

EE361 Economics of CLMV Countries  
GMS Tourism Strategy and Lao Tourism Project

Guest Lecturer: Yasushi Negishi  
Puey Ungphakorn School of Development Studies  
Thammasat University

# Table of contents

1. Brief introduction on GMS
2. GMS Tourism Strategy
3. ADB's tourism project in Lao PDR

# 1. Brief introduction on GMS

# About GMS

1. Established in 1992
2. Members: Cambodia, the People's Republic of China (Yunnan Province and Guangxi Zhuang Autonomous Region), Lao PDR, Myanmar, Thailand, and Viet Nam.
3. Coordinating Ministry: **Ministries of Planning** (in case of Thailand, NESDB )
4. Secretariat: **ADB** (in Manila)
5. Principle of agreement: **One + One.** If **two** countries agree to do on a certain project, the other members would endorse it.



Mr. Noritada Morita, former ADB Director General for Mekong Regional Department who supported the establishment of GMS

# About ASEAN

1. Established in 1967 in Bangkok
2. Member countries: Indonesia, Malaysia, Philippines, Singapore and Thailand (five founding members), Brunei Darussalam (1984), Viet Nam (1995), Lao PDR and Myanmar (1997) and Cambodia (1999)
3. Coordinating Ministry: **Ministries of Foreign Affairs**
4. Secretariat: ASEAN secretariat (in Jakarta)
5. Principle of agreement: Member countries' **consensus basis**.



## 2. GMS Tourism Strategy

# Global Tourism Trends 2015

- Tourism is growing rapidly worldwide. International visitor arrivals surpassed 1.18 billion in 2015, a 40% increase compared to 2005. The tourism industry generates about 10% of global GDP.
- Demographic changes: Millennials (age 15 -29 years), seniors (age 60+), emerging middle class are increasing their shares among travelers.
- About 43% of travelers purchase tourism services online. Social media provides consumer-generated content worldwide and allow SMEs to affordably connect with global markets.



# GMS International Visitor Arrivals 2005-2015

- GMS international visitor arrivals are growing by 10.6% per year and reached 57.9 million in 2015.
- Thailand receives the largest share.** Myanmar's average annual growth is highest, followed by the Lao PDR and Cambodia.



	2005	2010	2014	2015	AVERAGE ANNUAL GROWTH RATE 2005-2015 (%)	SHARE 2015 (%)
Cambodia	1,333,000	2,508,289	4,502,775	4,775,231	13.6	8.2
Lao People's Democratic Republic	1,095,315	2,513,028	4,158,719	4,684,429	15.6	8.1
Myanmar	660,206	791,505	3,081,412	4,681,020	21.6	8.1
Thailand	11,567,341	15,936,400	24,809,683	29,881,091	10.0	51.6
Viet Nam	3,467,757	5,049,855	7,887,012	7,943,651	8.6	13.7
Guangxi Zhuang	1,477,099	1,996,452	2,957,606	3,824,880	5.4	6.6
Yunnan	1,502,787	2,729,783	2,865,550	2,094,900	8.2	3.6
<b>Total</b>	<b>21,103,505</b>	<b>31,525,312</b>	<b>50,262,757</b>	<b>57,885,202</b>	<b>10.6</b>	<b>100.0</b>

Source: National tourism organizations.

# GMS Tourism Trends 2015

- **International visitor arrivals** reached **44.8 million** and generated **\$44.3 billion** in receipts. Tourism supports **7 million jobs** in the GMS.
- About **one-third of international arrivals visit at least two countries** while travelling in the GMS and **millions of residents cross borders** each year for day trips.

	CAM	LAO	MYA	THA	VIE	YUN	GUA
International visitor arrivals (million)	4.77	4.68	4.68	29.88	7.94	3.82	2.09
International visitor expenditure (\$ billion)	3.01	0.73	2.12	47.97	9.56	2.42	0.94
Direct contribution to GDP (%)	13.5	4.6	2.6	9.3	6.6	23.3	16.6
Tourism investment (\$ billion)	0.41	0.37	2.5	6.50	5.09	4.49	1.69
Tourism workers (million)	1.03	0.12	0.66	2.40	2.78	2.48	0.94
Women's share of employment (%)	54	50	~50	65	70	~50	~50
Average expenditure per tourist (\$)	631	156	453	1,605	1,204	628	449

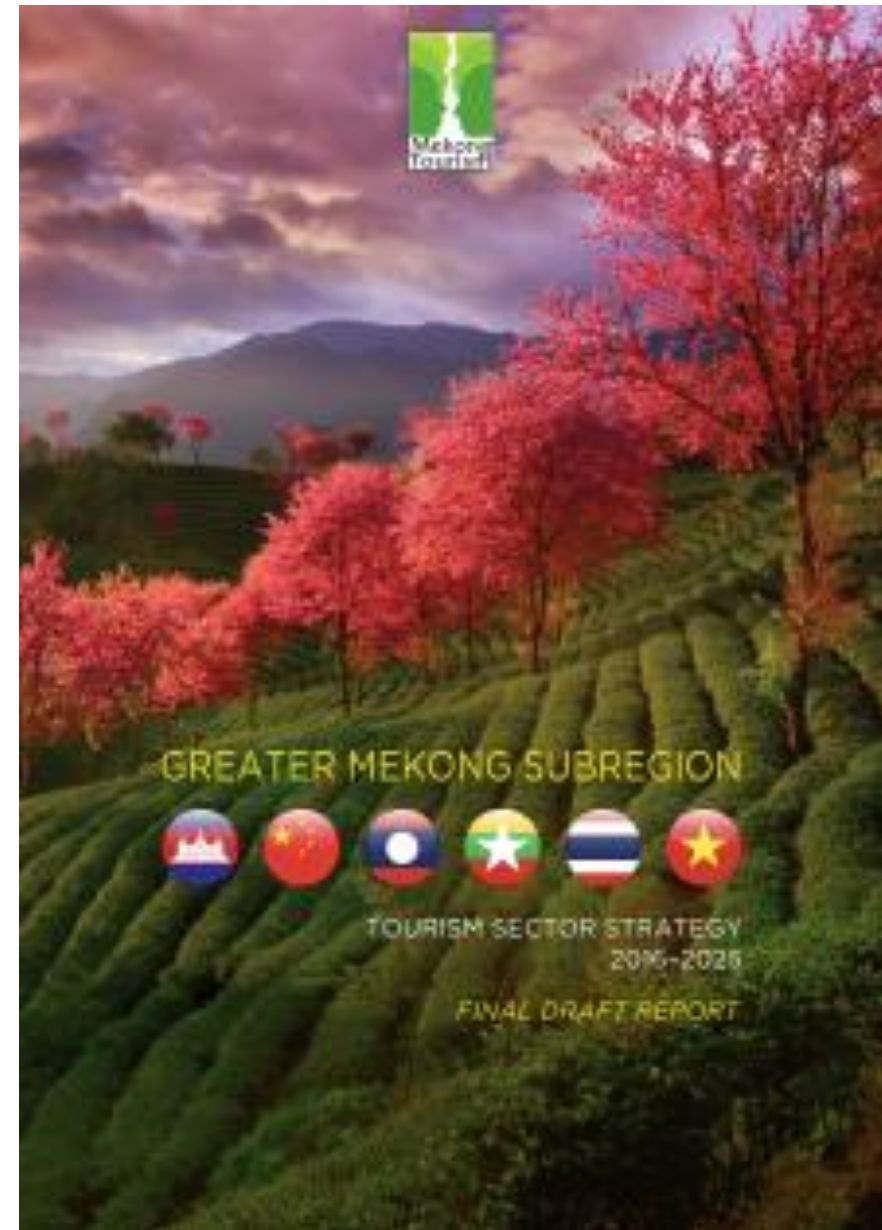
CAM = Cambodia; GDP = gross domestic product; GUA = Guangxi Zhuang; LAO = Lao People's Democratic Republic; MYA = Myanmar; THA = Thailand; VIE = Viet Nam; YUN = Yunnan.

Sources: National tourism organization estimates; World Travel & Tourism Council; ADB. 2009. *Gender-Related Impacts of the Global Economic Slowdown in the Greater Mekong Subregion: Emerging Trends and Issues*. Manila.



# Visions of GMS Tourism Strategy

- GMS countries have been **working to strengthen subregional tourism cooperation since 2005.**
- Strategy envisions **the GMS as a single destination.**
- Strategy delivers **a truly unique Mekong brand of tourism** that showcases the subregion's incomparable beauty, diversity, and spirit, and **brings its people a better quality of life.**

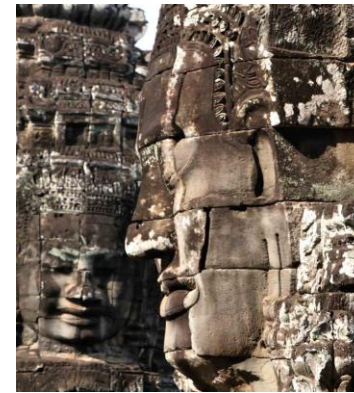


# Strengths of GMS Tourism

- GMS people's custom of graciously welcoming guests
- Outstanding tourism assets
- Short travel times to and from major source markets
- Excellent gateway connectivity
- Robust private sector participation
- Participation of local enterprises through IT
- Affluence of developing Asia and its strong affinity for leisure travel



**Ha Long Bay, Viet Nam**



**Angkor Wat,  
Siem Reap  
Cambodia**



**4,400 temples  
Bagan  
Myanmar**

# Weaknesses of GMS Tourism Sector

- Shortage of skilled tourism workers and destination managers

➔ Provide training and improve skills.

- Underdeveloped transport and urban infrastructure in secondary destinations

➔ Build infrastructure to connect with tourist destinations and upgrade urban facilities.

- Lack of integrated destination planning, and management

➔ Provide technical assistance to implement destination management.

- Variable service standards

➔ Apply regional standards and upgrade the service to peers' level.

- Low awareness of private investment opportunities in secondary destinations

➔ Provide awareness raise events to private sector/individuals and facilitate investment.



# GMS Tourism Cooperation Strategic Framework

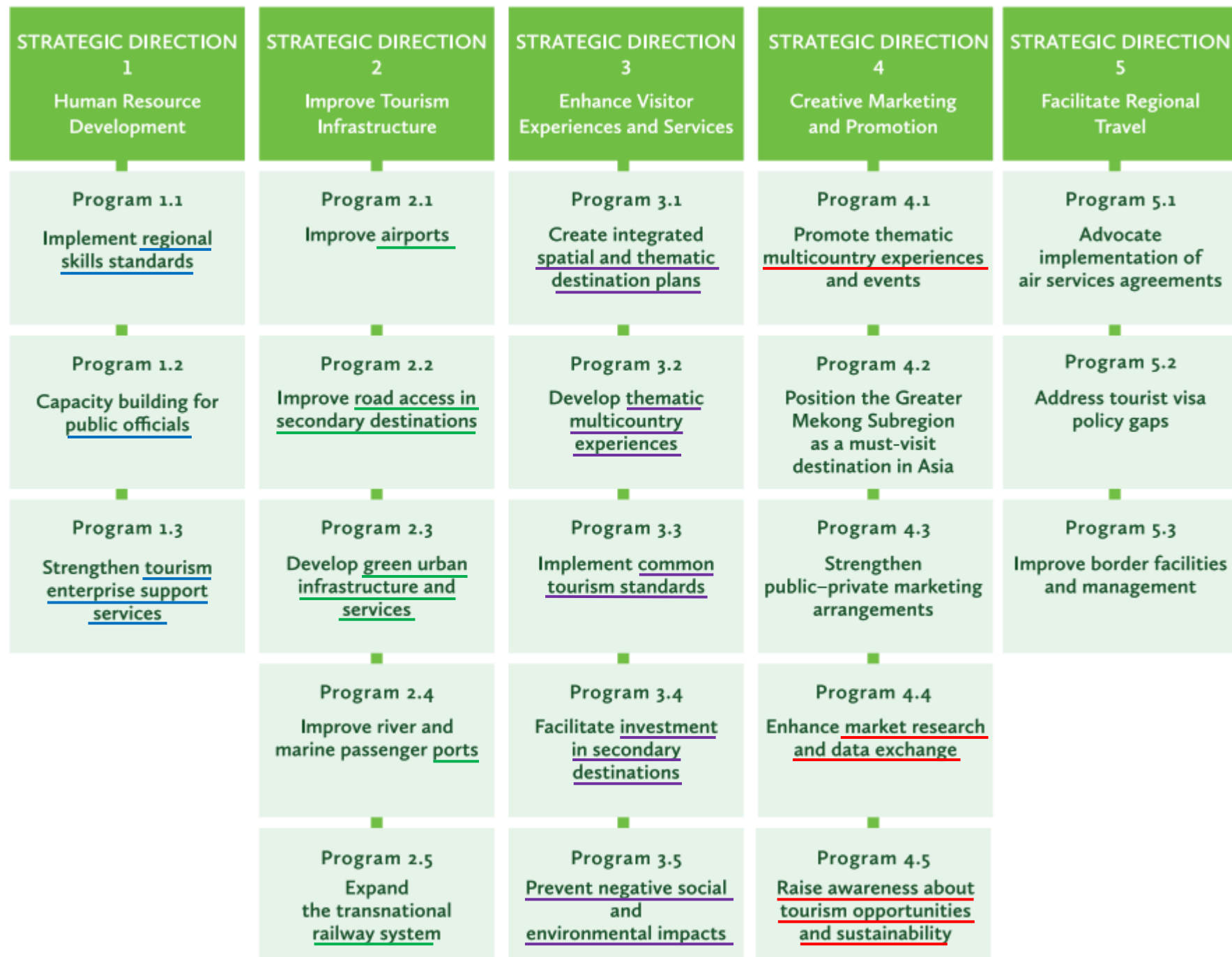


(Long-term goals)

(Immediate and direct results from below programs)

(Specific programs under each strategic direction)

# GMS Tourism Cooperation Strategic Directions and programs



# GMS Tourism: An Example of Regional Tourism Standards

The purpose of the ASEAN Clean Tourist City Standards (ASEAN Tourism Standards) is to provide ASEAN member countries with a tool that will improve the quality of tourism in their cities.

Application of ASEAN Tourism Standards is promoted under GMS Tourism Strategy to upgrade the member countries' service standards.



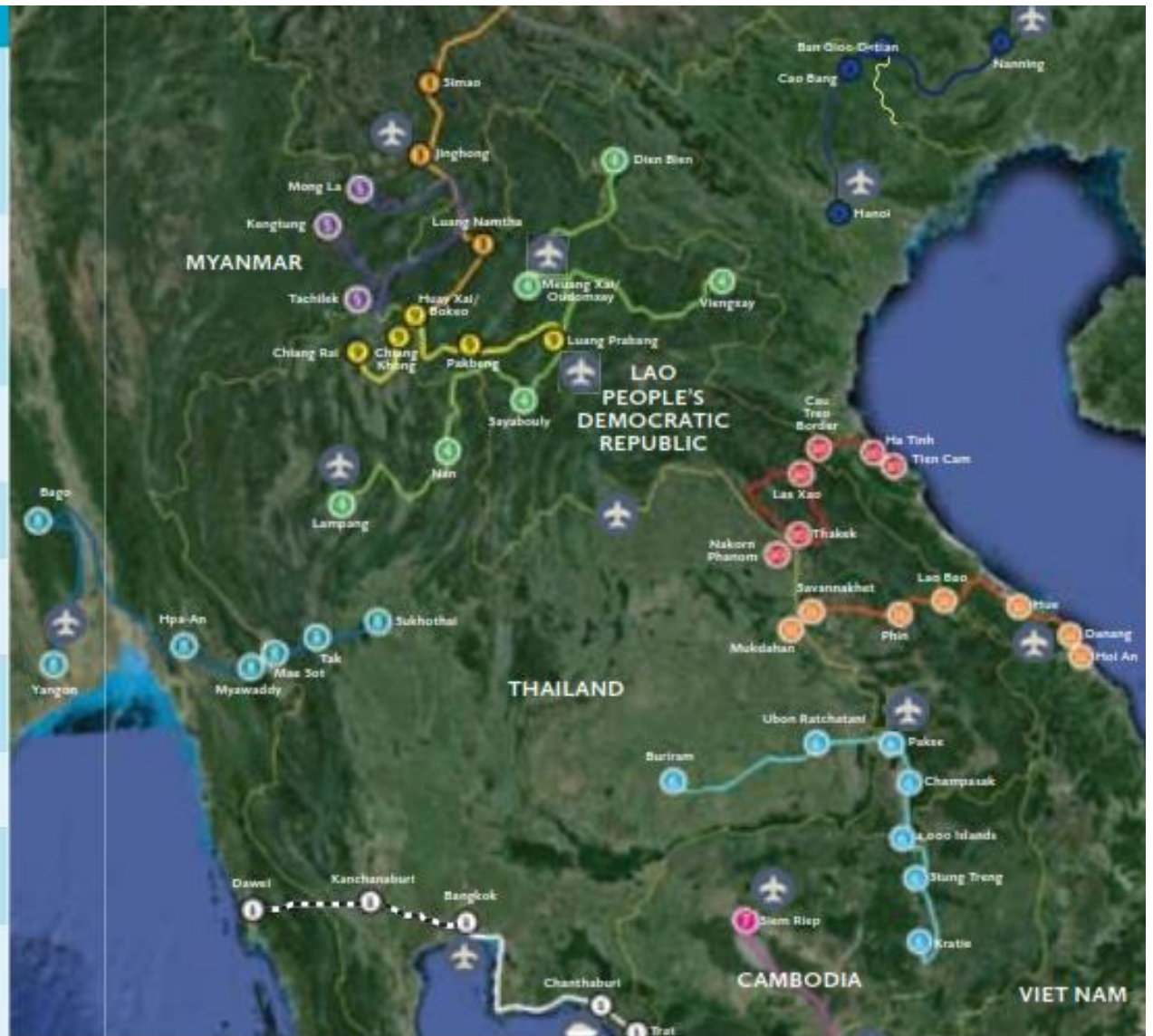
## Items for ASEAN FOOD AND BEVERAGE SERVICES STANDARD

1. Design and construction of food premise
2. Facilities
3. Food and utensils storage
4. Food processing
5. Food disposal
6. Health and hygiene of food handlers
7. Cleanliness
8. Maintenance
9. Quality level



# GMS Tourism: Multi-Country Tour Circuits

ROUTE	LEAD	MAIN EXPERIENCES	AREAS INCLUDED
① Southern Coastal Corridor --- = proposed	Cambodia	Beach and islands, leisure, seafood, history, culture, community-based tourism	<b>Thailand</b> = Chanthaburi, Trat (Ko Chang, and Ko Kut) and Kanchanaburi (proposed). <b>Cambodia</b> = Koh Kong (Peam Krasop, Chiphat), Preah Sihanouke, Kampot, Kep (Kep Crab Market). <b>Viet Nam</b> = Kien Giang (Ha Tien, Phu Tu and Phu Quoc Island). <b>Myanmar</b> = Dawei (proposed)
② Largest Waterfall in Asia	Guangxi Zhuang, PRC	Nature, ethnic groups, culture	Detian-Ban Gioc Cross-Border Waterfall. <b>PRC</b> = Nanning and Detian. <b>Viet Nam</b> = Ban Gioc, Cao Bang, and Hanoi.
③ Mekong Tea Caravan Trail East	Yunnan, PRC	River cruising, food, nature, ethnic groups, culture, ecotourism	<b>PRC</b> = Kunming, Dali, Simao, Ganglaba and Jinghong/Sipsongpanna. <b>Lao PDR</b> = Luang Namtha and Huay Xai/Bokeo. <b>Thailand</b> = Chiang Kongs and Chiang Rai/Golden Triangle.
④ Northern Heritage Trail	Lao PDR	Culture, nature, history, community-based tourism	<b>Thailand</b> = Lampang and Nan. <b>Lao PDR</b> = Sayabouly, Luang Prabang, Viengsay and Meuang Xai/Oudomxay. <b>Viet Nam</b> = Dien Bien.
⑤ Mekong Tea Caravan Trail West	Yunnan, PRC	Ethnic groups, culture, ecotourism	<b>Thailand</b> = Chiang Rai, Mae Sai and Golden Triangle. <b>Myanmar</b> = Thachilek and Kengtung. <b>PRC</b> = Mong La and Jinghong.
⑥ Mekong Discovery Trail	Thailand	Mekong excursions, nature, history, culture, coffee, ecotourism	<b>Thailand</b> = Buriram and Ubon Rachathani (Kong Jiem). <b>Lao PDR</b> = Champasak (Pakse, Champasak and 4,000 Islands). <b>Cambodia</b> = Stung Treng and Kratie.
⑦ Cruising the Mekong Delta	Viet Nam	Mekong excursions, nature, culture, food	<b>Viet Nam</b> = Tien Giang (My Tho) and An Giang (Chau Doc). <b>Cambodia</b> = Siem Reap and Phnom Penh. Focus on day-excursions and multi-day international cruises.
⑧ The Middle Path	Myanmar	Culture, history, pilgrimage	<b>Myanmar</b> = Yangon, Bago, Khyatiktho (Golden Rock Pagoda), Hpa-An and Myawaddy. <b>Thailand</b> = Mae Sot, Tak and Sukhothai.
⑨ Mekong River Cruising in the Golden Triangle	Thailand	Mekong excursions, nature, culture, soft adventure	<b>Thailand</b> = Chiang Rai and Chiang Kongs. <b>Lao PDR</b> = Bokeo (Houay Xai), Pakbeng and Luang Prabang. Focus on multi-day international cruises, day-excursions and sports events.
⑩ Foute 8	Lao PDR	Nature, soft adventure, culture, history, pilgrimage, beach	<b>Thailand</b> = Nakhon Phanom. <b>Lao PDR</b> = Thakhek (The Loop, including all caves and attractions) and Lax Xao. <b>Viet Nam</b> = Cau Treo Border and Ha Tinh (Chua Huong Pagoda and Tien Cam beaches).



# GMS Tourism: Coordination between Governments and stakeholders

The Mekong Tourism Coordinating Office (MTCO) started operations in 2006. It came out the 16th meeting of the GMS Tourism Working Group and is composed of senior officials of the six GMS countries. MTCO activities are also supported by the ADB.

Over the years, the MTCO has been playing its part in fostering and facilitating effective collaboration among the GMS governments, development partners, public enterprises, NGOs, private sector, academic institutions, and the media on the implementation of the GMS Tourism Sector Strategy.



Link to the MTCO's website:  
<https://mekongtourism.org/o>

## 2. Lao PDR's Development Challenges

# Development challenges

- Highly concentrated production and export structure in mining (34%) and power generation (21%) are fueling economic growth
- Half of exports go to Thailand and the PR China; while these sectors account for 20% of total GDP and 50% of total exports, they create only 1% of total employment



# Development challenges

- Investments in infrastructure is lacking
- Quality and coverage of urban services have not kept up with rapid urbanization and urban growth
- Rural productivity is low; irrigation and other productive rural infrastructure, rural electrification, and land transport must be strengthened



# Development challenges

- Inadequate education and skills and poor access to quality health services constrain business expansion
- Governance and the business-enabling environment must be improved to attract more private investment
- In 2016, the Lao PDR's overall rank for ease of starting a business was 160 out of 190 countries assessed



# Development challenges

- Environmental degradation disasters triggered by natural hazards
- Changing climate patterns and extreme weather, such as floods and drought
- Weak land use planning, inadequate legal framework for environment protection, and limited management capacity



# Tourism projects serve to address Lao development challenges

## Challenges

- Economic growth needs to be more inclusive and sustainable:
- Lao PDR must diversify its resource-based economy and develop infrastructure to facilitate private investment



## How tourism project works

- Tourism projects benefit local communities in the tourist destination through working at tourism jobs.
- Road infrastructure investment through tourism projects benefit local people to access to social services and markets.
- Promoting tourism projects helps the county to diversify its economy, promote private investment and reduce poverty.

### 3. ADB's Lao PDR: GMS Tourism Infrastructure for Inclusive Growth Project

# Lao PDR: GMS Tourism Infrastructure for Inclusive Growth Project

Borrowing Country: Lao People's Democratic Republic (Lao PDR)

Borrower: Ministry of Finance (MOF)

Executing Agency: National Tourism Authority of Lao PDR

Loan Amount: \$40 million (\$40,000,000=THB1,320,000,000)

Maturity: 32 years

Interest rate: 1.5%

Board Approval: September 2014

Loan Closing Date: 31 December 2021

# Assessment on Tourism sector in Laos

1. Tourism is **concentrated in Vientiane Capital**, which accounts for 43% of international arrivals and 47% of hospitality investment.
2. Women comprise about half of tourism workers; however, **many are employed in low-skill, low-wage jobs, and are underrepresented in tourism management.**
3. The key impediments to more inclusive and geographically dispersed growth are
  - i. **Insufficient last-mile transport infrastructure in secondary destinations;**
  - ii. **Weak market linkages between the tourism industry and other economic sectors;** At least 40% of tourism receipts leave the country.
  - iii. **Inadequate environmental infrastructure and low service standards suppress tourist length of stay, spending, and yield,** resulting in average receipts per visitor of about **\$154** - the lowest in the GMS and much less than the benchmark of **\$1,390** in Asia and the Pacific.



Chom Ong Cave in Oudomxay



Wat Xieng Thong in Luang Prabang



- Four provinces in Lao PDR -



That Sikhottabong in Khammouane



Wat Phou in Champasak

# Project Outputs

1. Improved last-mile tourism access infrastructure  
(PG 2.2, PG 3.2)
2. Improved environmental services in cross-border tourism centers  
(PG 2.3, PG 3.2)
3. Strengthened institutional capacity to promote inclusive tourism growth (PG 1.3, PG 3.4, PG4.5 )
4. Effective project implementation and knowledge management  
(PG1.1, PG 1.3, PG3.4, PG3.3, PG3.5)

# GMS Tourism Cooperation Strategic Directions and programs



# Project Impact and Outcome

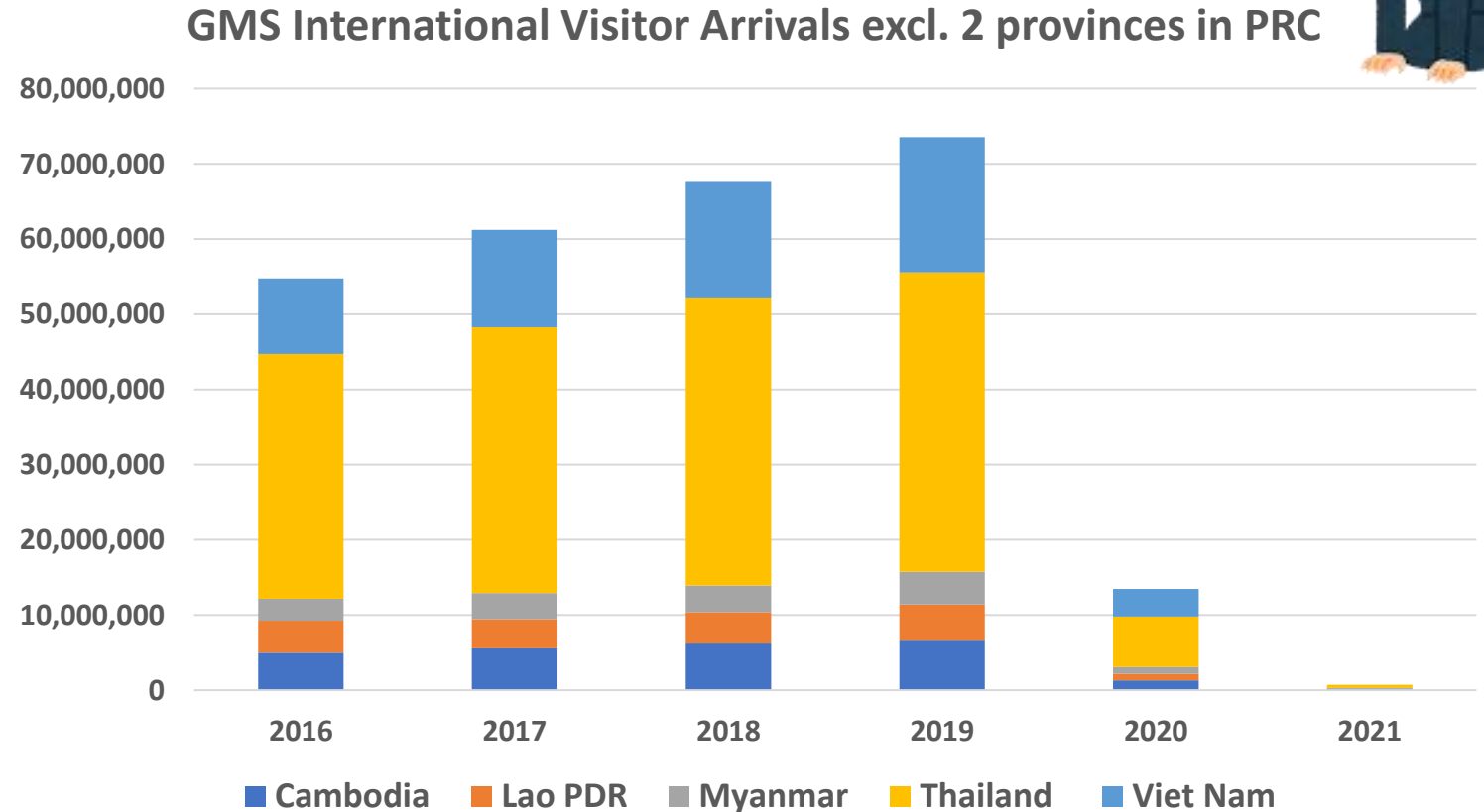
- **The impact: Increased tourism employment**  
(The creation of 27,000 additional tourism-related jobs by 2025. 50% of these jobs will be held by women.)
- **The outcome: Increased tourism receipts** in project provinces.  
(By 2019, aggregate annual tourism receipts in the project provinces will increase to \$330 million)



# GMS tourism: going forwards



- Tourism sector has been hit since the pandemic. Tourism related sectors' operators and workers have been still suffering. They are expecting quick recovery from 2023.
- What would be opportunities and challenges for the GMS tourism sector going forward?





# GMS tourism: going forwards

## Opportunities

- The pandemic has accelerated some trends:
  - I. putting tourism on a more sustainable trajectory
  - II. enhancing digitalization
  - III. boosting community engagement and inclusion
- Pandemic is unpredictable:
  - I. review the government measures during the pandemic and setting new social safety net to protect the industry from bankruptcy, unemployment.

## Challenges

- In accelerating positive trends:
  - I. six countries share resources to pursuit such trends?
  - II. such trends benefit six countries equally?
  - III. what would be incentives to boost engagement with community?
- Setting up new social safety net
  - I. Voters have strong voices to ask the government to review the measures during the pandemic?
  - II. Can we design such a safety net technically? Pandemic is unpredictable.



Thank you