, and therefore evaluate such research with distrust. Secondly, non-qualitative researchers find it hard to comprehend and accept results as valid without what they consider as scientific explanation. Finally, the nature of tourism as a money-making industry leads to a devalourisation of findings that cannot be translated into policies that will affect financial gain (Riley and Love, 2000: 171-182).

The question of the appropriate role of qualitative research in contemporary tourism studies was raised by Jamal and Hollinshead (2001). Among the problems involved in the definition of this role is the struggle of qualitative research to gain credibility in social science studies and the need to articulate structures of "thinking, description and knowledge construction" on an equal footing with the accepted norms of scientific methodology. Another factor cited is the apparent lack of focus on narrative understandings of the subjective tourism experience, from the point of view of the

tourist or the host (Jamal and Hollinshead, 2001: 66). Developments in the field of tourism studies over the past twenty-five years show a tendency for an increasing number of researchers to apply qualitative methods as a way to overcome what may be perceived as the restrictions imposed by strictly quantitative methods, which do not allow for the integration of different types of evidence based on insight, intuition and other less-than-scientific methods of data collection (Wall, 1997: 525-6).

This research is a search for an understanding of an in-progress phenomenon. The study aims at gaining a holistic 'deep' understanding of a process of change, but does not attempt to isolate and instrumentalise data. Thus, the application of qualitative methods seems more suitable than quantitative strategies to achieve the stated goals. The extensive background studies are intended to sensitise the researcher to perceive qualities or developments within this context, taking the place of a theoretical hypothesis. In terms of data gathering methods, the use of semi-structured interviews, primarily elite interviews, was found to be an important and appropriate strategy. Change is above all a function of human perception and the interviewees shall provide insight into the human experience of the changes currently happening in Vietnam within the tourism sector. The elite interviewees often possess first hand knowledge of the reasons, strategies and agendas behind policy changes in the course of the *doi moi* reforms, which is much more important and enlightening in gaining an understanding of the dynamics of this process than basic statistics or government documents, although of course statistics and documents may play a role in the validation of research findings by triangulation. Lastly, because of the potential sensitivity of writing on government policy in a political context that is still strictly controlled, one could expect to run into information 'dead ends' quite quickly if one were restricted to quantitative methods of data gathering. The flexibility of method implicit in qualitative research provides the researcher with a range of opportunities for pursuing questions, requiring the instinct and experience knowledge of the researcher to steer the research.

6.5 Selection of Sub-case Studies

Because a detailed analysis of the entire national tourism development of Vietnam would have been far beyond the reasonable or practical scope of the research, the author decided to examine the nation's tourism industry through carefully chosen sub-case studies in key sectors in order to address the thesis questions. Sub-case studies were carried out in the four fields of 1) visitation to Vietnam (visa, transportation and marketing), 2) accommodation and tour operators, 3) attractions and 4) protected natural areas. These categories of case studies were chosen to provide a cross section of the different facets of Vietnam's tourism sector.

Visa, transportation and marketing are grouped because they play a central role in bringing foreign tourists into Vietnam. Changes in visa regulations were among the first indications of a change in Vietnam's attitude towards tourism after *doi moi*. Transport links between Vietnam and other countries have been increasing and tourism marketing of Vietnam has been growing in prominence since *doi moi*.

The entry of foreign investment and domestic private companies into Vietnam's tourism sector is an important result of the open door policy. Thus, it is important to investigate the effect that these new players are having on the tourism industry. Accommodation and tour operators are selected as two important and indicative segments within which the relation between state-owned, foreign-investment and privately-owned enterprises is examined. It was originally intended that accommodation and tour operators would be investigated as separate sectors, but it was decided to combine the two when it became clear, in the course of conducting fieldwork, that the issues and patterns involved in these two sectors were analogous and interrelated.

Attractions are a central component of any tourism destination. Previously primarily catering to the domestic market and visitors from other socialist countries, Vietnam's attractions are perceived and used differently by tourists from Western countries, necessitating a change in the government's position on the role and purpose of attractions in the country. Hanoi's Ancient Quarter, Hoa Lo Prison and Ho Chi

Minh's Mausoleum as well as the town of Sapa and its surroundings were chosen as attractions for sub-case studies.

The Vietnamese government has declared nature-based tourism as one of the country's key tourism products for development. The open door policy has encouraged the participation of foreign NGOs in Vietnam's natural areas and allowed the growth of eco-tourism to the country. National parks are the sites of many of Vietnam's natural attractions and ecosystems and an important focus when studying these developments. Cuc Phuong and Cat Tien National Parks were identified for sub-case studies of protected natural areas.

6.6 Research in Primary Sources (Interviews)

6.6.1 Design of Questions

The research deals with the investigation of evolving phenomena within a society in transition and the interviews served the purpose of gathering information to understand and describe this still-ongoing process from those directly involved in it or affected by its various aspects. The interview questions were designed based on the theoretical framework that guided the research, which in turn is structured according to an analysis of primary areas of influence in the current transformations in Vietnam. The framework is divided into six headings: 1) business development, 2) investment, 3) government control, 4) international influences, 5) marketing and 6) human resources. Each heading is divided into subheadings for the purpose of structuring the questions. For each of these subheadings, a series of questions was devised, aimed at delineating a complete set of queries, the answers to which would be synthesised to achieve answers to the central questions of the research. Figure 6.2 gives an overview of the primary insights sought in the enquiry into each of these headings, the subheadings included under each heading, as well as the themes of the background studies from which they were drawn. Subsequently, each list of questions was mapped onto the different sub-case studies in order to identify which questions were appropriate for which sector of the tourism industry, to verify that the chosen sub-case

studies were sufficient to answer the questions and that the questions were appropriate for a thorough and directed interrogation of each of the sectors identified as a sub-case study (see appendix 2).

Heading:	Subheadings:	Background study:	Insights sought:
Business Development	<ul style="list-style-type: none"> - Goals - Private Involvement - SMEs 	<ul style="list-style-type: none"> - Tourism development - Transition - Politics and tourism 	<ul style="list-style-type: none"> - Changes in patterns of state, private and foreign businesses - How different types of business operators affect and are affected by the transition process - Relation between growth of private enterprise and open door policy
Investment	<ul style="list-style-type: none"> - Sources - Law - Barriers - Government influence 	<ul style="list-style-type: none"> - Tourism development - Communism and tourism - Politics and tourism - Transition. 	<ul style="list-style-type: none"> - Incentives for investing in Vietnam tourism - Effects of changes in investment law on development - How the government influences investment through policies - Intended and unintended effects of government investment policy on development
Government control	<ul style="list-style-type: none"> - Change in govt. intervention - Change in govt. support - Change in govt. policy 	<ul style="list-style-type: none"> - Politics and tourism - Communism and tourism - Tourism development - Transition. 	<ul style="list-style-type: none"> - Change in government intervention and government support in different parts of the tourism sector - Reasons for changes in government policy - Effects of changes in government control and support on operators in the tourism sector
International	<ul style="list-style-type: none"> - Influence of international organisations and foreign interests - Visa regulations and restrictions 	<ul style="list-style-type: none"> - Politics and tourism - Communism and tourism - Transition 	<ul style="list-style-type: none"> - Influence of international organisations on tourism policy - How visa regulations and restrictions affect tourism patterns and <i>vice versa</i> - The mechanisms and ways by which international organisations shape tourism patterns

Marketing	<ul style="list-style-type: none"> - Strategy - Market and visitors profile 	<ul style="list-style-type: none"> - Transition - Politics and tourism - Tourism development 	<ul style="list-style-type: none"> - Change in governmental and business marketing strategies - Differences between pre and post <i>doi moi</i> tourism images of Vietnam - How visitor patterns influence marketing strategies and <i>vice versa</i>
Human resources	<ul style="list-style-type: none"> - Leadership - Recruitment - Training 	<ul style="list-style-type: none"> - Transition - Communism and tourism - Tourism development 	<ul style="list-style-type: none"> - Changes in leadership of tourism businesses and agencies - Changes in recruitment and training practices - Changing role of political affiliation and employment in tourism sector - Changes in involvement of local populations in tourism

Figure 6.2: Framework for interview questions

6.6.2 Identifying Interviewees and Establishing Contacts

The first field study in Vietnam was carried out in October 2002, at which time the author had not yet established any contact person in the country. The purpose of this visit was to survey the country's tourist attraction sites, libraries and tourism-related organisations as well as to gain familiarity with the Vietnamese mentality, culture and way of working and initiate contact with people working in the tourism industry in Vietnam. The author spent one month travelling through Vietnam from the South to the North. In the course of this trip, the author was able to establish contact with some government organisations and gather data and information for the thesis.

Establishing good contacts is very crucial for conducting research. Many of the successes of this trip were due to serendipitously meeting the right person in the right place at the right time and making contacts that led to other contacts and sources of information. For example, a shop owner with whom the author struck up a conversation happened to be a friend of the director of the Statistical Office. The shop owner happily referred the author to his friend, who subsequently referred the author

to the Director of the General Statistic Office in Hanoi. Another example of this 'snowball effect' involved a chance meeting between the author and a WWF employee on the way from Ho Chi Minh City to Dalat. He was instrumental in the author gaining contacts and access to information for the case study of Cat Tien National Park, where he was working at the time.

In October 2003, the author made a second field trip, primarily for the purpose of carrying out a pilot study at Cat Tien National Park. With the help of the same individual, the author had been granted permission to visit the Park for 10 days to conduct this study. The author conducted two semi-structured interviews, one with the Vice Director of the Park and another with a representative of the Park's Tourism Department. Before leaving the Park, the author also requested permission to come back to the Park for further research, should the information gathered not be sufficient.

The third field trip was carried out during May and early July of 2004. Prior to the trip, the author had identified potential interviewees and e-mailed organisations requesting the names of persons in leading positions who would be available for interviews. By the end of March, 40 letters had been sent to various tourism organisations and businesses such as hotels and tour operators. In the letters, the author inquired whether the potential interviewees would prefer the interview to be conducted in Vietnamese or English.

Because the research aims at understanding change over a period of years, one criterion for the identification of interviewees was the length of time that they had been continuously operating in the Vietnamese tourism sector. Firms, organisations and individuals that have been active in Vietnam tourism since before *doi moi* were the most valuable sources of information in this respect, because of their ability to see patterns over a longer period of time, in some cases since before the beginning of *doi moi*. Since the state had a monopoly on tourism businesses before 1986, the longest-established hotels and firms are by nature government-owned. Thus, many state hotels, tour operators were targeted for interviews. When choosing among attractions or natural areas to visit for interviews, preference was given to those that had been

around the longest, as is the case with the Ho Chi Minh Mausoleum and Cuc Phuong National Park. Foreign firms that have a long history of operating in Vietnam, such as the airlines Air France and Aeroflot, were also targeted. For private and foreign actors, such as SMEs and FDI firms, interviewees were chosen from firms that have been established since the early days of *doi moi* and which have experienced the full history of the development of private and FDI enterprises in Vietnam tourism. Interviews with representatives of government bodies were sought in order to understand changes in tourism policy from the point of view of those charged with its formulation and enforcement. While these criteria were applied to the prioritisation of certain potential interviewees over others, it was not always possible to gain access to the first-choice interviewees. Thus, a degree of flexibility had to be exercised in filling-in for desired but inaccessible interviews.

Addresses and contact persons for the desired interviews were located through various channels, such as English language Vietnamese newspapers and travel magazines, which often mentioned these people by name in articles about tourism-related issues. Some names and contact details were determined through Internet searches. A complete list of the names and contact details of the people interviewed in this study is included in appendix 3.

6.6.3 Conducting Interviews

The author had the good fortune of being introduced to, and engaging the services of a former employee of the IUCN based in Vietnam. He had worked with the IUCN on tourism projects in Sapa for several years and has a high level of understanding of tourism terminology. He also has extensive personal contacts with people in numerous tourism organisations and businesses such as VNAT, MARD, tour operators and hotels. The author utilised this individual's broad base of contacts by assigning him to follow-up on the letters sent to organisations and businesses, and to set up the meetings. This arrangement worked very well. In total, the author interviewed 38 people. Only one of the interviewees, the Saigontourist Travel Service Company, requested that the questions be submitted by the author in writing and then returned, answered in writing, a week later. Twenty-five of the interviews were

conducted in English and thirteen in Vietnamese with the assistance of an interpreter. Twenty-one interviewees were personal contacts of this former IUCN employee, eleven interviews were organised as a result of direct replies to the letters of inquiry sent before the trip and the remaining 6 interviews were set up by Saigontourist Holding Company after the author's visit to the organisation's office. Of the 27 interviews set up either with assistance or by the Saigontourist Holding Company, 18 were with organisations to which the author had not sent an introduction letter. The other nine had received the letter but had either not replied or had initially refused to grant an interview, until requested by the assistant or the representative of Saigontourist Holding Company. This underscores the significant role that personal contacts have played in the gathering of information and gaining of access to interviewees for this research. Figure 6.3 gives an overview of the interviews done in support of each of the sub-case studies. In addition to the 37 interviews reflected in the table, an interview was conducted with the Vice Director of the Statistical Office Ho Chi Minh City, which gave insight into practices and standards of gathering statistics in Vietnam.

The selection of interviewees, and the matching of questions to interviewees, was guided by the structure of the interview questions and by an assessment of the answers or insights that would be most appropriately addressed within each sub-case study. To use the example of protected natural areas, the interviews with two representatives of the MARD focused on obtaining an overview of the role of national parks within Vietnam as a whole and to understand how different governmental bodies work together at the national level to affect the operating environment of the parks. It was considered more suitable to interview officials at individual national parks to gain insight into how national and local policy combine with private and even international interests in the actual day-to-day experience of running the park.

The author strove to verify and corroborate interview results by addressing issues through multiple lines of questioning aimed at different interviewees at different levels or sectors, such as the interviewing of representatives of the VNAT as well as private, state-owned and international operators in the accommodation sector. Interviews with representatives of government bodies often served the purpose of

verifying the findings obtained from other primary sources such as interviews with representatives of tourism businesses. For example, certain claims regarding enterprise tax policy, which were communicated by an interviewee at Cat Tien National Park were corroborated by the Deputy Director General of the International Cooperation Department of the MARD.

Sub-case study	Number of interviews
<u>Visitation to Vietnam: visas, transportation and marketing</u>	
Vietnam Railways	1
Air France	1
Tourism Department VNAT	1
<u>Accommodation and tour operators</u>	
State-owned hotels	7
Joint venture hotels	2
Private domestically owned hotels	3
State-owned tour operators	5
Joint venture tour operators	1
Private domestically owned tour operators	3
Foreign Investment Agency (FIA), MPI	1
Hotel Department VNAT	1
<u>Attractions</u>	
Hoa Lo Prison Museum	1
Ho Chi Minh Mausoleum	1
Sapa Tourism Office	1
<u>Protected natural areas</u>	
Cat Tien National Park	3
Cuc Phuong National Park	2
Forest Protection Department MARD	1
International Cooperation Department MARD	1
Vietnam National Park and Protected Area Association	1

Figure 6.3: Overview of interviews

Weiss has stated that “(t)ape recorders can be ‘deterrents to candor’ when highly sensitive topics are explored, such as legally actionable evidence” (1994: 55). This statement has proven to be accurate in the experience of the researcher. With regard to this issue, the author perceived differences between interviewees in the North and the South of Vietnam. In Ho Chi Minh City, only one interviewee preferred to be interviewed without a tape recorder. In the North, however, the author was advised by her interpreter to record the interviews by taking notes, not tape recording. Consequently, none of the interviews in the North were recorded on tape. The author transcribed the interviews the same day, while the interview was still fresh in her memory.

Because many of the issues dealt with in this research are potentially sensitive within the government, the author chose to acknowledge some interviewees as ‘anonymous’ in the text to avoid possible problems for them. An example transcript of an interview conducted in this study is included in appendix 4.

The author applied a so-called ‘semi-structured interview’ form, also called ‘semi-standardised interview’ by Berg, who defined this interview type as follows: “located somewhere between the extremes of completely standardised and completely unstandardised interviewing structures is the semi-standardised interview. This type of interview involves the implementation of a number of predetermined questions and/or special topics. These questions are typically asked of each interviewee in a systematic and consistent order, but allow the interviewers sufficient freedom to digress; that is, the interviewers are permitted (in fact expected) to probe far beyond the answers to their prepared and standardised questions” (Berg, 1989: 17). New issues would often arise during an interview, which were not anticipated in the generic list of questions. In such cases, the interviewer would augment the interview with additional questions. Such questions were not necessarily pertinent to all interviewees but addressed topics that helped in answering the research problem statements in the context of the specific interview at hand. One example of this is a line of questioning regarding hotel room prices that revealed patterns in changes of accommodation development, supply and demand since *doi moi*.

6.6.4 Barriers to Conducting Interviews

As the author does not speak Vietnamese, before the trip she tried to locate a suitable English-Vietnamese interpreter to aid in the interviews. The author was cognisant of the warnings of various scholars that the general quality of translation and interpretation services in Vietnam is not always high and that some interpreters have hardly any formal training (Lloyd et al, 2004). However, one scholar researching in Vietnam noted that his hiring of a competent interpreter from the Institute of Tourism Department Research in Hanoi was instrumental in overcoming many obstacles in the interview process (Nicholson, 1997: 4).

The author used an interpreter for the thirteen interviews that were conducted in Vietnamese. One of the obstacles in interviewing through an interpreter is that the translator tends to translate only those statements of the interviewee that answer the question that was asked, leading the interviewer to miss opportunities to discover more about the subject.

During the pilot study conducted in 2003, the author experienced setbacks and obstacles from which lessons were drawn for better preparation for the full set of interviews undertaken the following year. Although drawn from the theoretical background of the study, it was found that some questions did not lead to insights that could help answer the problem statements. For example, a question: “is the park having trouble attracting adequate numbers, reaching the limit of its carrying capacity and what is being done about it” was derived from tourism development concepts but in retrospect did not address any of the issues of the central research questions. See appendix 2 for a list of interview questions, indicating which were dropped. The author originally planned to interview a member of the SME Agency of the MPI, and some questions were tailored specifically for this interview. However, since it was not possible to find a willing interviewee at the SME Agency, these questions were also eventually dropped.

The representative of the Tourism Department at Cat Tien National Park who was interviewed in the course of the pilot study does not have a background in tourism and

has been working with the Park's Tourism Department for only two years. Certain questions asked by the author, such as whether Vietnam is developing tourism along socialist lines, required much explanation of terms by the translator to the interviewee, leading to long discussions between them. The final answer was a simple "yes, we follow the socialist line". The author received the impression that the concept of a uniquely socialist brand of tourism was a difficult and foreign idea for the interviewee.

Also, when asked about government issues, many interviewees tended to give answers that avoided criticism or judgment of government policy. Although they admitted that government policy was prone to change often based on the financial resources, few interviewees indicated any difficulties or conflict in following government policies (Interview, Anonymous). The author had to judge the openness or potential cooperativeness of each individual interviewee and adjust the line of questioning accordingly to avoid appearing threatening to the interviewee and jeopardising the interview.

Although the author had intended to focus on the changes in tourism since *doi moi*, it was discovered that, because tourism development is a new concept for Vietnam, the actual period during which the greatest changes had been occurring was sometimes much shorter. This was the case in Cat Tien National Park, which was not established as a national park until 1992. It is not surprising that staff working at this park do not have any background in tourism. The Director of the Park's Tourism Department himself was trained as an accountant. It was decided to focus on the relatively short period of time since the opening of the Park. In contrast, all of the interviewees at Cuc Phuong National Park had been working there for more than 25 years, and were therefore able to offer insight into the changes since before *doi moi*. Thus, each of these parks gives insight into a different time scale of change, each of which was valuable for the research.

Because of the political climate of Vietnam, which is in a state of transition but still marked by the communist mentality, the author met with varying degrees of cooperativeness or willingness to divulge information on the part of the interviewees.

The author intended to interview a representative of Vietnam Airlines. The airline's Corporate Affairs Department gave a positive reply to the university's introduction letter. However, when the author went to the Department's office in Hanoi, she found that the representative was unable to answer the questions. The author was sent to a representative of another department, who was busy and asked the author to leave the questions and promised to set up an interview soon. The author asked if the representative could share some information on the business of Vietnam Airlines such as marketing, strategic development and route development since *doi moi*. He said the company was state-owned and therefore was not required to publish financial statements or share any information with the public. After a week, the author contacted him again, but he said he was too busy at that time for an interview. Upon a further enquiry a month later, the representative said that the questions are too sensitive for him to answer and told the author to contact another department.

Because of the circumstances under which some of the interviews were conducted, it was sometimes difficult to conduct a focused or complete line of questioning. Two interviews were carried out over lunch, for which the author was expected to pay. One of these meetings was non-productive as the interviewee wished to finish eating before beginning the interview, at which point there was very little time left to speak before the interviewee had to rush off. The other lunch interview was rushed as the interviewee and interpreter both wished to finish talking quickly before eating. In another example, a number of interviews were sidetracked by private conversations between the interpreter and the interviewees, many of which were personal friends of his. In some cases, it took more than 15 minutes before the actual interview could begin. Some interviews had to be cut short or rushed because the interviewee had another meeting. In most of these cases, though, the interviewee would indicate, by glancing at his watch or some other subtle signal, that they did not have much time, allowing the interviewer to select the most important questions to ask in the remaining time.

All of the attractions at which interviews were conducted are in the North of Vietnam. This selection was in part the result of constraints on gaining access to some of the primary attractions of the South. For instance, the author intended to conduct a sub-

case study of the Cu Chi tunnel but was denied access or an interview, with the excuse that a workshop was scheduled for exactly the three days requested for the visit. Other alternative times were also declined. The attraction is still controlled by the military, which is apparently quite apprehensive about granting access for any purpose that may seem out of the ordinary. Henderson also reported being unable to gain permission to conduct interviews or surveys at the Cu Chi Tunnel (Henderson, 2000).

6.7 Research in Secondary Sources

6.7.1 Gathering of Information and Statistics

The author used a variety of different sources for the gathering of information and statistics for this study. University and public libraries were consulted as first accessible sources, but a good number of the useful resources were to be found only at specialist or regional libraries such as the Southeast Asia Studies Collection at University of London's SOAS Library, Leeds University Library, the libraries of the Hong Kong Polytechnic University and the University of Hong Kong and libraries within Vietnam. The SOAS Library contains information on government ordinances and policies such as FDI law.

A small number of articles about Vietnam were found in international tourism journals, but much of the information was contained within journals such as 'Pacific Tourism Review' focusing on niche areas such as tourism in Southeast Asia or tourism in developing countries. However, much important input was found in articles scattered throughout journals not necessarily focused specifically on tourism. Examples of such journals include 'Asia Pacific Viewpoint', 'Journal of the American Planning Association', 'Historic Environment' and 'International Journal of Heritage Studies'. In most cases, even the articles themselves were not on the subject of tourism but contained information and insights that were synthesised by the author into the thesis of this research. In exploratory research, it is to be expected that not many major works on the topic will be available. As the author found no single book

dealing exclusively with Vietnam tourism, most of the information from books was taken from chapters within works about more general or broader topics of which Vietnam tourism is a subset. Examples include 'Tourism and Economic Development in Asia and Australia', 'Tourism and National Parks: Issues and Implications', and 'Contemporary Issues in Tourism Development'.

Much up-to-date information on government policy and economic developments as well as news about Vietnam's tourism sector *per se*, was found in the several international, Vietnamese and Southeast Asian newspapers that the author searched on a regular basis for pertinent stories. Academic search engines such as LexisNexis™ Academic proved extremely useful points of access to newspaper articles from all over the world that would have been very difficult to find by other means. As the articles found through this channel are not paginated, some of the references cited in this study do not cite a page number.

The websites of governmental bodies, state-owned and private operators in tourism and NGOs were a source of some information, although the author was wary of the reliability of information obtained from such sources. Online message boards such as the one on the Lonely Planet website were constantly updated by actual tourists to Vietnam who provided their insight and opinions on developments as they happened. Information gathered from such message boards gave the author cues that were followed-up by searches of other news media to confirm and corroborate.

In the many discussions that the author has had with researchers and scholars working on different facets of Vietnamese studies, it was found that even people whose primary work focuses on Vietnam do not have an overview of where information on developments in the country can be found. There do not seem to be established channels of communication or collaboration among people working on Vietnam and the author often had to go a long way to find the person from which she could get a single piece of information. This problem is exemplified by at least seven quite similar yet uncoordinated studies of tourism in Sapa obtained by the researcher, finished between 1994 and 2002 by Oxfam, IUCN, the Ford Foundation, Uppsala University, ESCOR, the Frontier-Vietnam British-based NGO and SNV Netherlands

Development Organisation respectively. The author only came by this collection of reports through her interpreter, who had worked in the field for many years and had gathered all of these published and unpublished reports for his own research.

6.7.2 Barriers to Gathering Statistics

The changes brought about by *doi moi* to all dimensions of Vietnam's political, social and economic landscape are transforming the parameters affecting researchers in the country. Lloyd et al have commented on the ways in which new geographical 'spaces' are opening up to foreign researchers through greater freedom of movement and access in the country, adding that the growing presence of international NGOs and collaboration between researchers, government and native populations are responsible for a growth in opportunities for socially-oriented research and for collaborations between Vietnamese and foreign researchers (Lloyd et al, 2004).

Nonetheless, research in Vietnam is still associated with certain problems. There is not much previous research on tourism in Vietnam. The English language literature on this subject is very limited. The author also found that most of government organisations are either not willing to share information and documents, or that the statistics in question do not exist or were never recorded (Henderson, 2000; Lloyd et al, 2004).

Many researchers and scholars have referred to a lack of reliable and accurate basic statistical information data for Vietnam. In addition, the country lacks a continuous historical development of tourism and much of the data that does exist is often difficult to locate or access (Lloyd, 2004; Lloyd et al, 2004; Mok and Lam, 1998; EIU, 1993; Henderson, 2000; Theuns, 1997). This is partly because the socialist governmental institutions of Vietnam are traditionally opaque in their operations and protective of their information, especially with regard to foreigners whose motives are still often distrusted (Fahey, 1994; Fforde, 1996; Kerkvliet, 1995, 1997; Marr, 1996 quoted in Lloyd et al, 2004). A document released by the Vietnamese government itself openly admitted that inadequacy and inaccuracy of data available in Vietnam can cause investment projects to become more time-consuming and expensive than in

other geographical contexts, because the investors need to conduct their own field work in order to gather initial facts and figures (Foreign Investors and Their Opportunities in Vietnam, 1991). Insufficient standardisation or coordination of measuring periods and time spans from province to province or from year to year, inadequate training, resources and interdepartmental coordination are all likely contribute to this problem, as does increasing forgery, smuggling and falsification of documents to meet a growing demand by researchers and organisations for data that may not exist in the form required (Lloyd et al, 2004). It has been said that the open door policy has seemingly brought Vietnam's communist government to realise the need to improve the reliability and availability of data in order to attract potential foreign investors who need trustworthy and consistent statistics as a basis on which to base their development strategies plans (EIU, 1993; Mok and Lam, 1998). Reports on tourism are marked by uneven response. FDI operators submit reports to the Statistics Office in Ho Chi Minh City only twice a year and domestic private companies only annually, as opposed to monthly for state-owned enterprises. In January 2004, the regulation on statistics was changed to a law, clearly stating the duties of statistical offices and giving legal weight to statistics-gathering. The Statistical Office in Ho Chi Minh City plans to undertake a greater number of surveys and research in tourism and publish a greater variety of tourism statistics in their yearbooks (Interview with Director of Statistics Office, Ho Chi Minh City).

Even though the reliability and availability of data and information has been improving, one should continue to exercise caution regarding official statistics. Nguyen Van Phu, as quoted by Biles et al, noted that inaccuracies in statistics on international tourist arrivals to Vietnam have arisen from inconsistencies in Vietnamese officials' definition of international tourists. *Viet Kieu* (overseas Vietnamese) and foreign business people who live and work in Vietnam and move in and out of the country were often counted as international tourists, even though they do not generate an increased demand for tourist service. Chinese who cross and re-cross the northern border on a daily basis to engage in daily trade were also counted. Vietnamese citizens returning from overseas trips were sometimes counted as international arrivals and sometimes not. The term '*Viet Kieu*' is not used consistently. Sometimes it refers to all Vietnamese-born people living outside

Vietnam while in other instances denoting only those who still hold a Vietnamese passport. By the former of these definitions one of every three of the 1.7 million nominally foreign visitors to Vietnam in 1997 was Viet Kieu while three hundred thousand were foreign citizens residing in Vietnam and another three hundred thousand were day visitors crossing the north border from China (Biles et al, 1999: 14).

6.8 Interpretation of Findings

The findings of this research were interpreted according to Miles and Huberman's three parallel processes of qualitative data analysis – 'data reduction', 'data display' and 'conclusion drawing and verification' – as outlined earlier in this chapter.

The interpretation of the findings involved 'data reduction' in the bringing-together of results of the primary and secondary research to construct an analysis of each of the sub-case studies along the lines of the theoretical framework. Interviews were an important source of insights and knowledge not yet compiled in any secondary source. Many sets of questions were applied to interviews in many sectors, and the questions were adjusted to suit the context of the individual interview. Because of this, the character of the data gathered was diverse. Information gathered from primary sources in on-site research and interviews was combined with background information from secondary sources to create a consolidated depiction of each of the sub sectors being investigated. The theoretical framework was used as a checklist to determine that the results of the research were communicated in a way that addressed the original thesis questions. The extensive background studies served to provide knowledge to organise the data into meaningful insights and to interpret it within the greater context of transition in Vietnam and the global tourism industry.

The findings from the individual sub-case studies were then synthesised using 'data display' techniques in order to discover overarching themes that describe qualities of Vietnam's post *doi moi* tourism sector as a whole. The intention of the researcher was not to test a predetermined model by prescribed criteria, but rather to discover the

narratives that can help explain and describe changes in Vietnam's tourism industry even as they happen. Qualitative research has been called "inherently diverse, non-standardised, heterogeneous and difficult to classify" (Turner, 2001: 205). Patterns may only arise in retrospect after completing the research and the data that must be compiled, compared and synthesised is often of many different types and natures. It is difficult to reduce such findings to a common datum so that they can be compared and compiled absolutely and quantitatively. In order to distil broader statements that unify the diverse data, the findings of each sector were divided according to the categories of the theoretical framework. The interpretations of the various sectors within each given category were then brought together and the findings within each category were interpreted as a totality.

In the 'conclusion drawing and verification' stage, the original research questions of the research were applied to the interpretations thus established for the different categories to arrive at conclusions for the research. The conclusions are demonstrated and argued with facts and data from the research in primary and secondary sources to establish their plausibility.

6.9 Contribution of Study

The author does not claim to have become an expert in the field of Vietnam tourism in the course of this study. However, the research has succeeded in addressing the original thesis questions with results that can be expected to be of use and interest to future researchers, policy makers and others.

This study provides information concerning the motivations and strategies behind government tourism planning policy in Vietnam in the present time, as well as those of other stakeholders in Vietnam tourism. The research contained in this study also constitutes in an impartial independent analysis of the effects, success or failure of the government's programme, which will be of use for future government or independent researchers on tourism policy in Vietnam, as well as researchers and planners in analogous contexts. This study provides a useful synthesis of this information as a

basis for other researchers wishing to do further studies, as well as the Vietnamese government itself.

Cohen (1999) has noted an imbalance in available information on tourism development in the Southeast Asian region, with a lack of “systematic fieldwork” in countries such as Vietnam, Myanmar, Laos and Cambodia (4-5). Because it is at a more advanced stage of tourism development than the other countries on this list, and is developing at a quicker pace, Vietnam can be expected to serve as a source of experience and case studies to inform development and planning in other countries in the area, because of their geographical, political and economic similarities and connections to Vietnam.

Because the government of Vietnam is of a different type than those of typical developed tourism destinations, the research adds to the body of knowledge on the effects of regime type on tourism development patterns (Cohen, 1999: 5). Particularly, there are also opportunities for comparison or transferral of knowledge and models from the Vietnamese context to understand possible or actual patterns of tourism development in other transition economies, such as those of the formerly communist nations of Eastern Europe.

Beyond the value of the study for future researchers, the study also offers insights that could be of practical use for stakeholders in the sectors investigated in the sub-case studies. For instance, the sub-case studies on protected natural areas in Vietnam could provide a useful basis for the park administrations as well as NGOs involved in conservation and other initiatives within national parks to formulate policies of cooperation in order to achieve a ‘win-win-win’ situation in the sustainable planning and use of the parks’ resources.

This study addresses a development that is still in an early phase. Thus, it is possible to trace the changes under investigation all the way back to their origins at the beginning of *doi moi*. In conducting a study at this point in time, the author has gained access to primary sources of information that will not be available to future researchers doing retrospective studies of tourism development in the early years of

this period of Vietnamese history. The still quite strict nature of government control and the difficulties overcome to gather some of the data used in this study indicate that this thesis also represents a secondary source offering data that would be difficult to come by otherwise.

6.10 Conclusion

This study deals with the analysis of a process that is still unfolding, and a context in which many of the issues involved are seen as extremely sensitive. Because previous studies on the topic are scarce, there is a lack of consolidated sources from which information could be drawn. For this reason, the research was defined as exploratory in nature. The author drew from a variety of different sources to put together a picture of the changes undergone by the Vietnamese tourism industry since *doi moi*. The sub-case studies were taken as contexts within which the theoretical framework was applied and tested through interviews and other on-site research, backed-up by research in secondary sources.

The predominant mode of research was qualitative rather than quantitative. Because of the patchy and unreliable quality of data and statistics on Vietnam tourism, these numbers were used only to indicate trends and not trusted as indicating absolute values. This type of quantitative information was used primarily to support or illustrate conclusions that had already been drawn from verification among different primary sources of qualitative data.

The author became aware of the crucial importance of personal contacts in conducting research, especially research that is qualitative and exploratory. With a lack of readily available information sources or clear paths to information, much of the data and insights that supported this research were gathered due to coming into contact with the right person at the right time.

Chapter 7: Visitation to Vietnam: Visas, Transportation and Marketing

7.1 Introduction

Vietnam is a new destination on the international tourism circuit. As barriers to tourism (both those imposed by the Vietnamese government itself and those imposed by other nations upon Vietnam) have been lifted since the beginning of *doi moi* and the open door policy, Vietnam is gaining the attention of an increasing number of travellers as a potential destination for many different types of tourism.

Increasingly, the Vietnamese government is eager to bring tourists to Vietnam. To 'bring tourists to Vietnam' implies at least three different levels of operation simultaneously. Firstly, the destination must win the attention and capture the interest of prospective tourists, which is the responsibility of tourism marketing and promotion. Secondly, transportation networks and connectedness determine the accessibility of a destination, regulate the potential volume of visitors and have an effect on the relative attractiveness of different destinations within a country, or of countries within a region. Thirdly, the legal protocols and regulations surrounding travel and immigration, as exemplified by visa laws, constitute a filter through which the state can regulate the flow and type of tourists that are allowed into the country, and which can serve as an enticing or discouraging factor for tourists. In addition to determining the influx of tourists into the country, these three factors also control the movement of tourists, both international and domestic, within the country. To a large extent, they set the parameters for the country's entire tourism industry inasmuch as they constitute 'bottlenecks' through which tourists must pass to access the destination.

The opening-up of Vietnam to foreign tourists brings great potential for financial and political gain, but also evokes fears of potential competition, contamination and loss of control on the part of the government. Policy and practice in all three of the above

areas – marketing, visas and transportation – have been used to pursue the various goals, and address the various apprehensions, implicit in the *doi moi* and open door programmes. Like nearly all sectors of Vietnamese government and society, all three aspects have been in a state of transition during at least the past decade. Whereas the Vietnamese central government used to have a near or total monopoly in all three of these realms, provincial and district governments, private entrepreneurs and even foreign entities are becoming increasingly involved in various ways that will be discussed in detail in this chapter.

7.2 Visa Regulation

7.2.1 Post-Doi Moi Increase in Foreign Tourists

Since the beginning of *doi moi*, Vietnam has been relaxing its visa restrictions, encouraging an increase in the number of Western tourists. Before 1986, the largest number of foreign tourists to Vietnam came from COMECON countries (EIU, 1993). With the introduction of the open door policy in 1986, the Vietnamese government turned its attention to making Vietnam more open to tourists from all nations. In order to encourage tourists to the country, the government improved the conditions for entry visas for foreigners of all nationalities (Elliott, 1997: 228). As a result, the number of tourist arrivals to Vietnam from non-COMECON countries increased sharply in just a few years, from 4,581 in 1986 to 40,966 in 1989, surpassing the number of tourists from COMECON countries (Theuns, 1997: 306-307).

Incrementally throughout the 1990s, Vietnam established or re-established normal political relations with other countries at the regional and global scale. The 1991 adoption of the new slogan ‘Vietnam befriends all’ signalled a new attitude of openness towards foreign policy. Japan and China normalised relations with Vietnam in 1991 and 1993, respectively, and the US lifted the trade embargo on Vietnam in 1994 and US/Vietnamese political relations were normalised in 1995, the same year that Vietnam became an ASEAN member. By 1996, Vietnam had diplomatic relations

with 163 countries, compared with only 23 non-communist states in 1989 (Thayer, 1997: 365).

7.2.2 Visa Issues in Business Travel

The relaxation of political and economic restrictions in Vietnam that followed the 'open door' policy attracted many foreign economic interests, eager to take advantage of the many opportunities presented by this newly opened market. In the early years of the 1990s, many businesspeople complained that the cost, red tape and cumbersome bureaucracy associated with obtaining business visas in Vietnam hindered their business involvement in the country (Vietnam Investment and Tourism in Prospect, 1991: 22). At the time, business visas were obtainable only with an invitation and sponsorship of a Vietnamese national (EIU, 1993: 62) According to the 'Vietnam: Tourist Handbook', the invitation of any foreign businessmen is to be undertaken "by the head of the organisation of municipal grade or the chairman of the district People's Committee with a petition submitted to the Standing Sub-Committee of City People's Committee, and simultaneously to the Foreign Economic Relations Department, Foreign Affair office as well as the City Police Department" (1991). Because of the restrictions, complications and delays associated with obtaining a business visa, many business travellers would enter Vietnam using a tourist visa (EIU, 1993: 62).

Government policy and practice in the 1990s indicated apprehension regarding the perceived potential ideological and security risks posed by overseas businesspeople in Vietnam. In order to have more control over business travellers, the Vietnamese government created strict regulations on every detail of the manner in which government units and foreign businesses are to interact with one another, such as the requirement that "the dealing place must be either at the office of that unit or the hotel where guest are residing – under no circumstances shall the meeting be at any private house. Cadres working for foreign relations service must not reveal any national or economic secret. Besides, they must not discuss irrelevant matters other than trading and producing collaboration or joint-venture of their unit" (Vietnam: Tourist Handbook, 1991).

7.2.3 Internal Travel Permits

The Vietnamese government used to restrict the movement of foreign tourists through a regulation on travel permits within Vietnam. Tourists were required to declare explicitly in their visa application where they would enter and leave the country and they needed to register with the police within 48 hours of their arrival in Vietnam (Magnier, 1992, Casson, 1998). Also, tourists had to give a list of all the places they wished to visit because they needed to apply for a separate travel permit for each city (Interview, Director of Marketing, Exotissimo, 2004; EIU, 1993). Tourists who were found to have violated the stipulations of their internal travel permit could be sent back to a major city or deported (Casson, 1998). Article 12 of the 'Ordinance on Entry, Exit, Residence, and Travel of Foreigner in Vietnam' requires that "(i)n the event that, during his or her travel, the foreigner has to stay overnight at a location other than his or her registered place of residence, he or she must inform the authorities of the temporary stopover in accordance with the provision of the law" (1992). The 1991 Tourism Development Master Plan recommended that tourist travel within Vietnam be completely liberalised, saying that "police authorisations are incompatible with the development of international tourism" (Tourism Development Master Plan, 1991: 31). In 1993, the Vietnamese government abandoned the policy requiring separate internal travel permits for different cities (Interview, Head of Business Promotion, Vietnamtourism, 2004; Lonely Planet, 2001: 70-71).

7.2.4 Visa Policy as Control Mechanism

The Vietnamese government has repeatedly used its discretion to issue or deny entry visas as a tool to control the inflow of tourists and occasionally ceases to issue entry visas or visa extensions without prior notice. By the mid-1990s, government fears of external influences on Vietnamese culture and society – disparaged under the collective rubric of 'social evils' – were used to justify a number of different incidents of sudden and strict repression of foreign influences. Within this context, before the Eighth Party Congress in 1996 the government abruptly stopped processing of all visa applications except for some prearranged group tour visas. This caused a decline in the number of tourist arrivals for the first time since the beginning of the open door

policy. The Institute for Tourism Research and Development continued to issue rosy figures, claiming a further increase in the number of tourists for 1997 (Biles, et al, 1999: 16-18). However, in 1997, the VNAT realised that it would never meet its goal of increasing the flow of tourists to 3.6 million by 2000 if the government continued to pursue such capricious forms of visa regulation. For this reason, the VNAT lobbied the government to stop this tourist-hostile practice and ease entry visa requirements (ibid: 19).

On 13-15 August 1998, Vietnam celebrated the 200th anniversary of the sanctuary of Notre Dame of La Vang. The Vietnamese government refused to issue visas for individuals from August 10 to 25. According to a Thai newspaper quoted in *Deutsche Press Agentur's* news dated August 6 of that year, the Vietnamese government distributed a private circular advising Vietnamese embassies to deny entry visas for individuals for this period, although a government spokesman, Nguyen Van Luu denied that there was such a ban (Vietnam Denies Visa Ban from Mid-August, 1998). An earlier *Agence France-Presse* news release of May 5 noted that the Communist Party Secretary General, Le Kha Phieu mentioned financial problems and anticipated difficulties in organising and accommodating the mass of people expected to attend the Catholic celebration (Hanoi wants to limit Celebration of Major Catholic Event, 1998). An anonymous representative of Vietnamtourism in Hanoi believed that government apprehension regarding the Catholic event was the main reason for the ban (Vietnam denies Visa Ban from Mid-August, 1998). One week after the event, the Ministry of Foreign Affairs issued a statement that they would ask the government to ease visa restrictions and accelerate the process of visa applications (Hanoi to Ease Visa Regulations Following Recent Ban, 1998).

In September 2004, the communist government once again ceased to issue short-term visas due to security concerns during the summit of Asian and European leaders, which took place in Hanoi in October 2004. As quoted in *Agence France Presse*, government spokesman Le Dung stated that the government decided to temporarily stop issuing category D visas during the summit, but that travellers holding other types of visas could still enter to the country. Also according to Le Dung, foreigners who had already obtained category D visas before September 1 would either have

their length of stay reduced or were refused entry. He also mentioned that Vietnamese government representatives in foreign countries had tried to contact people who had already obtained category D visas in order to advise them that they would have to postpone their trip to Vietnam (Vietnam Suspends Short-term Visa Ahead of ASEM for Security Reasons, 2004). According to the Lonely Planet website, all applicants for Vietnam visas without pre-arranged travel plans are automatically given a category D visa. At the time, the Head of the Immigration Office in Vietnam had stated that the government was very concerned about controlling the movements of independent travellers or visitors to Vietnam without pre-arranged itineraries (<http://thorntree.lonelyplanet.com>).

The lack of a fixed policy on visa suspension seems to give the government free rein to use such restrictions on an *ad hoc* basis to control the flow of tourists into the country for whatever unforeseen reason. This reactive approach to visa suspension policy on the part of the government, and the lack of reliable dissemination of information on current government visa policy, certainly has a detrimental effect on Vietnam's attractiveness to certain groups of tourists. However, the pattern of visa suspension seems to confirm the Vietnamese government's general preference for group tours over individuals, because tour groups are typically composed of more affluent tourists, are easier to control and monitor and less likely to deviate from planned routes and interact with the local population (Biles, et al, 1999: 18). Groups also make more efficient per capita use of guides and transportation, both of which are limited commodities in Vietnam (Antoine, 1992). Because it is issued to travellers without a fixed itinerary and is cheaper than the standard category C visa, the suspended category D visas were issued primarily to independent budget travellers.

The growing demand for travel to Vietnam gives tourism visas a high potential as a saleable commodity on which the Vietnamese government holds a monopoly. Many tourists find Vietnam tourist visas inordinately expensive (Cresswell and Maclaren, 2000: 293; National Survey of Tour Operators in Vietnam, 1999:24; Lonely Planet, 2001: 69). For example, the Vietnamese embassy in London charges £38 for a single entry visa and £70 for multiple entries (<http://vietnam.embassyhomepage.com>). According to the 'Vietnam Investment Review', Vietnam collects more than US\$ 50

million in visa fees each year (Visa Red Tape Cut to Woo More Overseas Visitors, 2002).

7.2.5 Visa on Arrival

It is currently possible for tourists to obtain a visa on arrival to Vietnam, although they must apply for the visa before entering the country. According to the Director of Marketing of Exotissimo, a joint-venture tour operator, tourists wishing to obtain a visa on arrival need to send passport details to a tour operator at least 5 working days before they arrive in Vietnam. The tour operator will submit the paper to the Department of Immigration in Vietnam, which will then give the tour operator an authorisation letter, which the tour operator will fax to their client. However Fiditourist, a state-owned tour operator, is able to arrange a visa on arrival in one day (Interview, Vice Manager, Fiditourist, 2004). The process for visa on arrival does not seem any more convenient for tourists than the traditional process of issuance at any Vietnamese embassy, and state-owned tour operators apparently enjoy priority treatment from the Immigration Department (Opinion: Vietnam Needs Free Market Forces, 1998). The current arrangement for visa on arrival seems to be advantageous only for travellers from countries or regions where there is no Vietnamese embassy (Interview, Director of Marketing, Exotissimo, 2004). The Director of Marketing of Exotissimo also compared Vietnam's policy unfavourably to that of Thailand, which allows tourists from other countries in the region, such as Hong Kong and Singapore, to obtain a visa on arrival without any cost or prior arrangement. Thus, many tourists who wish to make spontaneous, uncomplicated plans for a long weekend choose Thailand over Vietnam (ibid).

7.2.6 Visa Extension

Tour operators also arrange visa extensions for tourists. The process of obtaining a visa extension can be complicated, even more so because there is a lack of rules or regulations on visa extension policy. For example, in 1995 during the 'social evils' campaign, the government suddenly ceased renewing tourist visas for tourists already inside Vietnam without any announcement or explanation (Vietnam Blocks Tourists

from *Renewing Visas*, August, 1995). Immigration offices generally do not make announcements as to when temporary moratoria on visa extensions are enacted and which countries' nationals are affected. Sometimes the process is easy and sometimes difficult, and each province within Vietnam seems to have its own ways of dealing with visa issues. According to the experience of representatives of travel companies interviewed by the author, obtaining a visa extension depends greatly on luck and the whims of individual immigration officers (Interviews, Anonymous, 2004). On the topic of visa extension, the popular tourist guide 'Lonely Planet' warns readers to "(b)e alert for sudden unannounced changes..." (Lonely Planet, 2001: 70).

7.2.7 Visa Exemption

Tourists from ASEAN member countries such as Indonesia, Malaysia, the Philippines, Singapore, Laos and Thailand do not need entry visas to visit Vietnam. For many years, the Vietnamese government had been considering whether Vietnam should also offer visa exemption for Japanese and French tourists, but does not believe that the number of tourists from those countries is significant enough to justify granting this privilege. It does not seem that there is an inclination in Vietnam to use visa exemption as a primary means of encouraging growth in tourist numbers. Indeed, the government has been intentionally focusing on defining alternative means for attracting more visitors and has instructed tourist officials to conduct research on tourism development in countries that are able to lure large numbers of tourists without granting visa exemptions (Ngoc Son, 2001).

At the beginning of 2004, Vietnam began to grant visa exemption for Japanese tourists for stays of up to 15 days (*Visa Waiver Stamps its Mark on Tourism*, 2004). This initiative came about in part due to pressure from organisations of foreign business interests inside Vietnam, such as the European Chamber of Commerce and the American Chamber of Commerce, who wish to boost tourist traffic to Vietnam. Currently, those organisations are lobbying the Vietnamese government to allow visa exemption for European tourists as well (Interview, General Manager, Omni Saigon Hotel, 2004). The VNAT is also active in lobbying the government to relax visa regulations (Interview, Head of Business Promotion, Vietnamtourism Hanoi, 2004).

7.2.8 Passport Regulations for Vietnamese Citizens

In the past the communist government issued passports to Vietnamese citizens only for a particular trip. Vietnamese also needed an exit visa in order to travel abroad. Obtaining a passport was not only complicated and time consuming, but Vietnamese potential travellers also needed to have an interview with the Interior Ministry Police and endure background checks. A Vietnamese manager of an internationally-known transport provider in Vietnam recounted that he had to go through this process to get an exit visa each time he travelled abroad (Interview, Anonymous, 2004). In 1997, the government decided to ease the restrictions and obtaining passports has become easier (Vietnam Eases Exit Permission for Citizens, 1997).

7.3 Airlines

7.3.1 Pre-Doi Moi History

The Civil Aviation Administration of Vietnam (CAAV) was founded on January 1, 1956 at Hanoi's Gialam Airport. The first scheduled flights (between Hanoi and Beijing) began on April 20 of the same year, using planes donated by the Soviet Union and with training and aircrew from East Germany. Services expanded very slowly and were re-dedicated to military uses after 1961. In 1967, service between Hanoi and Moscow was initiated (Smith, 2002a: 811).

Following the division of Vietnam after the Geneva Conference of 1954, the administration of Air Vietnam was taken over by the South Vietnamese government. Air service to the North was terminated and the northern terminus changed from Hanoi to Hue (Smith, 2002c: 352). In 1963, Air Vietnam's long-term support agreement with Air France was replaced with a new contract with Pan American World Airways (ibid: 353). According to Sheehan, in 1965, Saigon's Tan Son Nhut airport was busier than Chicago's O'Hare (1992: 62). International air traffic increased from 6,302 flights in 1965 to 10,930 in 1970. Most of the incoming flights originated from the United States (Monthly Bulletin of Statistics, 1971). The

increased business of the airport was not caused by an increase in the number of conventional tourists, but rather by a large and sustained influx of military forces and international delegations (Vietnam: The Land and the People, 1997: 258). The air transport system at the time consisted of a domestic service and an international service, both administrated by Air Vietnam. The international line offered flights between Saigon and major cities in South East Asia. Flights between Saigon and more distant locations were provided by various foreign airlines (Tourism in Vietnam, 1970: 332). In 1967, Air Vietnam joined the Orient Airline Association (OAA) which was later known as the Association of Asia Pacific Airlines (<http://www.aapairlines.org>).

Air Vietnam withdrew its membership from Orient Airline Association (OAA) in 1975 (ibid). Air Vietnam, as well as the North's CAAV, was dissolved in that year and replaced by a state airline, Hang Khong Vietnam (Smith, 2002b: 1406), which was later renamed Vietnam Airlines. The new national carrier began operations in 1976 using personnel from the two airlines that it replaced. It employed Soviet aircraft such as Tupolev Tu-134, Ilyushin IL-18 turboprop and Yak-40 feeder liners (<http://airlines.afriqonline.com>). Flights linking Ho Chi Minh City and Moscow were initiated in 1979, although air connections to Beijing were stopped because of worsening Sino-Vietnamese relations (Smith, 2002b: 1406).

7.3.2 Developments Since *Doi Moi*

Since the influx of foreign airlines into Vietnam brought about by *doi moi*, Vietnam Airlines has gradually attempted to improve its fleet. In 1992, Vietnam air passenger traffic increased by 83.3 per cent for domestic flights and 98.6 per cent for international flights (Asia-Pacific Air Transport Forecast 1980-2010, 1997: 247). Over half of the international air traffic to and from Vietnam was carried by foreign carriers (<http://www.vietnamair.com>) (see appendix 5). It was in this year that Vietnam Airlines first leased some Western-built planes: two Boeing 737s and one Airbus A310 (EIU, 1993: 67). In 1993, Vietnam Airlines was separated from the Civil Aviation Authority of Vietnam (CAAV). According to Vietnam Airlines Deputy Director General, "the airline is still under the control of CAAV (but) (w)e now have

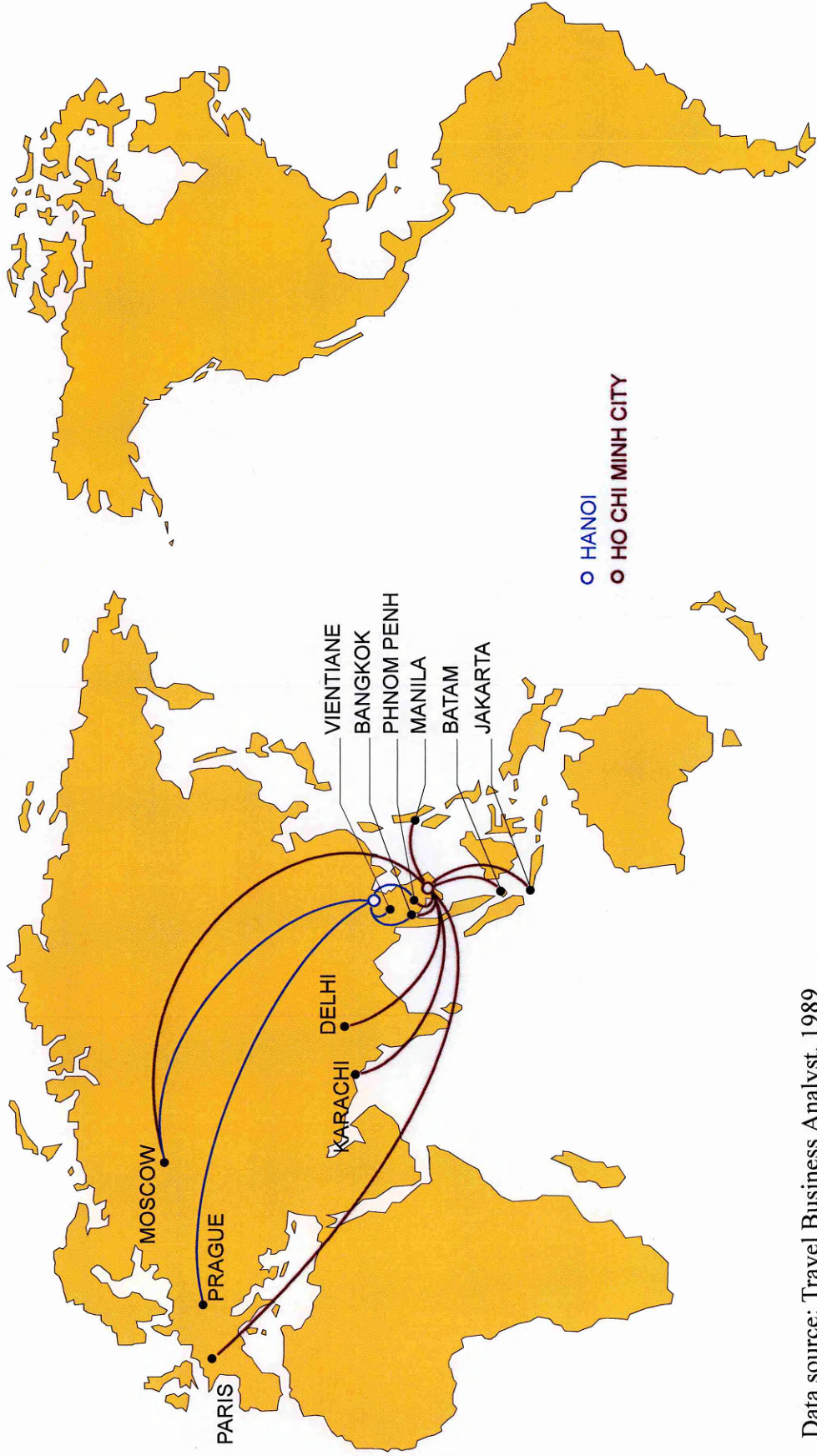
more independence and choice to focus our efforts on business” (Lewis, 1995). In that same year, the marketing manager of Vietnam Airlines emphasised the importance of acquiring new planes to replace the aging Soviet aircraft, but the US trade embargo hindered the airline’s pursuit of this goal (McKinnon, 1993). In 1994, the trade embargo was lifted and by 1997 Vietnam Airlines had four Boeing 767s and ten Airbus 320s (<http://www.worldbank.org.vn>). In 2001, Vietnam Airlines owned 23 aircraft, of which the majority were new (Draft Report, 2001: 63).

Vietnam Airlines has also tried to improve its staff training and modernise its ticketing and reservation services in order to meet the demand of foreign passengers (McKinnon, 1993). However, a government document dated 2001 stated that some tourists complained about the punctuality and dependability of Vietnam Airlines’ domestic services and reported that the carrier cancelled an average of 133 flights each month while 460 others experienced significant delays. These problems pertained most frequently to internal flights (Draft Report, 2001: 63).

In 1989, five airlines flew between Hanoi and a total of five foreign destinations. Vietnam Airlines flew from Hanoi to Vientiane, Phnom Penh and Bangkok, while CSA-Czechoslovak flew to Prague and Aeroflot to Moscow (Travel Business Analyst, 1992: 31-32). In comparison, Ho Chi Minh City had nine direct and indirect air links (ibid), whereby it must be mentioned that one of Air France’s destinations from Ho Chi Minh City was Paris, which was not flown to directly but rather with a stopover in Bangkok (Interview, Sale Manager, Air France, 2004). Karachi and Delhi, two other Air France destinations served from Ho Chi Minh City, were probably also accessed through a stopover in Bangkok.

By six years later in 1995, Hanoi had air links with twelve destinations and Ho Chi Minh City with twenty-one destinations. Hanoi’s air link with Prague had disappeared and many connections to regional cities such as Singapore, Hong Kong and Taipei had been added for both Hanoi and Ho Chi Minh City (Travel Business Analyst, 1995: 52-55) (see appendix 6). Figures 7.1.1 through 7.1.3 on the following pages show the development of Vietnam’s international air links from 1989 to 2004. The paths indicated on the maps indicate connections and not actual flight paths.

Figure 7.1.1: International air links to/from Vietnam, 1989



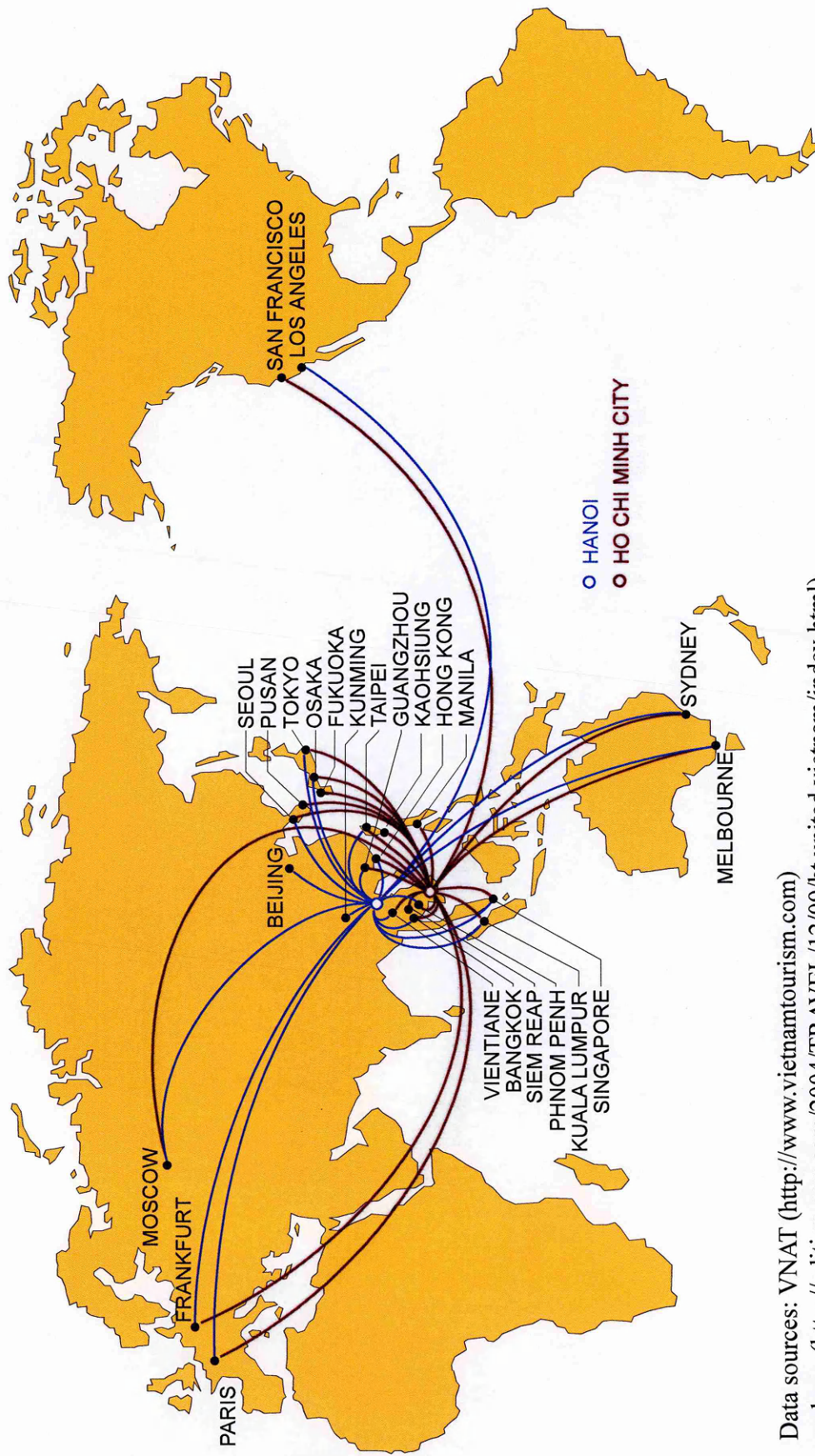
Data source: Travel Business Analyst, 1989

Figure 7.1.2: International air links to/from Vietnam, 1995



Data source: Travel Business Analyst, 1995

Figure 7.1.3: International air links to/from Vietnam, 2004



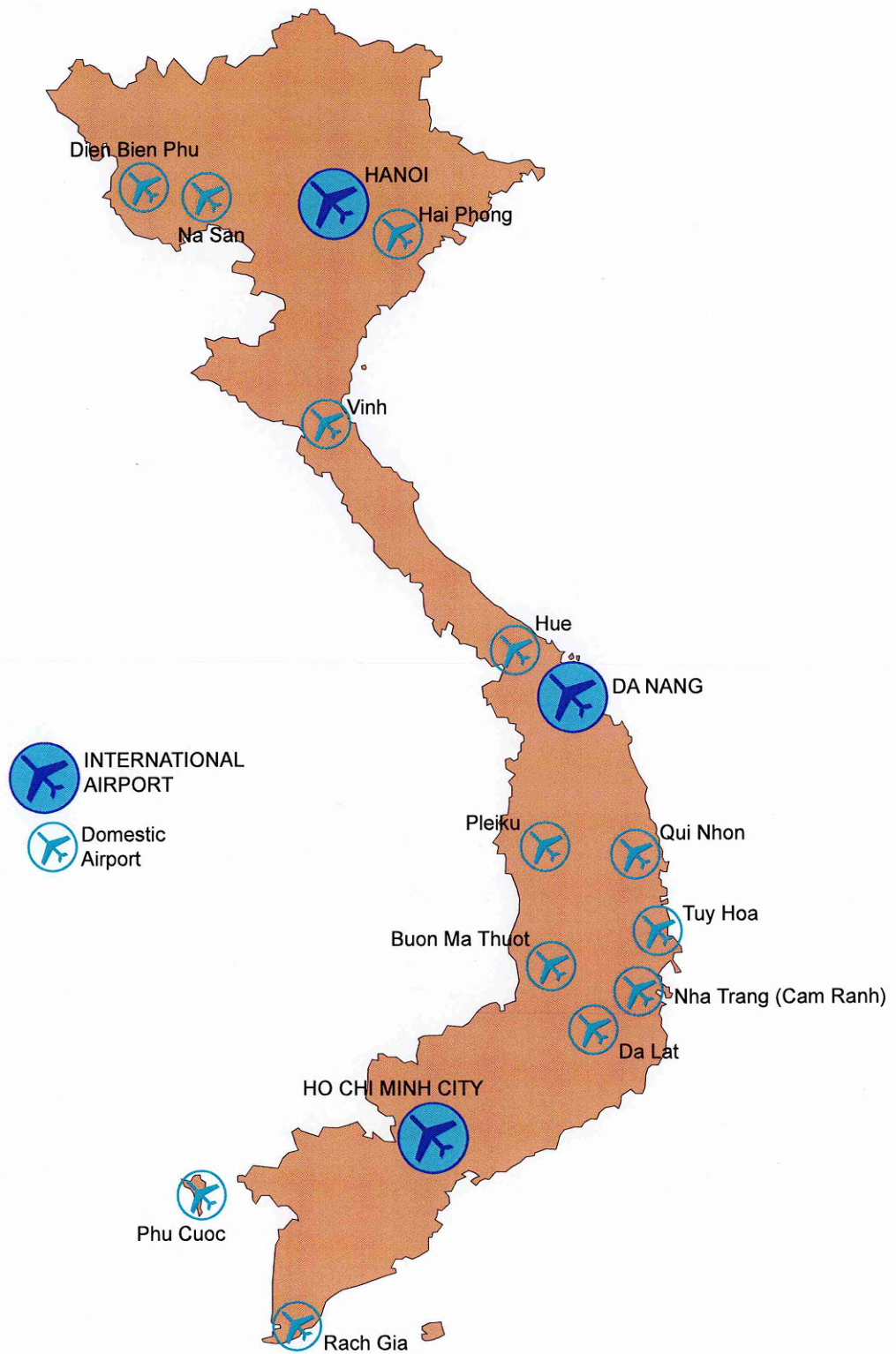
Data sources: VNAT (<http://www.vietnamtourism.com>) and cnn (<http://edition.cnn.com/2004/TRAVEL/12/09/bt.united.vietnam/index.html>)

By 2003, Vietnam Airlines was flying to 25 major international cities, in addition to its service to 15 domestic airports (<http://www.vietnamair.com.vn>). The number of passengers of Vietnam Airlines has also increased greatly. From 1989, three years after the beginning of *doi moi*, until 1997, Vietnam Airlines' passenger numbers increased an average of 30 per cent per year (Asia-Pacific Air Transport Forecast 1980-2010, 1997: 244). In 1990 alone, the total domestic and international passenger traffic to, from and within Vietnam increased by 164.3 per cent (*ibid*: 247). In 2002, the airline carried 1,785,786 international passengers and 2,284,517 domestic, compared to 372,564 international and 448,180 domestic in 1992, an increase of about fourfold in both passenger categories (<http://www.vietnamair.com.vn>). Pacific Airlines is a carrier in Vietnam that is private-owned but with government shareholders (Asia-Pacific Air Transport Forecast 1980-2010, 1997: 244). The airline began cargo flights to Europe in 1991 and passenger flights in 1992, connecting Ho Chi Minh City to Taipei. Currently, Pacific Airlines flies to Ho Chi Minh City, Hanoi and Danang in Vietnam, as well as the Taiwanese destination cities of Taipei and Kaohsiung (<http://www.pacificairlines.com.vn/history.asp>).

7.3.3 Airports

Vietnam has sixteen civil aviation airports, three of which serve international flights: Tan Son Nhat, the country's largest airport in Ho Chi Minh City; Noi Bai Airport in Hanoi and Danang Airport (Draft Report, 2001). Danang Airport was opened in 1999 to operate international flights connecting key Asian cities, but currently Bangkok is the only international destination served by this airport. Danang Airport is seen as an important tool to boost tourist traffic to the central region of Vietnam (The Making of a Destination, 1999). Figure 7.2 shows the location of the domestic and international airports in Vietnam as of 2004.

Figure 7.2: Airports in Vietnam



Adapted from sources: Vietnam Airlines (<http://www.vietnamair.com.vn>) and VNAT (<http://www.vietnamtourism.com>)

It was predicted that from 2010-2020, Ho Chi Minh City's Tan Son Nhat Airport would receive 10 - 15 million passengers annually, Hanoi's Noi Bai 6 - 10 million and Danang 2.5 - 3 million (US Department of Commerce, 1999). In 1997, the Vietnamese government had approved a master plan on airport construction. The ambitious project foresaw the building of 138 airports of all types by 2010 at a total cost of US\$ 4.6 billion, which would come from the State budget. According to a newspaper article dated November 2003, however, these plans had been revised to call for the construction of only seven or eight new airports and the renovation and upgrading of existing airports to meet the country's air transport needs (Vietnam to Upgrade Airport Instead of Building New Ones, 2003). However, these planned measures fall short of the assessment of some economists that by 2010 Vietnam will need 28 civil airports and two to three more international airports (Vietnam Aviation Sector Needs More Funds to Develop, 2000).

7.3.4 Airline Fares

In 1995, a domestic tourist would pay US\$ 60 for a one-way domestic flight from Hanoi to Ho Chi Minh City, while a foreigner would be charged US\$ 170 for the same ticket. The Deputy Director of Vietnam Airlines explained the reasons for this discrepancy in pragmatic terms: "We are the national carrier, and our mission is not only to make profit, but to serve as a public utility. We are allowed to compete with other airlines on international routes, but for our domestic network, there are certain government fare controls according to local income levels" (Lewis, 1995). In 2003 this dual price scale still existed, although the cost differential had been substantially reduced. For a round trip Hanoi/Ho Chi Minh City flight, a foreign passenger would pay VND 3.3 million (about US\$ 210) compared to VND 2.7 million (US\$ 170) for Vietnamese passengers, a difference of about 20 per cent. As of January 1, 2004, though, the split fare scale was abolished and a flat fare of VND 3 million (US\$ 190) was charged all passengers, domestic or foreign (Vietnam Airlines Plans Sole Fare, 2003).

While this incremental evening-out of airline fares has reduced the cost of domestic flights for foreign tourists, the price increase for domestic travellers is much more

dramatic. In the example of the Hanoi/Ho Chi Minh City flight mentioned above, the round trip cost for foreigners went down by US\$ 150 or 44 per cent between 1995 and 2004, at the same time that the domestic fare went up by US\$ 70 or 58 per cent. Thierry Brinte, the General Manager of the Sofitel Plaza Hanoi Hotel has said that “the high domestic airfares between Hanoi and HCMC also make it unattractive for travellers and travel agents alike to consider travel between the two cities” (Ngoc Son, 2001)

7.3.5 Growth of International Service

Air travel between Vietnam and the Soviet Union, which made up a large portion of international traffic to and from Vietnam until the 1980s, has fallen substantially (Asia-Pacific Air Transport Forecast 1980-2010, 1997: 250). This drop has been more than offset by growth in flights to other countries. Since 1985, Vietnam’s air connections with other countries in the Asia Pacific region have increased dramatically. In 1992, passengers from other Asia Pacific countries accounted for over 90 per cent of total international passengers to and from Vietnam (ibid: 248-249).

In 2001 there were no direct flights between Hanoi and any major city in Japan. Since Tokyo’s Narita airport could not accommodate more flights, travellers between Japan and Hanoi had to transit in Hong Kong. These flights were always fully booked by business travellers, leaving little room for leisure tourists. In contrast, Japan Airlines ran seven flights a week from Ho Chi Minh City to Tokyo and Osaka, bringing a larger number of well-off Japanese tourists to Ho Chi Minh City than to Hanoi (Ngoc Son, 2001). Vietnam Airlines has since augmented its service to Japan. By late 2004, Vietnam Airlines was flying from Hanoi direct to Tokyo and Osaka and also from Ho Chi Minh City to Tokyo, Osaka and Fukuoka (Visa Waiver Stamps its Mark on Tourism, 2004).

Vietnam Airlines’ links to China are also improving. In October 2001, Vietnam Airlines officially opened three flights a week from Hanoi to Kunming, China. One month earlier, the airline launched a Hanoi-Beijing service with three flights a week,

using the Airbus 320 (Ngoc Son, 2001). United Airlines began 'direct' flights between Ho Chi Minh City and San Francisco via Hong Kong on December 9, 2004 (First U.S Flight to Vietnam, 2004), with the first flight departing from San Francisco and landing in Ho Chi Minh City. After receiving complaints from the Vietnamese community in California, a number of whom resented the use of the name Ho Chi Minh City, the airline's advertisements referred to the flights as being simply "to Vietnam" or "to Ho Chi Minh City – also known as Saigon" (ibid).

7.3.6 Foreign Airlines in Vietnam

The years immediately following the beginning of *doi moi* saw a marked increase in the number of foreign airlines serving Vietnam. Between 1987 and 1989, the number of international airlines with scheduled service to Ho Chi Minh City rose from 2 to 11 (Theuns, 1997: 309).

Air France has been operating in Vietnam longer than any other airline. During the Vietnam/America war, Air France's only Vietnam flights were from Ho Chi Minh City to Bangkok, with connecting service from Bangkok to Paris. Air France and Vietnam Airlines have close connections. In 1993, for example, Air France sent about 20 French technicians to help in training pilots when Vietnam Airlines acquired new Boeing 777 aircraft (Interview, Sales Manager, Air France, 2004). Air France undertook further training of Vietnam Airlines pilots and technicians in conjunction with an agreement to 'wet lease' (i.e. to lease both aircraft and air crew) A320s to the Vietnamese carrier in 1995 (Lewis, 1995).

Before and at the beginning of *doi moi*, most Air France passengers to and from Vietnam were expatriates and other foreigners. The Vietnamese government's removal of exit visa restrictions for Vietnamese nationals, and an increase in the number of affluent Vietnamese, led Air France to re-evaluate its marketing strategy to focus increasingly on attracting and serving Vietnamese customers. According to the Sales Manager of Air France, the future of Air France in Vietnam will depend on Vietnamese travellers. Air France has also begun to recruit Vietnamese flight attendants. Since March 2004, Air France has been the only European airline with

non-stop service between Europe and the two largest Vietnamese cities Hanoi and Ho Chi Minh City (<http://www.airfrance.net>).

Aeroflot began flying between Moscow and Hanoi in 1960 (Hoang Tu Giang, 1999) and opened a representative office in North Vietnam in 1964 (Aeroflot Flying High, 1998). The Vietnamese and Soviet national carriers maintained a close relationship, and help from the USSR was instrumental in the start up and early development of CAAV and, later, Vietnam Airlines. Since the collapse of the Soviet Union, Aeroflot's presence in Vietnam has all but disappeared. In 1999, the carrier had only two flights a week from Hanoi to Moscow and one a week from Ho Chi Minh City to Moscow (Hoang Tu Giang, 1999).

7.4 Railways

Indochina's first rail line, completed in 1885, linked Saigon with My Tho on a tributary of the Mekong (Indochina, 1943: 27). Today, Vietnam has 2,600 kilometres of railways linking over 260 stations. However, most of it is narrow-gauge and single-track, including the country's main rail backbone from Hanoi to Ho Chi Minh City. The railroad provides the only vehicular access to some rural areas that are inaccessible by road (Theuns, 1997: 310). Around ten million passengers rode Vietnam's railways in 1999. The most popular route is the 1,700 kilometre 'Reunification Express' between Hanoi and Ho Chi Minh City (Vietnam, 2001: 95).

Up until *doi moi* and for a few years thereafter, Vietnam's rail network was owned and run by the central government's General Department of Railways. The Department became a state owned enterprise in 1989 and was renamed Vietnam Railways (VR), with four subdivisions: Transport Group, Industry and Construction Group, Infra-management Group and Rail-related Service Group (<http://www.mt.gov.vn>). The management structure of the railway has been reformed, the rolling stock renovated or replaced and travel times have been reduced. The Railway must still ask permission from the Ministry of Transport for infrastructure investment but is free to make its own policy and decisions regarding timetabling and

equipment purchasing. The government owns the railway infrastructure and rents it to Vietnam Railways for a percentage of its operating revenues. Infrastructure and operations are now separate financial units (Interview, Deputy Chief of International Relations, Vietnam Railways, 2004).

Regardless of improvements and increased tourist traffic in the country, the number of passengers travelling by rail in Vietnam stagnated at between 9 and 10 million annually throughout the 1990s. An actual decline in the number of engines and carriages indicated that rolling stock was becoming obsolete more quickly than new equipment could be acquired to replace it (Draft Report, 2001: 68). No new tracks have been built in this period and improvements have focused on upgrading equipment and adding more trains to provide more frequent and reliable service (Interview, Deputy Chief of International Relations, Vietnam Railways, 2004).

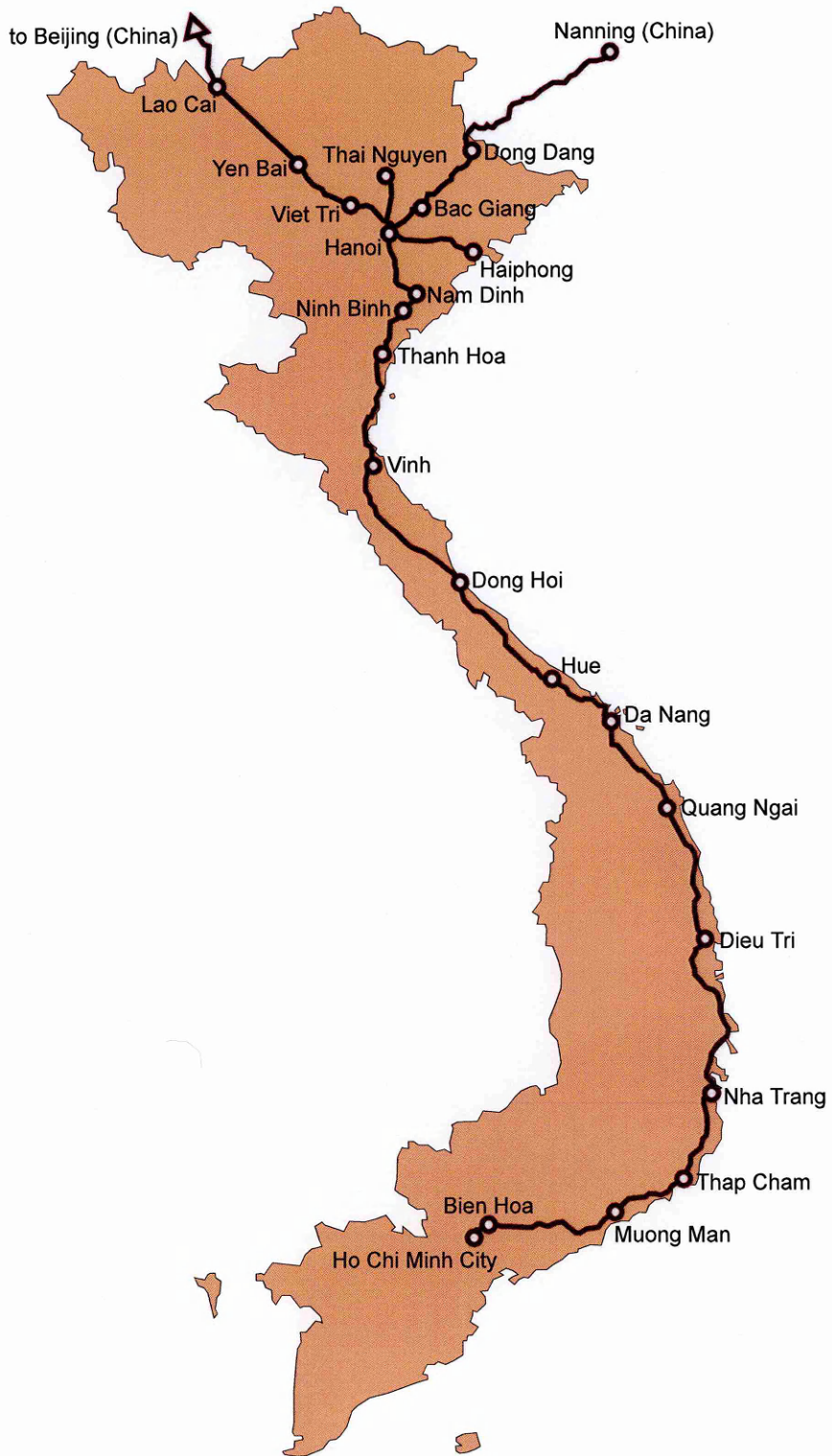
The company established its own marketing department in 2001 (ibid). Vietnam Railways underwent another restructuring in July, 2003 and experienced record profits of VND 200 billion in the first seven months of 2004. As part of the restructuring, the division of the company into three units covering the north, centre and south of the country, respectively, was done away with, allowing for a streamlining and integration of operations (ibid). In October, 2004, the company had recently bought 20 new locomotives from China and was negotiating to acquire more by loan or purchase from China and India, as well as 20 Siemens-manufactured locomotives through German development assistance funds (vneconomy, 2004).

Bus lines are seen by the management of Vietnam Railways as their primary competitor (Interview, Deputy Chief of International Relations, Vietnam Railways, 2004). The 'open tour' bus line, by which tourists can travel the country from north to south, or *vice versa*, and are allowed to interrupt their journey for stopovers at a number of tourist attraction sites for the combined ticket price of US\$ 29 (www.sinhcafe.com), is competing directly with the railways for the tourism market. Efforts to reduce rail travel times are inspired partly by a desire to maximise a speed advantage over bus lines to offset the buses' cheaper prices. The 'Reunification Express', which originally lasted 72 hours, took only 32 hours as of November 2000

(<http://www.vcci.com.vn/English/BusinessNews/Transport/5YearsDevelopment.asp>), at an average speed of 53 kilometres an hour, compared to the 45 – 50 hour trip by road (Draft Report, 2001: 68). A test run of a 29-hour service on this track was carried out in 2004. The Hanoi/Ho Chi Minh City stretch is in the process of being upgraded to standard-gauge track, which will allow trains to travel at speeds of 200 – 350 kilometres an hour. It will be some time before this route is completely operational. The first 280-kilometre section is scheduled to open in 2020 (Ha Noi – Ho Chi Minh City Express Railway Line to be Built, 2004).

Vietnam Railways used to have a dual pricing policy, similar to that previously practiced by Vietnam Airlines, that charged foreigners and overseas Vietnamese a surcharge of 375 per cent and 480 per cent on tickets compared to the prices for domestic travellers (EIU, 1993: 68). This policy was induced by the government and not by Vietnam Railways, which succeeded in convincing the government to do away with this practice in 2003 in order to conform to international standards of pricing (Interview, Deputy Chief of International Relations, Vietnam Railways, 2004). The website of Vietnam Railways declares prominently “no separate pricing for Vietnamese and foreigners” (<http://www.vr.com.vn>). However, there remains a differentiation in ticket prices based on class of travel, with as many as thirteen different classes indicated for the North / South line from Hanoi to Ho Chi Minh City alone (ibid). The upper-class soft berth with air conditioning, for instance, was introduced in 1996 (Interview, Deputy Chief of International Relations, Vietnam Railways, 2004), while the same trains offer very cheap hard seats for the lowest-budget travellers. Thus, the actual difference in high and low prices becomes if anything more pronounced, but the price reflects standard of travel rather than the nationality of the traveller and it is a matter of the individual traveller’s preference which class of ticket they wish to purchase. Beginning in 2000, Vietnam Railways began renting compartments to two independent companies, one domestic and one French, who handle the booking for these compartments themselves as a component of travel packages offered by them (ibid). The rail network of Vietnam is shown in figure 7.3.

Figure 7.3: Vietnam's railway network (main routes)



Adapted from sources: Vietnam Railways (<http://www.vr.com.vn>) and VNAT (<http://www.vietnamtourism.com>)

There are two standard gauge rail lines from Vietnam to China, running between Hanoi and Kunming and Hanoi and Beijing. Twice-weekly rail service between Hanoi and Beijing was reinstated in 1996, taking 57 hours with customs checks and train changes and costing US\$ 165. This route failed to attract a large number of passengers, with some trains carrying as few as ten passengers, because flights between the two cities cost US\$ 80 more than a train ticket but lasted only a few hours, with the time difference more than making up for the extra cost (Blagov, 1996). The other main rail link to China, joining Hanoi to Kunming, is also little-used for similar reasons. China is investing US\$ 17 million to purchase 10 new locomotives and 200 new coaches for use on this line (China to invest US\$ 17 Million in Kunming – Hanoi Railway Line, 2004). Vietnam has no rail links with its other two neighbours, Laos and Cambodia (Vietnam, 2001: 95).

7.5 VNAT, Marketing and Image

7.5.1 Background of VNAT

In 1978, the General Department of Vietnam Tourism was established to oversee 14 tourist companies and 30 provincial and rural enterprises. It was replaced by the Directorate General of Tourism (DGVN) under the control of the Ministry of Culture, Information, Sports and Tourism after the failure of Vietnam's 1990 Year of Tourism initiative (EIU, 1993: 70-71).

In 1992, the Vietnam National Administration of Tourism (VNAT) was formed as a government agency. The VNAT is not a ministry, but occupies an analogous level in the government hierarchy (Draft Report, 2001:152), directly under the Prime Minister. The VNAT website states that the "Vietnam National Administration of Tourism (VNAT) is a government agency, which exercises the state management function over tourism operations and activities throughout country. It has full control over planning, public relations, personnel training, conducting research, instructing and inspecting the implementation of policies and other regulations in the tourism sector" (<http://www.vietnam-tourism.com>). The VNAT also plays a role as an

investor and commercial operator in the tourism industry (Country Reports No 2: 96). A government draft report of 2001 recommended that the VNAT be re-designated as the Ministry of Tourism with essentially the same purpose and powers as it currently exercises (Draft Report 2001: 152).

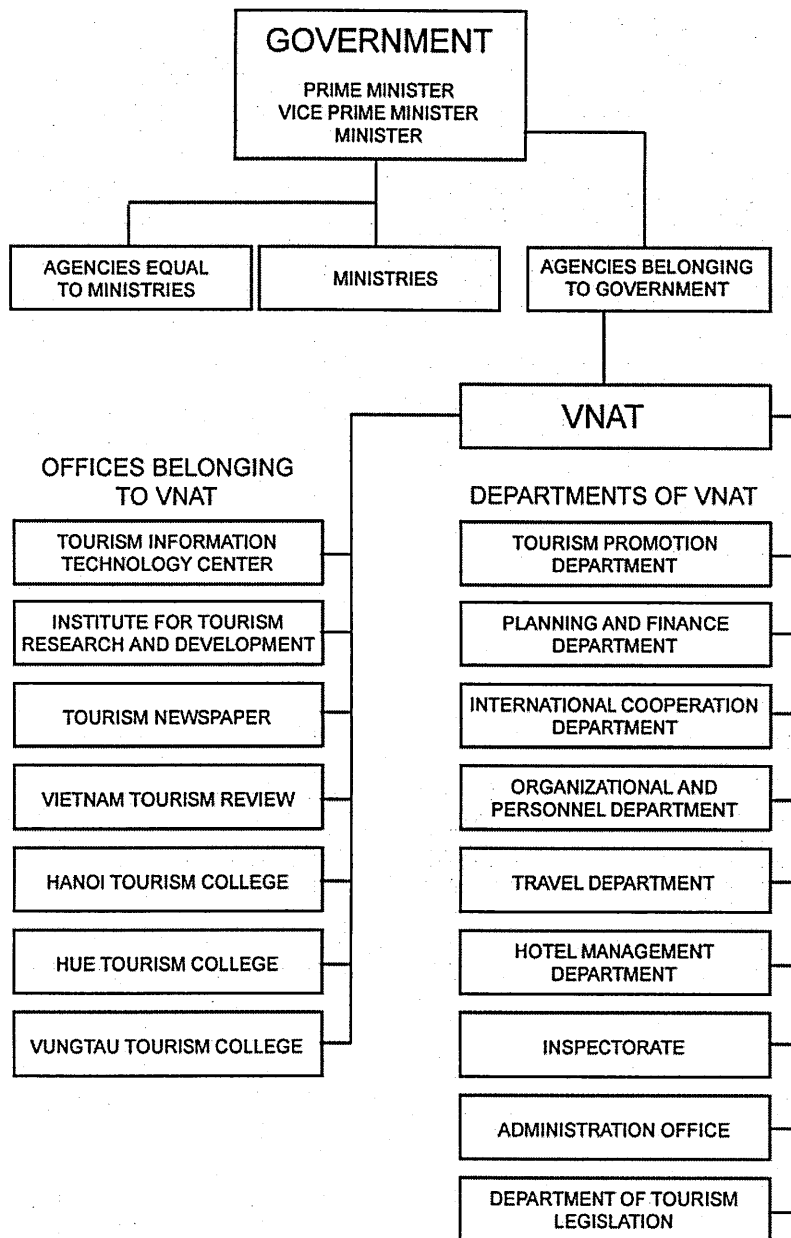


Figure 7.4: VNAT organisational chart (source: VNAT website http://www.vietnam-tourism.com/vietnam_gov/e_pages/Dulich/VNAT/vnat.htm)

The VNAT has nine departments (see figure 7.4 above). According to the Director of the Tourism Department, the Inspectorate and Department of Tourism Legislation

were established in 1998 (Interview, Director, Tourism Department, VNAT, 2004). In 1999, the State Steering Committee on Tourism was set up in order to support management of tourism development at the national level, with the Deputy Prime Minister serving as chairman. The members come from different ministries and various agencies involved in tourism (Draft Report, 2001: 154).

7.5.2 Decentralisation and the Role of Provincial Governments in Tourism Promotion

Vietnam has 64 provinces and each province has either a Department of Tourism or a Department of Tourism and Trade (Interview, Director, Tourism Department, VNAT, 2004). There seems to be a lack of coordination of tourism development and promotion among various agencies in the central government, between central and provincial levels of government and between government bodies and tourism companies (Draft Report, 2001: 154). The trend toward increasing decentralisation in the Vietnamese government discourages uniformity in tourism legislation. Several provinces set their own regulations in relation to tourism activities, leading to unavoidable differences in extent and focus and discrepancies in quality and criteria applied in different localities. The VNAT seems to be withdrawing its involvement in many facets of tourism, such as the issue of the licenses of tourism transport operators, an issue in which the VNAT used to be involved but which is now the mandate of local agencies of the Ministry of Transport (ibid: 158-159).

7.5.3 Marketing Vietnam as a Destination

Vietnam has been a member of the World Tourism Organization since 1981 and became a member of the Pacific and Asian Travel Association (PATA) in 1989 (<http://www.vcci.com.vn>) but the dissemination of information on Vietnam as a destination for the international market still has not been very successful.

In the past, the VNAT and the Vietnamese national flag carrier, Vietnam Airlines, joined forces for promotion campaigns to advertise Vietnam as a destination. Recently, Vietnam Airlines has decided to carry out its own campaign and to focus more on its own products. According to the Director of the Tourism Department,

Vietnam Airlines has a larger budget than the VNAT, whose government financial support must be divided between two areas: 1) marketing and promotion, and 2) the development of tourism infrastructure. The infrastructure budget is transferred by the VNAT to provincial governments and it is not directly responsible for infrastructure spending. Vietnam's tourism promotion budget is around US\$ one million annually, about a tenth the size of the tourism advertising budgets of Thailand or Singapore (Debate Rage Over Tourism Tag, 2004).

Due to the sharp increase in the number of tourist arrivals in the early 1990s despite the lack of any concerted marketing campaign, the Vietnamese government saw no need to allocate a large budget to promoting the country (Biles et al, 1999:14). Only state enterprises with international licenses were allowed by the government to do overseas advertising and marketing, so that most of the promotion of Vietnam as a tourism destination was done by foreign tour operators (Cresswell and Maclaren, 2000: 293) leading to conflicting and fragmentary tourism images for the country.

Most of the people interviewed by the author agreed that among the weak points of the Vietnam tourism industry include insufficient promotion, lack of know-how, absence of a striking marketing campaign or unique image for Vietnam, no cooperation between the tourism stakeholders, inadequate transparency of the VNAT, *ad hoc* planning, lack of good strategies, unclear policies and the leaving of promotion to individual operators rather than consolidating a concerted image and effort. A representative of Exotissimo, a tour operator in Vietnam, noted that his company has to promote Vietnam as a tourist destination before promoting their company (Interview, Director of Marketing, Exotissimo, 2004). Mr. Israel, the Chairman of Danao International Holding, Ltd., the largest American-owned tourism company in Vietnam, stated that an effective advertising campaign needs a multimillion-dollar budget and that his company alone spent US\$ 250,000 on an advertising campaign to bring tourists. He called for more cooperation between the government and tourism enterprises (Dao Loan, 2004). The company is currently using 'Experience the Surprise of Vietnam' as its marketing slogan to attract the American market and employs a New York based consulting firm to help with marketing. Mr. Israel admitted that the programme is costly for one company (Israel,

2004). In November of 2004, the Vietnamese government approved a VNAT proposal asking for permission to employ foreign individuals and organisations to promote Vietnam tourism internationally (VNAT to Employ Foreign Workers to Promote Tourism, 2004).

There are some potentially problematic aspects to the image of Vietnam as a destination. Internationally, Vietnam is still associated in the public memory with the long war with the United States and thus retains an unsafe or insecure image for some potential tourists. There is not much information available in the market (Draft Report, 2001: 77). The promotion done by foreign tour operators focuses largely on Vietnam's cultural heritage and tries to capitalise on the romantic allure of Vietnam's feudal and colonial past. Australian tour companies categorise Vietnam as a 'curiosity' destination (EIU, 1993:74), whose attraction lies in the very fact that it is relatively unknown.

The VNAT and state-own tour operators and hotels aim their promotion mostly at high end and business tourists (Biles et al, 1999; Cresswell and Maclaren, 2000). In the 1990s, the image chosen by these state companies was one of progress and modernisation, presenting Vietnam as a unique and vibrant culture and a land of rich resources providing ample opportunities for investment. Vietnam Airlines advertising promoted Vietnam as a 'rising Tiger of Asia', declaring confidently that "Things are changing fast in Vietnam – A new era has dawned...While she will always retain her mystery and charm, there is also an irrepressible spirit of progress and vitality in the air" (Arrival Growth in Vietnam Slackens, 1995, quoted in Biles et al, 1999: 15-16).

As already discussed in the section on visa regulations, the Vietnamese government preferred tourists in organised groups, being suspicious of backpackers because tourists tend to travel to more remote mountainous areas and are more likely to come into contact with ethnic minorities in unsupervised conditions. In 1996, prior to the Eighth Party Congress, the government broadcast a warning that some backpackers might even be spies (Folkmanis, quoted in Biles et al, 1999:18). In recent years, the government has realised that backpackers bring significant tourism income to certain destinations and have revised their policy of active discouragement of this niche

group to welcome them to the country and to capitalise on their patronage. State-owned tour operators have even established branches in the backpacker areas of destinations such as, for example, Ho Chi Minh City (Lloyd, 2004; interview, Vice Manager, Fiditourist, 2004).

A Vietnamnews release dated April 19 2003 claimed that the VNAT planned to advertise Vietnam as a destination for the first time on an international television channel. Mr. Pham Tu, a Deputy Chairman of the VNAT, declared that CNN had been chosen for a one-year advertising contract worth US\$ 100,000, and the VNAT was awaiting Ministry of Finance approval to go ahead with the plan (VNAT Spends Big on TV Ad, 2003).

7.5.4 Government Tourism Slogans

According to a government document, as of 2000 Vietnam had not yet identified its core markets in tourism (Revision of National Tourism Plan of Vietnam for Sustainable Development, 2000: 6). A tourism marketing strategy was outlined in the Master Plan on Tourism Development in Vietnam 1995-2010. However, the document failed to recognise the significance of marketing in luring tourists to Vietnam (ibid: 15). In 1999 during the International Travel Trade Fair ITB in Berlin, Germany, the VNAT officially announced the national promotion campaign 'Vietnam: A Destination for the New Millennium'. The campaign attempted to project an image of Vietnam as a high-quality tourist destination (The Making of a Destination, 1999). Many people interviewed by the author felt that the slogan had little impact and the message may not be understood. This shared impression was corroborated by a government report (Revision of National Tourism Plan of Vietnam for Sustainable Development, 2000). The VNAT has recently changed the slogan to 'Welcome to Vietnam'. According to the Vietnam Investment Review, tourism officials did not clarify the reason behind the choice of the new slogan, but foreign tour operators and hoteliers complain that it is "not strong enough" (Debate Rage over Tourism Tag, 2004). One government employee interviewed disappointedly pointed out that the VNAT had picked that slogan from among many others that were proposed (Interview, Anonymous, 2004). A representative of a state-owned tour

operator mentioned that many tourism companies attempted to suggest some new ideas, only to find that input from other organisations are not openly sought or welcomed by the VNAT (Interview, Anonymous, 2004). Vietnam Airlines employs its own slogan “Vietnam – you should see us now”.

7.6 Conclusion

The progressive liberalisation of Vietnam’s visa policy is a signal of its increasing openness to other countries, playing both a symbolic and a functional role in this aspect. Although the government still clings to some vestiges of the red tape and complications that were intended as a means of protecting the political, economic and ideological integrity of the country, the state seems to recognise that any such policies must be measured against the discouraging effect that they have on potential tourists and, by extension, the potential economic gain that is foregone for the sake of the perceived or actual security brought by these measures. The government is learning to revise its former hard-line stance on such issues and make compromises for the sake of furthering the *doi moi* process.

In becoming less restricting and less fixed, visa regulations have also become less stable and predictable. Visa regulations are currently being used as a safety valve, which can become as restrictive or permissive as suits the government’s concerns. This *ad hoc* way of dealing with visa relations certainly allows the government to react quickly to need and changes in the fluctuating and volatile transition environment. However, besides the annoyance caused to individual tourists, this practice projects an image of indecisiveness and distrust on the part of the Vietnamese government that is perceived by foreign governments and individual travellers equally, apparently reconfirming the explicitly xenophobic message of the ‘social evils’ campaign. Such a direct expression of isolationism can serve to reconfirm the image of an old-school communist state that Vietnam is intently trying to shed. Other policies seem to support the impression that the government is either reluctant to reduce the degree of control over the movement of tourists or lacks experience in effective implementation of policies intended to create a more open and accessible

environment. Even the so-called 'visa on arrival' is purely nominal in nature and Vietnam is still hesitant to offer visa exemptions.

The government's preference for group tours over independent travellers may have as much to do with controllability as it does with optimum use of transport and guides, as cited above. Control of the sites, modes and conditions of contact between foreign tourists and natives seems to be an important motivating factor behind mechanisms of control of access and movement. Tellingly, Vietnamese citizens have been afforded freedom to travel out of their country much more hesitantly than their government has allowed foreigners freedom of movement into and within Vietnam, with substantial relaxation of outbound travel restrictions not having occurred until 1997, ten years after the beginning of *doi moi*. However, the fact that Air France, a long-established airline in Vietnam, is shifting its marketing focus from its traditional solid base of European expatriates to the outbound Vietnamese market is evidence of the future promise represented by this nascent market.

Dual pricing policies, obviously aimed at using every opportunity to get at the money of wealthy Western tourists, are only very recently being phased-out, a likely indication that the short-sightedness of this short-term-profit-oriented thinking was draining more from the overall revenues from tourism than it was taking in, not to mention the accumulation of negative feelings of tourists which can be expected to have an incisive effect on return visits and word-of-mouth recommendations. Regardless of reforms in pricing policy, some of the non-discretionary costs of coming to Vietnam, such as visa and airfare, are still high.

Unlike visa regulations, transport provision is not by nature the exclusive territory of the government, and *doi moi* has encouraged both the tourist demand and the market openness to bring in an increasing number of foreign airlines into Vietnam. Vietnam Airlines' purchasing of a fleet of Western-manufactured planes to replace its outdated Russian machines exemplifies how Western influences are stepping in to gaps in the Vietnamese market left by the withdrawal of entities from the failed Soviet bloc. The direct competition of foreign carriers has inspired Vietnam Airlines to rapidly improve and expand its fleet. However, the increase in number and quality of aircraft

seems to be outstripping developments in the airline's human resources and organisational know-how, leading to many operational glitches and cancelled and delayed flights as mentioned above. This is an example of how, in a transition economy, the development of some facets may overtake developments in others but, so long as these facets stand in a mutually dependent relationship to one another, progress will be hindered by this asymmetrical evolution. This can also be observed in the limitations imposed by insufficiencies in tourism infrastructure on the government's ambitions to attract high-end tourists to the country.

Vietnam Railways is faced with similar problems to other state-owned enterprises that are no longer state-funded and must fend for themselves in the market. This can be seen for instance in the railway's renting of cars to private companies to ensure themselves a fixed income amid the many uncertainties in the market.

The VNAT's recent recognition of the need for publicity and its focus on promotion, especially to the international market, indicates a change of strategy. However, this re-appropriation of the responsibility for the tourism image of Vietnam from the hands of individual foreign tour operators into the hands of the Vietnamese government occurred more or less parallel to the decentralisation of tourism administration. Consequently, the still-ongoing fragmentary marketing of Vietnam tourism by foreign tour operators has been augmented by the fragmentary marketing of Vietnam tourism by provincial governments, without a strong central image under which these different messages may be consolidated. The frequently-changing uninspired and uninspiring series of slogans intended to serve as rallying points are evidence of this lack of a clear self-image for Vietnam tourism. The slogan "Vietnam: A Destination for the New Millennium" projects an optimistic and future-oriented view on tourism. Vietnam is assuming control of its own tourism image but has not yet shown that tourism is understood or orchestrated at a mature enough level to adeptly formulate an image worthy of all that it has to offer as a destination, nor to communicate this image to the world. If Vietnam is to achieve its full potential as a destination, improvement in all three of the facets of tourism development affecting visitation – namely visa regulations, transportation and tourism marketing – must progress at a coordinated pace. If any one of the components lags in its development,

it will handicap the other two and cause a 'bottleneck' that will have a detrimental effect on Vietnam's tourism industry as a whole. The analysis of Vietnam's post-*doi moi* tourism industry continues in the next chapter, which focuses on the evolving roles of state, private domestic and foreign stakeholders in the accommodation and tour operator markets.

Chapter 8: Accommodation and Tour Operators

8.1 Introduction

Before the open door policy *doi moi*, the Vietnamese government had monopolised all tourism sectors. In 1987, one year after *doi moi*, the state issued the Law on Foreign Investment, which encouraged foreign direct investment in Vietnam, especially in the tourism industry. Parallel to the rush of foreign investment that followed, private enterprises have also increased in number, leading to the end of the government monopoly in provision of tourism services, although, the government still owns a large number of hotels and tour operators. The Vietnamese state's dual role as business operator and lawmaker leads to some conflicts.

Under these new circumstances, state-owned enterprises had to reinvent themselves for the first time to survive in an open market where competition is fierce. Because the Vietnamese government itself is heavily indebted, it is unable to provide much in the way of investment funds for tourism, leading investors to look to foreign sources for development capital (Lam and Mok, 1996: 34). The World Tourism Organization and UNDP are involved in assisting Vietnam in developing a tourism policy and a tourism master plan to impose some organisation on this still-emerging market, as well as helping to draft the country's first ever tourism law. This chapter focuses on the roles of accommodation providers and tour operators in Vietnam tourism and investigates the patterns of state-owned enterprises, foreign direct investment and private businesses / SMEs in these sectors, examining how the government exercises its role in tourism development as both a policy maker and a business owner.

8.2 Background

Until *doi moi*, the Vietnamese government was the only owner of accommodation and tour companies in Vietnam. The tourist influx at the beginning of *doi moi* caused

problems due to lack of infrastructure, lack of skilled staff and inadequate quantity and quality of accommodation to meet the expectations of international tourists (Tourism Development Master Plan, 1991: 1; Draft Report, 2001: 39). The tourism industry was a new concept for Vietnam. The 'Ho Chi Minh City 1990 Guide Book for Foreign Tourists and Business People' prepared by Saigon Tourist, admits openly that "(t)o frankly tell the truth, there have been a lot of complaints from our visitors, not over the prices but mainly about the quality of services or inadequate facilities. But the undeniable fact is that things are improving" (1990: 33). However, the same document also states that "(t)ourism seems to be the only business that does not await foreign capital commitment" (ibid: 20). These statements evince an acknowledgement of the shortcomings of the country's tourism industry but at the same time seem to indicate that the sudden and unaccustomed rise in tourist demand and foreign investment had encouraged a complacent attitude on the part of the government in regard to the need for government investment in improving tourism infrastructure.

According to UNDP/WTO, Vietnam's tourism turnover in 1989 was about US\$ 140 million, and direct employment in the tourism industry accounted for 8,000 jobs (EIU, 1993: 63). Hoping to encourage tourism to the country, the Vietnamese government declared 1990 as "Visit Vietnam Year". This ambitious programme is considered by the EIU to have failed due to a shortage of hotel rooms, suitable tourist facilities, services and airline seats. Consequently, the Vietnamese government became more aware of the importance of tourism infrastructure and sought to spur development by prioritising joint venture investment in tourism (EIU, 1993: 63). Since 1990, there has been significant growth in the accommodation and guided tour sectors. State enterprises no longer hold a monopoly and private and foreign investors have also become involved. The roles and patterns of state owned, private-owned and foreign direct investment (FDI) in accommodation and tour provision will be discussed in more detail later in this chapter.

Vietnam's Tourism Development Master Plan (1991) had identified business tourism as the most prevalent trend in tourist arrivals to Vietnam in the coming years. The document predicted that business tourists would increase from 109,869 in 1992 to 1,127,457 in 2005. In comparison, holiday travel arrivals, numbering 52,975 in 1992,

were expected to rise more slowly, to just 468,807 in 2005 (1991: 19). Current data proves that this forecast was wrong. According to the government website, in 2003 leisure and holiday tourist arrivals numbered 1,238,584, compared to 468,429 business tourists (http://www.vietnamtourism.com/index/e_index.asp).

8.2.1 Government Control and Regulation

The VNAT manages Vietnam's tourism sector at the national level, through a hierarchical state management system. Policy-making, regulation, guidance, training, the granting of business permits and the dissemination of knowledge, information and expertise to all types of tourism enterprises in Vietnam are among the VNAT's responsibilities. About 80 per cent of respondents to a recent survey of tour operators in Vietnam reported that they had a relationship with the VNAT, although the same document reported that most operators saw the VNAT as a source of bother rather than support (National Survey of Tour Operators, 1999: 54). There is also a Hotel Management Department within the VNAT, which serves as "an advisory body that helps the Director General fulfil the role of state management on activities of doing business with hotels by different economic sectors, agencies, organisations, resident Vietnamese citizens, as well as by foreign organisations, individuals engaged in doing business with hotels in Vietnam" (<http://www.vietnam-tourism.com>).

The 1994 government decree 09/CP defined tourist enterprises to include those businesses organising travel programmes for tourists, providing transportation, offering tourist accommodation, food, entertainment and goods as well as ancillary services such as tourist advertisement and consultancies for tourism investment. The responsibilities of these firms, as iterated in the same document, include following the stipulations of their business license, ensuring that they conduct tourists in a way conducive to "political security, social order and safety, ecological environment, natural resources and traditional culture", complying with the Ordinance on Accounting and Statistics and abiding by all other duties to the State, including taxation rules (Legal Document: 09/CP, February 5, 1994). All tourism enterprises, domestic and foreign-run, are required by the Tourism Ordinance to officially register

as a 'tourist company', for which certain qualitative criteria are laid out (Draft Report, 2001: 162-3).

A 1999 Ordinance on Tourism sets requirements for permitting operators to offer international package tours, including the payment of an escrow to the government and having guides who are in possession of a tourist guide certificate allowing them to act as guides for international tourists. Enterprises licensed to serve international tourists are allowed to offer tours to domestic groups as well (Ordinance on Tourism, 8 February 1999, Article 30). It was also stated that firms pursuing tourism business illegally or without a license, or individuals acting as tour guides without a certificate, could be prosecuted as criminals and fined for damages (ibid: Article 51).

Despite a concerted effort at administrative reform (Tran Hoang Kim, 1996: 248), Vietnamese government bureaucracy is still characterised by inefficiency, corruption and lack of clarity, and administrative procedures such as obtaining a license often require collecting various stamps, and paying various bribes, at many different offices. The 1996 trial-basis implementation of the UNDP-supported 'one stop, one stamp' reform in several districts of Ho Chi Minh City failed because of non-cooperation by the government departments involved (Gainsborough, 2002: 361-2). Tour operators complain of unclear and uneven regulation and taxation enforcement by different local government regulatory bodies, allowing for monopolies, unfettered competition and development to the detriment of local culture and environment, as well as fraudulent companies registering as tourism operators although their business does not serve the tourism trade (National Survey of Tour Operators, 1999: 32).

According to the 2001 'Decree on Conducting Tours and Tourist Guides', companies wishing to conduct domestic tours must have VND 50 million (as of 2004, one US dollar was worth around VND 15,000) as a security deposit, a tourism business plan and a legal business registration. These firms may open branch offices, join associations and advertise their services. Overseas Vietnamese visiting Vietnam are included among the 'domestic' tourists that these firms may serve. Tour operators are required to notify the tourism administration of the date of commencing business operations and are forbidden from allowing any other firm or person to conduct tours

under their name. Companies wishing to conduct tours for foreigners must obtain an international tour operator license and business registration, have a security deposit of VND 250 million and employ at least three guides who hold a tour guide card (Decree on Conducting Tours and Tourist Guides, 5 June 2001, Articles 4-6).

Because it is a developing nation, Vietnam is reliant on foreign investment for much of its tourism development. The nearly-bankrupt Vietnamese government is not able to provide much of the required investment capital itself (Mok and Lam, 1997). The State Committee for Cooperation and Investment (SCCI), founded in 1989, is responsible for encouraging foreign investment in five priority sectors, of which tourism is one. While a necessary and enticing source of funds for development, foreign investment, if not regulated, can bring dire economic and social consequences. Government bodies and officials at all levels do not possess the knowledge and experience to skilfully regulate such investment in order to optimise the balance between benefits and risks and have not been able to keep up with the fast pace of development since *doi moi* (Elliot, 1997: 227-232). Vietnam's business legislation is perceived as inadequate for the current condition of the country's market. Application and permit processes are overly complicated, regulations change without notice and business agreements cannot be guaranteed even with a signed contract (Reuters, 1995, quoted in Mok and Lam, 1997).

8.2.2 Decentralisation in the Tourism Sector

The Vietnamese government plays various roles in the tourism sector such as setting regulations and classification criteria, conducting research, owning and operating hotels and joint venturing with foreign investors. Currently, some policies are being changed to allow more decentralisation of state influence. Uniformity is no longer perceived to serve the best interest of the tourism industry or its stakeholders and the central government has been handing over control to the provinces in some areas of tourism which were previously controlled by central government agencies. For instance, the VNAT is no longer involved in the licensing of tourism transport operators, which was previously the joint responsibility of the VNAT and the local Ministry of Transport (Draft Report, 2001: 158-159).

Although Article 3 of Vietnam's 1999 Tourism Ordinance calls for a uniform national tourism regulation policy across the entire country, the Ordinance serves primarily to allocate power and duties to different governmental sectors, without prescribing the ways in which lower-level governmental bodies should carry out the responsibilities delegated to them. There are no mechanisms in place whereby the VNAT may closely supervise or control the fulfilment of the Tourism Ordinance's criteria and the VNAT is dependent on intermediary inspectorates to carry out quality control.

Tourism activities in each of Vietnam's 64 provinces are administered either by the province's Department of Tourism, Department of Trade or Department of Tourism and Trade, depending on the significance of the tourism industry in the province. Tourism is usually combined with trade in a Department of Tourism and Trade in provinces lacking many great attractions or tourism activities (Interview, Director, Tourism Department, VNAT, 2004). A large number of provinces set their own regulations regarding tourism, inevitably resulting in variations in scope and emphasis, and some inconsistencies in quality and standards. As of 2001, forty-four of the provinces had their own Departments of Tourism (Draft Report, 2001: 158). Despite Vietnam's nominal status as a 'centrally-planned' economy, in reality regional authorities have always been accustomed to a high degree of autonomy from central control and the imposition of national plans has always been stifled by resistance at the local level. Thus, the legislation of national policy by no means guarantees enforcement by lower levels of government (Elliott, 1997: 232).

Alluding to examples of tourism regulation in other countries, the 2001 Draft Report recommended that a study be carried out to determine whether this loose and superficial form of central control was having a detrimental effect on the quality of Vietnam's tourism enterprises (Draft Report, 2001: 158, 163). A more recent VNAT document points out a lack of synchronisation of planning and investment in different sectors and regions and overlapping of rights of ownership and authorization that complicate and slow down development. The document finds that, parallel to decentralisation of some facets of tourism administration, there are reasons for the strengthening of central planning in other facets. It makes a case for more macro-level

planning to optimise resource use and competitiveness (Overview of Vietnam Tourism, n/d: 5-6).

8.2.3 Tourism Organisations and Associations

In order to encourage the development of a market economy and to fill the regulatory and organisational vacuum left by the government's withdrawal from many facets of business regulation, the Vietnamese government encourages the creation of professional enterprise trade associations. As of 2001, though, there was no updated law pertaining to associations and few well-established trade associations. Those associations that existed were found to be government-sponsored and were linked to local political bodies rather than national mutual-interest associations of independent businesses. Professional associations in tourism in Vietnam often take the form of 'enterprise clubs' which do not serve the functions of trade associations. 'Enterprise-driven' associations for travel agencies, tour guides and tour operators, as recommended by the Draft Report, would have a nested-hierarchy that linked the national and tourism-zone-based regional levels. Small private hotels, whose interests are primarily local, would organise locally, with ties to the national hotel association (Draft Report, 2001: 156, 166).

8.2.4 Involvement of Foreign and International Bodies

The development of Vietnam's tourism industry has been assisted by international organisations such as the UNDP and WTO. Prior to 1991, Vietnam had never had a tourism development strategy (Tourism Development Master Plan, 1991: 1). The first Tourism Development Master Plan was prepared by the UNDP and WTO in 1990, and dealt with issues such as a marketing plan, demand forecasts, recommendations for hotels, an assessment of the economic effects of tourism in the country and strategies for transportation and for staff training.

In 1994, the Vietnamese government prepared the Master Plan on Tourism Development in Vietnam for 1995-2010. The Plan, which was formally adopted in 1995, assessed the tourism situation in Vietnam, proposed objectives and strategies

for tourism development and forecasted tourist numbers and accommodation needs. In 2000, the Plan was revised as the 'Revised Master Plan for Sustainable Tourism Development in Vietnam', financed by the UNDP and executed by WTO. The revised Plan pertains to the period of 2001-2010 though some of the development policies and strategies could be applied until 2020 or longer.

The first ever tourism law in Vietnam was still being drafted as of the end of 2004. The bodies involved in the draft of the tourism law are the VNAT, the WTO and an NGO called the SNV Netherlands Development Organisation. In May 2004, the Second Draft Tourism Law: Recommendation for Change was issued by the WTO. The report assesses Vietnam tourism with regard to issues of the general legal framework, consultation with stakeholders and an analysis of the Second Draft Tourism Law and the New Draft Law prepared by the WTO Consultant. The report also provided recommendations such as a tourism licensing system and the need to strengthen the capacity of the VNAT to carry out and enforce the recommendations of this framework (The Second Draft Tourism Law: Recommendations for Change, 2004).

Regional organisations also provide support for Vietnam tourism by providing a forum for dissemination of experience. Other ASEAN member countries with more developed tourism industries are a source of help and information for Vietnam's tourism development and state tourism bodies like the VNAT and Saigontourist send representatives to ASEAN meetings (Interview, Director of Marketing, Exotissimo, 2004).

The Asian Development Bank (ADB) has been an important factor in Vietnam's transition, providing both knowledge and financial support. Vietnam has been a member of the ADB since the institution's beginning in 1966 (www.adb.org/VRM/10yr_op.asp). In March, 2003, the ADB agreed to a loan of US\$8.5 million to the government of Vietnam for tourism development in the lower Mekong River Basin, including the development of infrastructure, community-based tourism, the encouragement of private-sector involvement in tourism marketing and

promotion and easing of border crossing (http://www.adb.org/documents/news/vrm/vrm_200306.asp).

The ADB's Working Group on Greater Mekong Subregion Tourism Sector was set up in 1994 to facilitate cooperation between the Greater Mekong Subregion (GMS) countries' national tourism organisations and other stakeholders in the region's tourism sector (www.visit-mekong.com/welcome/message_adb.htm). At the first GMS summit in November, 2002, the members asked the ADB for assistance in assessing the idea of a GMS-wide visa, similar to the Schengen Visa in Europe. An "Initiating Paper" for this proposal was issued by the ADB in February, 2004 (www.adb.org/GMS/Projects/devmatrix.asp?fl=11; Project/TA Concept Profile). The GMS Cross-Border Transport Agreement of February 2005, also drafted with the assistance of the ADB, allows for the simplification of regulations and the removal of "non-physical barriers" to transport between GMS member states (Facilitation of the Cross-Border Transport of Goods and People in the Greater Mekong Subregion, 2005). Progress in the area of regional integration is important for the development of Vietnam's tourism sector.

8.2.5 Staffing Issues

According to the VNAT, in 1991 there were 20,000 people directly employed in the tourism industry in Vietnam, compared to 88,500 in 1995 and 220,000 in 2002, an increase of a thousand per cent in a decade. Indirect employees were estimated at around 450,000 (Cooper, 1997: 59; Overview of Vietnam Tourism, VNAT, n/d). By the year 2010, it is expected that more than 1.4 million people will be employed in the tourism industry either directly or indirectly and by 2010, of whom 350,000 will be directly employed in the tourism sector (Summary of Vietnam Tourism, VNAT, 2004). Tran Kiem Luu and Mai Kim Dinh set an even higher prediction of 560,000 employees involved in the tourism and hospitality industry by 2010 (1997: 61). As with all statistics in Vietnam, inconsistencies in staffing statistics are common. For example, although the VNAT 'Overview of Vietnam Tourism' tallied 220,000 employees directly involved in tourism in 2002, the 'Summary of Vietnam Tourism',

also published by the VNAT in 2004, predicted 220,000 direct tourism employees by 2005.

The VNAT has admitted that even though the number of tourism employees has increased in quantity, quality is still lacking. There is still an employee shortage for hotel, marketing and reception jobs in tourism (Overview of Vietnam Tourism, VNAT, n/d). Especially in the hotel sector, a lack of skilled labour is the key limiting factor recognised by the VNAT. For instance, reception staff are not up to standard and foreign language proficiency level is rather low, even among managers. Managerial staff were also found to possess limited knowledge of information technology and a limited familiarity with the psychology of foreign tourists (Draft Report, 2001: 148). Only 7 per cent of tourism direct employees have a university degree and the VNAT has expressed an urgent need for tourism staff training (Overview of Vietnam Tourism, VNAT, n/d). In 1997 there was no government funding for training or incentives in the tourism industry and all staff were trained exclusively on-the-job. In all, only 50 per cent were found to have received any substantial training at all (Cooper, 1997: 59). A 1999 tour operator survey identified deficiencies in “the general service-mindedness and professionalism among the people involved in the tourism business” as a barrier to maintaining prestige and encouraging tourism (National Survey of Tour Operators in Vietnam, 1999: 58). Despite Vietnamese workers’ unfamiliarity with foreign tourists, Magnier noted that new hotel owners in Vietnam were satisfied with Vietnamese workers’ innate hospitality and integrity and aptitude for quick learning (Magnier, 1992b). Company slogans were discovered to have a high degree of success in inspiring Vietnamese workers, possibly because they are accustomed to taking motivation from socialist slogans (ibid).

8.2.6 Guides

The VNAT ‘National Tourism Action Program in the Period of 2002-2005’ aimed at training and re-training professionals in tourism, creating special tourism schools and educating tourism staff to address the expectations of the international market (www.vietnam-tourism.com). In 2001, the VNAT issued a decree laying out rules for

the certification of tour guides. The only significant aspect in which the VNAT rules varied from international standards was in the omission of a ban on self-employed guides as it was felt that such a rule would be unfair and that it would be impossible to enforce a requirement that all guides work for a registered tourism company (Draft Report, 2001: 163).

In order to serve as a guide for foreign tourists, a person must obtain a tourist guide certificate, which requires Vietnamese citizenship, “good moral and ethics”, good health, proficiency in a foreign language and either a university degree in a tourism-related field or a university degree in another field plus a certificate of tourist guiding training or retraining (Ordinance on Tourism, 8 February 1999: Article 332). They must also reside in Vietnam permanently and have full legal capacity (Decree on Conducting Tours and Tourist Guides, 2001: Article 13). Despite training, it was estimated in 2002 that fewer than half of Ho Chi Minh City’s 900 guides had official qualifications (HCM City Tourism Loses its Way with Qualified Guides in Short Supply, 2002). A 2004 inspection of Ho Chi Minh City tour agencies revealed forty companies employing guides without government certificates, prompting complaints from tourism officials that the requirements for a certificate are too strict. Even non-university tourism school diplomas are not recognised by the VNAT. Temporary cards were issued to practicing guides who satisfied certain minimum requirements (City to Relax Tour Guide Requirements, 2004).

8.2.7 Training

Most tourist guides in Vietnam have professional training. Forty-seven per cent have graduated from a Faculty of Tourism – at either Hanoi Open University, the National University or the National Economic University – and 11 per cent have a degree from a foreign language university. The VNAT, tourism vocational schools and the tourism employers themselves also provide training. For instance, history professors or other knowledgeable people are invited by some firms to brief their employees. When queried, many tour operators saw staff quality as an important area for improvement, including the training of employees in foreign languages, professional skills and service skills. An influx of young people, both as guides and as management

personnel, was perceived as important in order to ensure constant infusion of current knowledge, enthusiasm and aptitude for learning (National Survey of Tour Operators, 1999: 16-17). Most companies in Vietnam feel compelled to offer in-house training, which is usually relatively unstructured and in the form of on-the-job learning-by-example (Cooper, 1996: 117) which would not be expected to have a high theoretical or reflective content. There is a shortage of tour guides who can speak Japanese, Korean and Chinese. Eighty-eight certified Japanese-speaking tour guides in Vietnam serve 150,000 Japanese visitors annually and there are 170,000 Taiwanese tourists as opposed to only 173 Chinese-speaking guides. As of 2004, there was only one certified Korean-speaking guide and 90,000 Korean tourists in Ho Chi Minh City (City to Relax Tour Guide Requirements, 2004).

The first tourism economics courses were set up at both the National Economics University in Hanoi and the Economics University in Ho Chi Minh City in 1989, in order to train people to function at the management level in tourism enterprises (Weiermair and Ha, 1996: 175). At the beginning of the 2000s, there were 24 universities and colleges with tourism department and divisions, and 22 tourism vocational schools and tourism training centres (Overview of Vietnam Tourism, VNAT, n/d). The Luxembourg government financially supported tourism schools in Ho Chi Minh City, Hanoi, Vung Tau and Hue to equip facilities and train the vocational trainers. However, the available pool of teachers and trainers does not yet meet the demands of the tourism industry (ibid). According to various interviewees from both state-owned and private-owned hotels, students from vocational schools do not live up to the expectations of hotel managements. Already in 1991, the Tourism Development Master Plan had addressed the problem of the motivation of hotel employees, finding that there were no incentives or bonuses to motivate workers to work harder or better (1991: 42).

8.3 Overview Accommodation

French-style accommodation and gastronomy attracted tourists to pre-War Vietnam. Much of the physical infrastructure of the colonial tourism facilities suffered physical

damage in the War, and the demand for luxurious accommodation was much less after the War than in the colonial era, due to the low buying power of the domestic tour groups and Eastern European visitors who accounted for the majority of Vietnam's tourists after the reunification. Consequently, between 1975 and 1988, the significance of French accommodation and cuisine declined to a great extent (EIU, 1993: 62). The old resorts built during the French era had been aimed primarily at weekend breaks or very short stays, inspired by middle-class European models. These hotels were declared inappropriate for the international tourists who began to return after 1986, due to their lack of integrated entertainment or recreation facilities to supplement room and board (Tourism Development Master Plan, 1991: 22). Consequently, some existing hotels were transformed to different uses or allowed to fall into bad repair.

Thus, at the beginning of the 1990s, accommodation of international standard in Vietnam was very limited (Draft Report, 2001: 39). The EIU reported that in 1989 there were 18,877 accommodation rooms in Vietnam (1993: 69), but a UNDP and WTO document identified only 1,565 rooms that met international standards in 1990 (Tourism Development Master Plan, 1991: 20). Confusingly, Theuns quotes figures, based on UNDP and WTO documents, that declare 4,404 international standard rooms already in 1989 (Theuns, 1997: 308). Other authors cite the Information Centre of the State Committee as acknowledging only 4,000 rooms of international standard four years later, in 1993 (Lam and Mok, 1996: 32) or referred to the "most common figure" of 2,500 international standard rooms in 1992 (Travel Business Analyst, 1992: 21). The problem of lack of accurate data on tourism in Vietnam has been mentioned by many scholars (EIU 1993, Theuns, 1997, Biles, et al, 1999). This is compounded by the absence of an official system and protocol for recording, updating or keeping an inventory of accommodation in Vietnam and ongoing lack of clarity regarding criteria for 'international standard' rooms (Travel Business Analyst, 1992: 21). The 'Revised National Tourism Development Plan for Vietnam 2001-2010: Draft Report' prepared by UNDP/WTO pointed out the existence of discrepancies in data on the number of hotels rooms and anomalies between published data on rooms, occupancy levels and number of tourists (2001: 44). The difficulties caused by inaccurate, unreliable or incomplete data has already been discussed in the chapter on

methodology. Because discrepant data is a common barrier when doing research in Vietnam, the author will focus on trends in tourism development without putting trust or emphasis on the accuracy of the absolute figures.

The accommodation shortage at the beginning of the 1990s made it possible for five-star joint venture hotels such as the Century Saigon to charge US\$ 200 per night, while a visitor could pay US\$ 300 for a room at the Saigon Floating Hotel. Even with these expensive prices, the room occupancy rate was very high and potential visitors to Vietnam were warned to make prior reservations (Foreign Investors and Their Opportunities in Vietnam, 1991: 19; Antoine, 1992). The Floating Hotel's General Manager at the time reported occupancy rates between 80 and 100 per cent consistently for two years (McKinnon, 1993: 17). The Pullman Metropole Hotel in Hanoi, reopened in 1992, reported an average occupancy rate of 90 per cent (Antoine, 1992). Around 1996, the overall hotel occupancy rate in Hanoi was 85-90 per cent (Theuns, 1997: 308). In 1993 government plans to increase the number of international standard rooms in Vietnam from 4,000 to 9,000 by the end of 1995 were deemed insufficient to meet the requirements of the expected tourism growth in that time, as the number of tourists by 1994 had already reached a million, double the number forecast by the government (Lam and Mok, 1996: 32). The Vietnamese Investment Review, quoted in McDowell, reported that a number of Vietnamese tour agencies would sell package tours during these years without even having the necessary hotel rooms available (McDowell, 1994). However, these high occupancy rates apparently applied only to Hanoi and Ho Chi Minh City, as lack of proper tourism planning allowed over-development of accommodation provisions in some areas at the same time that Vietnam's two biggest cities were experiencing a severe shortage. Haiphong, for example, reported low occupancy rates during the same period (EIU, 1993: 68) and Theuns has written that parts of the country away from Hanoi and Ho Chi Minh City had average occupancy rates of about 20-50 per cent (1997: 308).

In May 1997, for the first time since *doi moi*, there was a drop in hotel occupancy rates in Vietnam. Occupancy fell to 52 per cent in Hanoi and 48 per cent in Ho Chi Minh City (Lamb quoted in Biles, et al, 1999: 18). According to the Viet Nam News,

though, the hotel occupancy rate had actually started to decline to a low of 40-45 per cent in state-owned hotels and 25-30 per cent in private hotels from January to September 1996 (quoted in Logan, 1997:175). Another source mentions that occupancy rates in four-star and five-star hotels were only 40 per cent in 1997 and fell to 20 per cent in 1998 (Vietnam-Hotel Business Still Slipping, 1998). The fall in room occupancy resulted in the bankruptcies of many smaller private-owned hotels (Biles et al, 1999: 18). The Asian economic crisis, a lack of attractions in the cities, a low return tourist rate, complicated visa procedures and poor transport all contributed to this declining trend (Logan, 1997: 175).

Hotel rooms in Vietnam have been in oversupply since this time. Occupancy of hotels in Vietnam is restricted in part by 'bottlenecks' in the transport system. The General Manager of the Hilton Hanoi Opera Hotel, Wibo Wilmink, blamed a shortage of international flights into Hanoi, and the comparatively high price of those incoming flights that do exist, for stagnation in demand for Hanoi's 3,000 five-star standard rooms. Despite a halving of average deluxe room rates from the original target of US\$ 135 - 150 to as low as US\$ 65 per night, the occupancy rate for five-star hotels had risen only to 60 per cent (Ngoc Son, 2001). According to a senior official of the Foreign Investment Agency of MPI, however, Vietnam still does not have enough rooms to meet the demand brought by such events as the recent ASEAN summit, which took place in Hanoi in September 2004 (Interview, Senior Official, Foreign Investment Agency, MPI, 2004).

In 2000, there were 55,760 international standard rooms in hotels in Vietnam compared to 13,055 in 1992: a significant increase of over 320 per cent. The growth in accommodation has kept pace with the increase in tourist arrival numbers, which reached 2,428,735 in 2003. Consequently, according to the VNAT, in 2002, the room occupancy rate still averaged 45 per cent (www.vietnamtourism.com). In 2004, it was forecast that Vietnam would have 80,000 rooms by 2005 and 130,000 by 2010 (Summary of Vietnam Tourism, VNAT, 2004).

The highest concentrations of hotel facilities in Vietnam are in Ho Chi Minh City and Hanoi. In 1999, there were 555 hotels in Ho Chi Minh City and 371 hotels in Hanoi

(Revision of National Tourism Plan of Vietnam for Sustainable Development, 2000: 20). In 2002, Vietnam had a total of fourteen five-star hotels, six of which were in Ho Chi Minh City and another six in Hanoi (Document obtained from VNAT, personal communication).

As stated in the Draft Report, most accommodation facilities in Vietnam were traditionally state-owned, with the VNAT, provincial and city tourism enterprises and various ministries and state agencies running the majority of hotels (2001: 40). According to data received from General Statistical Office in Hanoi, the number of hotels owned by private enterprises now surpasses the number of state-owned hotels. For example, in 2000, there were 2,846 hotels in Vietnam, of which 867 were owned by state enterprises, 257 by joint ventures and 1,722 by private enterprises (Document obtained from General Statistical Office (GSO), personal communication). Data obtained from the VNAT and GSO shows that state enterprise ownership still prevails among hotels with star-rating status, but not in the hotel sector as a whole. Underreporting of room provisions is also more prevalent among private-owned accommodation. Nicholson estimated that the private sector hotel rooms in Bai Chay, Halong Bay, may have been underestimated by as much as 60 per cent because of rooms which were not reported to avoid taxation (Nicholson, 1997: 30).

8.3.1 Categorisation and Registration Scheme for Accommodation

A grading system for hotels was among the legal regulations for tourism accommodation passed in 1992, but the 'star' system of hotel classification was not put into actual practice by the VNAT until 1994 (Interview, Senior Expert, Hotel Department, VNAT, 2004). The current system applies only to hotels catering to foreign tourists and is based on a ranking of one to five stars. Although hotels are required to be graded, a lack of VNAT staff is hindering the full implementation of the system (Draft Report, 2001: 41).

According to Article 14 of Government Decree No. 39/2000/ND-CB, dated 24 August 2000, the VNAT is responsible for tourist residences in the whole of Vietnam. The VNAT is in charge of guiding provinces in implementing the planning and

development of tourist residences and classifying tourist residences in the three-star to five-star range. Article 15 of the same document declares that provincial and municipal governments are responsible for coordinating with the VNAT in the planning and development of tourist residences, certifying residences that satisfy certain minimum standards and classifying one-star and two-star category hotels.

There is a requirement to have a comprehensive registration system with a single authority in order to be able to identify and effectively monitor the hotel stock of Vietnam. Hotels are obliged to register with their local provincial or city authority, which is required to inform the VNAT of all registrations (Interview, Senior Expert, Hotel Department, VNAT, 2004), but not all provincial agencies follow the regulation. Smaller “mini hotels” are requested to register with their local office of the Ministry of Trade, but the data are not always available to the VNAT. (Draft Report, 2001:40).

There is no grading system for local hotels catering primarily to domestic tourists, though they are required to register with their local authority. A three-level categorisation scheme for such hotels has been recommended, in order to maintain an accurate database of Vietnam’s stock of accommodation and to provide operators with motivation to maintain and improve their facilities (Draft Report, 2001: 41). No trade association exists for hotel operators in Vietnam. A proposed government-sponsored association was never adopted and the government has recently proposed that the industry form its own association (ibid: 41-42).

8.4 Overview Tour Operators

There were 390 registered tour operators in Vietnam in 1999, 165 of which were state-owned, 217 private and 8 joint ventures. As of 1999, the average length of operation for state-owned tourism enterprises was 11 years. Private and joint venture companies, which have only been allowed since *doi moi*, had been operating an average of 3.4 and 4 years respectively. The comparative longevity of state-run operators, combined with their economies of scale and good credit standing, allow

each of them to serve tens of thousands of customers yearly, whereas the annual customer volume of private or joint-venture run operators remained at five to six thousand. However, the average income of VND 11.84 billion for private companies and 46.67 billion for joint ventures, as compared to 23.25 billion for state-owned companies, reveals that government enterprises are by far the least economically effective of the three models. Tourists travelling as groups account for 61.2 per cent of customers for tour operators. Only 22.6 per cent of individual travellers in Vietnam join organised tours. Sixty four per cent of joint venture operators' clients and 58.3 per cent of customers of state-owned tour businesses are part of a tour group, while private operators are patronised almost exclusively by independent tourists (National Survey of Tour Operators, 1999: 7-10).

In 1993, forty-seven of Vietnam's 354 legally-registered tour companies were licensed to serve foreigners (Lam and Mok, 1996: 32). To apply for such a license, which is valid for three years, an agency must post a bond of US\$ 25,000, employ qualified staff and serve 2,000 or more customers by its second year of operation. However, 50 of the 65 licensed operators in 1995 had less than the required 2,000 customers (Travel Business Analyst, 1995: 27). By 2001, 109 tour operators – based mostly in the urban centres – were officially licensed to serve foreign tourists in Vietnam and it was estimated that nearly as many were serving this market without a license. Many of these businesses took the form of cafes or hotels offering budget tours. Over 250 were licensed to cater to domestic tourists (Draft Report, 2001: 47).

Although a variety of tour packages is offered by tour operators in Vietnam, a lack of destination marketing by the VNAT or other tourism authorities causes demand among foreign tourists to Vietnam to be focused on a small number of standard tours, leading individual tour operators to undertake their own marketing campaign to make up for the lack of promulgation of information on the country as a tourism destination. This leads to redundancy and brings extra expenses for tourism operators, while lacking the clarity or effectiveness of a concerted national campaign (Draft Report, 2001: 47). Only state-run companies with international licences, such as Saigontourism, Vietnamtourism and Hanoitourism, are allowed to do marketing and advertising outside Vietnam (Biles et al, 1999: 17).

Developing new tours and improving existing itineraries are seen by most travel companies in Vietnam as important priorities, apparently most prevalently among joint-venture companies. However, these plans are often hindered by a lack of finances and know-how, difficulties in collaborating with locals and poor facilities and infrastructure (National Survey of Tour Operators, 1999: 12).

8.5 FDI/Joint Ventures in Accommodation and Tour Operators

8.5.1 FDI/Joint Ventures in Vietnam

The December 29, 1987 Law on Foreign Investment opened the Vietnamese market to investment by foreign firms and persons and guaranteed them rights of ownership and fair treatment including freedom from expropriation and nationalisation of assets. The duration of foreign investment in a project was limited to 20 years. Foreign investment was allowed in all economic sectors but specifically encouraged in several specific niches, among them 'foreign exchange earning services' such as ship repair, air- and seaport services and tourism (Theuns, 1997: 312). Foreign firms were to be liable to pay tax on their profits at a rate of between five and ten per cent, though tax exemption could be granted in special cases to encourage investment (Law on Foreign Investment, 1987: Article 33). The only areas from which foreign investment was explicitly excluded by the Law on Foreign Investment are those related to national security (Wayne and Lejeune, 1996: 203).

A June 30, 1990 amendment to the 1987 Law made it possible for private joint-stock limited liability organisations to enter into joint ventures with foreign firms for the first time. This provision was extended by a second amendment on December 23, 1992 to include private companies. This same amendment extended the maximum allowable duration of operation of foreign-funded firms in Vietnam to 70 years. Vietnamese partners are allowed to contribute only 25 to 30 per cent of the capital for such projects, with a provision for a gradual increase in capital share over time (Le Van Sang, 1995: 121). Other amendments followed in 1996 and 2000. In 1996, the

Foreign Investment Agency carried out its first study and SWOT analysis comparing Vietnam's investment law to other countries in an effort to learn how Vietnam could attract more FDI. Before this, no need was seen for surveys or research (Interview, Senior Official, Foreign Investment Agency, MPI, 2004). As of the beginning of 1995, the biggest foreign investors in Vietnam were east Asian countries including: 1) Taiwan, 2) Hong Kong, 3) Japan, 4) Singapore and 5) South Korea (State Committee for Cooperation and Investment (SCCI), cited in Lam and Mok, 1996: 31). In order to encourage investors from countries from outside the region, in 1998 the Agency carried out a promotion campaign in European countries for investment in Vietnam (Interview, Senior Official, Foreign Investment Agency, MPI, 2004).

8.5.2 FDI/Joint Ventures in Tourism

FDI is said to account for 600,000 jobs in Vietnam (ibid). In order to encourage opportunities for transfer of capital and expertise, the law favours joint ventures over the other models of foreign investment (Ngo Ba Thanh, 1993: 95). By 2000, 182 of the 194 foreign-invested hotel and tourism projects were joint ventures, with 6 each of 100 per cent foreign-funded projects and business cooperation contracts. A 1999 ruling allowed foreign investors to own a stake of up to 30 per cent in so-called 'equitized' state-owned enterprises in several sectors, including hotels (Foreigners Can Buy Stakes in Equitized State Companies, 1999).

FDI in tourism in Vietnam grew from US\$ 7.4 million (2 per cent of total FDI) in 1988 to US\$ 1.9 billion (30.7 per cent of total FDI) in 1995, increasing by around 100 per cent yearly. The number of projects remained more or less constant, but the average size of projects undertaken grew steadily from year to year, from US\$ 1.4 million in 1988 to US\$ 66.7 million in 1995. An increase in the average duration of tourism FDI projects from 9 years to 27 years over the same period reflects the growth in the size of projects undertaken and also indicates an increase in investor confidence in the Vietnam tourism market. Accounting for US\$ 1.3 billion in funds, Taiwan was by far the source of the most investment in Vietnamese tourism in the eight years from 1988 to 1995 (Erramilli, et al, 1997: 277-278).

8.5.3 FDI/Joint Ventures in Accommodation Sector

As mentioned already, a lack of hotel rooms posed a barrier to the 1990 “Visit Vietnam Year” initiative, intended to encourage tourism in the country. Since the Vietnamese government and domestic sector lacked the knowledge and financial wherewithal to develop a progressive hospitality sector unassisted, the State Committee for Cooperation and Investment (SCCI) looked favourably on granting approval to foreign investment proposals for hotel development (EIU, 1993: 63). Big foreign hotel chains also attracted their own loyal customers to Vietnam, bringing foreign exchange income into the country (Interview, Senior Official, Foreign Investment Agency, MPI, 2004). Priority was put on refurbishing existing hotels to raise their standards (ibid: 70). Hotel renovations were among the largest joint venture projects in terms of funds invested (Theuns, 1997: 314).

Hotel development accounted for most of the tourism FDI in each of these years, ranging from 57.5 per cent to 99.4 per cent of the yearly total (Erramilli, et al, 1997: 280). Hotel development was one of three major investment areas that together made up 83 per cent of total foreign investment in 1992 (the other two were industry and oil/gas) (EIU, 1993: 63). By 2004, 239 FDI tourism projects had been registered in Vietnam, with total capital of US\$ 6.1 billion, including 13 projects with US\$ 64.7 million in foreign investment in 2003 alone (The Saigon Times Daily, Friday May 7, 2004).

For as long as FDI has been permitted in the Vietnamese accommodation sector, joint-venture hotels have played a driving role in raising standards, scale and prices in Vietnam’s hospitality industry in general.

Constructed on a barge in Australia and towed to Ho Chi Minh City, the 200-room Saigon Floating Hotel was opened in December 1989 by Southern Pacific Hotels as a joint venture between Australian and Filipino interests and the Vietnamese Overseas Finance and Trade Corporation (OCFC) (Abbott and Abbott, 1996: 193; Travel Business Analyst, 1992: 19), becoming the only five-star international standard hotel in the city. Many of the hotel’s facilities and features, such as international direct dial

phone lines, international booking, a business centre and credit card facilities, were unique in Ho Chi Minh City. By 1990, three-quarters of the hotel's rooms were rented by foreigners on a long-stay basis (Saigon Tourist and Saigon Tourist Association, 1990: 31, EIU, 1993: 68). The OCFC functioned as the 'facilitator' to help the project over bureaucratic hurdles and received full power of attorney for the project plus an annual fee of US\$ 750,000 and 15 per cent of profits (Travel Business Analyst, 1992: 20). The waterborne structure evaded the ban on foreign ownership of land and became an instant sensation in the city, although Vietnamese were not allowed to enter. When it first opened, people set up seats on the bank and charged VND 500 per half-hour for a place to sit and watch the hotel (Biles, et al, 1999: 224). The Floating Hotel ceased operating in August 1996 and was towed to a dry dock in Singapore (<http://www.kurtwalter.net/the-saigon-floating-hotel.htm>)

The joint venture Century Saigon Hotel opened on July 29, 1992 and had a 75 per cent occupancy rate in its first six months. The hotel's initial average room rate (ARR) was US\$ 108, comparable to the Floating Hotel's concurrent ARR of US\$ 110. In comparison, the Rex Hotel charged US\$ 60 per night, the Continental US\$ 85, the Saigon Star US\$ 78, the Norfolk US\$ 75 and the Chains First Hotel US\$ 43 (Militante, 1993). Century International Hotels targeted an ARR of US\$ 123 for 1993 and US\$ 138 for 1994 (ibid) and indeed the lack of four and five-star accommodation in Vietnam in the early 1990s allowed hotels in this class to charge room rates of around US\$ 150 by 1993 (Michael, 1993).

The New World Saigon Hotel, constructed by a joint venture between a state-owned enterprise and a Hong Kong investor, opened in 1994. With 552 rooms in its 14 storeys, it was the largest hotel in Vietnam and boasted quite possibly the first escalators in the city. The project was self-financed, thus circumventing the ban on syndicated loans imposed by the US trade embargo. Three-quarters of the US\$ 62.5 million budget was contributed by the Hong Kong investor New World, with Saigontourist Holding Company covering the balance (Michael, 1993).

By 2001, most of the large international hotel chains had opened hotels in Vietnam, with many of the hotels in the biggest cities being operated by Vietnamese/foreign

joint ventures (Revised National Tourism Development Plan for Vietnam 2001-2010, 2001: 41). As of 2004, a group of seven US investors was planning to build a theme park and a US\$ 1 billion five-star international standard resort in the town of Phan Thiet, on the coast 300 kilometres from Ho Chi Minh City (<http://www.vietnam-tourism.com>).

Foreign partners in joint-venture hotel projects have been active in encouraging the government to take a progressive stance on other facets of the tourism sector. For instance, as mentioned in the preceding chapter, organisations such as the European Chamber of Commerce, the American Chamber of Commerce and the Hotel Association in Ho Chi Minh City were instrumental in persuading the government to lift visa requirements for Japanese tourists to encourage foreign investment by boosting traffic, and are currently working on similar initiatives for American and European visitors (Interview, General Manager, Omni Saigon Hotel, 2004).

Although unable to contribute much in the way of capital, Vietnamese partners in joint ventures will contribute in other ways. All land is owned by the Vietnamese central government but can be leased, though buildings on the land may be privately owned. Vietnamese interests will often provide the land for joint venture projects. Sometimes government departments will enter into joint ventures with foreign firms by making land under their control available for development. The Pullman Metropole Hotel in Hanoi was upgraded to four-star status by a French/Japanese joint venture in which the Vietnamese building contractor Jeals received a 20 per cent share in exchange for contributing construction labour and materials (EIU, 1993: 69-70). Domestic partners are also more familiar with navigating the Vietnamese bureaucracy and legal processes and more able to anticipate and adapt to the rapid changes that characterise transition-era Vietnam (Magnier, 1992a).

An 'unwritten law' which gives the minority shareholder the equal control and rights as the majority partner gives Vietnamese firms an added incentive to team up with foreign investors. The inequity of this provision is one of a number of difficulties met by foreign firms wishing to enter into joint ventures in Vietnam. Once the firm has surmounted the initial hurdle of finding an appropriate local partner, an agreement

must be reached that satisfies not only the two partners, but also the government, which may demand substantial revisions before granting approval (Militante, 1993). Even when an agreement is reached with the national-level governmental bodies, there is no guarantee that the provincial authorities will let a project go ahead (Interview, Anonymous, 2004). The expenditure required to develop international-standard accommodation in Vietnam in the early 1990s was increased by the generally low level of infrastructure development, discouraging some investors, such as one European hotel chain which cancelled a planned beach development after determining that it would have to fund its own roads, electricity lines and water and sewage pipes (Magnier, 1992a).

The lifting of the US trade embargo on Vietnam by President Clinton in 1994 caused a rush of land speculation in Vietnam's cities. Within the same year, Ho Chi Minh City had the highest office rental space of any city in Southeast Asia and Vietnam's two largest cities became the most expensive cities in Asia in which to do business. Foreign businesses were further stifled by the country's inadequate infrastructure, opaque bureaucracy and ineffectual legal apparatus (Shannon, 1994).

Financing for commercial projects was not available in the Vietnamese national currency, the *dong*, so that financing had to be sought overseas (Gren, 1993). Some foreign creditors of joint ventures in Vietnam would not allow the deposit of the borrowed funds into a bank in Vietnam, directly conflicting with a Vietnamese law that required that the funds be deposited in a Vietnamese bank account. This provision was relaxed with the 1992 amendment to the Law on Foreign Investment to allow joint ventures to draw their money from foreign accounts (Le Van Sang, 1995: 122-123).

The dual pricing policy, which institutionalised the practice of charging foreign operators substantially higher prices for services and market access, was abolished in 1999 causing the fee for a representative office to fall from US\$ 5,000 to US\$ 70, to give one example (Watkin, 1999). Even with this initiative, the double standard remained entrenched in other facets of Vietnamese business practice. Foreign firms were still charged five times the domestic rate for ads in state-controlled media (ibid)

and some foreign investors still saw the continuing bureaucratic hurdles as more limiting than any economic inequities (Interview, General Manager, Sofitel Saigon, 2004). The lack of domestic financing sources and incentives for development are also seen as barriers to encouraging investment (Interview, General Manager, Omni Saigon Hotel, 2004). The requirement that all transportation, machinery and equipment used in joint venture hotel projects must be brand new (Wayne and Lejeune, 1996: 205) adds to the cost of such endeavours as well.

In 2003, Pham Manh Dung, Head of the Law Department of the Ministry of Planning and Investment (MPI) announced plans to integrate foreign and domestic investment laws by 2005, in order to remove legal handicaps to foreign firms doing business in Vietnam. Among other improvements, this will allow foreign-invested firms to receive land-use allocations from the government, rather than renting the land on fixed-period contracts, and will equalise policy with regard to all preferences said to be enjoyed by domestic investors at that time. The adoption of the Vietnam-US Bilateral Trade Agreement, Vietnam's new membership in the ASEAN Free Trade Area and aspirations for joining the World Trade Organisation were cited as reasons for instituting these changes (Vietnam to Adopt Common Investment Law, 2003; Interview, Senior Official, Foreign Investment Agency, MPI, 2004), as was the general goal of achieving competitiveness through a free market, including the need to remain competitive with other developing countries like India and China (*ibid*). Foreign operators of hotels in Vietnam have remarked on the increased ease of operation brought by relaxation of restrictions on banking and visa matters (Interviews, General Manager, Sofitel Saigon, 2004; General Manager, Omni Saigon Hotel, 2004) and some investors who failed in earlier endeavours in Vietnam are now confident enough to return for a second try (*ibid*).

Despite the opening of the accommodation sector to foreign investment, foreign-invested hotels still find themselves constrained by government control in other areas that have direct influence on their profitability. For example, the Vietnam Airlines monopoly on inbound international traffic to Ho Chi Minh City has kept the flight price from Tokyo to Ho Chi Minh City 40 per cent higher than that of a ticket from Tokyo to Bangkok. This limits the attractiveness of Vietnam as a business destination,

which has a direct impact on hotels such as the Omni Saigon Hotel, which caters almost exclusively to international business travellers (Interview, General Director, Omni Saigon Hotel, 2004).

Foreign investors in Vietnam's accommodation sector have been making progress in their collaborations and communications with government and other operators in the tourism sector. The General Manager of Sofitel Saigon mentioned that the government organises official conferences twice a year, at which government representatives meet with representatives of most of the foreign investment companies involved in joint ventures, to discuss and debate policy (Interview, General Manager, Sofitel Saigon, 2004). These hotels also collaborate with local partners such as Vietnam Airlines and Saigontourist, to promote Vietnam as a destination (ibid). However, the Omni Saigon Hotel's General Manager has said that government-organised meetings happen on a very *ad hoc* basis, with notifications and invitations to large events like a road show in Korea coming just two weeks before the actual event (Interview, General Manager, Omni Saigon Hotel, 2004).

8.5.4 FDI/Joint Venture Tour Operators

Foreign tour operators are not allowed to operate directly in Vietnam. Articles 29 and 31 of the Tourism Ordinance, which deal with foreign tourism companies, allude to the possibility that foreign companies may at some time in the future be allowed to do business directly in Vietnam, in which case the general foreign investment laws would apply (Draft Report, 2001: 163). While foreign direct investment was encouraged and sought in other economic sectors during the 1990s, the VNAT took a protectionist stance towards opening up tourism to foreign operators, both to avoid perceived possible security compromises and to shield state-run tourism companies from competition. According to Lloyd (2004), foreign tour agencies may currently operate legally in Vietnam either through a representative office, a joint venture with a Vietnamese partner or a co-operation agreement with a state tour operator. Joint ventures were preferred by the government because of the opportunities they present for transfer of skills and knowledge, and this is the form under which most foreign firms entered the Vietnamese market in the early 1990s. In 1994, however, it was

found that joint-venture operations did not bring in more tourists than the businesses in their purely state-run incarnations, and a freeze on new tourism joint ventures was enforced for the next four years. This and other protectionist policies were encouraged by complaints from Saigontourist and other state operators that joint ventures created “unfair competition” and “unfavourable conditions” by their superior connections and facilities. Permission for other forms of business presence were also rationed severely. Only 14 of the 2,640 representative office licenses granted to foreign firms in Vietnam between 1994 and 1998 were for foreign tour operators (Lloyd, 2004: 203-205).

Foreign firms doing business in Vietnam are stifled by government restrictions such as strict limitations on the number of joint-ventures approved, the low quality of service and staff of the government operators with which they are forced to partner. Foreign firms report that private operators are less complicated to work with, more flexible and more competent, but that government regulations make it all but impossible to collaborate with them legally. Some small foreign firms circumvent government rules by doing business using private Vietnamese operators as a ‘front’ and rely on informal networks and reciprocal agreements for their operating base (ibid: 204-208).

Although a 1996 paper reported that no licenses of any type were expected to be issued to foreign travel agencies for the foreseeable future (Wayne and Lejeune, 1996: 203), new joint venture licenses have been allowed since 1997. The foreign partner must put in at least a million US dollars and the VNAT-chosen Vietnamese partner retains at least a 55 per cent share, regardless of the amount of its financial contribution to the enterprise, and would take over full ownership of the operation after ten years (EIU, 1997: 28).

Exotissimo is a French-Vietnamese joint venture tourism company established in 1993. Its head office is in Vietnam and it is one of the five top destination management companies in the Mekong region. The company claims to be the first in Vietnam to produce a guide on ‘responsible travel’ and is one of the leading promoters and practitioners of eco-tourism in the country. In the opinion of a

representative of Exotissimo interviewed by the author, there is very little interest from domestic tourists for eco-tourism, and some interest but little understanding on the part of the Vietnamese government. This exemplifies one point of view among foreign joint venture tour operators and foreign tourists who see themselves as being primarily responsible for driving eco-tour development in Vietnam (Interview, Director of Marketing, Exotissimo, 2004).

8.6 State-Owned Accommodation and Tour Operators

8.6.1 State-Owned Enterprises in Vietnam

A proposed amendment to Article 16 of Vietnam's 1992 Constitution would redefine the 'state-run' economic sector as 'state-owned', indicating that the government would retain a dominant share in the ownership of these enterprises but would withdraw from their actual administration (Vietnam to Amend Constitution, 2001). This amendment is still under discussion and has not yet become official policy.

The number of state-owned enterprises in Vietnam fell from 12,000 (with 2.5 million employees) in 1990 to 5,300 (with 1.6 million employees) in 2001, although SOEs still provided 30 per cent of GDP, 25 per cent of total investment and 15 per cent of non-agricultural jobs in 2001. SOEs also accounted for half of the country's outstanding credit at that time. A 1997 survey found that many SOEs had unacceptable debt-to-asset ratios and 60 per cent were unprofitable. Vietnam's 135 tourism SOEs performed somewhat better, with fewer than 24 per cent failing to turn a profit or break even. Five of the VNATs fifteen tourism companies were unprofitable in 1999 and two in 2000, although the profit amounts are not published so their profitability cannot be directly compared to private enterprises (Draft Report, 2001: 108-109). This lack of profitability appears even more pronounced in view of the special treatment given to state firms in Vietnamese government, such as the favourable interest rates of 8.5 per cent to 9 per cent on capital investment loans as compared with the 20 per cent charged private firms (Lam and Mok, 1996: 35).

Many SOEs are large conglomerates characterised by a high degree of vertical integration that helps achieve good coordination between services yet can lead to confusing situations in which branches of the same SOE can be perceived to compete amongst themselves (Draft Report, 2001: 47). The state has privatised a number of state-owned firms, in part to divest the government of the financial liability of small and unprofitable enterprises in non-strategic sectors. According to the Vietnamese government, one thousand state-owned enterprises were planned to be renovated and restructured yearly in 2004 and 2005. Sixty per cent of government enterprises are scheduled for eventual privatisation. Among the tourism-related companies specifically targeted for privatisation are Saigontourist and Vietnam Airlines Corporation. The viability of privatising an entire state-owned enterprise is under debate and the planned privatisations take the form of privatisation of the firm's subsidiaries or financially dependent or independent member units (Quang Dong, 23 March 2004).

Besides privatisation, 'equitization' or conversion of SOEs into joint stock companies in order to improve their effectiveness, mobilise funds for the government and balance the interests of shareholders, government and employees, is another way in which the Vietnamese government is divesting itself of the responsibility and risk associated with SOEs. One hundred and ninety-one state enterprises had been equitized by mid-1999 (Foreigners Can Buy Stakes in Equitized Stated Companies, 1999). As of July 13, 1999, foreign investors are allowed to own up to a 30 per cent cumulative share in an equitized state-owned enterprises in several sectors, including transport and hotels (ibid).

8.6.2 State-Owned Tourism Enterprises

Vietnamese state-owned tourism enterprises operate in many facets of the tourism sector and some invest outside the tourism sector as well. Saigontourist was founded in Ho Chi Minh City in 1975 as the city's first tourism business. Today Saigontourist manages 9 travel companies, 60 hotels, 8 resorts and 26 restaurants and is involved in 27 local and 10 foreign joint ventures (Saigontourist, 2003-2004). On the other hand, non-tourism-related government bodies may also provide tourism-related operations

and facilities as part of their greater realm of jurisdiction. For example, the National Oil Services Company of Vietnam (OSC Vietnam) has been organising tourism activities, services and accommodation for foreigners assisting in oil and gas exploration in Vietnam since 1977 (EIU, 1993: 72). Today, the company operates a total of fifteen tourist accommodation facilities and is involved in joint ventures in tourism services and travel provision. As of 2004, OSC Vietnam was actively seeking foreign partners for two new five-star hotels, costing US\$ 60-80 million each, in Vung Tau and a four-star hotel in Dalat. OSC Vietnam offers to contribute land and “part of the money” and the foreign partners would bring the remainder of the funds as well as design expertise (Vietnam Meeting and Incentive Club, Newsletter July 2004). In addition, OSC Vietnam was planning the renovation of several existing hotels and villas in Vung Tau and resorts in Vung Tau and Con Dao. Besides oil and gas services, tourism was named as a top priority for 2004 and Vietnam Sport and Tourism Joint Stock Company was established in the same year (Thu Duyen, 2004). The current General Director of the VNAT, Vo Thi Thang, has recently spoken in support of more rapid equitisation of SOEs in the tourism sector in order to attract more money into the tourism sector (Plan International Tourism Push, 2004).

8.6.3 State-Owned Accommodation

The majority of new hotels developed in Vietnam are state-owned, in many cases as part of joint ventures with foreign investors (Draft Report, 2001: 45). Most of these are owned by city and provincial tourism bodies, for whom they provide a major source of income, especially in the larger cities. (Travel Business Analyst, 1992: 13). It was estimated that 60 per cent of the one- to five-star grade hotels and 65 per cent of all hotel rooms in Vietnam in 2001 belonged to SOEs, owned by state bodies at levels from the national ministries down to the district or commune level. It has been argued that the predominance of state ownership of hotels results in a type of built-in government regulation in the accommodation industry (Draft Report, 2001: 109, 159), but the spreading-out of this control over so many levels and bodies of government can never be expected to achieve the homogenous policies possible with a centrally controlled market.

Ties to the cumbersome government bureaucracy can prove a handicap for state-owned hotels. One executive of a state-owned hotel mentioned that time-sensitive initiatives like publicity campaigns can be wrecked by the long wait for government approval of the campaign (Interview, Anonymous, 2004). Interviewees gave mixed responses as to the degree of autonomy that the General Managers of state-owned hotels are granted. While one reported that he was free to make all day-to-day decisions in the running of his hotel without consulting a higher authority (Interview, General Manager, Grand Hotel, 2004), another remarked that even the smallest of renovations cannot be authorised by the hotel manager without the funding and approval of the local government Labour Department (Interview, Representative, Sapa Trade Union Hotel, 2004). Although even managers themselves are not always sure in which cases they must ask permission and in which cases they are free to exercise their own discretion, in general any physical alteration to the building requires government approval (Interview, Deputy General Manager, Hoa Binh Hotel, 2004). Government financial support for state-owned hotels has been for the most part withdrawn and each hotel must attract its own guests, organise its own financing and ensure its own profitability (Interviews, Senior Expert, Hotel Department, VNAT, 2004; Deputy General Manager, Hoa Binh Hotel, 2004).

Having previously received guests primarily from Eastern bloc countries, state-owned hotels must adjust to the higher standards of service and facilities expected by the Western travellers who make up an increasing number of their customers since 1986. Many older urban hotels dropped their Vietnamese names and reverted to their Western-sounding pre-1975 names after *doi moi* (Travel Business Analyst, 1992: 26), apparently to appeal to the foreign market. The Dan Chu Hotel in Ho Chi Minh City, for example, receives around 75 per cent foreign guests and 25 per cent domestic (Interview, Marketing & Sales Executive, Dan Chu Hotel, 2004). The Deputy General Manager of the Hoa Binh Hotel in Hanoi has said that the concept of guest-oriented thinking was unknown to the hotel management before 1993. Until that time, occupancy had been guaranteed by an undersupply of hotel rooms, and the government could be counted on to provide subsidies. With increasing competition and the slow withdrawal of government support, the hotel began to accept credit cards in 1995 and a policy of seasonal pricing was adopted for the first time in 1998

(Interview, 2004). Executives at state-owned hotels have intimated that a lower room rate or special offers apply for Vietnamese guests, and that domestic tourists are targeted more aggressively during the low season for international tourism (Interviews, Marketing & Sales Executive, Dan Chu Hotel, 2004; Representative, Sapa Trade Union Hotel, 2004; Deputy Manager of Sales & Marketing Department, Continental Hotel, 2004).

Some state-owned hotels still rely heavily on government bodies to provide them with guests. The Sapa Trade Union Hotel, for instance, caters mainly to domestic tourists including, as its name implies, trade union tour groups. Such arrangements provide dedicated distribution channels for marketing as well as a steady source of clients (Interview, Representative, Sapa Trade Union Hotel, 2004). However, most state-owned hotels must compete in the same market as foreign and domestic private enterprises for the same pool of customers. Because state ownership of hotels is most prevalent among Vietnam's star-rated hotels, this requires that they predominantly address the foreign tourist market and interviewees expressed the expansion of their foreign customer base as an important goal (Interviews, General Manager, Hotel Majestic, 2004; General Manager, Grand Hotel, 2004). Though a good number of these hotels' bookings may come through a government tour operator such as Saigontourist, they also work with other tour operators with whom they have built a good relationship (Interview, General Manager, Grand Hotel, 2004).

Saigontourist maintains a referral system amongst its own hotels and will also refer tourists to other state-owned hotels. Saigontourist, Vietnamtourism and individual hotels exhibit at international tourism exhibitions such as London, ITB, JATA and ASTA (Interview, General Manager, Hotel Majestic, 2004). Nonetheless, one interviewee expressed the opinion that Vietnam's tourism promotion is not yet adequately integrated, that all operators must do their own promotion and that there is a lack of cooperation between operators, such as airlines and hotels, in doing joint promotions (Interview, Anonymous, 2004).

The proliferation of foreign joint venture hotels poses a challenge for existing state-owned hotels, which must now compete against hotels in a quantity and of a quality

that did not exist in their market before *doi moi*. In response, some hotels have established sales or marketing departments where previously a reservation department was deemed sufficient (Interviews, Marketing & Sales Executive, Dan Chu Hotel, 2004; Director of Sales & Marketing, Rex Hotel, 2004). The first sales department in a state-owned hotel was set up by the Majestic Hotel in Ho Chi Minh City in 1995, in direct response to the stiff competition brought by the highly profitable joint-venture Floating Hotel and Omni Saigon Hotel. These hotels served as both the impetus and the model for progressive management thinking in the state-owned hotels that were their direct competitors. The Director of Sales and Marketing at a state-owned hotel freely admits to learning about pricing and promotion from the hotel's joint-venture rivals (Interview, Anonymous, 2004). Contrarily, an interviewed VNAT official has denied that joint-venture hotels have had any effect on state-owned hotels (Interview, Senior Expert, Hotel Department, VNAT, 2004), perhaps indicative of the degree to which state-owned hotels have assumed their own autonomy and must solve their own problems which may not even be acknowledged at the governmental level.

With their global reach and experience and economies of scale, joint-venture hotels are able to offer bonuses such as discounts at their other hotels, and are more able to deal with international bookings and tracking-down of non-paying guests. Restricted in their scope to ventures inside of Vietnam, state-owned hotels cannot compete in these aspects (Interviews, General Manager, Hotel Majestic, 2004; Director of Sales & Marketing, Rex Hotel, 2004).

Low price is often mentioned as one distinct advantage that state-owned hotels still retain against the joint-venture competition, to offset their lower standards of facilities and service (Interview, General Manager, Hotel Majestic, 2004). This price differential is partly a function of lower operating budget due to lower provision of facilities and service and the hiring of local staff rather than foreigners. State hotel managers interviewed have said that they would very much like to hire foreign staff for higher positions in their hotels, in order to bring in foreign experience and attract foreign business, but cost is a severe limitation. One manager has said that she would have to pay a foreigner US\$ 1,000 to 2,000 a month for a position in which a Vietnamese would earn US\$ 400 to 500 (Interview, Director of Sales & Marketing,

Rex Hotel, 2004). The management of two of the hotels at which interviews were conducted decided to hire a single foreigner in an attempt to attract more foreign trade. Interestingly, in both cases the foreigner hired was a restaurant staff member: in one case a manager and in the other case a chef (ibid; Interview, General Manager, Hotel Majestic, 2004).

The General Manager of the Majestic Hotel said that foreign training manuals and videos are used to try to indoctrinate his staff in international standards of service (Interview, 2004). In 2004, the Rex Hotel received the environmental certificate ISO14001, for which it had been preparing for two years. Recognition of the importance of environmental issues to Western guests was a primary impetus behind this goal (Interview, Director of Sales & Marketing, Rex Hotel, 2004). In 2004, the Continental Hotel became the second hotel in Vietnam to receive the ISO 14001 environmental certificate (www.saigon-tourist.com/news/detail_en.asp?id=873) and the Majestic Hotel has also started working towards this certification.

Long-established state-owned hotels are improving their facilities to keep up with the international market. Ho Chi Minh City's 4-star Rex Hotel will finish a new 70-room 5-star hotel by 2006, with a 1000-person conference hall, parking and pool (Interview, Director of Sales & Marketing, Rex Hotel, 2004). The hotel has been allocated a 3,000 square meter site by the municipal People's Committee (a substantial fringe benefit of running a state-owned hotel) and will be investing up to VND 300 billion (US\$ 19.4 million) building new facilities (Son Tran, 2003). Older inner-city state-run hotels may be frustrated in their ambitions to upgrade due to contextual constraints. The Continental Hotel in the centre of Ho Chi Minh City has no space to provide parking, a swimming pool or any other facilities. The hotel was built in a time before the automobiles and mopeds became ubiquitous on Saigon's streets. The large windows that served to ventilate the building must be kept closed to keep out the traffic noise and pollution but guests still complain about the noise level (Interview, Deputy Manager of Sales & Marketing, Continental Hotel, 2004). Some outmoded state-owned hotels, like the Hoan Kiem and Dan Chu hotels in Hanoi, are planned to be torn down and replaced with new four-to-five-star accommodation (Interview, Deputy General Manager, Hoa Binh Hotel, 2004).

Because they are among the oldest hotels in Vietnam, some of the state-owned hotels (notably the Grand, the Majestic and the Continental) are original colonial-style buildings. The administrators of these hotels are well aware that this constitutes a unique selling point of their establishments, especially for foreign guests. The Majestic Hotel is a member of the colonial style hotels in Southeast Asia, whose members also include the Raffles in Singapore and the Oriental in Bangkok. The group collaborates in promotions and the four-star Majestic tries to learn by emulating the five-star members of the group (Interview, General Manager, Hotel Majestic, 2004).

Whereas before *doi moi* only communist party members or those with good government contacts were allowed to work in hotels in Vietnam, in part to isolate the general Vietnamese population from contact with foreigners, private Vietnamese are now allowed to rent rooms directly to foreigners (Interview, Anonymous, 2004). The state-owned hotels investigated by the author through interviews often have a core of long-term employees who have been in the hospitality industry, or even at the same hotel, for decades. The benefits of long-term staff loyalty notwithstanding, these staff members are disadvantaged in that they gained their training and much of their experience in a hotel industry that put little emphasis on customer-orientation or accommodating foreign guests. New staff members generally have formal education in tourism and hospitality from a vocational school and receive on-the-job training from the older staff. Many hotels also give their staff foreign language training and other types of courses. This applies to all grades of staff from the highest to the lowest. However, it is difficult for state-owned hotels to hold on to new staff because foreign-owned and joint-venture hotels are able to lure them away with higher salaries (Interviews, Director of Sales & Marketing, Rex Hotel, 2004; Representative, Sapa Trade Union Hotel, 2004; Marketing & Sales Executive, Dan Chu Hotel, 2004; Deputy General Manager, Hoa Binh Hotel, 2004). The Deputy Manager of the Hoa Binh Hotel recounted in an interview that before *doi moi*, Saigontourism organised only one training course with the director of a big Ho Chi Minh City hotel every one or two years for the staff of the hotel where she was employed. Since Vietnamtourism Hanoi has entered a joint venture with Sofitel Metropol, employees of other

Vietnamtourism Hanoi hotels are sometimes sent to the joint venture hotel to train, to take advantage of the foreign expertise. They also send staff to Saigon to train, because the hotel system in the South is still perceived as superior to that in the North (Interview, 2004).

Some state hotels are expanding the services offered in-house to include amenities such as massage and travel services, rather than the rooms-only offering of pre-*doi moi* (Interview, Representative, Sapa Trade Union Hotel, 2004). It is common for small private operators to offer services and run businesses such as a dance club or gallery inside state-owned hotels, providing added income to the hotels through the rent they pay (Interviews, Marketing & Sales Executive, Dan Chu Hotel, 2004; Deputy Manager of Sales & Marketing, Continental Hotel, 2004).

The 'Revised National Tourism Plan for Vietnam 2001-2010, Draft Report' endorses a continuation of dual private and public ownership, promoting a careful and considered approach to privatisation to allow for the establishment of requisite regulatory systems and bodies. However, the Draft Report also mentions a three- and five-year SOE reform programme that included 'equitization' of state enterprises by sale of shares, sale or free transfer of some complete SOEs to private interests, liquidation of non-performing SOEs and restructuring of the remaining government enterprises to enhance their autonomy and accountability (2001: 109, 159).

The state-owned accommodation sector began the post-*doi moi* period with a strategic advantage over the private sector newcomers to the market by virtue of its possession of a number of established hotels in historic buildings in good locations in the urban centres of Vietnam. However, competition from foreign joint venture hotels has inspired state hotels to strive for improvements in profitability and standard of service and facilities. Many hotels have been renovated or newly built to keep up with the demand of the international market. The withdrawal of direct government support means that these accommodation providers must operate by different economic parameters than in pre-*doi moi* years, bringing about a change in their management culture and service attitude.

8.6.4 State-Owned Tour Operators

In 1999, then Manager of the Marketing and Sales Department at the VNAT, Nguyen Van Tuyen, said that, in order to compete with private operators, state-owned tour businesses would “have to do something special that can compete with other smaller tourism companies” which are “more competitive because they have flexible measures and policies to minimise their costs” (quoted in Ngoc Bich, 1999). Although they have been driven to more competitive pricing by private tour providers, and have been inspired to become more “dynamic and customer-oriented” by these new operators in the market (Interview, Director, Lao Cai Tourist Company, 2004), state-owned tour operators seem not to see themselves as competing directly with these companies and do not expect to be able to offer prices as low as private firms. They claim that private operators keep their prices low by using untrained local guides and providing a very low level of service (Interview, Vice Director, Lao Cai Tourist Company, Sapa Branch, 2004). State-owned operators tend to see their clientele as more concerned with the standard of service rather than low price, comprising upper-class and middle-class travellers rather than the backpacker and budget markets (Interviews, Head of Business Promotion, Vietnamtourism Hanoi, 2004; Vice Manager, Fiditourist, 2004). Consequently, they have reacted to the challenge of private competitors by raising their level of service, improving the quality of their facilities and concentrating on the professional training of their staff, especially in marketing (Interview, Vice Director, Lao Cai Tourist Company, Sapa Branch, 2004). The larger state-owned tourism sector companies are able to offer very wide-ranging services. Saigontourist Travel Services Company, for instance, offers inbound, outbound and domestic tours for business and leisure travellers and offers travel services for meetings, incentive travel, conferences and exhibitions, cruises, educational tours, corporate and business travel, guides and interpreters, car rental, air tickets and labour export (Interview, Deputy Director, Saigontourist, 2004). State-owned operators such as Saigontourist Travel Services Company have a long history, economies of scale and close contacts to governmental and non-governmental bodies and companies throughout Vietnam, which give them a great advantage over private or foreign businesses in providing such comprehensive and integrated tourism offerings. The advantages of closeness of state-owned tour businesses to Vietnamese

service providers is offset by the disadvantages of restrictions on access to foreign service providers. Apparently these restrictions are sometimes government-imposed, such as Fiditourist's inability to issue tickets for Air France because they are allowed to issue tickets only for Vietnam Airlines (Interview, Vice Manager, Fiditourist, 2004). The large size of state-owned tour company operations provides some economic advantages over small private operators. Due to the profitability of large group tours, it is possible for the tour operator to absorb the 3 per cent credit card surcharge charged by the bank, which is usually added on to the customer's bill. This makes these tours more attractive to overseas tourists (ibid).

Some operators perceive foreign joint-venture companies as having a distinct advantage because of their direct access to overseas tourists through their branch offices in many countries. Some nationalities, such as Koreans and Japanese, tend to prefer to book tours through private operators of their own nationality, even within Vietnam (Interviews, Head of Business Promotion, Vietnamtourism Hanoi, 2004; Vice Director, Fiditourist, 2004). State-owned tour operators have also lost their former monopoly on service to travellers from Communist countries such as China, for which they must now compete with others (Interview, Director, Lao Cai Tourist Company, 2004). Many state-owned tour operators in Vietnam have co-operation agreements with operators from foreign companies, and many who are not already party to such an agreement are seeking partners abroad. Larger companies, with better credit standings, have more success in attracting foreign partners than do smaller firms (National Survey of Tour Operators, 1999: 12). Relying on overseas tour operator partners for their presence abroad can lead to problems. Because an overseas money transfer to Vietnam can take four days, one operator has had guests arrive and depart before it became evident that the foreign partner had not transferred money for the tour services provided (Interview, Manager, Fiditourist, 2004). Representatives of the state-owned tour operator sector interviewed for this study were consciously striving to increase and expand their foreign clientele (Interviews, Vice Manager, Fiditourist, 2004; Head of Business Promotion, Vietnamtourism Hanoi, 2004). At least one interviewed operator has become interested in providing eco-tourism offerings as a means to draw in more of the international market, but a lack of staff with appropriate foreign language proficiency is a limiting factor in the ability of

these companies to diversify their foreign tourist base. Applicants with these skills tend to prefer to work for foreign tour companies (Interview, Vice Manager, Fiditourist, 2004).

Since *doi moi*, the government has gradually extracted itself from financially supporting state-owned tour companies. In the experience of the company of one interviewee, financial ties had been completely severed by 2002 (Interview, Director, Lao Cai Tourist Company, 2004). Today these companies are not state financed and must guarantee their own profitability and organise their own financing. The government plays a regulating role but is not involved in management decisions or business operations (Interview, Vice Manger, Fiditourist, 2004). In some cases, these companies may borrow money from the government with no interest, and the government has intervened to offer financial support during times of crisis for the tourism industry, such as the SARS outbreak (Interview, Vice Director, Lao Cai Tourist Company, Sapa Branch, 2004). At such times, tour operators must concentrate more on the domestic market (Interview, Deputy Director, Saigontourist, 2004). Although it is claimed that all tour operators, state-owned and private, are subject to identical financial and legislative duties and privileges from the government (*ibid*), it is not evident that private operators benefit from this kind of governmental support. The government would even like to privatise some state-owned tour companies (Interview, Anonymous, 2004) and some, like Fiditourist, are in the process of being converted to stock companies (Interview, Vice Manager, Fiditourist, 2004).

Cut free from government micromanagement and having unaccustomed access and demand from foreign travellers and partners, state-owned tour operators are faced with the opportunity and necessity of doing their own international marketing and promotion since *doi moi*. Saigontourist participates in numerous international tourism fairs such as IMEX, ITB, PATA and many others (Interview, Deputy Director, Saigontourist, 2004).

State-owned tour operators see other components of the Vietnamese tourism industry and its contextual sectors as less progressive than themselves. An inefficient banking system that does not support online payment and e-commerce, a government that does

not do effective and consolidated tourism promotion and chronically expensive hotel and air ticket prices are named as barriers to their operation (Interviews, Head of Business Promotion, Vietnamtourism Hanoi, 2004; Deputy Director, Saigontourist, 2004, Vice Manager, Fiditourist, 2004). The restrictions imposed by tour agents' dependence on these contextual factors are often perceived as principal hindrances to their development and success.

Saigontourist Holding Company runs training courses for its upper management staff in the restaurant, hotel and travel services areas, with different courses for different sectors and different levels of management. Theory courses taught by foreign teachers in Vietnam are followed by internships in foreign restaurants and hotels. The goal of this programme, as articulated by the Saigontourist General Director, is to prepare Saigontourist Holding Company to expand into the five-star hotel and high-end travel market. From March to September 2004, a group of 30 Saigontourist Holding Company employees attended management courses in Vietnam taught by lecturers from the PSB Institute of Singapore and then undertook two-month internships at hotels in Singapore in 2004, as a component of a programme of advanced hospitality industry training (Yen Dung, 2004). Although expensive, foreign trainers are engaged by those state enterprises that can afford them, to train their staff to an international standard. The Lao Cai Tourist Company, to name one, engages a UK company for management training (Interview, Director, Lao Cai Tourist Company, 2004).

8.7 Private-Run Accommodation and Tour Operators

8.7.1 Private Enterprise in Vietnam

Article 16 of a proposed amendment to Article 21 of Vietnam's 1992 Constitution explicitly gives private persons and entities the right to conduct business in economic sectors "not prohibited by laws". This represents a change in the previous 'apply grant' policy, which required entrepreneurs to apply for the right to operate in any economic field, encouraging corruption among government officials who had the power to grant or deny these privileges (Vietnam to Amend Constitution, 2001). The need and desire of private enterprises to seek the favour and protection of people in the government and Party in the unstable transition economy was exploited by unscrupulous entrepreneurs and government officials (Gillespie, cited in Lloyd, 2003: 357).

Business leaders in Vietnam's private sector are comparatively young. Heads of private enterprises in Ho Chi Minh City have an average age of 42, compared to the median age of 51 for heads of SOEs in the city. A full two-thirds of private business owners are under 46 and have come of age since the 1975 end of the US war. They also tend to be highly educated, with 79 per cent possessing a college or university education, 47 per cent having studied business administration for two years or more and an additional 21 per cent having undertaken business administration studies of shorter duration. Almost all had previously practiced a different occupation before entering the tourism sector and 51 per cent of them had formerly worked in agencies or companies in the state sector (Tran Huu Quang, 2004).

Although a private sector developed in the 1980s in the market economy initiated by *doi moi*, statistics show very little growth in this sector in the 1990s, during which time the private sector declined as a proportion of the GDP. Even by 2002, the official figures showed the domestic private sector accounting for only 8 per cent of GDP and 3 per cent of employment (www.ifc.org). Observers of Vietnam's economy report signs of vigorous activity and growth in the country's private enterprises and attribute the statistical stagnation or downward trend to under-reporting by companies to avoid

what many perceive as unreasonable regulation, administration and taxation systems that discourage visible success and encourage informality in the private sector (ibid; Riedel, 1997: 63). Indeed, many private companies were registered as state or collective enterprises, or embedded in the 'shell' of an SOE to gain access to interest-free loans and SOE-earmarked contracts (Lloyd, 2003: 357; Fforde and de Vylder, 1996). Government attitudes toward private enterprise seem to remain ambivalent, strained by conflicting desires for economic liberalisation and state control of markets. The government has created 'space' for private development by withdrawing its commercial and regulatory activities from certain sectors, but the extent of the government's commitment to the private sector, and the legal status of private entrepreneurial ventures is disputed. Government policy encourages market-oriented development for economic reasons while at the same time reinforcing the pre-eminence of the state sector (Lloyd, 2003: 351-4).

8.7.2 SMEs

Government decision 681/CP-KTN of June 20, 1998 defines SMEs as registered companies employing fewer than 200 people and with capital of less than VND 5 billion (about US\$ 350,000). Statistics from 1996 to 2000 show that SMEs have consistently made up more than 90 per cent of registered businesses in both Hanoi and Ho Chi Minh City and that non-state enterprises account for a large and growing majority of these (83 per cent in 1996, 86 per cent in 1999). Over 98 per cent of registered non-state enterprises have been SMEs throughout this period, while SMEs accounted for at most just over half of state enterprises. Overall, though, the numbers of registered businesses are small for such large cities, reflecting the large informal economic sector in Vietnam (Tas and Van Oyen, 2000: 9-13). The 23 November, 2001 'Decree on Supporting for Development of Small and Medium Enterprises' raises the upper limits for an SME to 300 employees and VND 10 billion capital (2001: 2). The MPI-UNIDO Project 'Assistance to Industrial SMEs in Vietnam' makes a more fine distinction between small (less than 50 employees and below VND one billion in sales), medium (51-200 employees and up to VND 5 billion sales) and large (more than 200 employees, more than VND 5 billion) SMEs (Draft Report, 2001: 134).

The proportional share of Vietnam's GDP attributed to investment doubled between 1991 and 1997. The true growth in private investment was probably even higher, since a large amount of investment and saving in Vietnam's private sector is not reported or recorded in official statistics (Riedel, 1997: 60). In the Vietnamese economic context, private SMEs can be expected to give a much better return on investment than large state companies or small household enterprises. SMEs have generally been the most successful type of businesses in both capitalist and socialist East Asian economies in the recent years of rapid economic development (ibid: 63).

Recent governmental measures, most importantly the enactment of the 'Enterprise Law' of 1 January 2000 and the 'Decree of the Government on Supporting for Development of Small and Medium Enterprises' of 23 November 2001, have aimed at encouraging SME development by legal initiatives, establishment or bolstering of institutions supporting SMEs, simplifying access to financing, supporting promotion and export development of SMEs, working to improve the private sector's public image, establishing preferential land-use policy for SMEs, financially supporting SME technology upgrades, providing government patronage of SMEs and establishing 'incubators' for fledgling SMEs, among other initiatives. The under-capitalisation of SMEs due to underdeveloped markets and banking systems and the low level of savings of entrepreneurs are barriers to growth of Vietnam's private sector. Vietnamese support programmes for SMEs are sponsored by the Vietnam Chamber of Commerce and Industry (VCCI), the Vietnam Cooperative Alliance (VCA) and other associations in partnership with international aid bodies. Some development assistance for SMEs in Vietnam is being made available by the EU-assisted SME Development Fund (SMEDF) and the Mekong Project Development Facility (MPDF) (Draft Report, 2001: 136-139).

Until 1996, the Ministry of Planning and Investment (MPI) was engaged primarily in issues regarding state-owned enterprises. The 1996-2000 United Nations Industrial Development Organisation sponsored Project US/VIE/95/004, 'Assistance to Industrial SMEs in Vietnam' was the MPI's first programme to support private SMEs, especially cooperatives. Many of the difficulties faced by SMEs in 1990s were

connected with the opening up of the market (Tas and Van Oyen, 2000: 9). During the duration of this project, the numbers of SMEs in both Hanoi and Ho Chi Minh City increased substantially.

8.7.3 Tourism SMEs

The 'Revised National Tourism Development Plan for Vietnam 2001-2010, Draft Report' defines tourism SMEs as enterprises that serve the needs of the domestic and/or international tourist market, though not necessarily excluding other market sectors. The report specifically identifies the sectors of tour agencies, tourism gastronomy and accommodation as areas with opportunities for the development of tourism SMEs in Vietnam. Many tourism SMEs in Vietnam have less than 50 employees, and quite a few among these conform to the World Bank definition of 'micro-enterprises', with less than ten employees, including the owner and family members (Draft Report, 2001: 135).

The same document identifies three areas of the business environments in which improvements would have to be made if private initiative in the tourism industry is to be encouraged. These areas are 1) social and administrative prejudices against those engaged in private enterprise, 2) unclear and constantly changing regulations and overbearing bureaucratisation that complicate the business environment and 3) a lack of financial resources and mechanisms for private transactions. The report recommends that the definition of export zone enterprises could be expanded to include some tourism enterprises and thus give them the right to "import and export directly as stipulated by law", and also that limitations on the number of travel agents and tour operators who can do business abroad be lifted. The document also finds that tourism SMEs are currently being neglected by government SME policy because of a lack of understanding of the kind of tourism SMEs appropriate for a given area, the needs and expectations of different tourism markets, standards of safety, cleanliness and comfort, business and management skills and lack of access to appropriate resources in terms of land, start-up financing and information (ibid: 110, 136).

Some Communist Party members are apprehensive of the unsupervised contact between local and global elements and forces that occurs within the private-run tourism sector and urge for more central control in this sector. The Party is bolstering the state's cultural sector as one preventative measure to insulate the country from contamination from outside influences (Lloyd, 2003: 354).

8.7.4 Privately-Owned Accommodation

By 1992, nearly half of the 2,756 hotels in Vietnam were private enterprises (EIU, 1993: 63) and the private accommodation market has grown quickly since then, enabled by access to small plots of land and alternative funding sources. A 1997 survey of twelve private hotels in Bai Chay, Halong Bay, Quang Ninh Province, revealed that seven of the owners were still employed by state enterprises or were receiving state pensions. Nine of the hotels also served as the owner's family's home but only three of the hotels provided the family's primary source of income. The narrow plots of state-owned land in which the hotels are built – often one storey at a time as funding allows – were often acquired at below market prices by state employees, teachers, former soldiers, officials or state company employees (Nicholson, 1997: 30). The owner of one private guest house in Sapa is also the manager of the state-owned hotel across the street (DiGregoria et al, 1996: 5). Throughout the 1990s, however, operators in this sector remained on precarious footing, due to a lack of land titling and unclear land rights laws, encouraging a rough-and-ready approach to business and a quest for quick profit (ibid: iv).

The author conducted interviews with the owners of three privately-owned hotels in Vietnam: the Emerald Hotel and the Thien Thai Hotel in Hanoi and the Auberge Dang Trung Hotel in Sapa. None of the interviewees had been involved in the hospitality or tourism sector at all before opening their hotels in the early 1990s. They all learned by observing and doing. Their previous occupations were diverse: a farmer (the owner of Auberge Dang Trung Hotel in Sapa), a retired civil servant (the owner of Emerald Hotel) and a clothing seller in a market (the owner of Thien Thai Hotel). All three of the hotels started out small. The Auberge Dang Trung and Thien Thai Hotels have expanded considerably in the decade since opening for business, from 6 rooms to 30

and from 15 rooms to 71, respectively. The Emerald Hotel still has the 17 rooms with which it started. All three are family businesses.

One hotel owner interviewee reported that the hotel director (his wife, in this case) was required to attend a hospitality course before a license would be granted for a hotel (Interview, Owner, Emerald Hotel, 2004). Another interviewee recounts that construction on a planned addition to his hotel was halted by the government, which did not agree with the expansion. Neighbour complaints were used as an excuse to stop him from building, but by paying a certain amount of money to the responsible government officer, the owner was able to proceed once again (Interview, Anonymous, 2004).

When asked about the ability of private enterprise to influence government policy, none of the interviewees indicated a belief that this was possible, seeing government control as a one-way, top-down process. However, all respondents seem to see at least some aspects of government control of the private accommodation market as benign and supportive in nature. There is some evidence that these private hotels are benefiting from the policies of the 'Enterprise Law' and the 'Decree of the Government on Supporting for Development of Small and Medium Enterprises' regarding government support of SMEs. The government has recommended private hotels to delegations attending large events in Vietnam (Interview, Owner, Emerald Hotel, 2004) and given loans to at least one of these private individuals to open his hotel (Interview, Owner, Auberge Dang Trung, 2004). Because money borrowed for hotel development can be deducted from revenue for tax purposes, government banks tend not to look as favourably on the granting of such loans, and one owner reports recently having been refused a loan by Vietcom Bank for this reason (Interview, Anonymous, 2004).

None of the three interviewees perceived a need to do any of their own marketing for their hotel, as they believed that this aspect was adequately taken care of by other channels, such as tour guide books (Interview, Owner, Auberge Dang Trung, 2004), word of mouth (Interview, Owner, Emerald Hotel, 2004) or tour operators like

Saigontourist and Vietnam Tour Ho Chi Minh, which provide 60 per cent of the Thien Thai Hotel's guests (Interview, Owner, Thien Thai Hotel, 2004).

The interviewees' hotels tend to hire staff who have earned a hospitality certificate from a vocational school but without any practical experience. New staff members are trained by the older staff. Though one of the three hotels reports quite high staff loyalty (Interview, Owner, Emerald Hotel, 2004), another bemoaned the problem of larger hotels luring away staff, despite offers of promotion and salary increases (Interview, Owner, Thien Thai Hotel, 2004). The same interviewee saw joint venture hotels as having an advantage over those established by native entrepreneurs, because of the experience and know-how brought by foreign partners.

8.7.5 Privately-owned Tour Operators

Because the Vietnamese government saw the backpacker tourism market at first as a low-profit sector attracting visitors who presented a high risk of detrimental effects on local societies, this sector was originally neglected by state-run tour operators. Private entrepreneurs in Ho Chi Minh City, and later in Hanoi, filled this niche by opening so-called 'traveller cafes' which served these independent low-budget tourists. Lloyd has demonstrated that government regulation of traveller cafes is sporadic and uneven, and is circumvented by informal social networks and service diversification on the part of the entrepreneurs, and corruption, apathy and impotence in local enforcing bodies. The development of traveller cafes can be divided into a first stage (1990-1994) of unregulated private development in an unclear and shifting legal context, a second phase or 'golden age' (1994-1996) in which rapid growth in backpacker tourism caused demand to far exceed supply of traveller cafes and fuelled a great expansion in the number and profitability of traveller cafes, attracting the attention of government officials who used their connections to benefit financially from the growing market; and a third phase (1996-2000) during which regulations for private tour operators, including taxation, licensing and quality control, were implemented (Lloyd, 2004: 351-358). Government officials are able to block or expedite the granting of licenses and tend to favour those applicants with whom they have a personal or financial relationship, bringing private operators into a closer

'patron-client' relation with state bodies. This discretionary power was also instrumental in allowing the government to give favourable conditions to SOEs that entered the backpacker tour guide market, disadvantaging the private entrepreneurs already operating in the market and forcing many to shut down or diversify into other businesses. In practice, though, local government bodies, more concerned about local employment, personal relations and personal gain than ideological concerns, often treat private operators less strictly than stipulated by central government policy, allowing private traveller cafes to survive despite their disadvantaged position (ibid: 360-362). Even while professing uncertainty at the exact provisions of the law, one private tour operator interviewed by the author claimed to have a pragmatic knowledge of what was required to satisfy the government and stay out of trouble, including befriending the local police officers (Interview, Anonymous, 2004).

Representatives of three private tour operators were interviewed for this study. Like the private hotel operators, the backgrounds of these three businessmen are diverse. One described travel as his hobby and began his career in tourism by showing foreigners around Hanoi on the back of his motorbike (Interview, Director, Queen Travel, 2004). Another studied tourism at Hanoi Open University and worked in a hotel and for a state tourism operator before leaving to work for a private operator in order to find a context where he could better apply his education and abilities (Interview, Operation Manager, Handspan, 2004). The third had originally studied in the industrial sector in the Soviet Union before entering the tourism sector by opening a travel café (Interview, Director, Green Bamboo, Sapa Branch, 2004).

Private tour operators describe various difficulties that have arisen from the lack of clear government policy or control in the private tour market, including a glut of lower-standard copies of the original traveller cafes which has degraded the market (Interview, Anonymous, 2004), the lending of start-up money to entrepreneurs without the necessary business knowledge or competence and a building owner's evicting a traveller café's proprietor in order to take over the café himself and continue to run it under the same name (Interview, Director, Green Bamboo, Sapa Branch, 2004). The ousted owners of the café in the latter instance – the Darling Café in Hanoi – went on to found the Green Bamboo Tour Operator, some of whose

employees subsequently went on to open their own tourism businesses such as Handspan and Water Buffalo, feeding an explosion in the number of such businesses in the city. While encouraging more competitive pricing among tour companies (Interview, Director, Queen Travel, 2004), the huge growth in the number of operators since the early 1990s has also led to large differentials in the quality and experience offered by the different companies, which may not always be immediately apparent to the customer. While indicating awareness of the proliferation of small non-mainstream private tour operators in Vietnam, the 2001 Draft Report expressed uncertainty as to the proportion of these operators that were operating without legal licences or those who were serving the domestic market as opposed to foreign travellers, pointing out a need for better regulation and organisation of the sector (Draft Report, 2000: 48).

Over-development in areas such as Sapa is seen as the result of a lack of a comprehensive national tourism development plan that would regulate, focus and differentiate development in each province (Interview, Anonymous, 2004) and overlapping or unclear jurisdictions lead to incidents such as an occasion in which police boarded a tourist boat in Halong Bay, which spans two provinces, and asked all the passengers for their passports because the boat was parked just over the border from one province into the other (ibid). Such events create a bad experience for tourists, embarrassment for the tour operator and a bad image for Vietnam as a destination. However, some individual incidents indicate that government policy can be influenced or reversed through the action of private companies who are negatively affected by these policies. An example is the 2002 ban on tour company minibuses within the Hanoi Ancient Quarter, which crippled the operations of the many tour companies based in that district. A collective protest letter sent to the government by a number of tour operators led to provisions for the licensing of tourism buses to access the area (ibid).

Private tour operators in Vietnam are typically smaller in scale than their state-owned counterparts. Compared to tourism SOEs, private tour businesses are generally characterised by lower levels of knowledge, prestige, staff training and accountability in terms of environmental impact, government regulations and tax laws. Their

relatively small size and independence from government bureaucracy make their operations more flexible, less redundant and lower in cost, though customers are more likely to experience glitches and pay higher commissions to private operators. Profit is the main incentive for private tour operators, rather than quality of product. These firms will often diversify by doing business concurrently in non-tourism niches and will cease their tourism activities if these activities become unprofitable (National Survey of Tour Operators, 1999: 55-56). The law originally forbade private tour companies to offer tours to international tour groups and restricted them to serving domestic and so-called foreign independent travellers (FITs) and all outbound packages and visas had to be done by state-owned companies (Racette, 1998). Because they were unlikely to obtain a license to serve foreign tourists, small private tour operators were likely to seek partnerships with foreign operators to tap into this market (ibid: 12). Sporadic price rises, short-term operators that only operate seasonally and uneven pricing policy for domestic and foreign guests add to the confusion and negative impressions (National Survey of Tour Operators, 1999: 32).

In 2004, the VNAT revoked the international tourism operating licenses of eight tourism companies throughout the country for 'incapability'. It was found that lenient licensing conditions had led to a lack of quality control over private tour operators, leading to an overabundance of operators, a growing number of customer complaints and gaps in tax collection. Some companies without international licenses were also found to be paying licensed companies to provide services under the licensed company's name (Tourism: Vietnam Revokes Licenses of Eight International Travel Companies, 2004). For instance, some Korean tourists book through Korean agents who pay to use the license of a private domestic tour operator (Interview, Vice Manager, Fiditourist, 2004). A toughening of licensing policy and enforcement was being considered.

Local knowledge and informal personal contacts seem crucial to the success and survival of small private owned tour operators in Vietnam. Those owners who are not locals themselves must adjust themselves to the customs and norms of the native population or flounder. Only one of several Hanoi tour operators who had opened offices in Sapa in the 1990s have survived until now. The director of this company

claims that the secret to the company's longevity has been its willingness to adapt to the local way of life and forms of administration (Interview, Director, Green Bamboo, Sapa Branch, 2004).

The hiring practices of the interviewed private tour operators vary. One Director stated that half of the firm's staff is hired from the local population, who have a good work ethic but require extensive training, which is undertaken by the Director himself (Interview, Director, Green Bamboo, Sapa Branch, 2004). Another indicated that he hires staff with some prior knowledge of tourism, including some from the Tourism Faculty of the Hanoi Open University, to which he has access through personal relationships with university lecturers. Many private tour operators use freelance guides for the sake of flexibility, although one interviewee prefers to use full-timers who he can train and use intensively, 24 or more days a month (Interview, Operation Manager, Handspan, 2004).

Although traveller cafes are beginning to attract a small number of Vietnamese customers, foreign independent travellers remain their core clientele. The Director of Queen Travel in Hanoi noted that when he started business in 1992, he was patronised exclusively by foreigners and even today the number of Vietnamese customers is only around 1.5 per cent (Interview, 2004). Especially for the operators offering treks and nature tourism packets, the lack of appeal to domestic tourists could be partially because Vietnamese tend to travel for relaxation and leisure rather than adventure or strenuous activities (Interview, Operation Manager, Handspan, 2004).

In order to maintain and expand their customer base, small private tour operators are concerned with gathering client feedback and opening channels of information and marketing to the foreign market. This is done by customer surveys and company Internet sites, among other channels (Interview, Director, Queen Travel, 2004). Handspan Travel obtains nearly a third of its customers through its website, with the other two-thirds coming in equal proportions from bookings through foreign operators and bookings from foreign tourists already in Vietnam. The company advertises in newspapers and magazines and has hired a Canadian marketing representative who is

in charge of communication including website, information and editing of English texts used in publicity materials (Interview, Operation Manager, Handspan, 2004).

8.8 Conclusion

8.8.1 The Effects of Political Transition on Patterns in Accommodation and Tour Operators

Political transition in Vietnam has affected developments in the accommodation and tour operator sectors in a number of ways. The rise in Vietnam's attractiveness as a leisure and business destination in recent years, and the resulting stark increase in tourism numbers, can be traced directly back to the declaration of the open door policy in 1986. Aside from the sheer rise in numbers, different types of tourists began to enter the country since this time. The small cohorts of political and industrial tourists from COMECON countries that came to Vietnam in the pre-*doi moi* years have been replaced by a much broader spectrum of travellers. An important group among these new waves of tourists are the *viet kieu*, or overseas Vietnamese, who are themselves keen to pursue commercial and recreational activities in the country they had left in a less politically-open era.

The opening of markets to foreign direct investment and private domestic businesses in addition to state-owned enterprises has brought about competition, consolidation and differentiation in the accommodation and tour operator sectors that did not exist under the previous state monopoly, in the many ways which have been iterated in detail in the preceding pages. A higher grade of customer-responsiveness and more highly trained staff are now in demand to serve this more differentiated and discerning market, and Vietnam's accommodation and tour operators are now orienting themselves with international standards. Recruitment is now done on the basis of the applicants' qualifications rather than their government connections.

Vietnam's new membership in ASEAN, and aspiration to join the WTO, are signs of the government's eagerness to enter into the global community of nations so long

denied it. Reforms in investment law and other legislation, aimed at satisfying the requirements of entry into these organisations, affect hotels and tour businesses. The involvement of organisations like WTO and the UNDP in Vietnam introduces a global perspective to tourism planning and has led to the drafting of what will become the country's first Tourism Law.

8.8.2 Relationship Between Government Policy and Development of Accommodation and Tour Operators

The accommodation and guided tour sectors in Vietnam have had a formative effect on political development in many ways during *doi moi*. Very early in the period after 1986, it became clear that the tourism provisions and infrastructure were qualitatively and quantitatively far below what was required to satisfy these unaccustomed types of visitors. Lacking the know-how and finances to transform its tourism industry from within, the government resolved to relinquish its monopoly on tourism by courting foreign joint venture partners. Thus, a desire to reap maximum benefit from tourism led to a compromise of a basic tenet of government policy.

Private and joint-venture newcomers to the accommodation and tour operator businesses in Vietnam have redefined the market parameters and have played a part in encouraging or necessitating reforms in the way SOEs operate. State accommodation and tour operators have been forced to assume a more dynamic, customer-oriented stance by the competition brought by joint ventures, while small private entrepreneurs have brought pressures for more competitive pricing. Re-organisation, streamlining, equitization and privatisation of state enterprises are some of the results of efforts to remain competitive in the market.

The relationship between the government and SOEs in tourism businesses has become more complicated and ambiguous. Financial and other support from the government is being reduced, and state-owned enterprises are required to do their own marketing and guarantee their own profits. However, there are also cases in which the government has made dubious use of its power to give SOEs what may be seen as an unfair advantage, such as the manipulation of the conditions of the traveller café

market to help latecomer state-owned operations to prevail over established private businesses and the government's right to hand-pick the foreign partner in joint ventures. At the same time, the legal rights of foreign companies are being incrementally improved to attract investment, and state-owned tourism businesses are seeking cooperation with tour operators from different countries to turn this disadvantage in the market to their advantage. All operators, be they state-owned, FDI joint ventures or private entrepreneurs, must deal separately with governmental policy and practice at the national level and at the regional level, which are often at odds with each other.

Much of the interplay between tourism businesses and politics in Vietnam remains at the informal level. Some state employees take advantage of privileged access to land and other rights accorded them by their government positions or connections, in order to establish themselves as private entrepreneurs. Private hotels and tour companies rely on informal connections to state officers to avoid difficulties and expedite administrative requirements.

8.8.3 The Role of Developments in Accommodation and Tour Operators in Encouraging Progress in Other Aspects of Vietnam's Development

The development of Vietnam's accommodation and tour operators since the beginning of *doi moi* has bolstered and encouraged progress in other facets of the development process in Vietnam. The creation of literally hundreds of thousands of jobs and infrastructural improvements to tourist areas are obvious and important examples. Tourism was among the first and largest areas to attract foreign investment and has been a testing-ground from which other sectors may learn. Foreign joint ventures have transferred not only money but also skills and knowledge to their Vietnamese partners and the Vietnamese market. Tourism SOEs are also among the first to be equitized, because of their great potential for bringing in money, including foreign exchange.

The ascendancy of tourism as an important facet of Vietnam's economy has elicited reactions from other areas of Vietnamese society. The education sector is one

example. Tourism departments have been established at universities around the country and the increased demand of accommodation and tour providers for multilingual staff has encouraged the expansion and founding of university-level language courses, especially in important tourist languages like Japanese.

Large foreign-owned hotel chains and tour operators bring a new class of customer to Vietnam, who might otherwise never have visited the country. This is just one of the new influences brought into Vietnam by tourism. The experiences of Vietnam's tourism industry since 1986 illustrates the speed with which new forces can take over and transform a market and affect the society as a whole. Some protectionist policies have been put in place by the government in response to this, and these policies may be expected to colour the way Vietnam handles the expansion of private and FDI influences in other economic sectors.

Whilst very important, the financial contribution of tourism businesses to Vietnam's economy is only one of the ways in which the country as a whole is being affected by developments in this sector. Private and foreign entrepreneurs in Vietnam tourism bring a set of progressive ideas and expectations to the Vietnamese business context that are foreign to a purely state-run economy. These businesses attempt to influence government policy on things that directly affect their businesses, such as visa regulations, transport policy, flight prices and banking. The preceding pages have documented the varying degrees of success of such initiatives. It may take some time before broader and more profound issues raised by tourism operators, such as the ethos of conservation and sustainability, have infiltrated Vietnamese society beyond the small niche that they currently serve.

8.8.4 Periodisation of Accommodation Development in Vietnam Since *Doi Moi*

The development of the accommodation sector in Hanoi and Ho Chi Minh City since *doi moi* can be divided into four periods, based on the author's interpretation:

1986-early 1990: Period of state dominance

During the early years of *doi moi*, most hotels still belonged to the State and had a generally low standard. At the beginning of this period, most tourists to Vietnam still came from COMECON countries and did not demand a high standard of accommodation, nor could most of them have afforded international standard hotel prices. Because foreign joint ventures were not yet operating in Vietnam, the state-owned hotels were not experiencing any competition within the accommodation market.

1990-1996: Rise of joint venture hotels

Because of the increasing number of foreign business travellers to Vietnam, at the beginning of 1990 there was a shortage of international standard hotel rooms in Ho Chi Minh City and Hanoi. Foreign joint venture hotels began to be established to fill this niche. By the end of this period, two large international hotels had been established in Hanoi and five in Ho Chi Minh City. In this period, hotel room prices and occupancy rates were very high, as discussed earlier in this chapter. The entry of international standard hotels into the market brought competitors to state-owned accommodation for the first time, requiring them to re-evaluate and revise their businesses to remain competitive. During these years, most of the state-owned hotels at which the author conducted interviews had undergone renovation, sanitation and expansion. In 1995, the Majestic Hotel was the first state-owned hotel to establish a sales department. Around this time, state-owned hotels began to accept credit cards. All of these changes were undertaken concurrent with the withdrawal of government financial support for state-owned hotels. Also during these years, domestic private entrepreneurs began to do business serving the independent tourist 'backpacker' market, which was disparaged by state-owned operators, who did not consider independent tourists a significant market sector and did not see small private operators as a threat or competitor. In contrast, all of the seven representatives of state-owned hotels interviewed by the author already saw joint venture hotels as direct threats and competitors within the market sectors to which the state accommodation sector aspired.

1996-1999: Oversupply and falling demand

The government's xenophobic 'social evils' campaign of 1995, a lack of repeat visitors, irregularity in visa regulation and enforcement and the Asian Economic Crisis of 1998 all contributed to a drop in tourist arrivals to Vietnam during this period. Many joint venture hotels, begun in the boom years of the previous period, were opening at the same time. By 1999, there were seven international foreign joint venture hotels in Hanoi, with between 224 and 441 rooms each. Ho Chi Minh City also had seven such hotels, with between 248 and 552 rooms. This led to an oversupply of rooms in Ho Chi Minh City and Hanoi and a drastic fall in prices and occupancy rates. The greatest fall in prices came between 1996 and 1998. During these three years, room prices in one small private domestic-owned hotel with 17 rooms fell from US\$ 70 to about US\$ 25 a night. At the Daewoo joint venture hotel in Hanoi, the average room price fell from US\$ 120 to US\$ 80 in the same period. As a result, many small private hotels went bankrupt. During the crisis, many state-owned hotels adopted pricing policies such as low/high season price differentiation and started programmes of promotion for the first time, following the example of foreign joint venture hotels.

1999- present:

Visitor numbers to Vietnam have increased steadily during this period. Hotel room prices have also gradually increased, but have not reached pre-1996 levels. Only one big new joint venture hotel has been built in Ho Chi Minh City in these years, and none in Hanoi. Regional crises such as the SARS outbreak of 2003 and the avian flu of 2004 had temporary effects on occupancy rates. A few of the state-owned hotels investigated in the sub-case study have begun to offer various added services such as travel agencies and massages, often provided by private individuals or companies renting space in a state-owned hotel, in order to meet tourist demand. To better deal with fluctuations in international tourism demand, many hotels are trying to attract more domestic tourists through promotion within the country or arranging of events.

8.8.5 Summary

Many aspects of the development of tourism businesses in Vietnam in the *doi moi* period can be seen as results of the interactions between state-owned, domestic private and foreign joint venture operators in the industry since the latter two became active in Vietnam in the late 1980s. The government relinquished its monopoly on tourism enterprises in order to encourage the growth of a free market within which state-owned firms competed alongside private sector businesses. Foreign joint ventures have brought international standards to Vietnamese tourism and thereby brought new impetus for improvement to domestic and state businesses. Through their small scale, flexibility and resourcefulness, private entrepreneurs are able to find and fill niches not served by the larger state and FDI firms, but also play a role in incubating forms of tourism businesses that may be later taken up by government or foreign operators. All three types of firms are affected by factors such as government regulation, the quality of available human resources and infrastructure. State, foreign and domestic private tourism enterprises all play roles in influencing and directing changes in these and other factors in Vietnamese society that influence their operating environment.

Like hotels and tour operators, attractions are also operations (or clusters of operations) in the tourism industry, and the issues examined in this chapter are often valid for tourist attractions as well as accommodation and tour operators. However, there are a number of cultural, social, political and economic aspects of tourist attractions that merit treating them as something more than a subset of tourism businesses. The following chapter addresses the special issues involved in tourist attractions in Vietnam and investigates several attractions in more detail in a sub-case study.

Chapter 9: Attractions

9.1 Introduction

9.1.1 Vietnam's Attractions

Tourists travel to different destinations with different motivations. According to McIntosh et al, cultural attractions such as historical places, monuments, architecture, people and art are important motivations to travel (1995). McCannell defines a tourist attraction as “an empirical relationship between a tourist, a sight and a marker (a piece of information about a sight).” (1999: 41).

The 1999 Tourism Ordinance puts the responsibility for identifying and administering tourism attractions in Vietnam with the provincial and municipal People's Committees, with the exception of 'national resorts', which are defined and controlled by the Prime Minister (Draft Report, 2001: 164).

Although Vietnam is still benefiting from the 'novelty effect' as a relatively new travel possibility for international travellers, this advantage is by nature short-term. Operators in the Vietnamese tourism industry strive to capitalise on the characteristics of Vietnam that make it unique, especially those aspects that distinguish it from other nearby destination countries in East and Southeast Asia. Vietnam's history and culture, the US/Vietnam War and the country's unique natural sights are among the generally-recognised 'assets' of Vietnam as a destination. Two areas – people and culture, and ecotourism – are being prioritised by both state and private stakeholders as areas for development (Cooper, 1997: 60; Draft Report, 2001: 23).

It used to be common to charge foreigners up to 14 times as much as Vietnamese visitors for entry to attractions. A 1999 ruling aimed at eradicating this practice, in order to reverse a growing negative impression of Vietnam's attractions among international tourists, as indicated in shrinking foreign visitor numbers, exemplified by one guide's remarks that the number of his customers visiting the Perfume Pagoda

had shrunk from 140 a week in 1995 to 20 a week in 1999, parallel to a rise in ticket prices for foreigners from US\$ 3 to US\$ 10 during the same time period, while the admission fee for Vietnamese remained at US\$ 1.50. This two-level pricing was not the choice of the individual attractions. The admission fees were set by the government. Because the high fees paid by foreign visitors provided an important source of income for attractions, their eradication put maintenance and repair work for attractions such as the historic city of Hue in jeopardy (Hoang Tu Giang, 1999).

9.1.2 Heritage Attractions

Many types of attractions fall into the heritage tourism sector, which accounts for a considerable portion of tourism in developed countries (Garrod and Fyall, 2000: 683). It has been noted that tourism to heritage attractions can play a role in their gaining wider public and official acknowledgement of their status as cultural heritage sites (Stoessel, 1997: 82). In the context of tourism, the term 'heritage' has been used in connection with both cultural and natural aspects of a destination (Herbert, 1989). For Boniface, culture is a necessary component of an attraction (1995: vii). In the 1990s the word 'heritage' became ubiquitous as a buzzword used by various destinations in their promotion of tourism (Palmer, 1999: 315). Heritage tourism is a flexible term, which has been applied to travel to any destination with an element of historical significance, and has thus been widely defined (Richter, 1999: 108).

The aspects or sites of heritage that are shown to tourists, and the way in which they are presented, is of course the prerogative of the exhibitor, and heritage sites will tend to prioritise events, and readings of events, that favour those in power in the country. Consequently, access to heritage attractions will vary according to the social and political context in which the attractions exist and how likely the history evoked by the attraction is to depict those in power in a positive light (ibid: 121). As in the famous adage attributed to Winston Churchill, "history is written by the victors".

9.1.3 Heritage Attractions in Vietnam

There are over 2,500 historical sites in Vietnam, as identified by the Ministry of Culture. Some of these are of regional or even global significance. Listing as a UNESCO world heritage site is possibly the most outstanding designation for a cultural attraction. Vietnam has five such sites: The citadel and mausoleums of Hue, listed in 1993, Ha Long Bay, listed in 1994, the port of Hoi An and the ruins at My Son, both listed in 1999 and Phong Nha-Ke Bang National Park, listed in 2003 (<http://whc.unesco.org/pg.cfm?cid=31>).

In a survey of likely international travellers conducted in Singapore in 1996 addressing “opportunities of tourism in Vietnam”, 78 per cent of the surveyed travellers believed that Vietnam should make better use of its historical culture and heritage to lure travellers (Trankiem Luu and Mai Kim Dinh, 1997: 50-54). In a parallel survey of travel agents, also in Singapore in 1996, 82 per cent cited heritage as a major factor in modern-day Vietnam’s attractiveness. Vietnam possesses a unique mixture of different types of ‘heritage’ sites, appealing to different groups of visitors. These include sites representing traditional Sino-Vietnamese culture and the romantic relics of French colonialism as well as less conventional types of attractions capitalizing on the controversial trend of ‘war tourism’ and the chance to experience one of the world’s last surviving communist societies.

Kim has commented that “it is often said that Vietnam’s heritage consists of its struggle against foreign aggressions for the last two thousand years” (Kim, 1997: 314). Logan has commented on the irony of Vietnam being marketed as an ‘untouched’ destination when Western powers have left their stamp on the country repeatedly through colonialism, war and communism. French colonial architecture, Sino-Vietnamese relics and Soviet-influenced structures are key factors that distinguish Vietnamese cityscapes from those of any other Southeast Asian nation and thus are assets to the country’s tourism image (Logan, 1997: 173).

The marketing of heritage as a tourism commodity raises important issues regarding a country’s relationship with its history. In Vietnam, displaying heritage necessitates

maintaining reminders of bitter wars and colonial occupation. Henderson has noted that "(h)eritage attractions in Vietnam and more widely remain a highly political issue and the influence of government policy cannot be ignored, with recent history being used to promote a message of unity and solidarity, directed as much at the resident population as visitors" (2000: 276).

War-related sites are particularly problematic in this respect, involving issues of how a country or society honours its fallen combatants and commemorates victory or confronts defeat, especially in cases where some of the audience of the attraction may be citizens of the erstwhile enemy state or group (Henderson, 2000). Plans to build an 'American War Crimes Museum' on the site of the former American Consulate at Danang, the point of US troops first landing in Vietnam in 1965, were scrapped to avoid a diplomatic debacle, although the museum was built at a different site. A like-named museum in Hanoi has been renamed (War Seeing Tours to Vietnam, 1997: 311-313).

There is a growing realisation of the significance of heritage sites in symbolically representing a group, community or nation and historical or political memorialising. However, there are a number of groups or communities with a claim to representation in any site, further complicating the issue (Richter, 1999: 109-114). To this, one could add that there are also a variety of different groups patronising any attraction, with different interests and backgrounds and to each of whom the site must 'speak' differently. Problems of authenticity, pertinent to all heritage tourism, are especially crucial in the development of these types of attractions. An important function of heritage sites is to aid visitors in the interpretation of history. The choice of which sites are promoted and the manner in which they are presented determine the image of a country that is perceived by visitors, and natives as well. The necessity to protect sites from over-development and vandalism also arises with an increase in tourism.

The preservation and use of Vietnam's cultural heritage are the responsibility of the national and provincial Ministries of Culture and Information. Increasingly, however, initiatives for preservation and reconstruction of historic structures are formulated,

planned and financed at the local level by the communities in which the structures are situated (Draft Report, 2001: 122).

Wars, the elements, lack of money and misguided restoration attempts have all ravaged Vietnam's heritage sites and the surge of construction associated with the current phase of rapid economic development also puts historical buildings and environments at risk. The first laws providing for the protection of historical cultural artefacts in Vietnam were issued directly after the 1945 revolution, and legislation has continued to be articulated since then (ibid). Article 46 of Vietnam's 1980 Constitution states that "Historical and cultural relics, public works of art and sites of scenic or other significance shall be restored and protected" (The Constitutions of Vietnam, 1995: 106). Article 34 of the 1992 Constitution elaborates "The state and society seek to preserve and develop the national cultural heritage; they take good care of preservation and museum work; they look after the repair and maintenance of, and seek to obtain the best effects from, historical vestiges, revolutionary relics, items of the national heritage, artistic works, and places with beautiful scenery" (ibid: 166). A 'Cultural Heritage Law' that went into effect on January 1, 2002 broadened the understanding of protected heritage to include "expressions of folklore" such as lifestyle, customs, traditional medicines and other practices (Draft Report, 2001: 122).

The rest of this chapter consists of a description and analysis of several prominent attractions in Vietnam. Different themes in the discourse on the relation between attractions and heritage are exemplified in the various sites that will be discussed. The demonstration starts with three specific attractions in Hanoi: the city's Ancient Quarter, the Hoa Lo Prison Museum and the Ho Chi Minh Mausoleum. Finally, the interrelation between different interests and different themes of heritage will be elaborated in more detail using the example of the town of Sapa as an attraction. Each of the attractions chosen for analysis has undergone changes since *doi moi*, whether in terms of function, physical qualities or profile of visitors. These visible changes both reflect and influence changes in the attitude of both the government and tourists towards these attractions, as will be discussed in the sections that follow.

9.2 Hanoi

9.2.1 Ancient Quarter

Hanoi was the capital of the Vietnamese state from around 1010 A.D. until 1802 when the Nguyen dynasty relocated the capital to Hue. During the French colonial era Hanoi was restored as the chief administrative centre of the Indochinese Union in 1887. When Vietnam was divided in 1954, Hanoi became the capital of the Democratic Republic of Vietnam. Hanoi's environment and architecture were influenced by the Chinese and Vietnamese cultures during the feudal past, the French during the colonial era and the Soviet Union after the Vietnam War. The mixture of different cultures and architectural styles make Hanoi a very unique and picturesque city. According to Logan, the urban environment in Hanoi is identified as one of the great heritage townscapes in Asia (Logan, 1995: 328). In the past, Hanoi was divided into 3 sections: the Ancient Quarter or 'Area of 36 Commercial Streets' north of Hoan Kiem Lake, the Western Quarter south of Hoan Kiem Lake and the Citadel or Ba Dinh Quarter south of West Lake.

The Ancient Quarter was historically, and still is the primary commercial area of Hanoi, with small shop-houses, markets and pagodas along small and narrow streets. The dominant residential building typology is known as the tube house, being no more than two to four meters wide, but as deep as 150 meters (Vu, 1999). Most of the residential and commercial buildings in the area were built after the 1870s (Logan, 1996: 329).

The romantically scenic, human-scaled streetscapes of the Ancient Quarter, its exotic atmosphere and the opportunities it offers visitors to experience a relatively intact vestige of a bygone era have made this sector of Hanoi one of the city's prime tourism attractions. With the increased tourist traffic to Hanoi in parallel with Vietnam's increasing accessibility to foreign travellers, tourism is becoming an important economic, political and social force that is playing a determining role in the development of the Ancient Quarter. Since the beginning of the open door policy in 1986, Vietnam's economy has become increasingly market-oriented. A growth in

profit-driven, tourism-related enterprises is one consequence of this economic shift. In recent years, many of the buildings of the Ancient Quarter have been converted from their original uses into hotels, cafes, shops and other uses catering to the tourist trade.

The pressure of market forces is also being felt in the property market of the Ancient Quarter. Because it is much more expensive to properly restore a historical building than to demolish it and replace it, and because the historical buildings of the Ancient Quarter are low-rise and small scale, making relatively 'inefficient' use of the site, real estate economics do not bode favourably for the retention of these structures. Developers are often required to re-house inhabitants displaced by their developments, adding to their expenses and increasing the need to maximize profitability from their projects by building higher and denser. Tourism is deeply embedded in the background behind this upward spiral of property prices as well. Soaring demand for hotel space is cited as one important factor in driving up land values in the Ancient Quarter. In 2001, lot prices on the main commercial streets of the Ancient Quarter reached US\$ 10,000 to US\$ 11,400 per square metre, an increase of three to four times over a period of just six years (Tu, 2001). To date, much of the redevelopment in the area has consisted of property owners capitalising on tourism by replacing the two-story tube houses with four- or five-story hotels and other tourism-related uses, often using funds gotten from less-than-legal means such as hoarding, smuggling or black market trade (Logan, 1996b: 79).

Calls for the preservation and restoration of the constructed urban heritage of the Ancient Quarter in the face of market forces are being raised by both international and domestic interest groups. In 1993, the Ancient Quarter became the first part of Hanoi for which heritage protection regulations were enacted (Logan, 1996b: 86). The tourism industry's stakes in the debate surrounding the relative merits of development or preservation for the ancient quarter are far from simple. While the preservation and restoration of the old urban fabric would seem to be a matter of utmost importance for the continued viability of the Ancient Quarter as a tourism attraction, the very success of tourism is contributing to an economic environment in which the future of these old buildings and streets is endangered and the continued qualitative and quantitative growth of tourism requires development of a scale and character that can be at odds

with the fragile and small-scale character of the historic streetscape. Some measures, such as the banning of motorised traffic from many of the area's main thoroughfares, the re-instatement of a tram line and the creation of a pedestrian zone, are explicitly aimed at increasing the attractiveness of the area to tourists (Cars Banned, 2001; Vu, 1999; Bich, 2000).

The wish to see the Ancient Quarter extracted and 'frozen in time' as an exotic spectacle for tourist consumption and not allowed to evolve and modernize as an integral and living part of the city has been criticized as an example of what Said has termed "orientalism": the Western practice of substituting a stereotyped representation of foreign cultures for a true interaction with them on equal terms (1987). Behind the historic facades, however, the lived reality of the residents of the Ancient Quarter is compromised by the physical constraints and bad state of repair of the old houses, with many families with as many as seven members sharing less than 10 square metres of living space (Bich, 2003) with 50 per cent of the households having to share a latrine with another household, 20 per cent of houses lacking a kitchen (Vu, 1999). A relocation programme is being undertaken to alleviate this overcrowding, expected to reduce the population of the old quarter from 100,000 in 2003 to 60,000 by 2010 by moving inhabitants to new housing in the suburbs (ibid; Ngoc, 2000).

Any truly sustainable future for the Ancient Quarter can only be formulated by careful and integrated strategic planning involving private and government participation and must strive for a 'win-win-win' situation in which the viability of the ancient city as an intact social context, an attractive tourism destination and an economically viable property market is maintained. Government guidelines for the development of the Ancient Quarter state "It is not necessary to keep all the buildings intact. The top priority is to preserve the style and soul of old architectures while at the same time improving living standards in par with those of a modern city" (Circular 72 (May 26, 1994), quoted in Vu, 1999). This case study provides an illustration of the extent to which heritage tourism relies on a careful balance of these factors and the roles it plays in helping achieve this balance. UNESCO began its 'Hanoi Project' for the preservation of the city's historic city sectors in 1990, specifically citing the economic

importance of maintaining these sectors' attractiveness as tourism sites and encouraging the publication of books and videos on urban and architectural history for tourists, highlighting the importance of historic preservation (Logan, 1995: 332-3). This is an acknowledgement and example of the role that can be played by tourism in providing both justification and economic support for historic preservation while also providing a channel for dissemination of information about the importance of preserving heritage.

9.2.2 Hoa Lo Prison Museum

According to Logan (2002), in a Confucian society, such as Vietnam before French colonization, it was not common practice to incarcerate offenders because it was believed that punishment was best left to the family and village. The French introduced the practice of housing offenders in houses rented from Vietnamese, which was costly and ineffective. Therefore, a prison was one of the first projects the French undertook in Hanoi in the late 1890s and early 1900s, along with a cathedral and a *Palais de Justice* (Supreme Court) (Interview, Former Director, Hoa Lo Prison Museum, 2004).

Hoa Lo Prison was established in 1896 on the site of Phu Khanh village, a craft village which at the time was regarded as a Hanoi suburb (ibid). Originally built for 450 prisoners, the population of the prison increased to more than 2,000 by 1953 (display board in Hoa Lo Prison Museum). The early prisoners called the prison Hoa Lo which figuratively means 'Hell's Hole' (Logan 2002), in contrast to the official innocuous name of *Maison Central*. The Hoa Lo Prison has a long and significant history. Under French colonial rule, a large number of Vietnamese nationalists, communists and peasant fighters were imprisoned there, including some of the countries greatest future leaders, according to the historian Pham Tu (Stewart, 1997). Among these were Le Duan, a General Secretary of the Vietnam Communist Party in 1960-1969, Nguyen Van Linh, also General Secretary in 1986, Do Muoi, a General Secretary from 1991 to 1997 and former Foreign Minister Nguyen Co Thach ('Hanoi Hilton' Readied for Demolition, 1994).

During the Second World War, under Japanese occupation, some French officials were imprisoned at Hoa Lo (Interview, Former Director, Hoa Lo Prison Museum, 2004). In 1954, Vietnam divided into two camps: a capitalist South and a communist North. During the ensuing war between North Vietnam and America between 1964 and 1975, Hoa Lo was used to detain American pilots whose aircrafts had been shot down over Hanoi. The total number of American prisoners in Hoa Lo during the war is unclear. According to the Japan Economic Newswire, the prison accommodated more than 700 American prisoners, but Lander cites a figure of only 300 (Lander, 2000). Hoa Lo continued to function as a prison after the communist victory until 1993, housing mainly Vietnamese criminals (ibid).

During the 'open door' policy of market economy growth in Vietnam, the city of Hanoi expanded and its population increased. Hoa Lo, once a suburb, gradually became part of the city centre. In 1993, the Hanoi authorities, seeing this as an inappropriate location for a prison, decided to construct a new jail on the city outskirts and abandon the physically degraded prison at Hoa Lo (ibid). A debate ensued as to whether to keep all or part of the old prison as a memorial or to make the whole site available for economic development purposes (ibid).

In 1993, the government approved a US\$ 60 million project for a 22-storey luxury service apartment and office complex on the site of Hoa Lo Prison. The project is a joint venture between Burton Engineering, a Singaporean company, and the state-owned Hanoi Civil Construction Company (Stanley, 1994). According to the former Director of the Hoa Lo Prison Museum, in fact, the Hanoi authority originally wanted to preserve only the gate (entrance) of the prison whereas the joint-venture requested the whole area for development. However, both of these variants were met with very vocal protest from former inmates of the Hoa Lo Prison who wanted to preserve it as a memorial site to their struggle for independence (Interview, Former Director, Hoa Lo Prison Museum, 2004). Demands also came from the general public, both foreigners and Vietnamese, who were curious about Hoa Lo Prison and wanted it to be made publicly accessible. A compromise was made, whereby the joint venture project obtained 8,000 square yards of the prison site, with the remaining 3,000 square yards to be preserved and set aside as a museum (Stanley, 1994, November 29). The

developers were also required to contribute US\$ 1.5 million to the relocation of the prison to its new location outside the city (Vietnam's "Hanoi Hilton" Jail to Make Way for Hotel, 1993). Also in 1993, control of Hoa Lo Prison was transferred from the Department of Police to the Department of Culture within the Ministry of Culture, reflecting the change of the use of the building (Interview, Former Director, Hoa Lo Prison Museum, 2004).

The years from 1994 to 1997 were a transitional period for Hoa Lo, with land being cleared for the joint venture project, maintenance and organisation of the museum displays and other related tasks. Some problems arose during construction of the new tower, including damage done to the foundation of the prison which cost the joint venture VND 1 billion (about US\$ 67,000) to repair and reinforce. The total cost of the restoration of Hoa Lo Prison was about VND 11 billion (US\$ 733,000) (Interview, Former Director, Hoa Lo Prison Museum, 2004). It was declared a national historical monument in 1997.

Because of the many different powers and purposes it has served throughout its checkered and brutal history, the symbolic associations of the Hoa Lo Prison are various, complex and often contradictory. Accordingly, the types of tourists who come to visit and the reasons for their visits are diverse. For the Vietnamese, the site is a tangible reminder of their country's long struggle for independence and of the injustices suffered at the hands of the French colonisers. Overseas Vietnamese (*viet kieu*) and those from the South of the country, however, may have more conflicting feelings about the history and sentiments represented by the site (Logan, 2002). An ever-increasing number of Americans and French, for whom the prison also represents a painful part of their national heritage, are visiting each year. The prison is even a site of religious tourism in the form of monks who come at public events to pray for the dead (Interview, Former Director, Hoa Lo Prison Museum, 2004).

From the point of view of the Vietnamese government, which provides all funding for the museum, the prison serves as a site to reinforce patriotic and nationalistic feelings amongst the Vietnamese who visit. Many future revolutionary leaders were imprisoned there for anti-colonial activity in the 1930s and the prison can be called

one of the birthplaces of revolutionary education in Vietnam (Logan, 2002). Exhibits in some of the prison's former cells and torture chambers illustrate and describe the brutal practices and implements of the French captors in graphic detail, including a prominently displayed guillotine. The exhibition of these artefacts and the telling of these stories within the very walls in which the events occurred rather than in the sterile and abstracted environment of a museum adds to the visceral effect of the exhibits.

Aside from attracting Vietnamese visitors, the museum is also a site on the standard tourism circuit of Hanoi for overseas tourists. The prison museum's employees are specifically trained to deal with these visitors. Staff members are required to have a university education, and must speak either English or French well. English courses have been given to the museum staff on site since 1998 (Interview, Former Director, Hoa Lo Prison Museum, 2004).

Positive sentiment for the preservation of the prison as a memorial was expressed by those who had fought on both sides of the US/Vietnam conflict (*ibid*), with both American and Vietnamese veterans seeing the site as an important tangible reminder of their experiences during that war. However, many Americans visiting the site, especially those who experienced the prison first-hand as prisoners of war, have expressed outrage at the way in which the 'Hanoi Hilton' phase of the prison's history is depicted. The room concerning the imprisonment of American POWs is brightly lit and open in comparison to the other rooms in the prison, whereas those rooms presenting French atrocities against the Vietnamese are particularly dark. In exhibited photos, American prisoners are shown attending Mass, receiving letters from home, meeting journalists and eating a banquet. An accompanying plaque reads: "(t)hough having committed untold crimes on our people, but (sic) American pilots suffered no revenge once they were captured and detained" and claims that all POWs were handled in a manner complying with international law (Lake, 2001).

This version of this era in the prison's life is at stark odds with the vision of humiliation and unbearable conditions that have entered the American cultural consciousness based on the reports of former prisoners, among the most famous of

which is US Senator and former presidential candidate John McCain. Senator McCain tells of hellish conditions in the prison, his experience of beatings and solitary confinement and his two suicide attempts. On a visit to the prison museum in 2000, he expressed incredulity at the official representation offered by the exhibits with the cynical comment “That’s entertainment” (Lander, 2000).

This characterisation of the treatment of American prisoners was staunchly denied by Vietnam Foreign Ministry spokeswoman Phan Thuy Thanh (Spokeswoman Call Visiting US Senator’s Remarks “Untrue”, 2000), indicating the depth of the rift that must still be overcome between two sides with mutually antagonistic views, not just of the manner in which historical events should be represented, but also on whether certain historical events actually ever happened. The Hoa Lo Prison is a relic site, meaning that it is intended to preserve the site exactly as it used to be. The management of the prison museum sees their institution as exhibiting historical ‘reality’ without embellishment, even to the extent of eschewing the selling of souvenirs and hanging of promotional posters (Interview, Former Director, Hoa Lo Prison Museum, 2004). As is always the case with a site with such a long and eventful history, authenticity of representation is a topic that is open to interpretation. No presentation can ever do equal justice to all historical facets of the place, so any exhibit involves an editing of historical facts which will inevitably have the effect of prioritising a certain historical narrative above others.

On an ironic side note that illustrates the complicated nature of this game of selectively and alternately touting and sanitising heritage as best suits the promotional expediency of the moment, the Hanoi Hilton Opera, a luxury hotel which opened in the capital in 1999, issued a press release stating that the nickname ‘Hanoi Hilton’ was given to Hoa Lo prison by POWs “in an attempt to picture home comforts during a time of hardship” (Balfour, 1999).

Of course the version of the US/Vietnam war that is presented at the Hoa Lo Prison Museum is aligned with the didactic task of the site and it could be argued that the communication of war-related sites will usually prioritise the version of the truth that best serves the exhibitor’s agenda. However, the visits paid by Senator McCain and

many other less-famous American war veterans as well as non-veterans, show that this is a site whose heritage significance resonates with people beyond the borders of Vietnam itself. As Vietnam continues to attract increasing numbers of foreign travellers, those in charge must acknowledge that the Vietnamese national heritage is also a part of the global historical heritage. To represent this shared heritage in a way that is fair and true to the various histories of a site, that gives an equal voice to all the narratives involved without resorting to a sterilised inoffensive 'middle ground' is the true challenge of such sensitive sites.

9.2.3 Ho Chi Minh Mausoleum

The Mausoleum of Vietnam's national hero Ho Chi Minh is a national heritage site of extraordinary importance, which is also of particular interest to many types of foreign visitors to Vietnam. It is a site of high symbolic content and many foreign dignitaries visit the Mausoleum as a sign of respect or solidarity with their Vietnamese hosts.

Construction of the Ho Chi Minh Mausoleum began on 2 September, 1973 and the structure was opened on 29 August, 1975. It is located on Ba Dinh Square in Hanoi, at the site where Ho Chi Minh proclaimed Vietnam's independence on 2 September, 1945 (Ho Chi Minh Mausoleum, brochure). The inspiration for building a monument in Hanoi as the final resting place of Ho Chi Minh came from Lenin's Mausoleum in Moscow, which also served as the architectural model for the structure. This was against the will of the revered leader himself, who had wished to be cremated and three urns containing his ashes placed at locations in northern, central and southern Vietnam (Vladimir, 1996).

The Mausoleum is the most politically symbolic site for Vietnam. For natives it is a patriotic site of unequalled importance and a point of national pride. Every province of Vietnam contributes financially to its upkeep and every year each province sends a tree to be planted at the site (Interview, Chief, Ho Chi Minh Mausoleum, 2004).

The administration of the Mausoleum is at the level of a Ministry. Besides the central task of guardianship over Ho Chi Minh's body, the management is responsible for the

technical maintenance of the facility, the organisation of ceremonies for important visitors to the Mausoleum and maintaining security in the area. The current Chief served in the Vietnamese army before studying in Russia and Bulgaria, attaining a PhD in military studies (ibid).

Ten thousand people come to the attraction on a normal weekday, with fifteen to twenty thousand a day on weekends. Traffic can become even heavier. In September 2003, an average of 31,000 people a day came to view Ho Chi Minh. About one quarter to one third of visitors are foreigners. The number of foreign visitors has increased during *doi moi*, as has the number of domestic visitors. Before *doi moi*, most international visitors were diplomatic or government guests. Today most are sightseers. In an interview, the Chief of the Mausoleum distinguished between two concepts of attractions in Vietnam: commercial sites which are money-earning and spiritual sites which serve ideological, rather than economic, purposes. The Mausoleum falls unequivocally into the latter category. No admission fee is charged, although non-compulsory leaflets are on sale. Private enterprise is not allowed in or around the Mausoleum. The management has established a self-financing visitor service unit that sells souvenirs, film, water and other goods to tourists (Interview, 2004).

The running and maintenance of the tomb is an extremely expensive undertaking, especially for a developing nation. Much of the original cost of the monument was funded by the Soviet Union. The special embalming the body is estimated to have cost between US\$ 300,000 and 500,000 and the equipment for maintaining the body in a preserved state cost upwards of US\$ 5 million at the time. As with many deceased communist leaders in the decades before and since, Ho Chi Minh's body was embalmed by Soviet specialists. The process was carried out during the war with the United States in a cave outside of Hanoi to avoid bombardment (Vladimir, 1996).

A special military unit is responsible for the Mausoleum's security, consisting of white-uniformed guards and the personnel of the 595th Technical Detachment, who man the air conditioning and other machinery. This machinery has not been replaced since the building opened and requires constant fixing and attention. It is nonetheless

considered a great honour to work at the Mausoleum, and the building boasts a team of highly adept technicians even though the wages paid them are lower than they could earn elsewhere.

South Korean President Kim Dae-Jung's first visit to the Ho Chi Minh Mausoleum in 1998, when he laid a wreath at Ho Chi Minh's tomb, was perceived as a significant gesture of reconciliation between his country and Vietnam. On a visit to Vietnam two years earlier, the previous South Korean President Kim Young-sam had refused to make an official visit to the monument on the grounds that Ho Chi Minh was a communist and an aggressor against South Korea's ally the United States (Kim to Pay Tribute to Ho Chi Minh's Mausoleum, 1998). This shows that the political significance of the Mausoleum and the political subtext of an official visit paid to it by a guest of state, is multifaceted and changes according to the political climate of the time and the agenda of the visitor.

Russian President Vladimir Putin visited the Ho Chi Minh Mausoleum in March, 2001, despite the dissolution of the once-close political ties between his country and Vietnam (Putin Completes Vietnamese Visit, 2001). The Prime Minister of Japan, Junichiro Koizumi, paid his respects at the tomb in April, 2002, although Ho Chi Minh had led the Vietnamese struggle against Japanese occupation during the Second World War (Koizumi Visits Ho Chi Minh Mausoleum, Meets Vietnamese President, 2002). The visits of these world leaders could be seen as symbolic of reconciliation or confirmation of solidarity between two nations that also signals Vietnam's increasing integration into the global 'family of nations' after the lifting of the US-imposed embargo in 1994.

Before a state visit to Vietnam by US President Bill Clinton in November 2000, there was much discussion regarding whether he should pay a visit to the Mausoleum. Ho Chi Minh was perceived as an enemy of the United States, raising the question of whether a US President paying his respects at the tomb would be interpreted as a sign of respect to the host country or disrespect to his own country. The issue was further complicated by the fact that Bill Clinton had avoided military duty during the US/Vietnam War. In a September 30 broadcast, Voice of America Radio implied that

a Vietnamese government announcement that the Mausoleum would be closed for two months from October 8 for maintenance was intended to save the President embarrassment, although the Vietnamese military newspaper *Quan Doi Nhan Dan* rebuked this claim, saying that closure for maintenance was a scheduled yearly event that requires the interruption of access for normal visitors but does not affect important guests (Vietnamese, US Media at War Over Clinton's Protocol, 2000).

Since the beginning of *doi moi*, the Ho Chi Minh Mausoleum has functioned as a sightseeing attraction in addition to an ideological monument, and the management of the attraction is adapting its role to this unaccustomed but growing class of visitors. Foreign language proficiency was not seen as a useful skill for Mausoleum personnel before *doi moi*, but now it is being perceived as a necessary skill (Interview, Chief, Ho Chi Minh Mausoleum, 2004). All guards at the building are given lessons in English to better serve as interpreters for foreign visitors of the meaning of the site (Vladimir, 1996). Even after having declared that the Mausoleum is a spiritual site, the Director justifies the ban on private enterprise near the monument not in terms of maintaining respect for Ho Chi Minh, but rather in terms of avoiding annoyance for tourists through too many vendors and lack of price control. Yet he also states that it is the goal of the attraction to attract more visitors who come to pay their respects to Ho Chi Minh rather than sightseeing tourists, claiming that UNESCO's call for celebration of the centenary of Ho Chi Minh's birth in 1990 signalled that Vietnam's national hero had become an international hero and that the Mausoleum would thus gain in significance as a spiritual attraction for foreigners as well as Vietnamese (Interview, Chief, Ho Chi Minh Mausoleum, 2004).

While it remains a patriotic landmark for the Vietnamese, *doi moi* has brought an influx of tourists for whom the Mausoleum holds a quite different fascination as a sightseeing attraction. This group of tourists' relation with the Mausoleum is different than the accustomed crowds of domestic pilgrims, bringing the pressure of commercialisation, which is being kept at bay by the government, whether to preserve the sanctity of the site or to avoid annoyance to tourists. Measures such as the learning of English by guards and the provision of goods for sale to tourists indicate that international sightseers are not seen as a mere anomaly or fringe group, but rather an

emerging market sector. Vietnam's place in global politics and global markets continues to be signalled by the visits of foreign heads of state and ambassadors to the Mausoleum. However, even with the current amicable trade and political relations with the United States and the Western world, the figure of Ho Chi Minh himself remains a controversial spectre of Vietnam's past, as exemplified by President Clinton's avoidance of the Mausoleum on his state visit to Hanoi.

9.3 Sapa

9.3.1 Introduction

Sapa, which translates as "town of sand" in Yunnan Mandarin, is a town located in Lao Cai Province in central Vietnam, in the picturesque mountains of the so-called 'Tonkin Alps' (Stubblefield, 1994: 1). Sapa has been listed as one of the sixteen primary tourism destinations in Vietnam for alternative tourists looking for 'eco', adventure or ethnic based travel or the like (Nguyen Van Lam, 2002).

An existing Hmong minority settlement named Sapa was displaced to build a small French colonial town of the same name. The French town contained barracks and a sanatorium for a nearby military base, which had been established a few kilometres away in the 1890s (Michaud and Turner, 2000: 89). A Tourism Bureau or *Syndicat d'initiative* was established in Sapa (or 'Chapa', as it was called by the French) in 1917, on the model of a typical French town tourism office responsible for the promotion and development of tourism in the immediate area, signalling the beginning of civilian tourism to the area (Michaud, 2001: 30). Starting around this time, well-to-do French officials, both military and civilian, began to build villas there where their families would live for the summer months, with the men themselves coming up from the lowland cities for a few days or weeks at a time (ibid: 31). Eight hundred to nine hundred Europeans came to Sapa annually during the late years of the 1920s, with many others staying behind because the accommodation provisions were inadequate to meet the demand. In 1932, the town began to be developed as health resort. Minority settlements were moved to make way for the building of a church,

hotels, an *aerodrome*, tennis courts, a hydroelectric plant and over 200 villas, as well as roads to Lao Cai and Lai Chau (Stubblefield, 1994: 1).

The French abandoned Sapa at the outbreak of the war in 1946 and a large number of the town's buildings were destroyed by the Viet Minh in early 1947 as a largely symbolic gesture of defiance (The Faces of Sapa, 2003: 7). Much of the rest was later destroyed by the French to prevent the communist troops from using it as a base (Michaud and Turner, 2000: 90). The Chinese invasion of 1979 levelled Sapa and, though rebuilt, it remained a town of bamboo huts until a road was built in to Lao Cai in 1988-89 (The Faces of Sapa, 2003: 8).

The rebirth of Sapa was enabled by tourism. The foreign tourism 'boom' in Sapa began in 1993, bringing a period of development and investment that has transformed the town in ways seen as having both positive and negative aspects. The city has become much more hectic and the main streets are flanked by guesthouses, souvenir shops and traveller cafes. One resident has said that "(n)ow it's less romantic. It's noisy and everyone is in a rush to make money" (The Faces of Sapa, 2003: 10). The population of Sapa has also grown considerably, due to the arrival of many new workers from outside the district to fill the expanding demand for labour. A long-time inhabitant of Sapa states that the town's population has grown from 3,000 in 1963 to more than 36,000 in 2003 (ibid). The number of state-owned guesthouses in Sapa increased from 3 with 155 beds in 1992 to 10 with 450 beds by 1996. More pronounced was the growth in private hotels from zero in 1993 to 31 with 390 beds in 1996. It was predicted that the number of accommodations beds required would expand by tenfold between 1993 and 2000, and would double again from 2000 to 2010, inspiring a massive rearrangement of the employment market from farm and forest-based jobs to the service, construction and craft industries.

9.3.2 Tourism Information

If, as McCannell claimed, a tourist attraction consists of a relationship between a tourist, a sight and information about the sight, one component of this relation seems to be lacking in Sapa, as there is a scarcity of tourist information for visitors to Sapa.

Topas Ekspeditioner, a Danish tour company operating in the area, has taken it upon itself to provide its customers with photocopies of the 'Sa Pa' booklet, to which it has appended two new sections, on environmental protection and on ethical guidelines for use of the area, in Vietnamese for the use of tour guides (Support to Sustainable Tourism, 2000: Annex I). Some newly published but outdated guidebooks still describe Sapa as an idyllic and unspoilt location, leading to surprised disappointment on the part of some tourists who find a much more hectic and developed destination than they had been led to expect (Tourism Market Survey, 2001: 19).

9.3.3 Tourism Planning

In 1993, the Lao Cai Provincial Committee resolved that tourism should become the driving economic sector of the province. Sapa is the central site in the Committee's ongoing tourism development plans for the province (Pham et al, 1999: 10). Rapid growth of tourism in Sapa in the early 1990s encouraged government bodies at the national and local levels to identify Sapa as a 'multi-objective tourism site' of national importance and to give the area favourable treatment in the development of infrastructure, including improvements to Highway 4, which provides access to the area, the paving of walking trails, the development of telecommunications, electricity, water and sewage systems and the construction of a cultural centre, an artificial lake, a cultural market, a cultural centre for minorities, a park and a theatre (Support to Sustainable Tourism, 2000: 7; Pham et al, 1999: 29; Thernstrom, 2002: 19).

The Sapa District Section of Culture, Information, Sport and Tourism became the government body that oversees and coordinates tourism in Sapa in April, 1999, when tourism was added to the responsibilities of the then District Section of Culture, Information and Sport. This Section answers to the District People's Committee at the district level as well as the Lao Cai Department of Culture and Information and the Lao Cai Department of Trade and Tourism at the provincial level. The District People's Committee also established a Tourism Support Board for Sapa on 14 May, 1999 (Support to Sustainable Tourism, 2000: 24). There are also a number of domestic and international non-governmental bodies concerned with tourism planning and development in the Sapa area. A World Conservation Union (IUCN) initiative in

support of sustainable tourism development in the Sapa area has consulted many international NGOs that are active in the area (Support to Sustainable Tourism, 2000: 8). The Sapa Tourism Office was established in 2002, under the Sapa People's Committee. The Tourism Office is responsible for trade and tourism, managing tour operators, guest houses and hotels, making plans to develop products and helping the ethnic tribes to develop their products. The Tourism Office makes proposals, which must be approved by the Sapa People's Committee before they can be implemented (Interview, Representative, Sapa Tourism Office, 2004).

The state budget for tourism development in Sapa has fluctuated over the years (ibid). In the context of the great investment in funds and planning for improvements to the town of Sapa, very little thought has been given to the preservation or support of the unique ethnic and natural heritage of the area (DiGregorio et al, 1996: 36). The tourism plans of the District People's Committee prioritise the development of Sapa as a vacation spot for wealthy domestic tourists and focus mainly on projects in the town itself rather than the improvement of support for tourism to the natural and ethnic attractions in the rural surroundings. Thornstrom has remarked that tourism niches such as cultural, adventure and environmental tourism, which have attracted large numbers of Western tourists to Sapa, are not understood or appreciated by the government and are seen rather as a temporary fluke and are not addressed in any tourism development plan (2002: 20). There are indications that the international backpackers and budget-traveller young Vietnamese who have accounted for most visitors to Sapa over the past decade are becoming disillusioned by the increasing commercialisation of Sapa and are seeking other less spoiled destinations (DiGregorio et al, 1996: 39).

The European Union has provided financial assistance to Sapa for the express purpose of zoning the city as a resort area, as a component of an urban zoning programme for seventeen developing countries started in 2002. Respondents to a 2001 tourism market survey were of the opinion that a lack of government control has led to too many hotels in the city and a lack of respect for the traditional environment of the city (Tourism Market Survey, 2001: 17). Another survey of tour operators confirmed that many in the tourism industry in Vietnam believed that a lack of government

investment and planning has led to the degradation of cultural and heritage sites throughout the country (National Survey of Tour Operators, 1999: 58). Responding to such concerns, the Lao Cai Province stopped licensing new tourism projects pending the release of the final zoning plan (Tran Quoc Quynh, 2004). In 2004, Lao Cai Province approved a detailed zoning map of Sapa, which was drafted with the help of French experts. The plan divides Sapa into nine sections, three of which – Sapa town, the centre and Ta Phin – are zoned mainly for villas, guest houses and recreational areas. Construction in the ancient town is limited to three storeys while five- to seven-storey hotels are allowed in other areas. This zoning initiative is in conjunction with an anticipated programme of construction expected to cost over VND 3 trillion (about US\$ 190 million), thirty per cent of which is accounted for by government-funded projects such as infrastructure and most of the rest of which will come from investors (Tran Quoc Quynh, 2004).

9.3.4 Increasing Regulation

The originally informal tourism atmosphere in the Sapa district is becoming subject to increasing government control. Since 1993, hikes of more than two days have been forbidden and all hiking has been restricted to two areas of the district, ostensibly for the safety of tourists, the protection of villagers and because of the limited provisions for receiving and housing tourists in the villages. All hikers in the Sapa area are required to obtain a trekking permit. Local tour companies have a monopoly on organising these permits and outside operators must have a working agreement with a local business to organise permits for their tours, giving local entrepreneurs a distinct advantage in the market. The cost and conditions of permits depends partly on the size of the company and the relationship between the company and the police. The average price of a permit is VND 30,000 but operators with good police contacts pay an average of VND 15,000. Some companies are even able to pay after the tour is already finished, or on a monthly basis rather than by individual tour (Thernstrom, 2002: 32-33).

By 1998, the Sapa District Party Committee had begun to charge entry fees of VND 5,000 for foreigners, VND 4,000 for Vietnamese and VND 2,000 for Vietnamese

children to the most popular tourist attractions (Grindley, 1998: 10). Gates have been erected at the entrances to Ta Phin, Cat Cat and Ta Van, three of the most popular minority villages for tourists, in order to enable the collection of admission fees by the section of Finance and Trade of the District People's Committee. Thirty per cent of the fees go to train the staff and the rest to general development such as infrastructure improvement (Support to Sustainable Tourism, 2000: 14).

9.3.5 Visitors

Sapa's heaviest visitor flow is during the 'tourism week' of Thursday afternoon to Monday noon, with an average stay of three days (DiGregorio et al, 1996: 7). Half of the tourists, and half of the annual tourist income, come to Sapa in the summer season of June through August. Vietnamese tourists are more prevalent in this high season while the majority of tourists during the rest of the year are foreigners (ibid).

According to Casson, the number of domestic visitors to Sapa increased from 11,000 in 1995 to 20,000 in 1997. International tourist numbers grew even faster during that period, from 4,000 to 12,000. According to these figures, domestic tourists made up about 63 per cent of visitors in 1997 (Casson, 1998). In 1996, estimates by the Ministry of Construction foresaw that more than three-quarters of visitors to Sapa would be domestic tourists by 2000 and more than 80 per cent by 2010 (DiGregorio et al, 1996: 34). Thernstrom cites figures that contradict those above, showing an increase in the number of domestic visitors from 3,900 in 1995 to 22,500 in 2000 and in international tourists from 2,300 to 20,500. According to these figures, domestic tourists made up the majority of visitors every year except 1998 and the largest percentage growth for both domestic and foreign tourists occurred from 1995 to 1996, with growth of 187 per cent and 226 per cent respectively (Thernstrom, 2002: 20).

A 1998 survey indicated that nearly half of foreign visitors to Sapa came as part of an organised tour booked in Hanoi, whereas all domestic respondents were travelling independently on a weekend visit from Hanoi (Casson, 1998). Several surveys also confirm that domestic and foreign tourists come to Sapa for different reasons. Whereas Vietnamese visitors come to Sapa for health and relaxation and are attracted

by the scenic landscape and the cool climate, which provides relief from the heat of the coastal lowlands, foreigners come for sport, exploration and new cultural experiences and tend to be drawn by hiking and other nature-based activities, as well as the possibility to observe the culture and day-to-day life of the local hill tribe minorities (DiGregorio et al, 1996: 11; Grindley, 1998: 2; Pham et al, 1999: 9-10).

Domestic tourists tend to see minorities as 'dirty' or 'backward' rather than exotic, as in the eyes of foreign visitors. The behaviour of domestic tourists is apparently less respectful and cultured than international visitors. Vietnamese are more likely to litter, poach local wildlife and plants or patronise prostitutes during their stay (Casson, 1998). Domestic tourists believe that Sapa is not developed enough and would like to see more karaoke and other recreational activities, while foreign tourists generally believe that the town is already too developed and think it is no longer authentic (ibid; Pham et al, 1999: 61).

9.3.6 Tourism Investment

In view of the expansion of tourism in the Sapa area, the Ministry of Construction planned infrastructure, accommodation, cultural and recreational projects with a total value of US\$ 5.3 million through the year 2010 (DiGregorio et al, 1996: 3, 34). Nearly all government investment in tourism in Sapa has been in infrastructure (Thernstrom, 2002: 29). In 1996, the total tax income from hotels and guesthouses in Sapa was US\$ 8,000 and an extrapolation over the length of the planned development until 2010 would give total tax revenues of only US\$ 72,000 to 82,000. Because tax revenues from hotels and guesthouses are far from sufficient to fund the planned improvements and developments in Sapa, most of the money must come from investment from elsewhere, largely from the state budget (DiGregorio et al, 1996: 37-38).

The District People's Committee has been trying to attract provincial money for the improvement of infrastructure in Sapa. For instance, provincial funds have been used to construct a path from Sapa to Cat Cat, the nearest minority village. A two-storey 'cultural showroom' at which the Provincial and District Department of Culture will

provide interpretation programmes, is part of a more ambitious project of making the villages of the San Ho commune into a working 'cultural showroom' (Grindley, 1998: 9-10). A system of roads linking Sapa with the surrounding minority areas is also planned (Nicholson, 1997: 34).

Many of the gains from tourism development in Sapa do not benefit Sapa directly, especially the high-end projects by outside entrepreneurs. For example, the French-owned four-star Victoria Hotel in Sapa opened in 1998, as the first fully foreign-owned hotel in Vietnam, taking advantage of the 1992 Law on Foreign Investment that allows for 100 per cent foreign owned projects in Vietnam. Because materials, food, supplies and staff are all brought in from Hanoi or elsewhere, the hotel does not contribute appreciably to the local economy (Casson, 1998). Nonetheless, outside operators bring a level of tourism to Sapa that could not necessarily be attracted or sustained by local businesses or government alone. For instance, Hanoi tour companies serve an important role in Sapa's tourism. They bring tourists to the destination, they do a good deal of Sapa's marketing and provide the English-speaking guides and transport that Sapa lacks (*ibid*). The Old Darling Café (ODC) of Hanoi started tours to Sapa in 1993. It employs Kinh guides, who know some of the customs and taboos of the tribes but do not necessarily speak the language. Some minority guides are hired and have taken a two-month government tourism certificate course and accompanied a trained ODC guide. ODC has also set up a venture with minority groups (Witty and Hamilton, 1996: 18).

9.3.7 Ethnic Minorities

Five minority groups live in the mountains around Sapa. It is the poorest of these groups – the Hmong, Dao and Xa Pho – which attract foreign tourists (Pham et al, 1999: 10). A Ministerial Level Committee for Ethnic Minorities and Mountainous Areas is responsible for policy on the eponymous tribes. The Committee established a tour company named CEMTOUR (The Centre for Ethnic and Mountainous Tourism) in 1991 to develop tourism in mountainous areas of Vietnam in ways that contribute to the culture and well-being of the minorities (Casson, 1998).

It is suspected that opium cultivation was still practiced by the minorities in the area around Sapa into the 1990s and that the Vietnamese government was the main consumer (Michaud and Turner, 2000: 90). The 1992 banning of clear-cutting of forest for farming and the 1993 prohibition of opium cultivation had a profound effect on the lifestyle of the local minorities, greatly reducing their income and forcing radical changes in their way of life. The boom in tourism has provided an alternative source of income (ibid: 91). The local ethnic minorities have been adjusting their agricultural production to suit the tourism market, growing corn or potatoes for the domestic tourists (Pham et al, 1999: 24). Increased demand through tourism has raised the market values of the agricultural products of the minorities. Government programmes such as the State's Sedentarisation Programme, the Agricultural Extension Programme and the Forestry Development Project focus on improving different aspects of the lives of minorities. All of these programmes aim at allowing these people to engage in other areas of the economy than their traditional areas, including tourism. Though unskilled, they are healthy and strong and are often hired for the more menial, low-paying jobs in the construction industry. Others sell refreshments to tourists (Pham et al, 1999: 24). Mountain guides and porters are the most lucrative jobs for local men in Sapa's tourism industry (Thernstrom, 2002: 28).

However, minorities have little chance to enter into positions of real political or economic power in the district. The Sapa People's Committee, which has the most pervasive and direct control of development in the region, is dominated by ethnic Kinh, although they make up only 15 per cent of the district's population. Moreover, lowland Vietnamese, who import supplies from outside the province, are able to dominate the market in providing food for the growing demand of tourists, leaving little room for local entrepreneurs (Michaud and Turner, 2000: 91).

The ethnic minorities are a central component of the marketing image of Sapa as an exotic, untouched, authentic environment intentionally propagated by the government and by tourism businesses in the area (Casson, 1998). However, the minority villages function primarily as spectacles for tourists, and receive little of the direct benefit of the tourism trade themselves. Few of the guides to the villages are from the local population, partly because they lack foreign language skills (DiGregorio et al, 1996:

41; Support to Sustainable Tourism, 2000: 13). Lao Cai Commune authorities are trying to educate minority children in English so that they may benefit more from tourism-related jobs (Pham et al, 1999)

A growing number of hotels and guesthouses in Sapa, some in collaboration with foreign tour operators, offer tours involving overnight stays in villages. An estimated 30 per cent of Lao Cai Tourism Company's international patrons in 2000 requested such tours (Support to Sustainable Tourism, 2000: 17). Tourists must obtain police permission if they wish to stay overnight in an ethnic minority village (DiGregorio et al, 1996: 13). There are only four villages that tourists are allowed to visit (Interview, Representative, Sapa Tourism Office, 2004). There are references to a law making it illegal for tourists to stay overnight at minority villages, inspired by reports of Protestant missionaries visiting the villages to try to convert villagers (Casson, 1998; Pham et al, 1999: 55), but this law was either short-lived or not enforced, as overnight stays are openly on offer. Overnight stays can be organised, usually for groups of eight to ten, by a number of hotel owners and managers in Sapa town. In the case of the Green Bamboo Hotel, and perhaps others as well, the hotel provides items including hammocks to the hosts in the village (DiGregorio et al, 1996: 28).

9.3.8 Sapa Market

The market in the centre of Sapa has been the centre of the town's economic life since colonial times. In 1995 the original French market was torn down and replaced with a two-storey concrete structure in 1997, to which an addition was appended a year later. The current market consists of an indoor market, an outdoor covered market and temporary stalls (Michaud and Turner, 2000: 93). The market was only held once every six days in colonial times. This was changed to every Sunday after the expulsion of the French in the 1950s. Today it is open every day but is most busy on weekends, presumably largely due to the increased tourist traffic (The Faces of Sapa, 2003: 12). The new market was originally intended by the People's Committee as an outlet for ethnic minorities to sell to tourists, but the cost of renting a stall and the commitment of manning it daily proved prohibitive for the minorities and in the end few took up business there, although the presence of minorities shopping in the

market with their colourful ethnic clothing is an important defining component of the tourism atmosphere of Sapa. Minority women sell some goods as itinerant vendors in the streets around the central market (Michaud and Turner, 2000: 94).

The 'love market' was an event that was one of Sapa's major attractions for both domestic and foreign visitors. Ethnic minority people would come together in the market of Sapa to trade with one another, which was always accompanied by much singing and courting between young couples: thus the name. However, the presence of increasing numbers of tourists has brought about changes in the market. Photo-taking tourists have driven couples away (Interview, Director, Green Bamboo, Sapa Branch, 2004) and the village girls who still appear at the market will often ask for payment from tourists who wish to take their picture. Young people today are more likely to use cassette players than to sing to one another (DiGregorio et al, 1996: 20) and one writer has noted that the real love market has moved out of town (Pham et al, 1999: 56).

9.3.9 Conclusion Sapa

Tourism has brought economic benefits and infrastructure development to Sapa, but has also brought a re-arrangement of traditional ways of life, for the townspeople as well as for the ethnic minorities in the surrounding villages. The District government's policies try to bring in the positive effects of tourism development while minimising the negative effects, but there is always the question "positive or negative for whom?" Tourism employment may be seen as a ready alternative to ethnic minorities who are losing their traditional way of life, but tourism is also beginning to affect the normal patterns of life among these people, as exemplified in the case of the 'love market'. Whether specifically planned by the government or merely a fortuitous coincidence, the market shift made possible by the synchronism of the beginning of international tourism in the area with the government's banning of opium production and clear cutting of forests demonstrates how the tourism industry is playing a role in the broader economic transition of the country.

The early development of Sapa as an attraction during *doi moi* was driven from the 'bottom-up' by the patterns and preferences of budget-travel backpackers. Currently, with the enactment of zoning and other controls, 'top-down' development by the government is steering towards the specific goal of turning Sapa into an economic attractor for more wealthy tourists. Though Sapa could be seen as an attraction in itself, it is also a destination composed of many attractions with intricate interrelations to one another. One obvious distinction is between the town of Sapa and the surrounding villages and natural areas, which have been treated differently by the government in terms of regulation and support.

9.4 Conclusion

Vietnam is in a state of transition. The political and economic structure of the country is being remodelled from within by the reforms of the *doi moi* programme, while the 'open door' policy is opening the country up increasingly to influences from without, including foreign capital, foreign investors and foreign tourists, bringing with them both opportunities and expectations. The heritage of a country plays an especially important role in the midst of a period of transition, serving as a cultural 'anchor' - a reminder of what remains constant amidst the whirlwind changes. For domestic tourists, Vietnam's heritage sites provide a tangible experience of identification with their country's proud past that can provide a sense of orientation when looking into the exciting but uncertain future. However, as a developing country, Vietnam is concerned with projecting a vision of a modernising and progressive society to its own people and to visitors from abroad. The conflicts between the equally-important themes of memory of the past and optimism for the future, as played out in the physical and economic context of Vietnam, can be observed clearly in the four case studies presented in this chapter.

Tourism can play a defining role in the fate of heritage sites. While spurring development of an area, tourism will also suffer if over-development threatens to compromise the very qualities or attractions that lured visitors in the first place. Heritage tourism can aid in conservation, or encourage the restoration, of historic sites

and areas by tying economic gain to the degree of preservation of the qualities and physical artefacts, structures and events that bind a place to its history. The intelligent and considered development of heritage tourism can support forms of urban and regional development that achieve a balance between concerns for heritage preservation and economic development initiatives. A counterexample for this can be observed in Singapore, where the wholesale demolition of whole historical quarters of the city in the 1970s in the name of modernisation has robbed the city of its built heritage of colonial and ethnic architecture – a mistake the city is currently trying to remedy by rebuilding some of these areas in imitation historical styles (Peleggi, 1996: 444).

Attractions are sites where foreign visitors come into contact with representations of Vietnamese culture, which thus present opportunities for interpretation and promulgation of a national image to outsiders. The learning of English by the staff at many attractions is one sign of accommodating international tourists so as to allow for better dissemination and exchange of information to aid in the interpretation of attractions. Some improvements in the name of tourism also contribute to the well-being of the local population, as in the infrastructure improvements in Sapa. However, Sapa also shows how outsiders are attracted to the money-making opportunities surrounding the development of an attraction, diluting the benefits for locals.

A 1988 Vietnam government management report declared confidently, “In the future, even if she handles several hundred thousand or a few million visitors a year, Vietnam can hardly become a hotbed for social ills as she is a socialist state always capable of drastic control measures” (quoted in Elliott, 1997: 235). Developments in the meantime have caused a much less confident and more protectionist stance regarding tourism, as indicated by the 1996 ‘social evils’ campaign, which in part strove to isolate Vietnamese from the potential contaminating effects of too much contact with foreign tourists. The new laws and regulations discussed in the case studies above have shown the ways in which the government balances this apprehension with a desire to reap the potential benefits of the tourism trade.

The experiences of the sites investigated in this chapter in mediating between different interests involved in heritage tourism – domestic and foreign, the past and the future, economics and ideology, individual and collective – can be seen as a microcosm of the current situation facing Vietnam as a country and as a tourism destination. The next chapter deals with tourism in protected natural areas in Vietnam. This aspect of Vietnam tourism shares some characteristics with the attractions discussed in this chapter, but also involves a different set of issues and stakeholders that merit a separate treatment.

Chapter 10: Protected Natural Areas

10.1 Introduction

The Vietnamese government has declared nature-based tourism as one of the country's key tourism products for development. The number of national parks in Vietnam has increased from 3 to 28 since the beginning of *doi moi* in 1986 and Vietnam has gained an international reputation as a destination for exotic nature-based tourism (see appendix 8). National and local government bodies, public and private interests and domestic and foreign organisations are all involved in some way in tourism development in these areas. The open door policy has had an especially marked effect on national parks in Vietnam by encouraging the involvement of foreign NGOs whose conservation and restoration initiatives bring new criteria, funds, ideas and ways of doing things to the parks. This chapter begins with a survey of background knowledge on national parks in the global historical context and within Vietnam in particular, examines two particular Vietnamese national parks in detail in the form of two sub-case studies, and concludes with an assessment of the findings of these case studies and a conclusion, which illustrates the relation of national parks in Vietnam to the thesis of this research.

10.2 National Parks

10.2.1 Background

The world's first national park was Yellowstone, in the United States, which was established in 1872, setting a precedent for national governments' protection of natural landscapes from private exploitation and preservation as natural heritage sites. Canada and other former British colonies such as Australia and New Zealand also began their national park systems in the late 19th century. The official global definition of a national park was established in 1969 at a General Assembly of the International Union for the Conservation of Nature in New Delhi, India. Essentially, a

national park was deemed to be a large area that 1) contains ecosystems and significant landscape features unaltered by human interference 2) is protected from exploitation by the national government and 3) accepts public visitors under special conditions (Butler and Boyd, 2000: 4-5).

Nations may have various reasons for establishing national parks, including protection, preservation, conservation, economic potential, regional development and provision for recreation (ibid: 9). In the case of the earliest national parks in the United States and Australia, the land set aside was commonly not arable land, and therefore 'useless' in normal economic terms. As the land was already held by the government, parks could be established at low initial cost (Hall, 2000: 33). Because these earliest national parks were usually quite distant from population centres, development of the parks was highly dependent on provision of railway access (Butler and Boyd, 2000: 19-20).

While the original impetus for the establishment of the first national parks may have been for tourism purposes, there are currently other arguments for their establishment and maintenance. National parks form important components in the preservation of natural ecosystems and habitats, and the tourism trade attracted by these parks often becomes an important part of the local economy, especially as the bases for and appeal of traditional livelihoods dwindle. Thus, increased demands are being put on national parks to fulfil social, economic and environmental roles in the interest of sustainability (Field, 1997: 420-421). Developing countries have also found that the development of national parks can be a way to attract foreign aid from foundations such as the World Wide Fund for Nature (WWF) (Marsh, 1987: 31). With the advantages brought by this type of funding come concerns of 'cultural imperialism' imposed by the developed world on developing nations through such global organisations (ibid: 35).

Despite their acknowledged importance, the establishment of national parks is more problematic in the current day than it ever has been before. Growing populations and dwindling resources lead to suggestions to put park land to 'productive' use, to be exploited either for its natural resources or developed for more intensive public use

(Dennerlein, 1997: 47-48). These demands are countered by appeals for the important role of national parks as precious remnants of shrinking habitats and ecosystems and calls for the exclusion of excessive disturbances to their pristine natural state.

10.2.2 The Relationship Between Tourism and National Parks

Tourism played an important role in the establishment of the first national parks, both in terms of gathering public interest in the project and in supporting their economic viability (Butler and Boyd, 2000: 9). National parks can raise the awareness of environmental issues amongst the relatively wealthy, educated and influential classes to which most tourists belong, and increased tourism to national parks can also encourage government involvement in preserving the environments and wildlife that attract tourists (Lilieholm and Romney, 2000: 141). In fact, it has been argued that public support for the concept of national parks is to a large degree contingent on the allowing of public access to these lands, and that the idea of a national park without tourism is therefore untenable (Butler, 2000: 324, 331). In the case of 'representative' landscapes, as opposed to 'spectacular' landscapes, the presence of tourism could even be seen as the most salient distinction between a national park and its surroundings, and thus the most defensible argument for the uniqueness of the park and the best argument for its protection (ibid. 331).

For countries with a heritage of spectacular landscape, national parks often provide iconic images for the government's international tourism promotion, as in the case of the Australian Tourist Commission and many regional commissions within the country (Hall, 2000: 29). New Zealand's distinctive image as a 'clean green' destination is supported by its national parks, making the maintenance of these parks crucial to the integrity of the country's identity in the tourism destination market (Booth and Simmons, 2000: 37).

In developing countries, the establishment of national parks in conjunction with well-planned wildlife tourism can provide a region with tourism income that proves more lucrative than other uses to which the land would otherwise be put (Lilieholm and Romney, 2000: 137).

10.2.3 Conflicts of Tourism in National Parks

Butler has argued that the effects of human use on the ecologies within national parks is perhaps the most important, and the most neglected, aspect of ecological research in these parks (2000: 333). Dearden has identified the internal contradiction between the conservation and recreation functions of national parks as one of three classes of 'resource conflicts' that occur in these areas. The second type of conflict is caused by illegal appropriation of the park's resources by outside factors, such as poaching, illegal logging and agricultural uses. Although these uses are sometimes tolerated in the interest of conciliation with the local inhabitants, the illegal activities are often not a case of subsistence behaviour by indigenous people but are motivated and orchestrated by the greed of influential figures at the local or even national level in business or government. The third type of resource conflict arises from activities that take place outside the park but affect the park. An example of this is the overdevelopment of areas at a park perimeter that leads to air pollution or interference with waterways that flow into or out of the park (Dearden, 2000).

Tourism can threaten the ecological balance of a national park. The decline of species of flora and fauna due to human invasion of the ecosystem is an obvious manifestation of this, but the reverse phenomenon has also been noted. For example, the popularity of certain types of wildlife amongst tourists has led the management of some national parks to allow populations of these animals to reach ecologically unsustainable numbers, decimating species of plants and animals on which they feed and threatening the ecological balance of the ecosystem, as has been the case with elk and bison in Yellowstone (Chase, quoted by Lilieholm and Romney, 2000: 141).

Though tourism in national parks may provide an economic boon for surrounding communities, one should be wary of allowing a situation in which the local economy is overly dependent on tourism as an economic sector (Field, 1997: 421).

Local, national and global needs are often at odds with each other in the case of tourism in national parks. Local interests often prove the most enthusiastic about maximising tourism in parks, primarily for economic reasons, while governmental

national parks authorities tend to favour a minimum of development. The same relationship is often mirrored at the global scale, with global conservation agencies often finding themselves at odds with the ambitions of national governments for tourism development within their national parks (Butler, 2000: 325-326).

10.2.4 Relations with Local People

National parks are often used by governments as reserves for indigenous populations. Hall has used examples in Australia and New Zealand to demonstrate how the contact between native people and tourism that occurs in national parks can lead to better accommodation of aboriginal issues in tourism planning, a more positive tourism image of aboriginal culture and better dissemination of knowledge and involvement in tourism amongst indigenous people (cited in Booth and Simmons, 2000: 53).

Although far from universally successful, programmes for the involvement of local communities in the administering of national parks, and provision of opportunities for them to profit economically from tourism are becoming widespread. At the price of acceding some power and control to the local community, such initiatives reinforce the efficacy of the park authority, while affecting locals' view of conservation by making them aware of the concrete advantages to be gained by sustainable practices. Examples of community-based management of protected areas include the Communal Areas Management Programme for Indigenous Resources (CAMPFIRE) in Zimbabwe and the Annapurna Conservation Area Project (ACAP) in Nepal (Nepal, 2000: 73-74).

10.2.5 Processes of Interaction in National Parks

As already noted above, tourism can play a mediating role between the interests of the park management and locals. Butler and Boyd have examined the modes of interaction between these three factors of tourism, parks and local communities affects different aspects of the park environment. In their analysis, human-initiated changes to the landscape are largely determined by the interaction between tourism and parks, the relationship between tourism and local communities deal with local

involvement and economic benefits and multipliers, parks and local communities interact in the realm of conservation and other policy and decision-making issues. All three interests interact on questions of development and issues of stakes and interests. The outcomes of these interactions can take one of three general directions:

- a 'win-win-win' condition in which the park management supports tourism initiatives which in turn bolster the park management's effectiveness and locals learn that the practice of conservation encourages tourism trade from which they directly benefit
- a 'win-win-lose' scenario in which two of the three sectors benefit at the expense of the other one, as is the case when increased development benefits tourism and local businesses to the detriment of the park or when conservation measures benefit tourism and the park without furthering local economic interests
- a 'lose-lose-lose' situation from which none of the three interests benefit, as when environmental degradation of the park discourages tourism, thus removing economic benefits to the local community.

Obviously, any long-term viable future for national parks must provide sufficient benefits for all three types of stakeholders. This can help guarantee a sustainable form of development that is in the interest of the area as a whole, understood as a composite of human and natural systems. These processes of interaction in the specific scenario of present-day Vietnam will be discussed in the next section.

10.3 Vietnam's Protected Areas

10.3.1 History of Vietnam's Protected Natural Areas Through *Doi Moi*

In 1943, during the French colonial era, about 43 per cent of Vietnam was still covered by forests (Vu Quy, 1995: 169). Though some areas in French Indochina were designated as special 'nationally' protected parks, such as Angkor Wat in 1925, none of these areas were in the area of what is now present-day Vietnam. Some of Vietnam's present national parks began as colonial hill stations, built in the mountains in order to provide a refuge from the heat of the big cities (McElwee, 2001: 5-6). For instance, a French resort on the site of the present-day Bach Ma National Park had 139 villas, a market, post office and swimming pool (Huynh Van Keo, 1995: 240).

On December 1st 1945, President Ho Chi Minh signed Ordinance No. 49, transferring the management of the Forest Service and the Forest Protection Department to the Ministry of Agriculture. Despite its name, the Forest Protection Department was primarily involved with the administration of forest use to address the demands of the war effort and the public, and not concerned with the protection or development of Protected Areas (National Parks of Vietnam, 2001: 11). The 1960 Ordinance No.18/LTC on the publication of the Law on the Organisation of the Government Council of the Democratic Republic of Vietnam included the establishment of the General Department of Forestry to oversee the forestry sector and to investigate and plan forests for the development of this sector (ibid). In 1962, Cuc Phuong was designated as Vietnam's first 'Prohibited Forest' to protect it from exploitation. It was re-designated as Vietnam's first national park in 1966.

During the US/Vietnam war, the extensive use of herbicides by American forces in the 1960s and 1970s affected 16 per cent of South Vietnam's area, including more than one-third of its mangrove forests (Cresswell and Maclaren, 2000: 290). It destroyed an estimated thirty years' worth of Vietnamese timber resources (SarDesai, 1998: 94-95). Additional forest loss was caused during this period by resource exploitation by local people and the armed forces (Vu Quy, 1995: 169).

Even since the end of the war, human activity has continued to decimate Vietnam's natural habitats. It is estimated that, between 1943 and 1994, forested land in Vietnam decreased from 14,325,000 hectares to 8,631,000, representing a reduction in coverage from 43.7 per cent to 26.1 per cent of the total country (Luong, 1997: 105). Nguyen Manh Cuong of the Forest Inventory and Planning Institute in Hanoi reports slightly different figures but these also reflect the same trend of deforestation (see figure 10.1).

Year	Forest Cover (%)
1943	43.2
1976	33.7
1990	27.7
1995	28.1

Figure 10.1: Decrease in forest cover in Vietnam 1943-1995 (source: Nguyen Manh Cuong, 1999).

After the reunification, the General Department of Forestry was promoted to the Ministry of Forestry in 1976. In January 1977, the Prime Minister issued Decision No. 41 TTG, establishing ten 'Prohibited Forests', three of which were natural reserves and seven of which were cultural and historical sites (National Parks of Vietnam, 2001: 11).

During the 1980s, a national programme was initiated to investigate different issues relating to conservation and the use of resources. In 1983 an international conference was organised in order to review the environmental situation in the country. In 1985 the Vietnamese 'National Conservation Strategy' (NCS) was issued (Tran Lien Phong, 1995: 183). The August 9, 1986 Decision No. 194/CT created 73 new 'Prohibited Forests' in addition to the 14 previously established (Nguyen Mau Tai, 1995: 164).

The Biodiversity Action Plan (BAP) was enacted by the Vietnamese government in 1995 in reaction to the issuing of the Convention on Biological Diversity by the United Nations Environment Programme (Rambaldi et al, 2001: 44).

10.3.2 Definition and Classification of Forests in Vietnam

Vietnam is the 16th-ranked nation in the world in terms of biological diversity (Luong, 1997: 103) and 20 per cent of the world's endangered primate species can be found in the country (Rogers, 2002). Forested areas in Vietnam cover 11,784,589 hectares, equivalent to 35.8 per cent of the country (Management Strategy for a Protected Areas System, 2003: 19).

Decision No. 1171/QD of 30 November 1986 divides Vietnam's forests into three categories: protection forest, special use forest and production forest. 'Special-use Forest' replaced the designation 'Prohibited Forest' for the first time in this document, which classified Special-use Forests into national parks, nature reserves and environmental, historical and cultural sites (Nguyen Nhu Phuong and Vu Van Dung, 2001). These three categories were revised in 2001 (Decision No. 08/2001/QD/TTg, dated 11 January 2001), as follows:

- I. National Parks
- I. Nature Reserves
 - a. Nature Reserves
 - b. Habitat / Species Management Areas
- III. Cultural, Historical and Environmental Sites (Landscape Conservation Areas)

(Rambaldi et al, 2001: 45). Other sources include seascapes as a sub-category of the third category above (National Parks of Vietnam, 2001: 24). Beyond these divisions, since 1986 each protected area in Vietnam has been internally partitioned into three zones by function:

- I. Strictly protected zones
- II. Buffer and ecological rehabilitation zones
- III. Service, administration, production, recreation/entertainment zones

(Nguyen Nhu Phuong and Vu Van Dung, 2001)

Most of the national protected areas in Vietnam are Special-use Forests (ICEM, 2003: 23). Article 31 of Order 58-LCT/HDNN8, dated 19 August 1991, defines Special-use Forest as land set aside for the conservation of ecosystems, nature and wildlife, scientific research, the protection of sites and landscapes of historical, cultural and aesthetic value and the provision of areas for tourism and recreation. The Ministry of Agriculture is the coordinating authority for the administration of Special-use Forests (National Parks in Vietnam, 2001: 18-19).

This chapter focuses mainly on Vietnam's national parks. According to the Management Strategy for a Protected Area System in Vietnam to 2010, a national park is defined as "a natural area of land and/or sea, of sufficient area for the protection of one or more specific, unmodified or slightly modified ecosystem and its endemic or threatened plant and animal species for present and future generations. A national park provides a foundation for spiritual, scientific, educational, recreational and low impact ecotourism opportunities" (2003: 95).

10.3.3 Management Structure and Responsibilities

Responsibility for the running and regulation of various aspects of Vietnam's national park system are shared among different governmental bodies. In 1995, the Ministry of Forestry was replaced by the Ministry of Agriculture and Rural Development (MARD), which was formed by combining seven ministries (Interview, Deputy Director General, International Cooperation Department, MARD, 2004). The MARD is responsible for the overall direction of the system of Special-use Forests (SUFs) including national parks, and is in charge of approving budget allocations for management boards of the individual SUFs. The Ministry of Planning and Investment (MPI) is in charge of annual budgeting and funding, and also negotiates budget

allocations for protected areas with sectoral ministries and the provinces in which the areas are located. The Vietnam National Administration of Tourism (VNAT) is in charge of developing Vietnam's tourism strategy and promoting the country's national parks as tourist destinations among other tourist sites. The Forest Protection Department (FPD) under the MARD assists its ministry by playing a monitoring and professional management role.

Before 2001, control of SUFs was concentrated in the hands of the Ministry of Forestry or, subsequently, the MARD. This arrangement was revised by the Prime Minister's Decision No. 08/2001/QĐ-TTĐ, dated January 11, 2001, which decentralised administration of these areas to put control of most of the individual parks at the provincial level, with the MARD playing a master planning role. Article 9 of the decision states that the management of nature conservation areas, cultural-historic-environmental sites and an increasing number of national parks falls within the jurisdiction of provincial governmental bodies (ICEM, 2003: 18). Provincial People's Committees (PPCs) are charged with the management of SUFs in their province (Management Strategy for a Protected Area System in Vietnam to 2010, 2003: 26-27). Eight national parks that are of special importance or that overlap provinces are administered directly by the MARD.

10.3.4 Funding

Funding for SUFs comes from various governmental sources and is not consolidated into a single budget (Vietnam: National Report on Protected Areas and Development, 2003: 26). Most protected areas receive a small budget from the province in which they are located. The management budget for protected areas comes from the MARD, or from the Ministry of Fisheries in the case of most marine protected areas (Rambaldi et al, 2001: 50). The budget has fluctuated (Interview, General Director, Cuc Phuong National Park, 2004), depending on the balance of state and provincial budgets, and funds are not sufficient to cover all activities and the maintenance costs. Usually, the federal government financially supports the development of infrastructure in SUFs (Interview, Head of Conservation Division, Forest Protection Department, MARD, 2004). The Forest Protection Department has noted that

infrastructural development tends to take priority over conservation measures in terms of funding allocation (ICEM, 2003: 26).

Because of this lack of government funding, many of the funds for conservation management in Vietnam are provided by international donors. Since *doi moi*, the most significant among these donors have been international conservation organisations such as WWF, IUCN and Birdlife International (Nguyen Nhu Phuong and Vu Van Dung, 2001). McElwee has cynically identified international development funding from international donors as a new and lucrative source of income for the government. For example the money obtained from international donors in the few years before 2001 for the Vu Quang Nature Reserve alone was ten times the government budget for all protected areas in Vietnam in 1991 (McElwee, 2001: 10).

In the past, investment in infrastructure for tourism development in national parks came mostly from the MARD. At present, though, the Vietnam National Administration of Tourism (VNAT), provincial governments and businesses also contribute. For example, the VNAT and provincial government have spent tens of billions of *dong* in Bach Ma National Park constructing an underground electrical cable to the top of the mountain, improving waterfalls and setting up a clean water supply system for the tourism resort (Le Van Lanh, 2002).

10.3.5 Land Use Conflicts

As mentioned earlier, Vietnam's forested land is divided into the categories of Protection Forest, Special-use Forest and Production Forest. Most production forest was managed by State-Forest Enterprises until 1997 when the Vietnamese government eliminated logging activities in 300 of the 400 State-forest enterprises because degradation of forest resources and the inaccessibility of commercially valuable forest stands have compromised their viability. Most State-Forest Enterprises moved from production to protection forestry (ICEM, 2003:19), with their lands and personnel being incorporated into protected areas. Examples include Phong Dien Nature Reserve, Yok Don National Park, and plans to integrate three State Forest Enterprises into the new proposed Tri An Nature Reserve (ibid: 18).

A number of the 'nature reserves' formed from State-Forest land have been largely denuded of their forest cover by years of logging and one could suspect that the decision to convert them to protection uses had to do primarily with the allure of eligibility for conservation funding as an alternative way of making the land economically productive. The Vu Quang Nature Reserve, famous as the home of a number of recently-discovered previously unknown mammal species, was formed from economically defunct State-Forest Enterprise land (McElwee, 2001: 10).

Conservation continues to come into conflict with other aspects of Vietnam's development, as was the case in the 2001 approval to run a section of the planned north-south national highway through Cuc Phuong Park, the country's oldest national park (New Vietnam Highway May Cut Through National Park, 2001) and the granting of approval to raze part of the protected forest of Thu Duc near Ho Chi Minh City to build a golf course (Rakthammachat, 1993).

10.3.6 Vietnam's National Parks

In 2003 there were 27 national parks, with a total area of over 900,000 hectares among the 126 Special-use Forests in Vietnam (Management Strategy for a Protected Areas System, 2003: 26). Bi Dup Nui Ba Park was established in 2004, bringing the total of National Parks to 28 (see appendix 8). Figure 10.2 shows the location of all current national parks in Vietnam.

Figure 10.2: National parks in Vietnam



Adapted from sources: Birdlife Indochina (<http://www.birdlifeindochina.org>) and the Biodiversity Economics Library (<http://biodiversityeconomics.org>)

A 1990 study of Vietnam's protected areas for use in formulating a Tropical Forest Action Plan (TFAP) revealed that many of them were too small, damaged, lacking in infrastructure or deficient in management standards to serve conservation purposes, inspiring a proposal for the doubling of the protected area in the country (Rambaldi et al, 2001: 48). It should be noted that 22 of Vietnam's 28 current national parks were previously nature reserves, redesignated as national parks (see appendix 8)

The objectives of management in the Vietnam national parks include:

- “To maintain, in a natural state, representative examples of ecosystems, biotic communities, species and genetic resources and to provide ecological stability and diversity;
- To protect natural and scenic areas of national and international significance for spiritual, scientific, educational, recreational or ecotourism purposes;
- To conduct scientific research in ecology, biology and conservation;
- To control the use by visitors for inspirational, educational, cultural, recreational and ecotourism purposes so as to preserve the area in its natural state (low impact activities);
- To deliver such benefits to people living within and around the designated areas as are totally consistent with the other objectives of management” (Management Strategy for a Protected Areas System, 2003: 95-96).

10.4 Nature Tourism in Vietnam

10.4.1 Introduction

According to Luong 420,000 of the 1.52 million of foreign visitors to Vietnam in 1998 visited natural sites in the country (1999: 15) and Vietnamese and international tour operators were cooperating to offer organised nature-based trekking, bicycling and bird-watching tours (Vietnam Investment Review, quoted in Wurm, 1999: 14).

The Revised National Tourism Development Plan for Vietnam 2001-2010 proposes concentrating on the development of ecotourism and village-based tourism in remote areas as an important part of the country's diversified tourism product (2001: 15).

A lack of many comforts and conveniences in national parks and other nature areas of Vietnam is a barrier to attracting international tourists. Most of the international-class accommodation in Vietnam is concentrated in the big cities, away from nature areas (Nguyen, Pigram and Rugendyke, 1999: 217). In 1999, the national park established on Cat Ba Island in 1986 was still detached from the national electricity grid, its hotels poorly situated and maintained and lacking hot water in the rooms (ibid: 221). The needs of the tourist industry must compete with other, arguably more important modernisation measures to improve the living standard on the island.

10.4.2 Wildlife Tourism

In the colonial era, the most prevalent type of wildlife tourism in Vietnam involved hunting. In 1938 in Annam, an 80 *piastre* game license gave one the right to shoot 2 male elephants, 5 gaurs, 4 wild buffaloes, 6 wild bulls and a rhinoceros, taxed at rates varying from 30 *piastres* for a wild bull to 60 *piastres* for an elephant or rhino. Hunting was also promoted in Cochinchina, although the number of allowed kills was lower and the hunting of rhinos was forbidden (Government Information and Publicity Bureau, 1938: 24). Big game hunting was still being promoted as a tourism activity in South Vietnam into the 1970s (Tourism in Vietnam, 1970: 330-331).

Today, Vietnam's wildlife is endangered both by intrusive domestic tourism and illegal poaching and logging. In 2000, there were 365 endangered species of animals, including 28 per cent of mammals, 10 per cent of birds and 21 per cent of reptiles and land amphibians in the country. Although rare large mammals such as the endangered tiger and Javan rhinoceros are potential attractions for wildlife tourism in Vietnam, they are both extremely elusive and small in number, making Vietnam much less attractive than destinations like India or Africa, where spectacular large mammals can be seen in abundance. The appropriateness of exposing such desperately threatened animals (the tiger population shrank from 3,000 to 200, and rhinos from 300 to 25,

between 1970 and 1974) to tourism is also a matter of contention (Cresswell and MacLaren, 2000: 292-295).

10.4.3 Eco-tourism in Vietnam

Vietnam's natural areas represent a great potential for eco-tourism (Wurm, 1999: 10). As mentioned earlier, the development of eco-tourism is one of the officially declared managerial focuses of Vietnam's national parks. It is also seen by some as an important economic sector in Vietnam's current stage of development. After meeting with the Vice Director of the Department of Environment, Science and Technology in Dac Lac province, McElwee had the impression that eco-tourism is seen by her as the only hope for economic panacea against the poor state budget (McElwee, 2001).

In Article 16 of Decision 08, it is stated that "protected areas management boards can organise, lease out or contract the provision of eco-tourism services and facilities to organisations, households and individuals, in compliance with existing financial management regulations and subject to a majority of earnings being invested in managing, protecting and developing the protected area" (ICEM, 2003: 42). The 1991 Law on Forest Protection and Development puts the VNAT in charge of advising, guiding and training local authorities and investors on the environmental impact of proposed developments in ecologically-sensitive areas (Revised National Tourism Development Plan for Vietnam, 2001-2010: 261).

In 2002, Ba Vi National Park agreed to let a private enterprise lease part of the Park, subject to compliance with MARD policies, in order to establish an eco-tourism zone, according to the Deputy Director General of the International Cooperation Department of the MARD. Some animals were even released in the eco-tourism zone, at the request of the private enterprise, in order to attract tourists (Interview, Deputy Director General, International Cooperation Department, MARD, 2004).

Though judged by Wurm to be so low as to be negligible, the domestic eco-tourism market is quoted by Luong to account for 50 per cent of total domestic tourists and experiencing rapid growth (Wurm, 1999: 16; Luong, cited in Phan, Quan and Le,

2002). This discrepancy may be attributable to a difference in definitions of eco-tourism. Indeed, those seeking truly environmentally friendly tourism experiences in Vietnam will currently find the offerings to be very few and in their very early stages. What passes for eco-tourism in Vietnam could more accurately be called “nature-based” tourism (Phan, Quan and Le, 2002), often in the form of organised mass-tourism that does not satisfy the criteria of ecologically-minded tourism.

This is especially true amongst the domestic tourism market. The Vice Director of the Department of Environment, Science and Technology in Dac Lac province mentioned that “in order to attract domestic tourists” (to natural areas) “something ‘interesting’ had to be there”, implying that nature itself was more of a setting than an attraction (McElwee, 2001: 11) The author visited two national parks and experienced that domestic tourists come to the park for different reasons than foreign visitors. The domestics tend to come in big groups, create noise, eat, drink, discard garbage wherever they want and vandalise trees on the trails with graffiti. Eco-tourism activities such as hiking, and bird watching are of interest mainly to foreign tourists.

Le Van Lanh (1998) refers to a “master plan on eco-tourism with contributions from local people” which is “under development”, alluding to many of the points discussed above, constantly reiterating the importance of participation of locals in the planning and the profits of eco-tourism. Different national parks in the country are judged for their relative merits in terms of carrying capacity, ecological ‘resilience’ and potential scenic attractions. Bach Ma was found to have a high degree of biodiversity, but it was not the exclusive protected habitat for most of its species, unlike Cat Tien, which is the only home of a number of endangered species. On the basis of this analysis, a verdict is delivered for the development of eco-tourism in Bach Ma National Park rather than Cat Tien. A national workshop on ‘Eco-tourism Development in Vietnam’ in September 1999, organised by the World Conservation Union (IUCN), the Economic and Social Commission Asia Pacific (ESCAP) and the Vietnam National Administration of Tourism (VNAT), was an important step in introducing the concepts and practices of eco-tourism to Vietnam (Wurm, 2000: 14).

Regardless of such isolated indications, however, Vietnam cannot yet be said to have a national strategy for eco-tourism (Phan, Quan and Le, 2002). Environmental awareness and ecologically-minded practice is still uncommon, within the government as well as amongst the populace. The ubiquitous litter at tourist sites and the common practice of eating wild meat in natural areas evince a low level of ecological awareness amongst Vietnamese tourists. Government indifference and corruption, lack of involvement of locals in planning and the fact that most promoters of tourism tend to be large non-local concerns still serve as barriers to eco-tourism development (Wurm, 2000: 5, 20; Cresswell and Maclaren, 2000: 294). At the governmental level, responsibilities, interdependencies and interests are often indistinct or redundant, complicating the administrative process and the efforts of conservation organisations (Phan, Quan and Le, 2002), as has been noted by Wurm specifically in the Cuc Phuong National Park and the Phong Nha-Ke Bang area (Wurm, 1999: 17). Lanh indicated that the biggest constraint to eco-tourism development in Vietnam is a lack of coordination between eco-tourism organisations and between authorities and different sectors in tourism policies, planning and development (Interview, Secretary General, VNPPA, 2004). Guides, administrators and other staff have neither indigenous knowledge nor knowledge of conservation nor training in educating visitors in environmental issues. A full 90 per cent of eco-tourist guides were found to lack sufficient environmental knowledge in a 2000 survey (Luong, cited in Phan, Quan and Le, 2002). Fees or punishment for environmental neglect are non-existent or not enforced and local communities still exist in a state of poverty, receiving very few benefits from tourism in their area. In spite of all planning and good intentions, conservation issues may be seen as luxury items and less urgent than other facets of development and modernisation in a developing country such as Vietnam. Only when appreciable concrete results begin to be seen will the true form of eco-tourism in Vietnam begin to become clear.

10.5 Sub-Case Study 1: Cuc Phuong National Park

10.5.1 Introduction

Cuc Phuong National Park is the oldest and most developed of Vietnam's national parks. It is located about 130 kilometres southwest of Hanoi, spanning parts of Ninh Binh, Hoa Binh and Thanh Hoa provinces and bordering on 15 communes in four districts. The Park's total area is 22,200 hectares.

Cuc Phuong National Park is situated at the end of a chain of limestone mountains that enter the Park from the northwest. There are many caves beneath the characteristic karst terrain of the Park, in one of which the full fossil remains of a large marine vertebrate were discovered in 1999, dating from the middle Triassic period (National Parks in Vietnam, 2001: 109).

In 1989, a very rare endemic monkey, the Delacour's Langur, was rediscovered in Cuc Phuong and became the 'flagship-species' of the Park (Nadler, 1995: 192-193). The Park is home to diverse fauna including 71 types of mammal, 319 birds, 33 reptiles and 16 amphibians. About 1,994 species of flora are found in the Park representing 908 genera and 229 families belonging to Bryophyta, Lycopodiophyta, Equisetophyta, Polypodiophyta, Gymnospermae and Angiospermae. 68.9 per cent of all Vietnamese flora species can be found within the Park (National Parks in Vietnam, 2001: 112-113).

The Park is divided to 3 zones: a sanctuary zone, a utilisation zone and a special use zone. The sanctuary zone accounts for most of the Park's area. Because of strict limitations on access, this zone is said to be relatively untouched. However, illegal activities such as poaching and the cutting of some valuable trees are still carried out. The utilisation zone is divided into three sub-zones: the area of Muong minority, the area which is cultivated by the Muong along the Bui River and a zone of illegal use, which is heavily encroached by fuel collectors, poachers and timber cutters from the areas surrounding the Park. The special use zone contains the administrative centre, offices, workshops, staff housing, tourist facilities, camping places etc. (Szaniawski,

1987: 8). A buffer zone of some 6,550 hectares surrounding the Park is administered by the respective provinces and districts (Phuong and Dembner, 1994).

The Park has three principal functions: nature conservation, scientific research and tourism (Management Plan Draft Outline: Cuc Phuong National Park 1998-2008, 1998: 7)

10.5.2 Founding of the Park

A document prepared by Fauna and Flora International stated that before the establishment of the Cuc Phuong National Park, the area was the site of a government logging operation and a nationally significant source of timber. Exploitation for timber was most heavy in what is now part of the eastern end of Cuc Phuong (ibid:16).

In the course of an exploration of Cuc Phuong carried out in 1959 in preparation for the expansion of logging activities, investigators found that the forest was unspoiled and housed many wild animals and large trees. The investigators petitioned the government to preserve Cuc Phuong for scientific research and tourism (National Park in Vietnam, 2001: 106). On 7 July 1962, the government issued Decision No. 72/TTg, putting Cuc Phuong under protection in order to establish a centre for scientific research on flora, fauna and forestry. Timber logging activities ceased the same year (Management Plan Draft Outline: Cuc Phuong National Park 1998-2008, 1998:16). Order No. 18-QDLN of January 8, 1966 declared the name Cuc Phuong Prohibited Forest to be changed to Cuc Phuong National Park. A different government document cites the previous name of Cuc Phuong National Park as Cuc Phuong Forest Enterprise, rather than Cuc Phuong Prohibited Forest (World Culture and Natural Heritage, 1991: 3).

10.5.3 Park Management and Staff

Decision No. 72/TTg dated 7 July 1962 put the Ministry of Forestry in charge of the management and protection of Cuc Phuong National Park, with the Committee of Science and Technology, the State Planning Committee, the Ministry of Culture, the Ministry of Education, the Ministry of Agriculture and the People's Committee of the three provinces also playing supporting roles. The Ministry of Finance was made responsible for the Park's budget (Szaniawski, 1987: 5-6). In January, 1966 the Board of the Protection and Management was established.

In a 1991 document prepared by the Ministry of Forestry, the agents responsible for preservation and conservation in the Park are named as:

- Management Board of Cuc Phuong National Park
- Ministry of Forestry, Department of Forest Protection
- Ministry of Culture, Information and Sport
- People's Committees of the three provinces
- People's Committees of four districts.

(World Cultural and Natural Heritage, 1991: 24).

A 1987 document prepared by the Food and Agriculture Organisation (FAO) of the United Nations listed four execution units in the Park administration: a research centre, a protection service, a tourist service (with a staff of twelve including two forestry engineers and a medium level economist) and a production brigade. At the time, the Park had 205 staff (Szaniawski, 1987: 23-24). The Management Plan Draft Outline prepared by Fauna and Flora International (FFI) in 1998 listed three units – forest protection, scientific research and tourism – with the conspicuous absence of an equivalent to the production brigade from the 1987 list. The Park has a Director and two Vice Directors, who oversee three departments: administrative management, financial planning, and science and international cooperation. There are 118 full time long-term staff and 40 on short contracts (Management Plan Draft Outline: Cuc Phuong National Park 1998-2008, 1998: 7). This is in contrast to the original staff of

only 20 soldiers and local people employed as rangers (Vietnam: Cuc Phuong a Good Habitat for Endangered Species, 1998). Today, the tourism-related staff alone now numbers 40 employees (Interview, Head of Tourist Department, Cuc Phuong National Park, 2004).

Although the local population provides a large pool of unskilled labour for the Park, most skilled workers must be brought in from outside the area, lessening the potential economic benefit to residents of the region (Management Plan Draft Outline: Cuc Phuong National Park 1998-2008, 1998: 41). In 1987, lack of knowledge of foreign languages and other skills was cited as a primary human resources problem to be solved by the Park (Szaniawski, 1987: 28). In 1998, twenty staff members had a university degree or a higher degree, 46 had a high school certificate and 10 local people worked in replanting (Management Plan Draft Outline: Cuc Phuong National Park 1998-2008, 1998: 7). By 2001, the Park management was sending 7 to 10 staff members yearly to university or higher education and 5 to college, had 10 per cent of its officers participating in training courses in Vietnam and abroad and was inviting volunteer teachers of English to train its staff (National Parks of Vietnam, 2001: 117-118). Since *doi moi*, fewer staff members are officials and more are employed from the local population and other non-governmental sectors. The contact system is no longer exclusively through government channels but often through local or staff contacts (Interview, Head of Tourist Department, Cuc Phuong National Park, 2004).

The Cuc Phuong National Park protection forces have law enforcement jurisdiction within the Park's borders and on adjoining roads where resources are frequently transported. All other regions outside the Park remain under the authority of the provincial Forest Protection Department and authorities (Management Plan Draft Outline: Cuc Phuong National Park 1998-2008, 1998: 38). The borders of the Park are presently unmarked, causing confusion among local communities as to which areas are under the jurisdiction of the Park management. (Management Plan Draft Outline: Cuc Phuong National Park 1998-2008, 1998: 10). Cooperation and communication between the Park and regional authorities is poor. Lack of support by regional authorities has blocked the effectiveness of the ranger force to protect Cuc Phuong.

The provincial Forest Protection Department also sometimes turns a blind eye to illegal activities (ibid: 38).

10.5.4 Local Population

The Muong ethnic minority first settled in the Cuc Phuong valley 300 to 400 years ago. The area was isolated and the number of settlers was small due to lack of roads (Szaniawski, 1987: 16). The construction of a park road and the growth of the country's demographic caused an increase in the Park's population. In the 1950s there were only 87 inhabitants along the road in the central valley compared with 550 inhabitants in mid 1980s, an increase of 632 per cent (ibid). The agriculture, hunting and forest exploitation practiced by this growing population threatened the conservation goals of the Cuc Phuong National Park, leading to a programme of resettlement of populations to the buffer zone. Between 1986 and 1990, 800 people were thus displaced (Nguyen Ba Thu, 1995: 200) using enticements such as better living standards in the new settlements and government payments of about US\$ 1,000 to each family that agreed to move. Resettlement efforts notwithstanding, in 1994 the population within the Park was still between 1,500 and 2,000 people, living in eight villages. In the same year, 8,560 people were living in the buffer zone surrounding the Park (Phuong and Dembner, 1994). In 1995 there were 50,000 ethnic Muong living in thirteen communes surrounding the Park (Nguyen Ba Thu, 1995: 198).

The living standard of the population in and around the Park is low, with an average annual per capita income of VND 1,500,000 (US\$ 10) in the neighbouring Nho Quan District (1996 figure). Most income came from agricultural crops such as rice, corn and sugar. The local population is statistically very young, with an estimated 42 per cent under 15 years of age. A study on socio-economic conditions between 1996-1998 revealed that 61.1 per cent of the population graduated from secondary school, 31 per cent finished high school and 0.3 per cent went to special high school or college (National Parks of Vietnam, 2001: 114).

According to Szaniawski, besides agriculture, other sources of income for settlers include poaching, cutting wood and hunting. The areas being most damaged by

settlers are also the most significant parts of the Park for conservation, tourism and research (1987: 17).

10.5.5 Tourism in Cuc Phuong National Park

10.5.5.1 Tourist Attractions in Cuc Phuong National Park

Due to its relative proximity to Hanoi, Cuc Phuong receives a considerable and constantly increasing number of visitors. Among the tourist highlights within Cuc Phuong National Park's beautiful landscape are a thousand-year-old tree, Thuy Tien Cave and May Bac Peak, the highest peak in Cuc Phuong. The Park has established several tourist trails, and park guides are available upon advance arrangement. Along the Buoi River one can see forests and interact with local inhabitants who continue their traditional lifestyle.

A community based adventure tourist trail was opened in the Park in 1990 (Hoang Van Than, 1997: 121), yet access to some areas is still limited and difficult. For example, to visit Khan hamlet, which has been designated as a tourism village, visitors have to hike for 15 kilometres through forests from the Park's centre at Bong. Once there, visitors can stay overnight in a pillar house and watch the settlers making wine and performing traditional music and dance. In the buffer zone, tourists can visit temples such as Chua Hang, Quen Thach and Dinh Mong.

The Park has an Endangered Primate Rescue Centre run by Mr. Tilo Nadler, a biologist from Germany. The Centre houses over 100 animals saved from wildlife traders, hunters and restaurants. According to Rogers, the Centre is the only place in the world where tourists can see rare species such as Delacour's Langurs (Rogers, 2002).

10.5.5.2 Visitors

Before *doi moi*, Cuc Phuong National Park received only a small number of visitors who were mostly from the government or organisations. There were no admission

fees and no charge for accommodations or the basic services that existed at that time. In 1990, however, the Park was unable to provide free services to the increasing number of tourists and began to charge fees, which went into paying taxes and developing tourism and conservation in the Park (Interview, Head of Tourist Department, Cuc Phuong National Park, 2004).

In the 1980s, Cuc Phuong National Park received an annual average of 2,045 visitors, 25 per cent of whom were students and pupils (Szaniawski, 1987: 15). Between 1994 and 2003, the number of visitors to the Park increased constantly. In 1994, there were 21,795 domestic visitors and 1,472 foreign visitors compared to 52,009 domestic and 4,227 foreign tourists in 2003 (Cuc Phuong Tourism Department, 2004), an overall increase of over 140 per cent. On a busy day, the Park can receive up to 3,500 visitors, although Mr. Dao Van Khuong, Head of the Management Board of the Park admitted that the actual carrying capacity of the Park is about 300 visitors per day (Environment: Crowded Tour Groups Menace National Park Ecosystem, 2002).

In 1998, students accounted for 70 per cent of the Park's visitors. Most other tourists were from specialised interest groups such as bird-watchers and scientific researchers (Management Plan Draft Outline: Cuc Phuong National Park 1998-2008, 1998:19).

10.5.5.3 Ecological Issues in Tourism in the Park

The increase in number of visitors has also created problems for the Park's management through the large amount of waste they produce, their collecting of plants and the noise created by large groups. The Park management has not been able to bring these negative impacts under control and tourism development has come into conflict with the Park's three core objectives mentioned earlier. Both the Park infrastructure and the resources and staff of the Tourism Department are overtaxed by the added demand put on them (Management Plan Draft Outline: Cuc Phuong National Park 1998-2008, 1998: 33). Some of the Park management's own policies and initiatives in the name of tourism development have also been realised at the expense of biodiversity preservation. For instance, in order to improve the roads inside the Park through the central valley, the Park management had to cut down

trees. Another example is the creation of artificial lakes inside the Park, which required forest clearance and resulted in altered local hydrology. The Park staff have also paved the tourist trails and added concrete stairs, which are eyesores in the opinion of conservationists with whom the author has spoken. During the author's field study in Cuc Phuong National Park, workers were cutting trees to make way for the expansion of roads inside the Park.

Noise pollution is another environmental impact that the management is finding difficult to control. The Vietnam News Briefs stated that many overnight guests in the Park tend to sing and shout, disturbing the wildlife. However, it should be mentioned that the Park management itself directly supports and encourages such activities by offering entertainment facilities such as karaoke.

Ministry of Forestry Official Letter No. 551 LN/KL dated 21 March 1994, was distributed to provincial and municipal committees to provide directives for "strictly implementing" wildlife protection laws. Among the tasks delegated to the People's Committees was to "(i)nstruct the forestry institutions, Forest Protection Department, Customs office, tax services, and market management of the province (to) prohibit in (sic) hotels, restaurants to advertise and serve the food cooked from wildlife or their products". Regardless of these prohibitions, various restaurants in one of the villages near Cuc Phuong National Park advertise their wildlife dishes freely. Some restaurants openly display baby wild animals with herbs and alcohol in jars. It is apparent that the government directives on wildlife protection are not being enforced.

The biggest current threat to biodiversity conservation in the Park comes from an initiative of the Vietnamese government itself. The new Ho Chi Minh National Highway links the South and the North of the country and runs along the Buoi River valley bisecting Cuc Phuong National Park. Mr. Doug Hendrie, the manager of conservation programmes at the Park, has said that the new highway will make the Park more accessible for loggers and hunting (Cox, 2001). This complicates the enforcement of the Prime Minister's Instruction No. 359-TTg dated 29 May, 1996, which calls for cooperation of all agencies involved in protected areas to strictly investigate, control and prevent illegal hunting of wild animals. The new highway

also greatly increases the accessibility of the Park to tourists and could be expected to encourage further acceleration of growth of visitor numbers in coming years.

10.5.5.4 *Tourism Planning, Development and Investment*

Lack of coordination between entities involved in the Park is a major barrier to development. Cooperation between the Park and the local community is lacking (Management Plan Draft Outline: Cuc Phuong National Park 1998-2008, 1998: 40). According to Pham Trung Luong and Nguyen Tai Cung, as of 1997 there were also no clear legal mechanisms or policies in place for attracting or encouraging domestic or foreign investment and development in Vietnam's national parks. There was also no clear protocol for cooperation between the Ministry of Agriculture and Rural Development and the Vietnam National Authority of Tourism in coordinating the ecological and tourism aspects of planning in national parks.

The same authors stated that, "Ecotourism activities are still very simple, thus not very attractive to the visitors, this affects tourism revenue, which is source of funding for protection and development activities of protected area" (Pham Trung Luong and Nguyen Tai Cung, 1997: 104), indicating an assumption that a higher degree of development attracts more tourism and thus more revenue. This bias is evident in arguably ill-advised developments in the Park, such as a swimming pool and a karaoke facility, which could be seen as inappropriate for a nature tourism site. In a continuation of this trend, Ninh Binh province is seeking private investment of over US\$ 3 million for construction of a bathing lake within Cuc Phuong National Park (Tourism: Ninh Binh Seeks VND 3,000 BLN of Investment for Tourism Infrastructure, 2002).

The former Director of Cuc Phuong National Park has clearly stated his belief that accessibility, above all other factors, determines the attractiveness of the Park to tourists, including good road access and availability of communications technology. He identified the need for considerable capital investment in infrastructure to achieve this, for which the payback would be certain but slow. He saw the issue of

accessibility as more important than the type of on-site facilities or comforts mentioned above in attracting visitors (Hoang Van Than, 1997: 120).

Suggestions have also been offered for the improvement of the attractiveness of the Park through better communication and marketing, through media and tour operators, and by improving the skills level of the Park staff and the quality of services offered such as food and entertainment (Management Plan Draft Outline: Cuc Phuong National Park 1998-2008, 1998: 47).

Previously, an antagonistic relationship seems to have existed between the Park management and the Muong people resident in the Park, who removed notice boards from tourist areas and destroyed articles in the Park out of resentment for being prohibited from pursuing their slash-and-burn forestry practices (Szaniawski, 1987: 22). Perceived imposition of foreign values on the Muong people by NGOs in the course of the resettlement programme may also have fuelled this protest.

Relations between the Park management and indigenous populations can be seen to have improved in some aspects since that time. Improved water supply and road access, electricity generators and agricultural initiatives, funded by more than VND 300 million of government funds, have benefited the entire community (Le Van Lanh, 1997: 123-126). Tourists are allowed to stay overnight in the designated tourism village in the Park: Khanh hamlet. However, all of the thousands of overnight visitors have stayed with a single family, seriously limiting the direct benefits from tourism for most people in the village.

Private involvement in Cuc Phuong began after the introduction of *doi moi* and has been increasing. Since *doi moi*, government funding for the Park has fluctuated and has been primarily confined to infrastructure improvements and the Park must find new sources of funds for conservation and tourism development (Interview, Head of Conservation Division, Forest Protection Department, MARD, 2004). For this reason, many of the Park's service operations that have sprung up since *doi moi*, such as restaurants and a souvenir shop, are privately run. The current Head of the Park's Tourism Department sees private enterprises as more dynamic than government-

provided services and would welcome the incremental introduction of more private involvement in Cuc Phuong (Interview, Head of Tourist Department, MARD, 2004). International private tourism companies are also offering tours to the Park. The Dutch tour operators Savadi Tourism and Amtour tourism and the Asia Tourism Company of Spain have been bringing tourists to Cuc Phuong since 1990 (Hoang Van Than, 1997: 122).

Another form of outside involvement in the Park comes from NGOs. The Food and Agriculture Organization of the United Nations was among the first to be involved in an extended (3 year) project, beginning just after the introduction of *doi moi*. Previous to *doi moi*, foreign organisations had been involved only in small-scale activities. The language barrier and differing ways of doing things were barriers to cooperation at the beginning of this process, which were eventually overcome. Most of the financial benefit from such projects remain with the foreign NGO, with 70 per cent of the funds going towards wages and facilities for the foreign staff and only 30 per cent to the actual Park project (Interview, General Director and Head of Tourist Department, Cuc Phuong National Park, 2004).

10.6 Sub-Case Study 2: Cat Tien National Park

10.6.1 Introduction

Cat Tien National Park (CTNP) is situated in Southern Vietnam, approximately 150 kilometres north of Ho Chi Minh City and about 150 kilometres south of Dalat. CTNP consists of parts of three provinces: Nam Cat Tien in Dong Nai Province, Tay Cat Tien in Binh Phuoc Province and Cat Loc in Lam Dong Province. The Park has a total area of 73,878 hectares (Conservation Management and Operational Plan Cat Tien National Park, 2003-2008).

Cat Tien is the largest lowland tropical forest of southern Vietnam. A large area of the Park is covered by volcanic basalt and a layer of alluvium. The Park contains 1,610 identified plant species, some of them rare or endangered, as well as 76 mammal, 320

bird, 74 reptile, 35 amphibian and 99 fish species. The Park is known to accommodate 40 species which are listed 'red' by the World Conservation Union (IUCN), for example the Vietnamese sub-species of the Javan Rhinoceros, the rarest large mammal on earth with a population of less than 7 found in Cat Loc; the Orange-necked Partridge and the Siamese crocodile (Conservation Management and Operational Plan Cat Tien National Park, 2003-2008: 12). The Park lies in a monsoon tropical region with two seasons: a rainy season from May to October and a dry season from November to April.

Cat Tien National Park is ecologically significant in several aspects. It is one of the last remaining largely intact lowland forest ecosystems in Southeast Asia (Conservation Management Plan 2000: 12). It could also become the only protected habitat of the Siamese crocodile, if attempts to reintroduce the species are successful (ibid). Cat Tien National Park was named by UNESCO as the world's 411th Man and Biosphere Reserve (Draft, Eco-Tourism Development Plan Period 2003-2008, 2003: 2).

10.6.2 Founding of the Park

During the US/Vietnam War, the area of Cat Tien National Park was occupied by the North Vietnamese Army (D Zone). After the end of the War, the Park was used for production purposes by Division 600 under the Ministry of Defense (Draft, Eco-Tourism Development Plan, Period 2003-2008: 2). It was not until 1978 that Nam Cat Tien was given a protected status by the Vietnamese government (Decision 360/TTg of July 7, 1978) and in 1992 the Park was upgraded to a national park (Decision 08-CT of January 13, 1992) in a decision that also suggested to extend the park to include Tay Cat Tien and Cat Loc. Cat Loc became a protected area in 1992. However, the area was managed by Cat Tien District and a formal Management Board was not established until 1996. Decision 38 1998 QD of February 16, 1998 endorsed the integration of Nam Cat Tien, Tay Cat Tien and Cat Loc into today's Cat Tien National Park (Conservation Management Plan 2000: 1).

10.6.3 Park Management and Staff

A Management Board for the Park was set up by the People's Committee of Dong Nai in 1996 (National Parks of Vietnam, 2001: 81). The transfer of responsibility from the three provincial governments to the national government took place on December 1998, following a revision of the Park's investment plan by the Forestry Inventory and Planning Institute (FIPI) and the Forest Protection Department of the Ministry of Agricultural and Rural Development (MARD) with the support of the WWF (Conservation Management and Operational Plan Cat Tien National Park, 2003-2008: 8).

Cat Tien National Park presently has 113 forest guards, 12 science and technical staff, 14 tourism staff, 12 administration staff, 2 health staff, 4 financial staff, 5 staff working for the CTNP Conservation Project and 6 staff working for the Forest Protection and Rural Development Project (FPRDP) (Conservation Management and Operational Plan Cat Tien National Park, 2003-2008: 8). CTNP is directly administered by the national government in Hanoi. The Park Director reports to the national government and has jurisdiction in smaller activities within the Park. Figure 10.3 shows the administrative structure of the Park. A representative of the government visits the Park on a yearly basis to monitor progress and to meet with the Park management team. The national Forest Protection Department (FPD) in Hanoi visits and coordinates with the Park FPD (Interview, Vice Director, Cat Tien National Park, 2003).

The government keeps the Park administration informed of any training courses offered that may be applicable to their staff. Staff members are frequently sent to Ho Chi Minh City to be given professional training by experienced consultants (Interview, Head of Tourism Department, Cat Tien National Park, 2004).

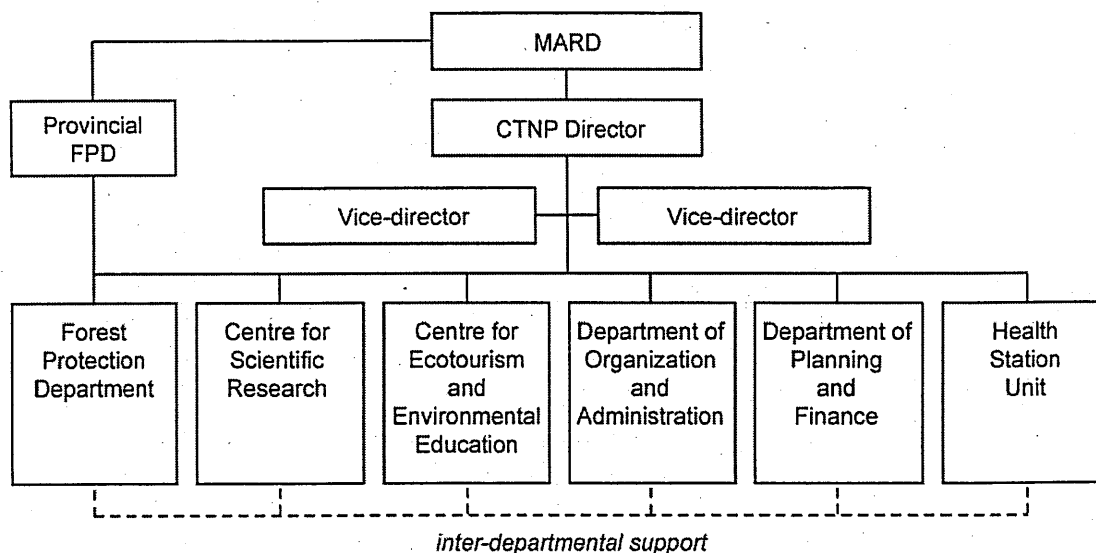


Figure 10.3: Administrative structure of Cat Tien National Park (source: Conservation Management and Operational Plan Cat Tien National Park 2003-2008, 2003, p. 21)

10.6.4 Local Population

There are 9,442 people living inside the Park. Approximately 7,648 people live at the perimeter and around 1,794 deep inside the Park. The majority of the Park's inhabitants settled there after the US/Vietnam War when the Park ceased to be used as a military base. Park inhabitants belong to 11 different ethnic groups such as Chau Ma and S'Tieng (Conservation Management and Operational Plan Cat Tien National Park, 2003-2008: 13; Draft, Eco-Tourism Development Plan, Period 2003-2008: 1-2). Almost 200,000 people live in the direct surroundings of the Park. This buffer zone has 36 communes and 8 towns in 4 provinces (ibid). The area has been experiencing the departure of many young people to seek jobs in urban areas. This can be partly attributed to the decline of traditional jobs such as hunting and farming, caused by strict controls on land use within the Park (Interview, Vice Director, Cat Tien National Park, 2003). Some local people are employed in the Park (Interview, Representative, Tourism Department, Cat Tien National Park, 2003). The Park also has to deal with an increase in population in the buffer zone. Overpopulation inside the Park could lead to demands to make more Park land available for agricultural use. A 1993 plan to resettle an entire village of S'Tieng minority out of the Park by paying

US\$ 200 to each villager who agreed to move has floundered due to lack of funds to carry it out (Ministry of Forestry, 1993, quoted in McElwee, 2001: 13).

10.6.5 Tourism in Cat Tien National Park

In the draft of the eco-tourism development plan for the Park, the history of tourism development in the area of Cat Tien is divided into three periods:

During the first period, from the Park's establishment as a protected area in 1992 until 1995, CTNP received only a small number of tourists who came to the Park for scientific study. Tourism was not developed during this period and the Park faced problems with lack of staff and tourist services. Only 2,200 visitors came to the Park in 1995 (Funding Proposal, 2002: 1).

The establishment of a department responsible for tourists in the Park ushered in the second period, from 1996 to 2000, during which tourism facilities such as guesthouses, canteens, boats, vehicles and trails were developed. In 2000, the annual number of visitors rose to 10,521 (ibid).

The third period from 2000 to the present began with the 1999 'Tourism Management Plan', drawn up in consultation with the Park's staff and visitors. During this period, the number of tourists increased, the Centre for Environmental Education was built, more staff were employed and tourism facilities continue to expand (Draft, Eco-Tourism Development Plan, Period 2003-2008, 2003: 6).

10.6.5.1 Tourist Attractions in Cat Tien National Park

The Park attracts national and international tourists who come to see wildlife and experience nature. The Park is well-known for its biodiversity. Based on a 2001 survey, the Park's most popular features were the jungle and the opportunities for walking (Howden, 2001).

The Bau Sau (Crocodile Lake) Trail is the longest trail open to visitors, offering beautiful views and good chances to watch birds and animals (such as crocodiles and gaur). There is also the possibility of spending the night at the lake, including night-spotting of crocodiles. The Ecological Trail can only be visited by special permit and with an experienced guide as the trail is not clear and visitors can get lost. People who have gone on the trail have usually been specialty bird watchers because, being a long trail in the forest, it provides good opportunities to watch birds. Other trails include the Loop Trail, Ficus Trail, a trail to Bird Lake, and one along the road to the Ben Cu Rapids and Heaven Rapids. Besides hiking on trails, visitors can go night-spotting from a vehicle or take boat trips on the river.

Tourists can also visit the Lagerstroemia forest area where an enormous tree called the “Mr. Dong redwood tree” can be found. Ta Lai village in the park, affiliated with the ‘D-Resistance Base’ during the US/Vietnam War, where S’Tieng and Chau Ma minority live and work, has a weaving house where women demonstrate and sell traditional weaving crafts. The Park is known for its excellent bird watching. It is one of the best places in southeast Asia to see many species. There are four watch towers that can also be visited: one at Bird Lake and three others stretching across the grasslands. In 1984, archaeologists discovered the impressive remains of an extensive region of temples, palaces and religious relics in Cat Tien, thought to be a holy site of the Funan kingdom from 1300 years ago (Travel Magazine, 2001).

10.6.5.2 *Visitors*

The number of tourists who visit the Park increased steadily from 2,200 (2,000 Vietnamese and 200 foreigners) in 1995 to 13,790 (12,844 Vietnamese and 946 foreigners) in 2002 (Draft, Eco-Tourism Development Plan, Period 2003-2008, 2003: 7). Tourism in the park is seasonal, with the majority of visitors coming during weekends in the dry season, from October until May. A larger number of tourists visit the Park on special holidays (Tourism Development Plan, 1999: 3). The Park cooperates with private and public-run tour agencies in Ho Chi Minh City and Dalat. These tours bring their own guides, (Interview, Representative, Tourism Department,

Cat Tien National Park, 2003) which removes part of the economic benefit from the Park and makes quality control difficult.

Entrance fees to the Park are VND 20,000 for foreign tourists, VND 10,000 for domestic tourists and VND 5,000 for domestic children under 15. For those wishing to stay longer than two days, an additional day price applies (Price Board at CTNP, 2003). Apart from entrance fees, domestic tourists pay the same prices as foreigners (Interview, Representative, Tourism Department, Cat Tien National Park, 2003).

To protect the fragile ecosystem, tourist activities and facilities are restricted to zones located in the southeast of the Park. Nam Cat Tien contains various zones designated for diverse tourism activities. These are: zone 1 for intensive tourism, zone 2 for eco-tourism, zone 3 for expeditions and zone 4 for community based tourism. Cat Loc and Tay Cat Tien are closed to tourists to protect resident populations of rare and endangered species such as rhinoceros and elephant (Tourism Management Plan, 1999: 7).

In the Tourism Management Plan dated August 1999, daily visitor traffic is restricted to 60 visitors per day in the intensive tourism zone, 3 to 7 visitors per destination per day in the eco-tourism zone, 5 visitors per expedition in the expedition zone, 5 to 7 visitors per destination per day in the community-based tourism zone (Talai and Dek Lua) and up to 200 visitors per day for community-based tourism in the buffer zone (Tourism Management Plan, August 1999: 9). Regardless of these official guidelines, workers at the Park report visitor traffic of up to 200 visitors per day in the intensive zone, indicating imperfect enforcement of these quotas in practice.

The Park has great difficulty dealing with large groups of visitors, especially student groups organised by schools around Ho Chi Minh City and large groups of tourists organised by tour operators. Despite official claims that all visitors must book in advance, and that tourists above the quota are refused entry (Interview, Representative, Tourism Department, Cat Tien National Park, 2003), there are also complaints that even large organised groups come unannounced, and the visitors and their leaders tend to ignore almost all park rules, especially the rules regarding

littering and using of megaphones. These groups of visitors do not follow the trails, trampling the Park's flora and disturbing the fauna and other visitors with their megaphones (Tourism Management Plan, 1999: 4). In the case of student groups, this behaviour has been interpreted by the management as a lack of conservation awareness (Interview, Representative, Tourism Department, Cat Tien National Park, 2003).

10.6.5.3 *Ecological Issues in Tourism in the Park*

The objectives of the CTNP administration, as stated in the Tourism Management Plan of 1999 are:

Conservation objectives:

- “To preserve the park’s ecosystem as an example of a representative tropical rainforest in the south of Vietnam
- To protect the park area with the aim to maintain its biodiversity and wildness for future generations, and
- To maintain the critical watershed of Tri An Reservoir”.

(Tourism Management Plan, 1999: 4)

Tourism objectives:

- “Informing the general public about biodiversity and conservation in general and in particular about the lowland tropical rainforest ecosystem of Vietnam
- Enabling the general public to experience a wilderness ecosystem,
- Enabling the scientific community to execute ecological and environment research in the park, and
- Providing economic opportunities for the human communities in the buffer zone”.

The above goals should be accomplished without damaging the park’s ecosystem.

(Tourism Management Plan, 1999: 4)

A more recent document stated the following four management objectives:

- “Conserve the local ecosystem
- Preserve the watershed of the Tri An Reservoir
- Provide research opportunities for national and international scientists, and
- Act as a destination for sustainable tourism”.

(Conservation Management and Operational Plan Cat Tien National Park 2003-2008, 2003: 9).

Conservation has become an important issue in the running of the Park in recent years and international cooperation projects have been achieving great progress in the organisation and success of conservation projects in CTNP (Interview, Vice Director, Cat Tien National Park, 2003). The CTNP had two partner projects. The Cat Tien National Park Conservation Project (CTNP-CP) was a joint initiative of the Ministry of Agricultural and Rural Development (MARD) and the Royal Netherlands Government, taking place from 1998 to 2004. The project was implemented by the World Wide Fund for Nature (WWF). The Royal Netherlands Government provided US\$ 6,300,448 to the project budget, compared with only US\$ 675,399 from the Vietnamese government (<http://www.wwfindochina.org/projects/VN0022-01.shtml>). The second project was the Forest Protection and Rural Development Project (FPRDP) supported by a loan from the World Bank. The project concentrated on the buffer zone surrounding the Park (Conservation Management and Operational Plan Cat Tien National Park, 2003-2008: 10).

Lack of staff knowledge of ecological issues and ecotourism principles is a significant barrier to the achievement of ecotourism practices in the Park. Most staff used to be security guards before becoming guides once a tourism department was established in the Park, and have no background in conservation. This problem applies to the staffing of protected areas in Vietnam in general (Interview, Head of Tourism Department, Cat Tien National Park, 2004).

10.6.5.4 *Tourism Planning, Development and Investment*

A few tourists came to the Cat Tien in 1992, the year of its establishment as a national park. At the time, however, there were neither professional tourism-related staff nor appropriate facilities for tourists (Interview, Head of Tourism Department, Cat Tien National Park, 2004).

In May 1999, the CTNP released a report, 'the Start of a Tourism Plan for and by Cat Tien National Park', co-written by a WWF consultant and a representative of the Park, based on consultations with Park staff and tourists who were asked to give their impressions and ideas on how to improve tourism activities and facilities. Conservation and development issues were also taken into account. The draft addresses issues such as reconsidering prices for facilities, rubbish collection, problems with inaccurate publicity, tourism zoning and the marking of routes. It contains suggestions that foreigners pay higher entrance fees and that entrance fees should be charged per day and not per visit: changes that have apparently been implemented in the meantime. It was proposed that researchers be expected to pay higher fees than ordinary visitors because they tend to need more assistance from staff than normal visitors. The proposal also mentioned the inappropriateness of distributing the Park map to visitors, enabling them to explore the area without guides, which could minimise the income of the Park and the level of control over visitor movement and jeopardise visitor safety. It is noted that, although the Park's main priorities are conservation and protection of the natural habitat, tourism also plays an important role, and the Park should ensure eco-tourism development in a way that brings economic benefit to local people. In the interest of ecologically-aware development, the plan warned specifically against the construction of a proposed bridge over the Dong Nai River to provide another entrance to the Park because of the detrimental effects it would bring to the controllability of visitor flows and the natural scenic landscape of the river (The Start of a Tourism Plan for and by Cat Tien National Park, 1999: 1-19).

The 'Cat Tien National Park Tourism Management Plan' was published in August, 1999, based on the above mentioned report, 'the Start of a Tourism Plan for and by

Cat Tien National Park'. The Tourism Management Plan was intended to support the Park's primary aim of maintaining biodiversity for the present and the future, and to contribute to sustainable tourism development "which does not affect the environment negatively, and provide benefits for local people" (Tourism Management Plan, 1999: 2). The plan was drafted to ensure that the increasing number of tourists would not generate a negative impact on the Park's biodiversity, and to formalise CTNP's role in educating the general public about biodiversity and conservation. To satisfy these goals, the Plan proposed the establishment of a new department called the Centre for Service, Eco-tourism and Environmental Education. The new department is intended to provide facilities and activities and disseminate conservation messages to promote the educational role of the Park. The Tourism Management Plan illustrated the Park's support for community-based tourism by providing training and funding of small-scale community projects and involving local people in providing goods and services to visitors, such as the sale of handicrafts.

A proposed plan for the Cat Tien National Park Conservation Project was formulated to respond to the granting of Biosphere Reserve status to the Park by UNESCO on November 10, 2001. Reiterating and building-upon the themes outlined in previous documents, the plan proposes the development of specific eco-tourism activities such as tours to the high and low mountainous evergreen forest and several-day Dong Nai river tours to visit streams and sights such as the Dam'ri rapids. It also calls for the creation of two major wildlife sanctuaries (Lebre, 2002). The document proposed the extension of tours into the highly sensitive Cat Loc area: a controversial decision due to the presence of the endangered Java rhinoceros there (Murphy, 2001).

An unreleased draft of an Eco-Tourism Development Plan for the Period 2003-2008 was designed in 2003 by the Park's Tourism Department. It lays out plans for the improvement of the Park over the next five years. The framework of a strategy for marketing and advertisement is articulated for the Park, including cooperation with mass media, distribution of information to tourism agencies, price standardisation, increasing the available types of souvenirs, publication of informational material and working with other sites with complementary attractions on organising tours. A forecast of visitor numbers is made for the coming years, using a simple assumption

of 15 per cent growth per year (based on the 14 per cent growth in the year prior to the report). By this model, visitor numbers would rise from 15,900 in 2003 to 32,000 in 2008. Assuming no additional construction of accommodation, the report predicts guesthouse occupancy rates to rise to 60 per cent in 2008. The opening of new trails, including a hanging bridge above the forest canopy and a campsite on Fairy Island in the Đống Nai River; are also recommended, as is a programme to assist local villages in opening up to tourism. An itemised budget includes many new structures, programmes, utilities, equipment and other improvements, for a total budget of VND 5,802 million from 2003 to 2008, funded mostly from the Park budget (VND 2,045 million) and joint-ventures (VND 2,225 million) (Draft, Eco-Tourism Development Plan, Period 2003-2008, 2003). Although ecotourism is prioritised by the Vietnamese government, there is very little funding available for its development. Ecological tourism activities are regarded as businesses and are thus expected to turn a profit. Even though they often will not make money, ecotourism activities in the Park are subject to the same enterprise tax as normal commercial tour operators (Interview, Head of Tourism Department, Cat Tien National Park, 2004). The tax can be deducted from the annual state budget allotted to the Park (Interview, Deputy Director General, International Cooperation Department, MARD, 2004).

The Park started to develop tourist facilities in 1996, including two canteens with a capacity of more than 300 customers, an entertainment club with two billiard tables and two karaoke rooms, a brand new swimming pool and two tennis courts. The Park has 33 rooms with a total capacity of 75 to 82 visitors per day. Approximately 20 to 26 visitors can stay in air-conditioned rooms. Occupancy rates are very low. In 2001, the average occupancy rate was only 14.3 per cent, in 2002 18.3 per cent. In the first nine months of 2003 occupancy increased to 27.6 per cent. These low numbers indicate that most visitors come to the Park for day trips and not overnight stays. Most overnight stays are by foreign visitors (Interview, Representative, Tourism Department, Cat Tien National Park, 2003). This may be partly attributable to the high cost, by Vietnamese standards, of a very basic room, around US\$ 10 per night. Despite low occupancy rates, new guesthouses were built to accommodate peak demand situations that only occur one or two days a year (Lebre, n/d).

Two canteens in the Park were originally managed by the Park administration but failed to make a profit. They are now both run by a private person, who pays a part of the profit as rent. The Park continues to control the price and service. Boatmen on the river used to work for the Park, working office hours with very inefficient service, which caused problems for those wishing to cross the river late in the evening. Since they were granted the right to work for themselves, they have been working longer hours and much more efficiently and paying part of their profit back to the Park (Interview, Vice Director, Cat Tien National Park, 2003).

The involvement of foreign NGOs in development and investment in the Park has made an important contribution to awareness of ecotourism within the Park administration. The Head of the Park's Tourism Department has acknowledged that the management does learn much about ecotourism from contact with foreign conservation organisations. For instance, Western organisations recommended the reduction of tour group sizes in order to improve the quality of the contact with nature (Interview, Head of the Tourism Department, Cat Tien National Park, 2004).

10.7 Assessment

The involvement of foreign or international organisations, including NGOs, in Vietnam's national parks has increased greatly since *doi moi*. The author has noted that most plans drawn up for programmes or policies in the two parks analysed in the case studies were done with the involvement and assistance of foreign organisations, quite often with the foreign partner playing the leading role and the Park management merely assisting. Between 1996 and 2002, 17 major conservation projects in which foreign governmental and non-governmental organisations were the primary sponsor were begun in Vietnam (Rambaldi et al, 2001: 46). The European Commission alone invested 30 million Euros in conservation projects in Vietnam from 1997 to 2005 (ibid: 47).

To date, Cat Tien National Park has been known more for its conservation role as a national park and less so for its tourism. As a nature area of ecological importance,

Cat Tien has achieved international 'star' status, gaining a UNESCO Biosphere Reserve designation and the involvement of the WWF. The international attention and influx of funds and technical support associated with this status has certainly provided at least some of the impetus for the inclusion of ecological rhetoric in just about every planning or policy document. The global status of Cat Tien as a conservation area puts it at a great advantage over other natural areas in Vietnam, in terms of government attention, attractiveness for funding by global organisations and international tourism publicity. It is appropriate to enquire as to how this is reflected in the internal planning of the Park in terms of conservation and tourism: whether it is at a more advanced stage than other locations.

As Vietnam's first national park, Cuc Phuong has the most long-established tradition of tourism and is thus the most developed in terms of tourism. Despite its biodiversity and its own rare species, Cuc Phuong National Park has not achieved the same level of status amongst conservationists as Cat Tien.

Interviews with members of the Park administration at Cat Tien leave the impression that they see their role primarily as party functionaries. Tourism and conservation seem to be valued as important aspects of government policy, rather than necessarily important in their own right, and the Park management tend to see their purpose as dutifully carrying-out the directives of the central government, rather than formulating their own policy from an innate understanding and belief in issues of conservation and sustainable tourism development.

The number of government regulations and decisions on national parks and special use forests has increased greatly since *doi moi*. For example, all 23 existing legal documents on policies strengthening management and protection of special-use forests were published since 1992.

Despite slogan-like lists of general objectives handed down by the central government, practical governmental guidelines for achieving these objectives in the day-to-day running of the Parks seem to be lacking. Many things that are not specifically dictated appear to be done in a very *ad hoc* way, since there are no clear

directives as to how they fit into the missions stated repeatedly in the official documents. There do not seem to be any cases in either Park where this has led to any large mistakes, but this is almost certainly a barrier to effectiveness. The locations of both Cuc Phuong and Cat Tien, spanning multiple provinces, are also of minor consequence to the Hanoi government's overall control, but cause complications in the on-site management of the Parks. Interestingly, conflicts between Cat Tien National Park and provincial governments seem to be settled amicably at a very informal personal level, rather than through governmental channels (Interview, Vice Director, Cat Tien National Park, 2003).

Efforts to develop eco-tourism in Cat Tien seem to have intensified in response to the publicity in the wake of the granting of UNESCO Biosphere status in 2001. Certain dubious aspects of proposed plans, such as the opening of the Cat Loc Javan rhinoceros habitat, raise the question of whether adequate consideration has been given to the intended goals of true eco-tourism, or whether this designation is being used as publicity for tourism that sees nature as a spectacle for consumption. This could indicate a lack of coordination between authorities responsible for tourism and those responsible for conservation issues at the national governmental level.

The management of both parks have expressed their satisfaction at the success of the introduction of private enterprise into the parks, saying that the entrepreneurs bring a more dynamic and service oriented manner to the facilities. As has been elaborated above, the management of both parks have already granted permission for limited free enterprise within the parks, such as the boatmen and canteens in Cat Tien, but this is currently at a very low level and not well-integrated. For instance, both canteens in Cat Tien are run by a single individual, with no possibility of competition or variety. Apparently there is no government rule for dealing with such cases, so they are decided by the park administration on a case-by-case basis. Individuals have also begun to sell goods and services to CTNP visitors in the buffer zone, such as refreshments sold from stands that have sprung up at the ferry crossing to enter the Park.

Some of the tourist facilities that have been developed in both of the parks, such as tennis courts, karaoke rooms and swimming pool, are inappropriate for the types of tourists and tourism attracted to national parks. Large domestic groups tend to visit on day-trips with little time to use facilities, and foreign tourists come for the experience of nature and not for resort-type amenities.

Despite problems with conflicting interests between conservation goals and local populations, both Cat Tien and Cuc Phuong have capitalised on the tourism attraction potential of indigenous cultures by making at least one native village in each Park accessible to tourists. While the villages have benefited from the improved infrastructure and cash flow that accompany this designation, it is difficult to judge at this stage what the net positive or negative effects on indigenous communities will be as villages open up to tourists. For example, the Cat Tien National Park management provides women of the village of Ta Lai with training in weaving to sell to visitors, yet only one house is currently open to tourists and a visit is very difficult for foreign visitors without a guide because of the language and because of a lack of maps or signage showing the village location. Similarly, as noted earlier, all of the thousands of visitors who have spent an overnight stay at Khanh hamlet, the designated tourism village in Cuc Phuong National Park, have stayed with the same family, limiting the economic benefit to the village as a whole.

The lack of skilled local labour, necessitating the importation of outside expertise, is a limiting factor in the ultimate benefits to be gained by the local population from the development of tourism in national parks. A National Training Centre for Conservation Awareness and Education (NTC) programme for educating CPNP staff in conservation-oriented tourism skills such as visitor interpretation and protected areas management is now being extended to include adults and schoolchildren in four districts bordering on the Park (Cuc Phuong Report, Issue 2, 31 May 2000). If successful, such a programme could be expected to provide the dual benefits of enhancing the employability of the local population in Park jobs and increasing the level of conservation awareness among Park staff.

The resettlement of native populations has been undertaken at both Cat Tien and Cuc Phuong. Although done in the name of conservation, these transplantations are sources of resentment among native people whose ancestors had inhabited the land since long before the establishment of the parks. Land use conflicts in the establishment and maintenance of national parks are prevalent in Vietnam, as a small, densely populated agrarian country that only began its national park system less than 50 years ago. This is an issue that does not have its counterpart in many of the Western nations that first established national parks from largely non-arable or unpopulated areas a hundred or more years ago. Both Cat Tien and Cuc Phuong were important logging areas until they were protected, and both parks have trouble regulating the exploitation of the forest by local populations within and around them. Even since gaining protected status, national parks are still prone to incursions brought about by other factors in the economic and infrastructure development of the nation, as in the case of the bisection of Cuc Phuong National Park by the new Ho Chi Minh Highway.

While input from visitors to the Park seems to have been integrated into recent plans and proposals for the development of CTNP, it is not clear in what respective proportions the opinions of domestic and foreign tourists is reflected. For instance, although most of the problems of overuse and negligence seem to involve domestic tourists, a survey of visitors to the Park in the seven months following May 2001 was distributed only to foreigners, although the survey form was prepared in both English and Vietnamese language versions (Howden, 2001). The findings in a document reporting the results of a later survey, with 102 foreign and 38 domestic respondents, admits to being "mainly based on comments given by foreigners" (Visitors Comments to Improve Tourism Services and also a Subject for the Training Courses, 2002: 4). It is unclear whether this phenomenon shows a lack of interest or unwillingness to comment on the part of Vietnamese visitors, or whether the Park management is intentionally focusing its improvement efforts on attracting the foreign tourism market. Ironically, what appeared to many of the survey respondents as unintentional omissions on the management's part were actually intentional, if naïve, control measures. An example of this is the lack of trail maps available to visitors, which apparently had become Park policy as a result of the above-quoted recommendation in

the 'Start of a Tourism Plan' (1999) to control visitor movement by restricting their information in this way.

The same survey gave indications that the very concept of a national park, whilst second nature to foreign travellers, is not necessarily well-communicated amongst the Vietnamese people. Tourism to national parks has increased during *doi moi*. Domestic tourists constitute by far the largest group of visitors to both Cat Tien and Cuc Phuong and the majority of these domestic visitors are students. Both parks experience problems with this largest group of visitors, primarily because of conflicts between the managements' and the visitors' perception of the purpose and use of natural tourism sites. Domestic tourists continued to arrive at the Parks with the intention of eating wild meat or other activities unsuitable for a protected wilderness area, indicating that the content or manner of dissemination of information about national parks in the Vietnamese media is inadequate or misleading. Even the boatmen working in Cat Tien National Park were reported to throw trash into the river and disturb the natural habitat.

Since tourism in CTNP is still in the 'involvement' stage, it would be wiser if they were to employ more people who have a background in tourism management. The Head of the Park's Tourism Department has a background in accounting and has only been involved with the Park since the end of 2000, and a representative of the Tourism Department interviewed by the author also lacks a background in tourism and has been working in the Tourism Department for only two years.

Many of the problems with the establishment of facilities that may be seen as inappropriate within protected natural areas recall the experience of the early North American national parks, in which facilities such as the Banff Springs Hotel and Golf Course were built in the early period of development of the park. It remains to be seen if and when the Vietnamese government will adopt a more mature stance on protected area development as tourism to national parks continues to increase. Proceeding into the development stage without the necessary expertise would do more harm than good to the Park. A slow and well-informed progression will lead to more effective and sustainable development that will better serve the Park's conservation goals.

10.8 Conclusion

The number of national parks in Vietnam has increased greatly during the period of political transition since the beginning of *doi moi*. As has been noted, much impetus for the establishment of protected areas and national parks in Vietnam is provided by the potential international funds for which such nature preserves are eligible and the interest of international conservation organisations and their money. The re-designation of so many logging areas as protected forests after *doi moi*'s inception can be more easily explained in this way than as an indication of any sudden government concern for nature conservation. Tourism seems to play at best a secondary role as a driving inspiration for the founding of parks.

The growing involvement of international NGOs in Vietnam's national parks has brought with it an influx of conservation and eco-tourism know-how. Although eco-tourism is a component of many of the conservation plans drawn up for parks by NGOs, a lack of understanding or caring for the issues involved on the part of those actually charged with carrying out the plans means that there are as yet no true examples of serious eco-tourism practices in Vietnamese parks or serious studies as to whether eco-tourism is in fact the only or most appropriate form of tourism for Vietnam's national parks.

Before *doi moi*, tourism to national parks was uncommon, practiced primarily by government officials or their guests and was fully subsidised by the state. The increase in tourism since *doi moi* necessitated the formulation of a comprehensive tourism policy for protected areas for the first time. The central government never perceived the need to control tourism in national parks before *doi moi* because it was practically non-existent. As a result, there was no articulated tourism policy for national parks in existence at the time of *doi moi*. With the rise of tourist interest in natural areas since *doi moi*, the central government did not develop a centralised policy for this but rather opted to delegate responsibility to the individual parks.

Detailed tourism policy formulation and financing is in the hands of the park administrations, further enhancing the decentralisation of control of the parks. Parks'

tourism development proposals are subject to the approval of the MARD but the central government is hesitant to be involved in the administration or financing (Interview, Head of Conservation Division, Forest Protection Department, MARD, 2004). Indeed, the individual parks are even required to pay enterprise tax to the central government on their tourism activities, effectively operating under conditions similar to private operators.

With the continuing withdrawal of the central government from many aspects of formulating and facilitating plans for national parks, international NGOs, with their large budgets, focused agendas, on-site engagement and planning proficiency, exercise an increasing influence over the policy of parks. For example, a previous NGO programme of resettlement of local population to outside of the parks was replaced by NGO-supported programmes of community-based tourism, in cooperation with native villagers.

Private enterprise was able to take root in Vietnam's national parks as the result of relaxation of restrictions brought about by *doi moi*. With the withdrawal of government subsidies brought about by the reforms, park facilities had to be re-invented as self-sustaining enterprises. However, the development of private enterprise around tourism in national parks is still at a very undeveloped stage and small scale and do not display much of the diversity or competition that would ideally characterise a service economy. There are some cases in which private tourism development interests have been able to use their financial leverage to influence decision-making and planning in parks, such as the private enterprise that convinced Ba Vi National Park to transport animals to a part of the park they had leased to develop as an eco-tourism zone.

The development of tourism in national parks in Vietnam has been related to other aspects of development in the country. Vietnam's national parks are places where issues of tourism, conservation and indigenous people confront one another in relations both of conflict and of cooperation. Of the three, tourism is the most obvious sector for commercial development and is thus well-positioned to serve as a catalyst for change that will benefit all interests in the parks. While conservation programmes

can bring money to an area, the better part of those funds go towards the wages and facilities of the project staff or on the projects themselves, whose success is measured in terms of preservation or restoration of natural habitats rather than contribution to the local economy. Tourism's contribution to the improvement of the economy, living conditions, infrastructure and education of people within and around national parks has already been discussed. The development of language skills in local populations has also been enhanced by training courses aimed at providing a workforce to meet the demands of the tourism market.

The interest in Vietnam evinced and encouraged by the involvement of organisations such as WWF has raised global awareness of Vietnam's natural wildlife and landscape, propagating an image of the country as an untouched wilderness that appeals to many types of tourists. Although there is very little understanding or interest on the part of the government in developing eco-tourism in Vietnam, the 'eco' image and language has been widely adopted by public and private operators for anything 'nature based'.

In terms of Butler and Boyd's three possible outcomes of interactions between parks, tourism and local communities, the current state of the two parks investigated in the sub-case studies of this chapter seem to correspond most closely to a 'win-win-lose' scenario in which tourism and local communities benefit at the expense of the natural environment. Government programmes seem to be based on encouraging exploitation of the natural attractions of the area to bring economic gain, while doing little to guarantee the protection of that environment or the long-term sustainability of the economic or tourism practices that are being developed. While the intensity of tourism in these parks is far from that experienced by some other natural areas, a continuation of this practice could in the long term lead to a 'lose-lose-lose' situation in which degradation of the environment devalues the basis of the local economy and tourism trade.

All three of Dearden's 'resource conflicts' can be observed in one or the other, or both, of the parks looked at in this chapter. An internal contradiction between the conservation and recreation functions is present in both parks, as can be seen in the

disparity between ecological goals of NGOs involved in the parks and the non-ecological expectations and recreational practices of domestic tourists to natural areas. Both parks also suffer from poaching of wildlife and illegal cutting of plants, corresponding to Dearden's second type of conflict. The most obvious example of the third type of conflict, that of external forces having negative effects on the park, can be seen in the Ho Chi Minh Highway bisecting Cuc Phuong National Park and disturbing natural ecosystems. Only the Vietnamese government has the power and jurisdiction to rectify these conflicts, but these are issues that transcend the boundaries of the parks that they effect, and any real addressing of these problems would require a change in government culture as well as changes in the culture and practices of tourists to these areas.

In general, it is not through exertion of influence but rather through withdrawal of control that the Vietnamese central government has enabled and encouraged change in tourism patterns in national parks. International organisations and private enterprises have taken advantage of unprecedented possibilities opened up by the removal of government restrictions or monopolies. For all their influence, international NGOs are interested in only some aspects of park development. The decentralisation of control has also given individual parks new powers of self-determination, but there is little evidence of vision or innovation from any park management. Currently, no single entity or interest can be said to have a complete vision or complete control of the development of Vietnam's national parks. *Doi moi* has certainly brought a more diverse set of actors to the development of tourism within national parks, but an effective division of roles that will lead to a consolidated tourism development policy has yet to emerge.

Chapter 11: Discussion

11.1 Introduction

In this chapter, the conclusions and insights regarding the sub-sectors examined in the previous four chapters are brought together in order to delineate themes, which are important across all components of Vietnam tourism since *doi moi*. The theoretical framework of this research – with its topics of business development, investment, government control, international involvement, marketing and human resources – was applied as a structure for analysing the findings of the individual chapters. The analysed data was then synthesised across all chapters to identify overarching trends by which changes in tourism patterns in Vietnam as a whole can be articulated, and these patterns' relation, or lack thereof, to the *doi moi* programme can be assessed.

The themes, which will be used to structure the following discussion, are: 1) the evolving dynamics of the relations and between state, domestic and foreign operators and how they divide the market amongst themselves; 2) changes in the systems of dependences that set the parameters and limitations of Vietnam tourism; 3) how the Vietnam government, as well as other stakeholders in Vietnam tourism, are negotiating a balance between ideological concerns and economic ambitions; 4) changes in the culture of government regulation of tourism and 5) new influences on Vietnam tourism development, which have been added to the traditional top-down influence of governmental legislation and policy making.

11.2 The State, Domestic and Foreign Sectors in Vietnam Tourism

11.2.1 Synopsis

The differentiation and specialisation of providers in the market is likely driven in part by the atmosphere of competition created by the ever-increasing number of private entrepreneurs, both domestic and foreign, in a context that was previously

monopolised by the state. Within this *milieu*, each type of operator has distinct advantages and disadvantages over the others. Private domestic enterprises are certainly disadvantaged, in relation to both state-owned businesses and foreign joint-venture firms, in terms of economic and political 'clout' and social standing. They are, however, much better able to operate at a low-scale informal level and thereby evade the strictures of government regulations or sanctions. State-owned firms are both privileged and disadvantaged by their close connection with, and dependence on the government. Foreign joint venture companies have access to overseas contacts, backup capital and loans but are dependent on a domestic state or private partner with whom to invest in Vietnam.

The years of *doi moi* have been a period of manoeuvring and negotiation between state, foreign and domestic private operators in the tourism sector, out of which certain practices for the division of markets and tasks between these three types of enterprises have gained prevalence. In this process, operators in each of these three groups have found niches in which they have a particular advantage over other operators in the other groups. In some niches, state-owned, domestic private enterprises and foreign joint ventures divide markets between them by price and service level. For example, state-owned hotels tend to be lower-priced and lower-service than joint venture hotels whereas state-owned tour operators are generally higher-priced and higher-service than small domestic private firms. This division of markets is by no means remaining static. State-owned enterprises are attempting to break into the luxury hotel market that has been established by foreign joint venture firms by upgrading the service level of some of the existing urban hotels under their control, as well as physically expanding some of these hotels, such as the Majestic, Rex and Dan Chu. Vietnam Airlines, as well, has come into direct competition with a greater number of foreign carriers as Vietnam grows in popularity as a destination, and has undertaken unprecedented improvements and expansion of their fleet as well as staff training and modernisation of ticketing and reservation services. Although Vietnam Railways maintain a monopoly on rail travel in Vietnam, improvements to its infrastructure and rolling stock were inspired by the competition brought by the proliferation of low-cost but slow tourism bus lines and high-speed but costly internal air links.

In pre *doi moi* Vietnam, the state held a monopoly on most of the sectors that defined and controlled tourism within Vietnam and established the criteria for decision making. The power, the will and the know-how of tourism development were all subsumed within the government. The new actors and new criteria that have been brought to Vietnam tourism since the beginning of *doi moi* have complicated this context considerably. There are few cases in which the power, will and know-how needed to achieve any specific initiative are all concentrated in one actor, or even one sector (state, domestic private or foreign). In the marketing of Vietnam as a destination, for instance, the government has always possessed the political wherewithal to promote the country and is currently expressing the will to do so after decades of leaving marketing to individual state, domestic and foreign operators. However, the recent string of uninspiring slogans and programmes with which the government has tried to promote the country indicate that the state does not possess the knowledge of how to pursue these ambitions effectively. The articulation and communication of a consolidated tourist image for the country is just one sector where further evolution of modes of state-private and domestic-international cooperation will be required in order to make progress.

11.2.2 Relationship Between Government and the State-owned Sector

Even in giving up involvement in the operations of state-owned firms, the government keeps a hold on the tangible assets of these businesses. While many former state enterprises now function independently of governmental bodies in terms of operations and management decisions, the government still maintains control over decisions involving much of the physical infrastructure and equipment of these companies. Governmental approval is required to make physical extensions or alterations to a state-owned hotel. Similarly, Vietnam Railways must obtain permission from the government to make infrastructure improvements, and as mentioned, the railway infrastructure in Vietnam is actually owned by the government.

Many of the upgrades and improvements in state-owned businesses came about after they had attained state-owned (as opposed to state-run) status, free of direct

involvement of the central government in most of their internal workings and left to fend for themselves in the market against private sector competitors. While this move may have been the salvation of state enterprise in Vietnam, this does bring about a decoupling of the government from the direct influences or experience of market forces. For the government of a country in which a free market economy is a recent development, this could slow-down the process of co-evolution of government and market. This may provide part of the explanation for the reactive, rather than proactive, character of progress in government policy. While the central government must certainly be concerned with establishing the preconditions for a successful tourism industry in the country, it seems that most progressive initiatives come as a result of concerted pressure from state and private market operators, rather than vision or insight on the part of the government. Indeed it can be seen that some reforms in government policy came about as the result of requests from state-owned enterprises to create an environment under which they could operate more effectively and competitively. An example of this is Vietnam Railways' successfully petitioning the government to do away with surcharges to foreigners and overseas Vietnamese in order to conform to international standards.

11.2.3 Relationship Between Government and the Foreign Joint Ventures

Because Vietnam is a new tourism destination with a low level of general infrastructure development, investors in the country need to be willing to fund the provision of certain basic amenities that may be taken for granted in another context. Expectations on the part of both investors and the government in the early years after *doi moi* were at times overly optimistic, each assuming that it was the responsibility of the other to establish the basic infrastructure for development. The exact division of the respective responsibilities and rights of the government and the investor in such projects seems to be the subject of case-by-case negotiation rather than fixed policy. The expectations that foreign partners in joint ventures bring to the Vietnam government have been responsible for instigating a number of changes in tourism policy and have likely affected the expectations of domestic and state-owned operators as well. Chief among these expectations is the basic assumption that policy and legislation should play a facilitating role for operators and not just a regulatory

role by the government. The government certainly also brings expectations to its negotiations with FDI operators, including the transfer of skills and know-how, not to mention money, into the domestic and state sectors through their partners. Both sides seem to be satisfied with the direction of progress in meeting their expectations. FDI is becoming involved in projects of increasing scope and duration, indicating an increase in foreign investor confidence, in government trust in joint-venture projects and in tourism industry dependence on FDI. The expected integration of foreign and domestic investment laws into a single standard in 2005 is a sign of the progress made in this area.

11.2.4 Relationship Between Government and the Domestic Private Sector

The domestic private sector currently possesses less political weight than either the state or FDI sector, and is thus less able to influence political and economic policy. The currently low level of development of a 'business community' in Vietnam, and a lack of attendant professional bodies and organisations, makes for difficulty in communication between the government and the private business sector, stifles government regulation and overview, and blocks private businesses from joining together in a politically effective way to represent their common interests and goals.

The relationship between state and private enterprises is not always competitive or antagonistic. There are numerous instances of private businesses embedded in the shell of a physical infrastructure provided and run by the government or a state firm. Vietnam Railways' renting of compartments in their trains to private companies and the private operation of services and amenities within state-owned hotels illustrate this trend. In national parks as well, such as Cuc Phuong National Park and to some extent Cat Tien National Park, the government is primarily concerned with the provision of physical infrastructure and most of the businesses in the parks are run by private enterprises. This practice provides a source of rental income for state-owned firms, which must now worry about their own profitability, and helps create a more well-rounded service profile to meet the higher demands of post-*doi moi* tourists. Also, many of those firms and individuals who were best positioned to take advantage of the opportunities offered by the emergence of a private sector and joint ventures are

those who had privileged access to these markets because of their ties to the Vietnamese state. An example of this is state pensioners' and employees' preferential access to land and loans for establishing hotels.

11.3 Dependences

11.3.1 Bottlenecks

Because all facets of Vietnam tourism are developing rapidly and simultaneously, there are numerous instances where disparity in speed or direction of progress in mutually dependent facets of the tourism industry bring about a situation where sluggish development in one area detrimentally affects other areas as well. For instance, because staff training and ticketing and reservation services lagged behind physical growth of Vietnam Airlines, hundreds of flights a month were cancelled or delayed as of 2001. The three components discussed in the chapter on visitation to Vietnam – i.e. visa regulations, transportation and marketing – have an especially close interdependent relationship, and all three of these components must develop in tandem. If one lags, the other two are stifled in their development. Subsequently, any blockages in this part of the tourism sector affects Vietnam's tourism industry as a whole, as can be observed in the perceived relation between non-competitive airline prices and occupancy rates at hotels and other amenities aimed at tourists.

Because the government is involved in the regulation and legislation of all aspects of tourism, qualitative and quantitative insufficiencies in staffing or methods of government departments can put up barriers to development. The sluggish pace of the state in its tourism marketing programme for the country constrains the possibility of tour agents developing new tours or encouraging travel to destinations besides the already-popular ones. A lack of VNAT staff is hindering the implementation of the star system for hotels, which would help integrate Vietnam accommodation with international standards.

11.3.2 Changing Alignment

As a small, strategically located developing country, Vietnam has been the recipient of investment from outside sources that has funded much of the modernisation of the country's various industries and sectors throughout its recent history. Beginning with *doi moi* and intensifying with the decline of communism in the late 1980s and the 1994 lifting of the US trade embargo, the source of monetary and material assistance, as well as tourists, to Vietnam shifted from the Soviet bloc to the developed capitalist industrial nations of East Asia and the West. The end of the trade embargo also allowed Vietnam to invest in Western-manufactured equipment to bring the tourism infrastructure up to the demands of international tourism. In the tourism-related transportation sector, for instance, the replacement of Russian economic assistance and Soviet-built planes with Western aircraft and the assistance of Air France, as well as the acquisition of Siemens locomotives by Vietnam Railways, are signs of this changeover of economic affiliations.

The map of Vietnam's air links with foreign countries has also been transformed. Before *doi moi* flights linked Vietnam's main cities with the capitals of other communist countries, constituting a network that tied Vietnam to its far-flung politically aligned nations around the world. Many of these routes have dwindled or even disappeared from today's route maps, and have been overtaken by air connections to cities in the major tourism-demand generating countries of the world – such as Germany, Japan and the United States – as well as flights to the East Asian countries that are the largest sources of investment in Vietnam – such as Singapore, Taiwan and Hong Kong. The logic of Vietnam's air links has changed from one of ideological affinity to one inspired by the economics of tourism.

Regional connections and affiliations are beginning to play a larger part in the support of Vietnam tourism in many different aspects. For instance, as a member of ASEAN, Vietnam is provided with guidelines for the development of its human resources skills as well as the development and marketing of its tourism industry. There are also promotional agreements among ASEAN countries that encourage tourists to other ASEAN countries to continue their travels to Vietnam and *vice versa*. In these ways,

Vietnam is being integrated into a regional culture of common practice in tourism, and the links between Vietnam and its regional neighbours are being solidified, replacing the pre-*doi moi* network of COMECON countries as Vietnam's 'family' of related destinations.

11.4 Balancing of Ideological and Economic Concerns

11.4.1 Ideology and Economics in Governmental Tourism Policy

Vietnamese government policy pursues the dual goals of encouraging market-oriented development while maintaining the integrity of the socialist state. These two objectives are clearly differentiated in that the aspirations of the former are purely economic while the latter is a matter of ideology. Policy decisions are often framed in terms of finding an appropriate balance between the two and, in some cases, of protecting the sanctity of ideology from compromise through the intrusion of economic forces in what are seen as inappropriate places. The agenda of the majority of operators in the tourism sector could be expected to be the precise inverse of this mind-set: that is, guaranteeing freedom to run a profitable business without undue intrusion of ideological constraints. This dissonance underlies many aspects of the current state of Vietnam's tourism industry.

One indication of the ideological significance of an attraction is the government's continuation of financial support for that attraction, even while shedding financial ties with most former state-run operations. As a rule, this distinction seems to apply to sites of patriotic symbolic importance, sites that represent sensitive issues or events and sites of high propaganda value. The Ho Chi Minh Mausoleum and the Hoa Lo Prison are two examples of such attractions. In these cases, private commercial enterprises are not allowed to operate on site. Despite the extremely high cost of maintaining the Ho Chi Minh Mausoleum, the government refuses to collect entrance fees, as if application of the profit motive so vigorously pursued by the government in other areas of tourism would be unbecoming at such a patriotic site of the highest order. Unlike the many people in leadership roles in Vietnam tourism who have

migrated from other sectors since *doi moi*, administrators at ideologically significant sites tend to be holdovers from pre-*doi moi* days. The Chief of the Ho Chi Minh Mausoleum has been working there since the Mausoleum's establishment. The same is true of the management of the Hoa Lo Prison Museum, though the long-time General Director of the attraction has recently retired.

In some other attractions, the government is unconcerned with, or even supportive of, rampant commercialisation. If preservation of cultural or natural heritage were as ideologically important to the Vietnamese government as the protection of politically significant sites, much more attention would be given to the sensitive planning and reasonable pacing of development at attractions such as Sapa. As it is, there seems to be no ideological conflict in the commodifying of cultural and natural attractions for economic gain, even at the expense of compromising the integrity of these attractions through over-development.

Some changes in policy reflect a realisation of previously latent economic potential in certain attractions and activities. The administration of Cuc Phuong National Park, for instance, used to offer free admission, overnight accommodation and tourist interpretation services to the small groups of government officials and foreign guests who visited the Park. Since the growth in domestic and foreign interest in the Park as a tourism destination, Park admission and services have become sellable commodities, leading to the establishment of a system of use fees. The government has a policy of prioritising, but not funding, eco-tourism in the national parks. Eco-tourism is defined as a business and is expected to turn a profit and pay taxes.

11.4.2 Ideology and Economics of Non-governmental Stakeholders in Vietnam Tourism

If the government is the steward of the sanctity of politically-significant attractions, the preservation of other historically-significant structures and places often relies on the efforts of champions from outside the government, such as the citizens and former inmates who pressured the government into preserving some of the Hoa Lo Prison as a museum, rather than trading the whole site for investment capital, as the government

was prepared to do, even though it has since become a site of patriotic importance. Calls for the protection of the Ancient Quarter of Hanoi originated from preservation interest groups from within Vietnam and abroad. Ecologically significant sites, on the other hand, usually find their benefactors in foreign NGOs and funding bodies who, through conservation funds, create a situation in which conservation becomes the most lucrative use of natural land and thus the most attractive use variant from the point of view of the government.

In prioritising socio-cultural attractions and eco-tourism as areas for development, the government is intentionally bringing tourists into situations where they will be most likely to come into direct contact with local people and with some of the most remote natural areas of the country. This constitutes a radical reversal of the earlier practice of constraining tourists to larger cities and predetermined routes. Government legislation and programmes surrounding these sites aim at shielding societies from the perceived bad effects of tourism while maximising gain from the good economic effects of tourism. Education programmes to teach minority children the English skills required for tourism related jobs are examples of the latter type of initiative, while the ban on overnight stays in minority villages near Sapa is an example of the former type. Of the two initiatives just mentioned, the former has been put into practice but the latter is rarely enforced in reality. In this context, it is of note that the first initiative is intended to increase economic gain for those involved while the second, if enforced, would interfere with existing channels of economic gain.

The ideological significance attributed by the government to certain attractions or sectors within Vietnam tourism has implications for government policy and practice. However, an ideological message must have a receiver as well as a sender, and it can be seen that the expectations and backgrounds with which different demographic groups of tourists approach a given attraction can be expected to vary greatly. Pre-*doi moi* visitors to the Ho Chi Minh Mausoleum included domestic tourists, government guests and diplomats making a symbolic gesture of political solidarity with Vietnam. For a good number of current foreign visitors, however, the Ho Chi Minh Mausoleum is perceived as a cultural spectacle rather than the quasi-religious pilgrimage destination that it represents for the Vietnamese government and most domestic

visitors. Discrepancies of this type can be observed with regard to the ecological and preservationist agendas applied to other sites by non-governmental bodies. For instance, the protection of natural areas as ecological preserves by conservation NGOs may correspond to the expectations of some eco-tourists but is apparently quite foreign to the expectations of many domestic tourists who see natural areas as recreation resources. Likewise, preservation-minded activist groups apply a different value system to real estate and structures than do property developers.

11.5 Changes in Government Culture

The change in the nature of the central government's involvement in state enterprises is epitomised by the shift from state-run to state-owned as the preferred model. Parallel to the withdrawal of government from direct involvement in the running of tourism operations, a series of ordinances laid out, in increasing scope and detail, a set of mechanisms for government regulation of tourism activities run by state, domestic private and foreign enterprises. The years since *doi moi* have seen the role of government change from a provider to a regulator. This is an unfamiliar role for the government not only because of the added complication of regulating others as opposed to the built-in self-regulation inherent in former state-run enterprises, but also because the criteria, standards and goals of Vietnam's post-*doi moi* tourism industry are vastly different from those under which the government operated its monopoly.

This thesis has discussed many changes in the degree, the focuses and the mechanisms of government control in the years since *doi moi*. These years have been a period of trial-and-error experimentation for the government in terms of how best, through legislation and policy, to encourage economic development in the tourism sector while retaining the integrity of the core social values of the country and the Party.

After the failure of the 1990 'Visit Vietnam Year' due to a lack of tourism infrastructure, the Vietnamese government actively encouraged joint-venture investment in tourism. Government policy towards tourism in Vietnam in the early

1990s indicated a lack of knowledge or experience of the possible societal side effects of tourism, which was conceived of as primarily a source of economic gain rather than a social phenomenon. Faith was put in the socialist political apparatus of the country to provide mechanisms for the regulation and integration of new influences. However, the actual progress of tourism and other developments in the early 1990s brought challenges to Vietnamese political and social culture for which the government was not prepared. The government's eagerness to attract foreign capital, in part through tourism, was reversed with the 'social evils' campaign of the mid-1990s, which saw tourism as a point of entry of foreign influence into Vietnamese society and thus an ideological danger to the country. Having gone through an initial period of naïve openness followed by a protectionist reactionary backlash, the government is progressively creating a body of policy and legislation based on a more informed and dispassionate assessment of the role of tourism in the country.

The government is coming to realise that excessive control discourages tourism, and reduces investment and economic gain, both by the practical barriers that it sets as well as by the inhospitable atmosphere that it creates. The perceived benefits of control or protectionism must be weighed against such potential losses. Realising that over-regulation can stifle growth, and perhaps also acknowledging that opportunities for economic gain can be taken advantage of by observation of the market and accommodation of emerging market trends in government policy, rather than by attempting to force the market development into a certain direction by excessive legislation, the government is exploring different means within its purview to protect Vietnamese society from the perceived threats of free market tourism.

Private domestic enterprises are a source of some anxiety for the government because they are the most likely points of unsupervised contact between foreigners and locals in the tourism business. Reluctance to stifle market growth and realisation of the impossibility of maintaining a tight control on the countless highly manoeuvrable small operators in the private sector probably both play a role in the government's policy of bolstering cultural programmes, rather than squelching private initiatives in tourism, as a strategy for insulating the Vietnamese people from the 'contamination' associated with contact with foreigners. This seems to indicate a maturing of the

realisation of tourism as a facet of the overall societal context of the country, rather than a foreign intrusion from which Vietnamese culture must, or can, be isolated.

Visa regulation is an area that will always be subject to a government monopoly, and the government seemed to intensify the manipulation of visa policy and practice to compensate for loss of control or unforeseen developments in other areas. The unannounced manipulation of visa policy as a sort of control valve to regulate the type or number of tourists admitted into the country at critical times has already been discussed, as has the government's deliberate search for other means to attract tourism that would not require a compromise in their visa policy. However, the government is beginning to yield to the continued pressure from foreign and state-owned business interests and grant categorical visa exemptions to an increasing number of nationalities.

Double-tiered pricing policies and other rules and situations that discouraged foreign tourists seem as a rule to have been imposed by the government and not the individual attractions or operators. This implies that the government took a much shorter-term view of profitability in the sector than individual attractions and operators, who may be more concerned with the sustainability of their business over the long term. Such practices also point to a naïve idea of the workings of a capitalist market by the government, which may be much slower to learn than operators who are immersed in the market. Most of these double standards have been abolished by now.

11.6 New Influences on Vietnam Tourism Development

11.6.1 Outside-in Influences: Globalisation and Vietnam Tourism

If regulation in the Vietnamese tourism industry can be said to serve the dual goals of ideological protection and economic gain, a good number of the economically-inspired aspects of the regulation of tourism in Vietnam appear aimed at optimising the attractiveness and appropriateness of the country's tourism offerings to the lucrative foreign market. For instance, the hotel grading scheme applies only to hotels

catering to foreigners, with no parallel system for the domestic accommodation market, implying that the grading system is seen as a mechanism for guaranteeing quality to attract international tourists. Marketing by both the VNAT and by state-owned enterprises is aimed at the international leisure and business markets as well, and most of the focus of licensing of tour guides is on those guides who are likely to come into contact with foreigners, rather than those serving the domestic market.

The adjustments to the development and on-site interpretation of sensitive sites related to the colonial era or the US War in response to pressure from foreign tourist-demand-producing countries has been discussed earlier. This is one example of the ways in which the Vietnamese government has to negotiate between its accustomed total control over the didactic function of its tourism attractions and the imposition of foreign (Western) narratives. The adjustment of accommodation and transportation infrastructure to meet Western standards is perhaps a more tangible illustration of the restructuring of Vietnam's tourism by foreign-imposed values.

The conservation paradigm could also be called a Western import, whose path into the country was paved by attractive conservation funds. The ways in which Vietnam's natural areas are being administered and developed, for tourism and non-tourism purposes, are being influenced by the many international NGOs that have become involved in conservation in Vietnam since *doi moi*. As the central government withdraws from the planning of national parks and delegates this responsibility to the individual park administrations, who have little idea how to plan, much of the planning is taken over by NGOs, who apply agendas other than those of the government, looking at global or regional rather than national issues, and applying ecological rather than socialist paradigms to the planning process. The interpretation of Vietnam's natural areas as ecosystems rather than resources sets up a value system in which the Western import of eco-tourism becomes a valorised approach to tourism in such areas, and by which the type of tourism practiced by foreign tourists seems 'better' for such areas than the practices of domestic tourists, as already discussed.

11.6.2 Bottom-up Influences: Informal Development in the Private Sector

Much of the sustaining activity of Vietnam tourism seems to be based on operators or tourists circumventing overly-restrictive government legal structures. Examples of such practices include international companies using a domestic private company as a 'front' to operate and unlicensed tour guides being hired because the licensing criteria are too strict. Without circumvention of these rules, there would be additional bottlenecks that would stifle operations. Some important niches in Vietnam tourism have developed in spite of, rather than because of, government policy and were even at odds with the government's vision of the country's tourism market priorities. The development of backpacker tourism and of small private hotels, now core components of Vietnam's tourism profile, are examples of sectors that were long disdained or ignored by the government. The informal quality and small scale of business in this niche, and its perceived lack of importance, perhaps aided it in escaping or evading regulation. Only when it began to flourish did the government become interested enough to enter the backpacker market with its own state-owned operators and even begin to let this type of tourism guide policy, such as plans to concertedly develop the backpacker quarter of Ho Chi Minh City as a destination for independent travellers.

There are areas in which government policy is at odds with actual needs or ability to comply. Such policy is implemented to the detriment of the destination. For instance, it has been suggested that tour guides or operators working without government registration may be doing so because of unrealistically stringent registration criteria. To gain quality control in these areas, the government will have to adjust its rules to the realities of the market, rather than attempting to force the market into an idealistic mould. Successful implementation of existing rules will lead to undersupply of service providers and human resources. Unsuccessful implementation leads to a market outside governmental control. Development depends on an application of top-down legislation, required for stability and continuity and planning, that is nonetheless accommodating to, and ready to learn from and adjust to, bottom-up grassroots phenomena and pressure.

11.7 Human Resources

The recent development of Vietnam tourism has seen the direct involvement of a quantitatively much larger and qualitatively much more highly trained and diverse workforce than were involved in the sector before *doi moi*. Whereas the staffing of tourism businesses and attractions before *doi moi* was very much tied in with established channels of contact, either through government connections or family association, the people available through these channels no longer necessarily fulfil the requirements of the highly-competitive and rapidly changing tourism sector in Vietnam today. A university education or at least some type of formal tourism training, at a vocational school or similar institution, is more important than connections in acquiring and retaining a job in Vietnam's current tourism industry. The example for this high standard of staff was set by joint venture hotels in Vietnam. The domestic partners of these foreign investors sent staff to train with them, while the competitors of these firms were driven to observe and copy in order to keep up.

Before *doi moi*, most of the staff members at national parks were non-local government officials. Nowadays, more staff are being employed from the local population. This could serve the purposes of trying to ensure better relations and cooperation with people in the immediate area of the parks, making use of the innate local knowledge and connections possessed by these people, and providing alternative sources of income for indigenous populations who are now forbidden from hunting or otherwise exploiting national park lands due to stricter conservation laws and enforcement. Education programmes aimed at raising the employability of local staff as well as raising the level of conservation awareness among park staff show a beginning of government concern for instilling an understanding at a grassroots level, and acknowledging the shortcomings of central control in achieving the stated ecological objectives for the park. Demand for foreign language proficiency and information technology skills among workers in the transportation, attractions, accommodation and tour operator sectors has grown immensely, leading to a demographic shift in tourism workers to younger people, although the generally high aptitude of Vietnamese people for learning and adaptability has already been discussed.

Hiring and firing policy seems to be handled differently by different state operators. Some retain staff even if their knowledge and skills become outdated and unsuited for modern tourism, while others have a policy of continuing employment on a performance basis, firing any employees who cannot keep up with the demands of the job. Notably, however, the highest management positions seem to be filled by people who have been working at that same place of employment for a very long time, who have either grown and changed with the times or who possess enough power to maintain their own position despite changes all around them. This will be mentioned again in the concluding chapter.

The purpose of this chapter has been to identify narratives that unify the various streams of development in the different sectors of Vietnam's tourism industry, guided by a categorisation of the findings according to the theoretical framework of the thesis. These narratives are a way of structuring the insights gained in this study to allow for the drawing of conclusions that will answer the questions posed at the outset of the research. The next and final chapter will propose these conclusions.

Chapter 12: Conclusion

12.1 Nature of Transition and What It Means for Vietnam

The term 'transition' is used to describe countries and societies that are undergoing a process of change from one political / economic paradigm to another. In the case of Vietnam, this change is not being brought about by a wholesale rejection of a political ideology and structure, as is the case for instance in many of the former Soviet satellite nations of Eastern Europe. In Vietnam, change is not concomitant with the discarding of a certain mode of government, but is being initiated or accepted by the Vietnamese government in the interest of ensuring its own preservation and the perpetuity of Vietnamese socialist society. Changes are being undertaken in the component parts of the Vietnamese economy and society and even the structure of government is being rearranged, as shown in the trend towards decentralisation of control, but the socialist nature of the structure within which these components are embedded is not being questioned.

Transition in Vietnam refers to the opening-up of the possibility of negotiation between the government, private entrepreneurs and foreign interests. Vietnam is transitioning *from* a society in which the government had an effective monopoly on all facets of tourism (and all other aspects of society and the economy) *through* a transition phase in which the government is willingly, strategically and selectively relinquishing some of this absolute power in exchange for hoped-for economic benefits. This process of transition does not have a fixed predetermined end-point *towards* which it is necessarily evolving. This will depend on the extent to which the government is willing to adjust its political stance in the pursuit of societal and economic growth, and also on the ability of the government to maintain control over the private and foreign interests in Vietnam tourism.

One aspect of the process of transition in current-day Vietnam is a change in orientation from the Soviet sphere of influence towards the family of free-market nations. This aspect of transition in Vietnam has brought about an influx of Western

influence in the Vietnamese economy, society and even political life. For instance, the introduction of Western IT support, equipment and know-how has affected the development of the transportation, accommodation and tour agency sectors. Besides these modes of transfer of goods and knowledge, Western NGOs and trans-national corporations have established continuous presences in Vietnam and are exerting their influence on development and policy through political and economic channels. The increasing number of tourists visiting Vietnam from Western and Asian capitalist countries, enabled by a shift of focus in air links and marketing strategy to these lucrative tourism markets, are further indications of the growth in interest among citizens of these countries to come to Vietnam for business, recreation or other niche areas of tourism such as war tourism or visiting friends and relatives. This has helped encourage a growth in the importance and prevalence of learning English, which is a skill that can lead to more lucrative job opportunities than are available to non-English speakers.

While it might be expected that it would be more difficult for older people to adjust to changes in Vietnamese society and that younger people, for instance, would be more willing to express critical opinions about the government than older generations, this presumption was not confirmed by the experience of the researcher during the field studies. Those interviewed for this study did not reveal any clear pattern in this respect. It could be conjectured that the very fact of their willingness to be interviewed indicated that all the interviewees shared a similarly progressive or open outlook irrespective of age.

A change in attitudes is an important part of any transition process, as the various stakeholders come to terms with adjustments in ways of thinking and assigning of value required to achieve societal change. The redefinition of natural areas as potentially valuable ecological reserves rather than resources, encouraged by the activity of preservation NGOs in Vietnam's national parks, is one example. Perhaps most fundamental of all attitude changes, with regard to tourism, is the surmounting of the xenophobic "us" and "them" attitude towards tourists and Western foreigners in general. This protectionist attitude has been exemplified by dual pricing policies, unclear visa policy and travel restrictions for foreigners within Vietnam, all of which

have been abolished or are being mitigated. However, there is ample reason to suspect that policy changes in Vietnam tourism do not always indicate a change in the government's attitude. Current government policy aimed at 'sustainability', for instance, seem to be calculated strategic choices aimed at achieving economic change rather than reflecting a change in government ethos or understanding. The patently non-ecologically-sympathetic patterns of domestic tourist use of national parks indicates that policy change does not correspond to a change in attitude or behaviour among the Vietnamese population either.

In sum, the change in tourism policy and administration shows that, at least within this sector, the Vietnamese government has accepted the need to conform to internationally accepted standards if the Vietnamese tourism industry is to operate successfully in the global market.

This chapter concludes the write-up of the study by showing how the research findings can be interpreted to address the thesis questions. These central questions, which have guided the course of the research, are:

- How has political transition affected tourism patterns in Vietnam?
- Has there been a change in the extent to which government policy has determined and guided tourism development and the extent to which tourism development has determined and guided government policy?
- Has the development of tourism helped in making progress in other aspects of development within the country since transition?
- How has the image of Vietnam presented by the government to foreign tourists changed since the initiation of the Renovation programme?

12.2 The Effects of Political Transition on Tourism Patterns in Vietnam

While the government of Vietnam has not fundamentally altered its ideological stance or political alignment since the birth of the modern united Vietnam in the mid-1970s, the world around Vietnam has changed drastically during this time. The Cold War

polarisation of the world in the latter half of the 20th century influenced all aspects of Vietnam's foreign policy, including tourism. Now that this particular political geography no longer holds sway, the government of Vietnam is striving to develop a tourism policy to best position Vietnam for development within the new world order, while remaining true to the nation's core ideological foundations.

The types of tourism, tourists and tourism infrastructure present in Vietnam have all changed as a result of political transition because of *doi moi*. Some of these changes were the result of government-led adjustments to policy and legislation while others were changes imposed or inspired either by other factors originating inside Vietnamese society or by external influences, to which the government has had to react. In general, the government has maintained its accustomed strategy of steering development through regulation but has also begun to adopt mechanisms for trying to encourage development through incentives and mechanisms for cooperation. A number of the ways in which this is being achieved have been mentioned previously in the discussion chapter.

The profiles of both the suppliers and the consumers in Vietnam's tourism sector have changed since the beginning of *doi moi* and continue to evolve. International tourists make up an increasing proportion of total tourists in the country, and many of the changes in governmental tourism policy are aimed at either protecting Vietnamese culture from this influx of outside interests and people, or moulding the tourism provisions of the country to woo this target group and inspire them to spend their money in the country.

Government policy changes, aimed at stimulating economic growth, have made it possible for private domestic and foreign joint venture entrepreneurs to compete with state firms in Vietnam's tourism sector. The withdrawal of direct governmental financial support for state tourism firms, accompanied by the equitization of many of these formerly state-run businesses, means that state enterprises in tourism must operate on a profit-driven model and compete for market shares with the domestic and foreign private sector newcomers.

Broad changes in government policy have created situations and possibilities within Vietnam that have enabled and encouraged many different types of people to come to the country for many different reasons, including international businesspeople eager to take advantage of the newly-liberalised economic environment in the country, overseas Vietnamese returning to visit family or pursue their own business endeavours in their homeland, independent tourists who are attracted by Vietnam's as-yet relatively unspoiled cultural and natural attractions and an increasing number of mainstream leisure tourists from the major tourism demand producing countries of the world and the region. Many changes in the tourism industry have been implemented in order to accommodate the differing demands and expectations of these various groups during the last two decades.

Whole new tourism niches for Vietnam – such as eco-tourism, community based tourism and tourism surrounding ethnic minorities – are not necessarily of special interest to the Vietnamese government or native population but have gained prominence in the tourism profile and image of the country, influenced by the narratives imposed by foreign tourists upon their contact with Vietnam. War tourism is a new niche in Vietnam tourism that is of interest to government, domestic and foreign tourists alike, who approach war tourism attractions with different and often conflicting points of view and expectations.

Besides war tourism attractions, some other sites in Vietnam have become highly politicised because of the interplay of the many stakeholders in the country's tourism industry. The debates and dealings surrounding the fates of Hoa Lo Prison and the Ancient Quarter of Hanoi exemplify how some tourism sites are enmeshed in local, national and international concerns, as well as issues of economics, ideology and cultural memory. Government policy on such sites has dimensions and implications exceeding the realm of tourism as narrowly conceived, but it can be said that tourism issues are instrumental in bringing these sites to the prominence that they have achieved.

12.3 Changes in Relationship Between Government Policy and Tourism Development

The ways in which government policy influences tourism in Vietnam have changed radically since the beginning of *doi moi*. Whereas previously tourism planning and development were treated as internal government affairs, the supply and demand side of which were both determined by government decree, the state is currently changing the way in which it operates as a service provider in the tourism sector and is also acting as a legislator and regulator, setting the context for the interaction of a wide range of different stakeholders with whom it must share the tourism market. At the same time, the government is gradually coming to terms with the fact that abstaining from implementing mechanisms of control is in some cases necessary to encourage the tourism market to develop.

As has been discussed, ideology and economics are the two primary factors that guide the Vietnamese government's post-*doi moi* tourism policy. Whereas socialist ideological agendas have always been at the centre of the government's vision for tourism in Vietnam, the government has been incrementally experimenting and learning how best to design and implement a policy that will achieve its free-market-driven economic agendas as well. The government is realising that Vietnam's changing tourism industry will not subjugate itself to governmentally-imposed strictures and fit neatly within predefined programmes, but that government policy will have to adjust itself to deal with the new issues being introduced by the evolving modes of tourism in Vietnam.

The government's relinquishment of its monopoly on tourism businesses in 1990 in order to spur growth was an important milestone in the transition from a largely ideology-driven tourism policy to one in which economic gain has become an explicit goal. This important change is at the base of many of the ways in which government policy has been changed in response to the demands of the tourism market. The failure of early government attempts at making policy to encourage economic growth and gain from tourism exposed the limitations inherent in a socialist government legislating for a capitalist market. The successful policy changes that have been

instituted are, more often than not, the result of government reaction to market events and demands from market stakeholders rather than proactive government programmes. A timeline in appendix 9 shows parallel developments within the four sectors of Vietnam tourism examined in this study.

Various ways have been discussed in which commercial operators in tourism are able to influence government policy. The mechanisms for this vary depending on the type of tourism enterprise. Since the government is no longer the sole proprietor and operator in the tourism market, state-run enterprises have to run according to the rules of the open market rather than the internal rules of government, and there is some indication that state-owned firms are less able to influence government policy directly than in earlier times when they were directly run by the government. However, state-owned enterprises are now more sensitive to market demands and standards, and there have been cases in which they have convinced the government to change policy to avoid disadvantaging state-owned firms in the international market, such as when both Vietnam Airlines and Vietnam Railways were able to convince the government to abolish a fare surcharge to overseas Vietnamese travellers in order to conform to international standards.

Although they tend to see government policy as benign towards SMEs, private tourism business operators interviewed were not optimistic about their ability to affect government policy although, as mentioned in the previous discussion, some forms of tourism incubated at the informal small-scale by private operators begin to influence government regulation in the long run once they are seen to provide a proven success formula. This was the case with the backpacker tourism market and the tour operator cafes that serve this same market, both of which were pioneered by private initiatives for years before being recognised by the government and addressed by governmental business enterprises and legislation. The successful reversal of the 2002 ban on tour company minibuses in Hanoi's Ancient Quarter is a rare example of private tourism enterprises organising for their common good and succeeding in influencing governmental decisions that affect their livelihood.

Of the types of commercial tourism enterprises in Vietnam, it seems that foreign firms participating in joint ventures have been reasonably successful in directly influencing changes in government policy. These firms tend to have a large store of experience in development, a set of expectations established through years of operating at a high level in the international tourism market and great bargaining power because of the finances and know-how they promise to bring to the Vietnamese tourism market. All of these factors make FDI firms effective advocates for themselves and for the interests of operators in the tourism industry as a whole in affecting the formulation of government tourism policy. State and private domestic firms are learning, from observation of the methods and successes of foreign joint venture firms in influencing government policy, to apply higher expectations to their dealings with the government. Foreign non-governmental organisations and other international bodies have also had a great influence on government policy regarding and affecting tourism and drafting various plans and legislation such as the WTO's role in helping to formulate Vietnam's Law on Tourism.

12.4 Effects of Tourism on Developments in Other Aspects of Vietnamese Culture

Tourism development in Vietnam since *doi moi* has played a role in politically integrating Vietnam into the region and the world, solidifying alliances and building up international channels of economic cooperation. The hundreds of thousands of tourism jobs created in the country, the large amount of foreign exchange brought into the country by foreign tourists and FDI and the many infrastructure projects and improvements are obvious quantifiable positive effects that the growth of the tourism industry in Vietnam has had on Vietnamese society.

The development of tourism in some areas of Vietnam has brought about a profound transformation of the local economy, as has been demonstrated in the case of Sapa, where the indigenous agricultural economy, the town market, the transportation infrastructure in the area, the educational system and the career paths of local people have all reoriented themselves to serve the tourism trade to such an extent that tourism

has been declared the 'driving economic sector' of Sapa. The entry of tourism into the local economy allowed the government to institute an enforceable ban on opium farming in the region – in which both local populations and government bodies were previously most likely active or complicit – by providing a viable alternative source of income. This illustrates how, although the government may not have the type of absolute control over the tourism sector that it once did, changes in tourism since *doi moi* have brought about contextual changes within which the government can use tourism policy to bring about improvements in other aspects of social life that may not have been possible within the pre-*doi moi* tourism sector. Some improvements inspired by competition within the tourism market, such as the upgrading of the railway infrastructure of the country, benefit the country as a whole.

The growth of Vietnam's tourism sector has been one of the primary drivers in promoting the growth of the service sector in the country. It has also encouraged an emphasis on the learning of foreign languages and information technology skills in Vietnamese schools and has inspired the establishment of tourism-centred programmes at many universities and vocational schools, training tourism workers for all levels of employment in the field.

Tourism enterprises seem to lead many of the trends in business development in Vietnam. As one of the more progressive and dynamic sectors of Vietnam's economy, tourism exerts pressure on other sectors upon which it depends, such as banking and transportation infrastructure, to improve their grade of professionalism as well. Tourism was also among the first sectors to attract foreign direct investment, and much of the pioneering work being done in tourism joint ventures provide lessons for operators in all types of Vietnamese businesses entering into partnerships with foreign firms. Tourism SOEs were also among the first to be equitised. Private SMEs and foreign joint ventures, through their competition and their example, have inspired reforms in the way that state firms operate.

A good number of tourism jobs require skilled workers, with proficiency in foreign languages, information technology and other skills. The positive side of this is that it provides an impetus for a raising of the general skill level of workers in Vietnam.

However, it also implies that people lacking these skills, and without access to training, would be shut out of a good number of the new jobs being created in tourism.

The examples of Hanoi's Ancient Quarter and Sapa illustrate how the concentration of tourism development in certain areas can cause a complete reorganisation of the land-use strategy and real estate economics of a locality, which can have wide ranging consequences for the residents, landowners, governmental bodies and businesses of the area. In such cases, tourism development potentially also brings latent issues such as preservation and conservation to the forefront, not only because of the threat that tourism development poses to existing urban and natural landscapes but also because of the value attached to natural and manmade heritage sites by virtue of their attractiveness to tourists. Because of the money and development pressure brought by tourism, actions, both positive and detrimental, happen at a greater speed than they may have otherwise done.

There are certainly some instances of enclave tourism in Vietnam, in which there is little integration with the local society, and it has been noted that much of the tourism activity in Sapa is carried out by operators from outside the area, meaning that the earnings from tourism do not necessarily always benefit the local economy. The same phenomenon can be noted at the international scale, as money taken in by FDI ventures is sent out of the country to the head office abroad.

12.5 The Changing Tourism Image of Vietnam

The continuing decentralisation of tourism marketing and lack of government initiative in propagating a unified tourism image of Vietnam through a coordinated tourism promotion campaign causes individual hotels, tour operators and transport providers to feel compelled to do their own destination marketing for Vietnam before promoting their particular business or attraction, leading to fragmentation and redundancy in Vietnam's tourism image. Because much of the money involved in Vietnam tourism, as well as the best access to international channels of

communication, lies with foreign joint venture partners, the tourism image of Vietnam is largely in the hands of foreign operators. In 2003 for the first time, the Vietnamese government advertised Vietnam as a destination on international television, hopefully indicating an awakening of awareness of the importance of destination marketing as one of the three components (together with transportation and visa regulations) that most directly set the parameters for bringing tourists to Vietnam in the first place.

By revoking dual pricing policies, removing hindrances to independent tourists and allowing visas-on-arrival, the Vietnamese government is changing its strategy for gaining economic benefit from foreign tourism. An earlier predilection for trying to maintain control of tourists and utilise every opportunity to maximise the financial gain from each individual tourist at each transaction is being supplanted by measures aimed at easing access to the country and encouraging repeat visitors. It must be noted, however, that most of the progress in this area has come about as a result of government response to much lobbying from tourism enterprises and there is little indication that the government has internalised this way of thinking. This indicates the continued importance of ongoing dialogue between the commercial and governmental sectors in order to overcome the barriers that still exist.

Much marketing of Vietnam tourism, even that done by small operators, is aimed directly at the foreign market through channels such as websites or foreign-language newspapers. A number of the nations providing large numbers of tourists to Vietnam have had less-than-amicable contact with Vietnam in the not-too-distant past, and many of the tourism attractions and sites that make Vietnam unique as a destination have the potential of evoking troublesome issues pertaining to the history of relations between the Vietnamese culture and the culture of the visitor. Some decisions taken by both the Vietnamese government and commercial enterprises in Vietnam evince an acknowledgment of these sensitive issues and attempt to avoid disenfranchising potential tourists. Examples include referring to Ho Chi Minh City as “Ho Chi Minh City, also known as Saigon” in advertising aimed at overseas Vietnamese communities and the cancellation of plans for an American War Crimes Museum at Danang. Other issues, such as the depiction of American prisoner life at the Hoa Lo Prison Museum, remain points of contention.

Some undertakings that do not involve marketing as commonly understood are also aimed at creating an attractive image for the foreign market. One example mentioned earlier concerns the state-owned hotels Rex, Continental and Majestic applying for the environmental certificate ISO14001, inspired by a belief that this will help in marketing the hotel to Western guests, whose choices of tourism destinations and services are perceived as being inspired by ecological criteria. In many other cases, though, the 'eco-label' has been spuriously applied to any types of nature-related tourism, whether characterised by particularly sustainable practices or not, by entrepreneurs hoping to attract Western tourists. There are not many signs of concerted governmental commitment to ensuring that the 'eco-label' put on many Vietnam tourism destinations and products is backed-up with certifiably ecologically-sound tourism practices. That an independent Danish company operating in Sapa felt the need to provide information on sustainable and ethical tourism to make up for a lack of government guidelines for tourists is indicative of the deficiency in the dissemination of information on this topic.

It seems that, for the domestic market, tourism in Vietnam continues to fulfil its purpose as a mechanism of socialisation and reinforcement of socialist values, with patriotic attractions and features like the Ho Chi Minh Mausoleum remaining popular attractions. In some attractions, such as the Mausoleum, the foreign and domestic marketing images are able to coexist. However, some sites and attractions suffer from irreconcilable conflicting promotional images, such as the natural areas of Vietnam which are marketed to foreigners as conservation areas but retain a reputation in the domestic market as places one can go to gather wild plants and eat wildlife.

The short-term nature of the effectiveness of the 'surprising' or 'unknown' character that is responsible for much of the current allure of Vietnam as a tourism destination has already been discussed. The prospects for continued growth in the Vietnamese tourism industry will be influenced by the extent to which the state and private, domestic and foreign stakeholders in the market are able to articulate and consolidate a tourism image for Vietnam that will draw energy and inspiration from Vietnam's environment of transition, but also will outlast this current phase and provide a basis

for a long-term sustainable tourism industry within the changed nation that Vietnam is in the process of becoming.

12.6 Possibilities for Future Research

Possible further studies would expand on the research done in any of the sectors investigated, either by further qualitative research involving more interviewees or more narrowly-focused questioning or by quantitative research that would complement the findings of this study. This thesis could provide a starting point and model for investigation of other sectors of the tourism industry or other economic sectors altogether in Vietnam.

The primary data collection of this research was focused mainly on interviews with individuals in government and businesses in Vietnam, and a worthwhile complementary course of research could involve interviews with tourists in Vietnam. Operators outside of Vietnam could also be interviewed for their impressions of pre- and post-*doi moi* Vietnam, especially those businesses such as hotels and airlines who may have tried to invest in Vietnam before *doi moi* and again during the *doi moi* years.

The research done into Vietnam's national parks during this study revealed either potential or actual conflicts of interest and agendas of locals, foreign bodies and non-local government on the use of the land and resources. These conflicts seem set to intensify in the future, and research into this phenomenon, its causes and possible solutions, will be of great practical value. In the course of such a study, comparisons with other more developed destinations in the region, such as Thailand, would give useful insights.

The progression of different patterns of tourism practiced and promoted in different phases of Vietnamese history has been discussed. In the colonial period, the French promoted Vietnam as a destination for Western expatriates in East and Southeast Asia. During the US War, most visitors were military people and journalists. Most

tourists after the reunification of Vietnam under a communist government came from COMECON countries. Since *doi moi*, many travellers from the region as well as Western tourists have been coming to Vietnam. A potential historical survey and research could be undertaken to define a model for relationships between shifts in the political culture of a country and changes in its tourism patterns.

One could also compare the changes in tourism patterns in *doi moi* era Vietnam with the development of tourism in other transition countries such as the former communist countries of Eastern Europe. Similarities between the political-economic environment of Vietnam today and that of contemporary China have already been mentioned, and a comparison of tourism development in these two societies would also be of interest.

12.7 Outlook

Vietnam's tourism industry has been going through dramatic changes since the beginning of the *doi moi* programme. These changes have rarely been immediately beneficial, but over time have added up to a gradual process of reorientation inspired by incremental governmental experimenting in pursuit of a model of tourism in which communist ideology and capitalist tourism markets negotiate modes of coexistence in which both should be allowed to flourish. In pursuit of the economic benefits of tourism, the Vietnamese government has relinquished some modes of control to loosen restrictions, abandoned discriminatory practices such as dual pricing and passed new laws to encourage tourism development and attract visitors to the country.

Changes in tourism patterns attributable to *doi moi* have been happening in all aspects of the sectors investigated in the sub-case studies. Some of these are the direct results of government initiatives, while others are the foreseen or unforeseen side effects of these programmes. Many changes are not brought about directly by governmental action but rather by the actions and manoeuvring of state, private and foreign operators in this new legislative context.

Vietnam still exists in a state of transition, and none of the characteristics of Vietnam's current tourism sector can be expected to have reached a state of stasis or resolution. Ongoing interactions between the government, operators in the tourism industry and tourists to Vietnam can be expected to continue to drive further evolution. However, more recent developments and changes in tourism in Vietnam and in government tourism policy are much less drastic than developments in the early years of *doi moi* and take the form of refinements to established and tested structures rather than revolutionary shake-ups or reversals. *Doi moi's* overall effect on Vietnam's tourism sector has been positive for the government, for business interests in the country and for tourists visiting this emerging destination.

Appendix 1: Excerpts from 'Tourism in Viet-Nam'

Tourism: The Tertiary Industry in Vietnam

Forewords

The Contribution of the Tourist Industry to the Re-establishment and Development of the Vietnamese Economy.

The struggle against the French together with the prolonged civil war has created many a difficulty and obstacle in Vietnam's economic development. The war destroys all sources of production. Therefore, when peace comes, Vietnam will have to face with imminent problems.

- The potentiality for importation in order to reestablish and develop the national economy will be weakened, due to the decrease in the foreign exchange aid and the foreign exchange brought into Vietnam by the allied forces:
- Export itself could not bring in much foreign exchange while an immediate reduction in import is not possible.
- Unemployment.

We believe that the tourist industry can contribute a great deal to the re-establishment and development of the national economy by the part it plays in solving the above mentioned problems. Owing to Vietnam's geographical and historical conditions which are advantageous to tourism and because tourism is an industry requiring only small capitals while producing big profits, this industry will certainly be capable of solving some of those difficulties relating to foreign exchange as well as unemployment.

Beside this role in the economic field, tourism can also contribute to the satisfaction of the people's spiritual and intellectual needs, in a post-war period, namely religious beliefs and recreation.

CHAPTER III

Impediments for Tourism in Vietnam and for the Future Vietnamese Tourist Market

Section I. — Impediments for Tourism in Vietnam

I. — Fundamental Impediments.

1. Ancient traces of a majestic and monumental nature are lacking in Vietnam. The republic of Vietnam's territories represent a land which has merely been cleared since 3 or 4 centuries, and therefore have almost no noticeable ancient works of architecture. Huê's several tombs, temples and palaces present architecturally artistic sights but are nevertheless a bit too small. The Cham ruins are of ancient origin but most of them are just crumbings.
2. Vietnam is situated in a poor area far from places which produces most tourists like North America and Western Europe. In future, when South East Asia prospers, more and more tourists will come to Vietnam.

II. — Temporary Impediments as result of the war.

1. The a-quarter-of-a-century-long war has damaged many of Vietnam's tourist centers such as Huê, Nha Trang, Đà Lat, Can Tho, Rach Gia...
2. The tourist understructures like roads, bridges are nearly all damaged by the Communists. After the war, it will take Vietnam a rather long time to reconstruct its main traffic lines.
3. For war-time reasons, the National Tourist Office's budget is continually cut down to the minimum.
4. The war causes tourism in Vietnam to deteriorate. Due to the war, the American and allied armies come into Vietnam in great numbers; their expenditures as well as the costs of the war far exceed Vietnam's capacities, which results in an obvious inflation of currency. The American government has prepared a program to reduce Americans' expenditures in Vietnam in order to eliminate the inflation pressures, encouraging its men

encouraging its men to have their holidays outside Vietnam. Because of this, Vietnam's tourist industry has not been making much profit.

5. Also being part of this program to eliminate pressures from inflation, the Vietnamese Government, on the other hand, is permissive in providing foreign exchange for Vietnamese going abroad.
6. Because of the renting of rooms on monthly basis by soldiers and employees from allied countries, Vietnamese hotels often have no vacancies for foreign tourists.
7. The war also causes a shortage of work-hands in the country, which leads to an increase in payment in every other field especially in services.
8. The Travel Research International (TRI) in America has opened an investigation into the tourist industry in 26 countries and locations in South East Asia and the Pacific. The results show tourism in Vietnam is still very badly organized in comparison with other countries. However, this doesn't reflect the real situation because the war creates many disadvantages for Vietnam while other countries are in peace time.

CHAPTER V

Proposed Solution for the Development of the Tourist Industry in Vietnam

In our thinking, the post war Vietnam economic policy has the aim of re-establishing and developing the country, specially stressing the increase of national production. The tourist program should be considered as part of this post-war economic policy. As a contribution to the establish a tourist policy, we hereby volunteer to offer a three-part proposal: development of tourism, increase of accommodation and simplifying services for tourists.

Section I. — Development of Tourism

- I. — The legislature should issue a basic law concerning the development of tourism
- II. — Reorganisation of the National Tourist Office
- III. — The National Tourist Office budget,
 1. The National Tourist Office budget
 2. Tourist promotion budget
- IV. — The formation of a tourist project
- V. — Restoration of tourist regions in the post-war period
 1. The betterment of air and ground services, the reorganization of the bus system and more permits for importing taxis with higher conveniences, repairing and restoring of highways and railways.
- IV. — Encouragement of group and youth travel
- VII. — Financial aids for tourist development
 1. Financial aids to private enterprises
 2. Aids for public investments
- VIII. — Relations and technological collaboration with neighbouring countries:
 1. Collaboration with neighbouring countries
 2. Collaboration and technical support for tourism
- IX. — Professional training for tourist specialists
 1. Intermediate course by correspondence
 2. Advanced training centre
- X. — The training of hotel specialists
- XI. — Guide- interpreters
- XII. — The formation of an association of private tourist companies
- XIII. — The establishment of special tourist shops where prices are determined by the government
- XIV. — Placing of a complaint book at hotels, restaurants, recreation centre and abolishment of tips
- XV. — Reduction of taxes on tourists, tourist industry and reduction of transportation costs
- XVI. — Expansion of the museum and establishment of an institute of ethnology
- XVII. — Establishment of tourist recreation centres

- XVIII. – Establishment of a national park with wild animals going free in it
- XIX. – Organization of international sports competitions and international fairs.
- XX. – Social reforms

Section II. — Increase in Accommodating Capacities

- I. – Establishment of Hotels with International Standards
- II. – Motel
- III. – Youth Hostel
- IV. – Camping Ground

Section III. — Simplifications of Tourist Services

- I. – Simplifications for Tourists
 - 1. Passport
 - 2. Visa

Source: Du Lich Ky-Nghe Tam Dang Tai Viet-Nam: **Tourism in Viet-Nam**, 1970, by
Le-Thai-Khuong Nha Xuat-Ban Minh-Ha: Saigon

Appendix 2: Map of Interview Questions

Questions

1. Business Development

Goals

1) What are the goals of your organisation in Vietnam? Have they changed since *doi moi*? If so, why and in what way?

Private Involvement

2) Have private enterprises become involved in your company since *doi moi*? If so, in which ways? How are these enterprises regulated by the government? By the company itself? What are the benefits and drawbacks of their involvement?

3) Has your organisation been affected (positively or negatively) by the increase in entrepreneurial ventures and/or private enterprise?

4) Do overseas Vietnamese entrepreneurs play a part in the development or financing of your organisation?

5) In what ways have government policies encouraged or discouraged entrepreneurial ventures and/or private enterprise?

6) To what extent or in what aspect have private interests been able to influence government tourism policy, in the experience of the interviewee? What are the positive and negative aspects of this influence?

	National Park	Attraction	Hotel	Transport	Tour Operator
1) What are the goals of your organisation in Vietnam? Have they changed since <i>doi moi</i> ? If so, why and in what way?	x	x	x VNAT	x	x
2) Have private enterprises become involved in your company since <i>doi moi</i> ? If so, in which ways? How are these enterprises regulated by the government? By the company itself? What are the benefits and drawbacks of their involvement?	x				
3) Has your organisation been affected (positively or negatively) by the increase in entrepreneurial ventures and/or private enterprise?	x	x	x VNAT		x
4) Do overseas Vietnamese entrepreneurs play a part in the development or financing of your organisation?		x	x VNAT		x
5) In what ways have government policies encouraged or discouraged entrepreneurial ventures and/or private enterprise?		x	x VNAT		x
6) To what extent or in what aspect have private interests been able to influence government tourism policy, in the experience of the interviewee? What are the positive and negative aspects of this influence?	x	x	x VNAT	x	x

7) Is the respective influence of private corporations and government bodies on tourism development changing? In what ways?

x x x x

VNAT

SME Agency

8) How has the role of SMEs changed over the period of transition? To what extent is this change attributable to government policy changes?

x

x SME

9) Did the early stages of transition involve the development of a small private sector, followed by privatisation and restructuring?

SME

10) What kind of mechanism does the government use to regulate SMEs?

SME

National Park Attraction Hotel Transport Tour Operator

2. Investment

Sources

1) What are the incentives or reasons that led your company to invest in Vietnam?

x

x

2) Is there any foreign direct investment in your organisation? If so, how has this affected the running or administration of your organisation?

x

Law

3) How has foreign direct investment law changed since *doi moi*? In what specific ways and what were the reasons behind these changes?

x

x FIA

Barriers

4) What are the main difficulties in running business in Vietnam? How does your company deals with these?

x x x

5) Are Vietnamese financial institutions and measures sufficient and appropriate to expedite the transition process, especially as pertains to the tourism industry?

x

FIA

Government Influence

6) What kind of mechanism does the government use to control the FDI?

FIA

7) Does the interviewee believe that the government favour FDI over domestic investment? What does the interviewee believe is the rationale behind this preference? How is this reflected in government policy?

x x
FIA

8) Which areas of business are more appropriate for FDI and which areas for domestic investment? What are the criteria for judging this?

FIA

9) Has the Vietnamese government had to rely on foreign development partners for much of the financial means and know-how needed for the expansion of the tourism infrastructure to meet the needs of this expanding and changing market?

x x x

10) An investor claimed that in order to build a resort, his enterprise had to first build the required infrastructure because the government did not provide any infrastructure or facilities. Is the interviewee aware of situation such as this?

x
FIA

11) What is the first sector or sectors in which foreign investment was

allowed? Are there still sectors in which FDI is discouraged or prohibited?
What is the rationale behind this?

FIA

	National Park	Attraction	Hotel	Transport	Tour Operator
		x	x	x	x
			x	x	x
			VNAT		
	x	x	x	x	x
			VNAT		
			x	x	x
			VNAT		
			x		
	x	x	x	x	x
			VNAT		
	x	x	x	x	x

3. Government control

Change in Government Intervention

- 1) Is the running or administration of your organisation subject to direct government intervention? If so, what is the nature of the intervention? Does your company benefit from the intervention? If so, in what ways?
- 2) Has the nature of government intervention changed since before *doi moi*? If so, in what way?

Change in Government Support

- 3) How has government financial or legislative support for your organisation changed during *doi moi*? If so, how?
- 4) Has the government supported tourism development by way of incentives to private operators?
- 5) Have property laws changed in a way that affects your company?
- 6) Have operating conditions become more or less flexible? In what way?
- 7) Have there been changes in economic conditions (banking, taxation, etc) that have affected your organisation? If so, what are the specific changes and

their specific effects on your company?

VNAT

Change in Government Policy

8) What are the government's priorities and reasons for the development of the attraction (cultural, economic, ecological) and how is this reflected in policy?

x

VNAT

9) Has the government introduced or relaxed policies to restrict the type of activities or development at tourism sites? (or at this site in particular)?

x

VNAT

10) Does government policy regulate quality of development? Does it regulate quantity of development?

VNAT
FIA

11) When did the tourism industry appear for the first time as a sector in national plan for social and economic development?

VNAT

4. International

Influence of international organisation and foreign interests

1) Does the interviewee believe that government policy on tourism has been affected by political or economic interests from outside Vietnam? (being a member of WTO, for example)

x

x

x

x

x

2) Are demands for sustainable practices being brought by global advocacy groups? If so, what demands and how are they being reacted to?

x

x

VNAT

3) What policies exist that the interviewee believe have arisen out of desire

x

x

x

x

x

to cater to foreign tourists?

VNAT

Visa Regulations and Restrictions

4) How have visa regulations changed since before *doi moi*? Why does the interviewee believe the government has made these changes? Has Vietnam benefited from the changes? Has Vietnam in some way suffered from the changes?

VNAT

x

5) In the past, foreigners' freedom of movement in Vietnam was restricted, such as requiring them to obtain a separate permit for each city visited. Why had this practise been abandoned in the opinion of the interviewee? What restrictions still exist to regulate foreigners' mobility? Have new restrictions been introduced since *doi moi*?

VNAT

x

5. Marketing

Strategy

1) Has the marketing strategy of your organisation changed since/as a result of *doi moi*? If so, why and how?

x

x

x

x

x

2) Has your organisation's marketing or advertising to the Vietnamese domestic market changed as a result of *doi moi*? To the international tourism market? (ie. Through which media channels, using what images or messages)?

x

x

x

x

x

3) What policies could or should the government institute to improve the attractiveness of tourism in Vietnam, or the attraction, to the Vietnamese

x

x

x

x

x

domestic market? To foreign visitors?

VNAT

4) Does the interviewee believe the government has changed in its approach to tourism marketing or the image it projects to prospective tourists?

x

x

Market and visitor profile

5) (How) has the visitor profile/market changed since *doi moi*?

x

x

x

x

VNAT

6. Human Resources

National Park

Attraction

Hotel

Transport

Tour Operator

Leadership

1) Has the leadership structure or positions of responsibility at your company changed since transition? Are the same people in charge? If not, what were they doing before (where did they come from)? How did they come to power?

x

x

x

x

Recruitment

2) How have hiring practices or processes changed since transition? Which of these changes were instituted by your company's management and which by the government?

x

x

x

x

VNAT

3) Have the job descriptions of workers at your company changed since *doi moi* (ie. Other skills or experience required)? In what ways?

x

x

x

x

VNAT

4) Has your company experienced difficulty in finding appropriate applicants for the new job descriptions?

x

x

x

x

VNAT

5) Where have current or recent employees in your company worked before?
 Do they have previous experience in the service sector?

x x x x x x

x
VNAT

6) Does the interviewee believe that the growth of tourism industry replace jobs lost in other sectors in a period of transition, such as the present time in Vietnam?

x x x x x x

x
VNAT

Training

7) Have staff training methods and practices changed since transition? If so, how and why? How did the administration learn or develop these new methods?

x x x x x x

x
VNAT

Note:

Shaded questions were omitted from the interviews, for reasons that have been explained in the Methodology chapter.

Appendix 3: Interviewees List

Interviewees' Details	Year of Establishment	Interview Date
<u>Transport</u>		
Mr. Tran Quoc Dong Deputy Chief, International Relations Dept. Vietnam Railways 118 Le Duan Street Hanoi		18-June-04
Mr. Pham Hy Thinh Sales Manager Air France 130 Dong Khoi Street Ho Chi Minh City		6-May-04
<u>Private Tour Operators</u>		
Mr. Nguyen Hoang Operations Manager Handspan F9 Sun Red River Bldg. 23 Phan Chu Trinh Hanoi	1998	26-Jun-04
Director Green Bamboo Sapa Town Branch Lao Cai Province	1993	13-Jun-04
Mr. Dang Duc Thuc Director QueenTravel 65 Hang Bac Street Hanoi	1992	25-Jun-04

State-owned Tour Operators

Mr. Tran The Dung Vice Manager Fiditourist 127-129-129a Nguyen Hue Street District 1, Ho Chi Minh City	1989	12-May-04
Mr. Nguyen Van Gia Head of Business Promotion Department Vietnamtourism Hanoi 30A, Ly Thuong Kiet Street Hanoi	1960	27-May-04
Mr. Vu Duc Quan Vice Director Lao Cai Tourist Company Ham Rong Street Sapa Town Lao Cai Province	1996	13-Jun-04
Mr. Vo Anh Tai Deputy Director Saigontourist Travel Service Co. 49 Le Thanh Ton Street District 1, Ho Chi Minh City	1975	19-May-04
Mr. Hoang Van Tuyen Director Lao Cai Tourist Company International Travel Center 015 Nguyen Hue Street Lao Cai Town, Lao Cai Province	1992	13-Jun-04

Joint Venture Tour Operator

Mr. Richard Craik Director of Marketing Exotissimo Travel Vietnam Saigon Trade Center 37 Ton Duc Thang Street District 1 Ho Chi Minh City	1993	11-May-04
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Private-owned Hotels

Mr. Nguyen Duc Khai Director Thien Thai Hotel 45-47-49 Nguyen Truong To Street Hanoi	1992	25-Jun-04
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Mr. Pham Van Cuong Director Emerald Hotel 64 Trieu Viet Vuong Street Hai Ba Trung District Hanoi	1994	27-Jun-04
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Mr. Dang Throng Director Auberge Dang Trung Hotel Sapa Town Lao Cai Province	1994	13-Jun-04
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State-owned Hotels

Ms. Nguyen Minh Huong Deputy General Manager Hoa Binh Hotel 27 Ly Thuong Kiet Street Hanoi	1926	30-Jun-04
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Mr. Nguyen Minh Giap Marketing & Sales Executive Dan Chu Hotel 29 Trang Tien Street Hoan Kiem District Hanoi	1920	24-Jun-04
Mr. Tran Hung Viet General Manager Hotel Majestic 1 Dong Khoi Street District 1, Ho Chi Minh City	1925	11-May-04
Ms. Nguyen Thu Cuc Director of Sales and Marketing Rex Hotel 141 Nguyen.Hue Blvd. Ho Chi Minh City	1975	13-May-04
Mr. Hoang Minh Tien Deputy Manager Sales & Marketing Dep. Continental Hotel 132-134 Dong Khoi Street District 1, Ho Chi Minh City	1880	13-May-04
Mr. Duong Hong Viet General Manager Grand Hotel 8 Dong Khoi Street District 1, Ho Chi Minh City	1930	12-May-04
Mr. Binh Representative SaPa Trade Union Hotel Sapa Town Lao Cai Province	1965	13-Jun-04

Joint Venture Hotels

Mr. Guy Poujoulat 1998 6-May-04
General Director
Sofitel Saigon
Ho Chi Minh City

Mr. Henk Meyknecht 1994 7-May-04
General Manager
Omni Saigon Hotel
253 Nguyen Van Troi Street
Phu Nhuan District
Ho Chi Minh City

Attractions

Mr. Minh 2000 12-June-04
Representative
Sapa Tourism Office
Sapa
Lao Cai

Mr. Ng Van Tu 1997 28-June-04
Former Director
Hoa Lo Prison Museum
Hanoi

Mr. Nguyen Quang Tan 1975 2-July-04
Chief
Ho Chi Minh Mausoleum
1 Ong Ich Khiem Street
Hanoi

National Parks

Mr. Bich 1966 4-June-04
General Director
Cuc Phuong National Park
Nho Quan, Ninh Binh

Mr. Vu Kim Tan Head of Tourism Department Cuc Phuong National Park Nho Quan, Ninh Binh	1966	4-June-04
Mr. Vu Ngoc Lan Vice Director Cat Tien National Park Tan Phu District Dong Nai	1992	10-October-03
Mr. Viet Representative of Tourism Department Cat Tien National Park Tan Phu District Dong Nai	1992	10-October-03
Mr. Ninh Head of Tourism Department Cat Tien National Park Tan Phu District Dong Nai	1992	17-May-04

Government Bodies and NGO

Ms. Pham Thi Thu Cuc Senior Expert Hotel Department Vietnam National Administration of Tourism 80 Quan Su Steet Hanoi		23-June-2004
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Duong Van Hoi Director Tourism Department Vietnam National Administration of Tourism 80 Quan Su Street Hanoi		25-June-2004
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<p>Mr. Tran Hoa Binh Senior Official Investment Promotion & International Cooperation Dept. Ministry of Planning & Investment 65 Van Mieu Street Hanoi</p>		1-June-04
<p>Mr. Nguyen Huu Dzung Head of Conservation Division Forest Protection Department Ministry of Agriculture and Rural Development Block A3, 2 Ngoc Ha Street Hanoi</p>		7-June-04
<p>Mr. Tran Kim Long Deputy Director General International Cooperation Department Ministry of Agriculture and Rural Development 2 Ngoc Ha Street Hanoi</p>		3-June-04
<p>Dr. Le Thi Thanh Loan Vice Director Statistical Office Ho Chi Minh City 29 Han Thuyen Street, District 1 Ho Chi Minh City</p>		15-June-04
<p>Mr. Le Van Lanh Secretary General Vietnam National Parks and Protected Areas Association 114 Hoang Quoc Street Hanoi</p>	1995	9-June-04

Appendix 4: Example of Interview Transcript

**Interview with Deputy General Manager, State-owned Hotel: Hoa Binh Hotel
30/06/04**

Q: Can you tell me about the history of the hotel?

A: Hoa Binh hotel was built in 1926, during the French era. At that time, the hotel was name *Le Splendid* and served as a guest house for soldiers. Around 1954, after the partition, the Vietnamese government took over the hotel and renamed it *Hoa Binh* which means 'peace'. The hotel was also a guest house for government officials and government guests. Before 1982, the hotel had only 2 storeys. We have undergone several renovations and expansions. In 1982, we had 40 rooms, in 1986 70 rooms, and in 1994 we have 88 rooms and received 3 star status, from 2001 until now we have had 103 rooms. In 1982, there were only 5 big hotels in Hanoi.

Q: What is your background? How long have you been working in the hospitality sector?

A: Started working with this hotel since 1982, first as a receptionist, now as Deputy General Manager.

Q: What are the goals of your hotel? Have they changed? If so, why and in what way?

A: Earlier, we just wanted to serve guests well, no concept or goals. Our guests before *doi moi* were mostly foreign officers worked in Hanoi or foreign guests from Vietnam government, guests of the embassy in Hanoi. Before 1993, there were more guests than rooms, lack of rooms, guests were mostly subsidised by government. Since 1993, especially 1995, we felt a highly competitive environment. The idea to serve guests better came in 1993. Earlier, we didn't have low-high season price system. In 1998, we started to adopt this policy.

Q: Has your organisation been affected (positively or negatively) by the increase in entrepreneurial ventures and/or private enterprises?

A: From 1995-98, it was a very bad and hard time for us. Occupancy rate was very low, lower and lower every year until 1998. We had to reduce the price. In 1993, we still charged US\$ 150 for the most expensive room and US\$ 80 for the cheapest room. In 1998 cheapest was US\$ 25 and for the most expensive we charged US\$ 70. We now little by little improve the price, US\$ 40 cheapest and US\$ 100 most expensive. Improving prices around 1999-2000, little by little.

Q: What are the main difficulties in running a hotel in Vietnam? How does your hotel deal with these difficulties?

A: Improving service quality. Need more equipment, small renovations all the time, need to retrain staff every year.

Q: Have there been changes in economic conditions (banking, taxation, etc) that have affected your hotel? If so, what are the specific changes and their specific effects on your hotel?

A: Now banking is much easier. We started accepting credit cards in 1995. 1980-1990, guests' offices settled the payment or guests paid cash. Now we have many ways for guests to settle their bills.

Q: Is your hotel financially supported by the government?

A: Our hotel belongs to Hanoitourism and is subsidised by Hanoitourism. In the past, financial support for big renovations were received from Hanoitourism, but now we don't receive much financial support from them. We think in the future, we will receive financial support from them again. Now, we have to finance ourselves, no guests no salary. In general, small renovations, we finance ourselves. Hoan Kiem Hotel was torn down and will be replaced by a 4 star hotel. Dan Chu hotel will also be torn down and replaced by a 4-5 star hotel. We might have a big renovation also, maybe after Dan Chu. However, it is just a plan.

Q: Is there any intervention by the government in the running of your hotel?

Big renovations, we need to ask permission from Hanoitourism, small things like business plan, marketing plan, we make our own decision. It is hard to say when to ask. In general, renovation and construction need permission from them.

Q: Has the marketing strategy of your hotel changed since doi moi? If so, why and how?

A: 1995-1996, we started our marketing strategy. During that time we didn't have many guests, so we had to think about strategy. We upgraded our hotel and services and we trained staff. Hanoitourism gradually organised classes, invited people from the tourism industry to train staff. When Hanoitourism have a joint-venture hotel (Sofitel Metropole etc), we sent our staff to train by them. We also sent staff to Saigon to train because the South hotel system is better.

Q: Has your hotel's marketing or advertising to the Vietnamese domestic market changed since doi moi? To the international tourism market? (i.e. through which media channels, using what images or messages?)

A: We get into contact with tour agencies, advertise in tourism magazines.

Q: (How) has the visitor profile/market for your hotel changed since doi moi?

A: Not so many Vietnamese, 10 per cent. We received guests from Japan, French, Denmark etc. and some from joint-venture companies because our room rate is not cheap.

Q: How have hiring practices or processes changed since doi moi? Which of these changes were instituted by your hotel's management, and which by the government?

A: Before, it could be said that we were government officers. We recruited staff from friends, son and daughter of someone who worked there, through relationships and connections. Now most of the staff have to come from Hanoitourism vocational school. Receptionists must have a university degree.

Q: Have the job descriptions of workers at your hotel changed since doi moi (i.e. other skills or experience required)? In what way?

A: Earlier, Hanoitourism organised only one class per 1-2 years. When I started in 1982 as a receptionist, we received training from a hotel director from a big hotel from Saigon. They came here to teach us, it was very useful for us because we didn't know anything, we knew only foreign language.

Q: Has your company experienced difficulty in finding appropriate applicants for the new job descriptions?

A: Not so easy.

Q: Where have current or recent employees in your company worked before? Do they have previous experience in the service sector?

A: A lot of employees here have been working with us for a long time. Before, they didn't have any experience in the hotel sector. Now most of them come from vocational school, they come directly without experience.

Q: Have staff training methods and practices changed since transition? If so, how and why? How did the administration learn or develop these new methods?

A: Staff train every year.

Q: When did the biggest change in doing business come?

A: Big change came in 1997-1998. In 1995-1996, we realised that we must change ourselves because there are a lot of joint-venture hotels who offer better service than us.

Appendix 5a: Vietnam Domestic and International Passenger Traffic 1985-1995

Year	Domestic Passengers	International Passengers	Total
1985	n/a	116,000	116,000
1986	n/a	117,200	117,200
1987	n/a	129,200	129,200
1988	n/a	163,800	163,800
1989	n/a	234,200	234,200
1990	293,400	325,600	619,000
1991	253,500	427,600	681,100
1992	464,600	849,200	1,313,800
1993	682,600	1,175,000	1,857,600
1994	1,150,000	1,675,900	2,825,900
1995	1,452,000	2,125,600	3,577,600

Source: IATA Analysis, Asia-Pacific Air Transport, 1997

Appendix 5b: Passengers Carried from 1991 to 2002

Year	Domestic passengers carried by all airlines	Domestic passengers carried by Vietnam Airlines	International passengers carried by all airlines	International passengers carried by Vietnam Airlines
1991	235,771	235,771	565,700	224,155
1992	457,172	448,180	876,300	372,564
1993	678,725	646,773	1,146,585	418,049
1994	1,038,831	968,162	1,626,335	659,464
1995	1,424,443	1,340,066	2,060,570	901,413
1996	1,623,399	1,508,353	2,263,797	1,002,576
1997	1,652,544	1,569,847	2,324,555	973,610
1998	1,675,454	1,569,087	2,360,807	912,330
1999	1,677,656	1,594,159	2,601,160	998,540
2000	1,855,783	1,718,410	3,034,636	1,185,590
2001	2,249,302	1,915,845	3,460,279	1,472,959
2002	2,613,806	2,284,517	4,241,101	1,785,786

Source: Vietnam Airlines (<http://www.vietnamair.com.vn/story/carried.htm>)

Appendix 6: International Airline Service 1989-1995

International Airline Service to/from Hanoi, 1989 – 1995, Weekly Flights

From/To	Airline	1989	1992	1993	1994	1995
Bangkok	Air France				1	2
	Thai International	3	2	3	3	3
	Vietnam Airlines	1	6	7	7	8
Beijing	China Southern				1	1
Berlin	Vietnam Airlines					2
Bombay	Air France			1		
Guangzhou	Vietnam Airlines			2	2	2
Hong Kong	Cathay Pacific		2#	3#	7#	9#
	Vietnam Airlines		2#	3#	7#	9#
Kaohsiung	Pacific Air				1	
Kuala Lumpur	Malaysia Airlines			1	1	2
Moscow	Aeroflot	4*	3	3	2	2
	Vietnam Airlines				2	2
Nanning	China Southern				1	1
Paris	Air France			1	2	2
Phnom Penh	Vietnam Airlines	1	1	1		
Prague	CSA-Czechoslovak	1				
Singapore	Vietnam Airlines			2#	7	9#
	Singapore Airlines			2#	2#	9#
Taipei	China Airlines				2#	3#
	Vietnam Airlines				2#	3#
	Pacific Air				1	
Vientiane	Air Lao	2	1	1	1	1
	Vietnam Airlines	1	1	2	2	3

Source: OAG World Airways Guide quoted in Travel Business Analyst, 1995.

**International Airlines Service from/to Ho Chi Minh City, 1989-1995,
Weekly Flights**

From/To	Airline	1989	1992	1993	1994	1995
Abu Dhabi	Gulf Air				2	
Amsterdam	KLM				1	2
Bahrain	Gulf Air				1	
Bangkok	Air France	2	3	3	3	3
	Thai International	3	5	6	7	7
	Vietnam Airlines	3	17	9	7	9
Batam	Garuda	2				
Berlin	Vietnam Airlines					2
Bombay	Air France		2	1		
Delhi	Air France	1			1	
Dubai	Aeroflot	0*	½	½		1
	Jes Air		1			
	Vietnam Airlines					5
Frankfurt	Lufthansa		2	2	2	2
Guangzhou	Vietnam Airlines			2	2	2
	China Southern			2	1	2
Hong Kong	Cathay Pacific		4	4#	4#	11#
	Vietnam Airlines			3#	3#	11#
Jakarta	Garuda	2	2	2	2	2
Kaohsiung	China Airlines					2#
	Eva Airways				2	
	Pacific Air				3	3
	Vietnam Airlines					2#
Karachi	Air France	1	1	1	1	
Kuala Lumpur	Malaysia Airlines		3	3#	4#	6#
	Vietnam Airlines		3	3#	3#	2#, 1
Manila	Philippines Airlines	1	6	3	3	3
	Vietnam Airlines		1	2	3	2
Moscow	Aeroflot	1	1 ½	1 ½	1	1
	Vietnam Airlines				2	2
Osaka	Japan Airlines					2
	Vietnam Airlines					3
Paris	Air France	2	3	3	3	3
	Air Outre Mer			2#	1#	
	Pacific Air			2#	1#	
	Vietnam Airlines					3
Phnom Penh	Aeroflot		½			
	Cambodian Airlines		2	3	3	
	Kampuchea Airlines					4
	Vietnam Airlines	1	3	7	7	12
Seoul	Asiana Airlines					3
	Korean Air					2#
	Vietnam Airlines					2#, 2
Singapore	Garuda		2	2	2	2

	Vietnam Airlines		5	2#, 4	7#	14#, 3
	Singapore Airlines		3	2#	11#	14#
	Jes Air		1			
	Lufthansa		1	1	1	1
Sofia	Jes Air		1	1		
Sydney	Qantas Airways					1
Taipei	China Airlines			2#, 4	7#	2#, 5
	Eva Airways			2	4	7
	Pacific Air			4	3	3
	Vietnam Airlines			2#, 2	7#	2#, 5
Vientiane	Air Lao		1	1	1	
	Vietnam Airlines			1	1	1

Source: OAG World Airways Guide quoted in Travel Business Analyst, 1995.

Notes:

* Not Confirmed

Joint Operation

Flights that are joint operations are listed twice.

Appendix 7: Visitor Arrivals to Vietnam 1986-2004

Visitor Arrivals to Vietnam 1986-1989

Category	1986	1987	1988	1989
Tourists from the COMECON countries	6,300	6,600	16,028	31,723
Tourists resident in the rest of the world	4,581	7,581	17,865	40,966
Tourists of Vietnamese origin and foreign nationality	6,772	9,102	6,317	17,887
Tourists of Vietnamese origin resident abroad	36,700	50,080	70,180	96,957
Total	54,353	73,363	110,390	187,553

Source: UNDP/WTO, 1991

Visitor Arrivals to Vietnam 1990-1999

Category	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Non-Viet Kieu	181,175	217,410	359,142	517,190	824,189	1,089,996	1,410,248	1,443,480	1,287,917	1,500,062
Viet Kieu	68,825	82,590	80,858	152,672	194,055	261,300	196,907	272,157	232,211	281,692
Total	250,000	300,000	440,000	669,862	1,018,244	1,351,296	1,607,155	1,715,637	1,520,128	1,781,754
Purpose of visit										
Leisure, recreation and holidays	n/a	n/a	n/a	267,900	475,852	610,647	661,716	691,402	598,930	837,550
Business & Professional	n/a	n/a	n/a	202,800	263,420	308,015	364,896	403,175	291,865	266,001
Visit Friends and Relatives	n/a	n/a	n/a	152,672	210,064	202,694	273,784	371,849	300,985	337,086
Others	n/a	n/a	n/a	46,490	68,935	229,940	306,759	249,211	328,348	341,117

Source: VNAT

Visitors Arrivals to Vietnam 2000-2004

	2000	2001	2002	2003	2004
Total	2,140,100	2,330,050	2,627,988	2,428,735	2,927,876
Purpose of Visit					
Leisure, recreation and holidays	1,138,200	1,225,161	1,460,546	1,238,584	1,583,985
Business and Professional	491,646	395,158	445,751	468,429	521,666
Visiting friends and relatives	399,962	390,229	430,994	392,256	467,404
Others	181,572	319,502	290,697	330,514	354,821

Source: VNAT

Notes:

In 1993, category of Vietnamese resident arrivals was recorded for the first time and the category of Viet Kieu was dropped since 2000, the VNAT has not indicated Vietnamese resident arrivals number

Appendix 8: Vietnam's National Parks

	Name of National Park	Area Cover (ha)	Date of Establishment
1	Cuc Phuong	22,200	1966-01-08
2	Con Dao	19,998	1984-03-31*
3	Cat Ba	15,200	1986-03-31
4	Ba Vi	6,786	1991-01-16
5	Bach Ma	22,030	1991-07-15†
6	Cat Tien	73,878	1992-01-13
7	Ben En	38,153	1992-01-27
8	Yok Don	115,545	1992-06-24
9	Ba Be	7,610	1992-11-10
10	Tam Dao	36,883	1996-05-15
11	Tram Chim	7,588	1998-12-29
12	Bai Tu Long	15,783	2001-06-01
13	Phu Quoc	31,422	2001-06-08
14	Pu Mat	91,113	2001-11-08
15	Phong Nha Ke Bang	85,754	2001-12-12
16	U Minh Thuong	8,053	2002-01-14
17	Xuan Son	15,048	2002-04-17
18	Chu Yang Sin	58,947	2002-07-12
19	Hoang Lien Son	29,845	2002-07-12
20	Lo Gio – Xa Mat	18,765	2002-07-12
21	Chu Mom Ray	56,621	2002-07-30
22	Vu Quang	55,029	2002-04-30
23	Kon Ka Kinh	41,780	2002-11-25
24	Bu Gia Map	26,032	2002-11-27
25	Xuan Thuy	7,100	2003-01-02
26	Nui Chua	24,353	2003-07-09
27	Mui Ca Mau	41,862	2003-07-14
28	Bi Dup Nui Ba	64,366	2004

Sources: for area cover, www.birdlifeindochina.org/source_book/
for date of establishment, Mr. Le Van Lanh (personal contact, 2004)

Notes:

National parks shaded were redesignated from nature reserve to national park on stated date

The figures have been crosschecked with the Birdlife Indochina website, Management Strategy for a Protected Area System in Viet Nam to 2010 (2003: 62-65) and Mr. Lanh, the Secretary General of VNPPA and CETD. It should be noted that the figures stated by the three sources are slightly different.

* Con Dao National Park: National Parks of Vietnam (2001) quoted that Con Dao National Park was approved by Decision No. 135/TTg dated 31st March 1993 by the Prime Minister.

† Bach Ma National Park: some sources state the signing of Decision 194/CT on 9 August 1986 as the date of the Park's establishment (for example the Birdlife Indochina website http://www.birdlifeindochina.org/source_book/) while some cite Decision No. 214/CT on 15 July 1991 as the founding date of the Park (for example National Parks of Vietnam (2001).

Depending on the actual dates of establishment of Con Dao and Bach Ma National Parks, the number of national parks in Vietnam before doi moi could have been two, three or four.

Appendix 9: Timeline of Sub-case Studies

Year	Visitation: Visas, Transport, Marketing	Accommodation & Tour Operators	Attractions	Protected Natural Areas
1986	Vietnam had two international airports			-Vietnam's forest was divided into 3 categories: protection, special and production forest - Vietnam had only three national parks
1987		First law on FDI		
1988				
1989	- Diplomatic relations with twenty three non-communist states - Vietnam had air links with eleven foreign destinations - Member of PATA	- State Committee for Cooperation and Investment (SCCI) founded to be responsible for encouraging foreign investment for 5 priority sectors, of which tourism is one -The first five star joint venture hotel in Ho Chi Minh City, the "Saigon Floating Hotel", was opened by the end of the year.		
1990	- First Tourism Development Master Plan - First marketing campaign "Visit Vietnam Year"	- First amendment of law on FDI - Beginning of the rise of joint venture hotels, high occupancy, high room rates - Beginning of the development of traveller cafés, unregulated, uncontrolled	UNESCO began its "Hanoi Project" for the preservation of the city's historic city sector	
1991	New slogan "Vietnam befriends			

	all”		Second amendment of law on FDI		
1992	VNAT formed as a government agency				
1993	Abandonment of policy requiring foreign tourists to obtain separate travel permits for different cities			<ul style="list-style-type: none"> - Citadel and mausoleum of Hue listed as UNESCO sites - Government approved a joint venture project at the Hoa Lo prison site - Beginning of tourism boom in Sapa, lack of government control 	
1994	<ul style="list-style-type: none"> - Lifting of US trade embargo - Master Plan on Tourism Development Vietnam for 1995-2010 	<ul style="list-style-type: none"> - Freeze on new tourism joint ventures for the next four years. only 14 of the 2,640 representative office licenses granted to foreign firms in Vietnam between 1994-1998 were for foreign tour operators - The golden age of traveller cafés, attract attention of government officials 		<ul style="list-style-type: none"> Halong Bay listed as UNESCO site 	<ul style="list-style-type: none"> Ministry of Forestry Official Letter No. 551 LN/KL provides directives for “strictly implementing” wildlife protection laws
1995	<ul style="list-style-type: none"> - Vietnam becomes member of ASEAN -US establishes bilateral diplomatic relations with Vietnam -Vietnam had air links with 22 foreign destinations -“Social evils” campaign began 			The original French Market in Sapa was torn down	<ul style="list-style-type: none"> - Biodiversity Action Plan (BAP) enacted by the Vietnamese government - Ministry of Forestry was replaced by the Ministry of Agriculture and Rural Development

1996	<ul style="list-style-type: none"> - Diplomatic relations with 163 non-communist countries - abrupt stop in processing all visa applications except pre-arranged group tours, inspired by "social evils" campaign 	<ul style="list-style-type: none"> - Third amendment of Law on FDI - Oversupply and falling demand for hotels in Hanoi and Ho Chi Minh City, low occupation, decline of room rate - The 1996-2000 "Assistance to Industrial SMEs in Vietnam" sponsored by UNIDO was the MPI's first programme to support SMEs - Government regulation for traveller cafés, quality control, licensing 		Vietnam had ten national parks
1997	Eased restrictions on Vietnamese citizens to travel outside of country and obtain passport		The original French Market in Sapa was replaced with a two-storey concrete structure	Vietnamese government eliminated logging activities in 300 of the 400 State-forest enterprises
1998	<ul style="list-style-type: none"> - National Tourism Action Program and Tourism Events for 2000 - Denial of visas for individuals during major Catholic event 	First fully foreign owned hotel in Vietnam	Sapa District Party Committee began to charge tourists entry fees for most popular minority villages	
1999	Danang Airport was opened	Hotel room rate and occupation began to improve, but did not reach the same level as in the early 1990s	<ul style="list-style-type: none"> - Tourism Ordinance sets framework for identifying and administering tourism attractions in Vietnam - Government aims to equalise prices for Vietnamese and foreigners - Hoi An and My Son 	

2000	Revised Master Plan for Sustainable Tourism Development in Vietnam	- 4th amendment of Law on FDI - Decree on Supporting for Development of Small and Medium Enterprises	listed as UNESCO sites The establishment of Sapa Tourism Office	
2001				Decision No. 08/2001/QĐ-TTĐ decentralised administration, put control of most national parks at the provincial level - Nine national parks were established in this year - Ba Vi National Park agreed to let a private enterprise lease part of the Park in order to establish an eco-tourism zone Vietnam has twenty eight national parks
2002	Vietnam Railways starts to rent compartments to independent companies		Cultural Heritage Law	
2003	Vietnam Railways abandoned dual price policy		Phong Nha-Ke Bang National Park listed as UNESCO site	
2004	-Vietnam Airlines abandoned dual price policy -stopped issuing visas and refused entry for individuals during the ASEM	Planned enactment of first ever Law on Tourism in Vietnam, however not realised		
2005		Expected integration of foreign and domestic investment law		

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