

Vietnam labor market for the tourism sector

Vietnam's tourism sector witnesses a booming period over the past decade, leveraging on the surging global and regional demand for travel and tourism. The Resolution No.08/NQ-TW of the Political Bureau released in January 2017 has determined tourism as a key economic sector of Vietnam. The strategic direction set out by the Politburo has built on the remarkable growth of the tourism sector in Vietnam. The average growth rate of the tourism industry over the three consecutive years reaches 22% per annum. The high growth rate of tourism is mainly attributed to the soar in international visitors. For the period 2015-2018, the number of international visitors grows by an average of 25% per year, a record rate in the history of the Vietnam tourism sector. Over the past five years, the growth in Vietnam's international visitors has outpaced that of other ASEAN peers. By the end of 2019, Vietnam has surpassed Indonesia, ranking fourth in the ASEAN region international arrivals. Vietnam is predicted to lead Asia Pacific destination in terms of average annual growth rate over the coming five years¹. The volume of domestic visitors also accelerates over the period, with the average growth rate of about 10%.

Table 1: Number of international and domestic visitors period 2015-2018

Thousands of people	2019 (estimated)	2018	2017	2016	2015
International visitors	18,000	15,498	12,922	10,013	7,943
Domestic visitors	85,000	80,000	73,200	62,000	57,000

(Source: Vietnam National Administration of Tourism)

The tourism sector creates an important driver for economic growths, job creation, and tax revenue. Revenues from the tourism sector achieve double-digit growth over the period. Revenues from international visitors have consistently outweighed those of domestic visitors, and the gap between the two sources of revenue continues to widen. The direct contribution of tourism to GDP has been increasing over the years, achieving 8.39% in 2018. Total contributions to GDP of the sector including both direct and indirect reach approximately

¹ PATA. 2019. Asia Pacific Visitor Forecasts 2019-2023

15.86% in 2018². Travel and tourism sector also creates more than four millions job, which is approximately 7.4% of total employment in 2018³.

Table 2: Direct contribution to GDP of the tourism sector, period 2015-2018

	2018	2017	2016	2015
Total revenue from tourism (thousand billions dong)	637.00	541	417.2	355.5
Direct contribution to GDP (%)	8.39	7.9	6.96	6.33

(Source: Vietnam Tourism Annual Reports 2015-2018)

Figure 1: Structure of tourism revenue, period 2015-2018



Vietnam tourism sector is benefited from the diverse natural landscape and rich culture. Vietnam ranks 26th globally (out of 140 countries) and 3rd regionally (out of 9 ASEAN countries) in terms of natural and cultural resources. International visitors come to Vietnam, mostly for leisure. Data from WTTC show that 90% of visitors' spending is for leisure, only 10% for business. Tourism revenues achieve double-digit growth over the period 2015-2018, and international spending consistently outweighs domestic spending despite the smaller volume.

The competitiveness of Vietnamese tourism has significantly improved from 75/141 in 2015 to the position of 63/140 in 2019⁴. The significant improvement in the Tourism Competitive Index indicat  Vietnam's efforts in developing the tourism sector and the strong growth in the number of visitors over the years. Vietnam has been diversifying tourism

² Vietnam Tourism Annual Report. 2018

³ World Travel and Tourism Council. Vietnam 2019

⁴ WEF.2019. The Travel and Tourism Competitive Report

products, investing in infrastructure, increasing promotional activities, strengthening travel operations, tourism transportation, and training of the labor force.

In 2018, the Vietnam tourism sector received an award for “Asia’s Leading Destination” by World Travel Award. Vietnam ranked third out of 10 nations that have the highest growth in the number of international arrivals, according to UNWTO Tourism Highlight Report 2018. The tourism sector has offered a wide variety of options to tourists, including cultural and historical tours, sea-based tours, adventure tours, eco-tours, and luxurious vacations. Hochiminh is the leading city in tourism, followed by Hanoi, Quang Ninh, and Da Nang. In 2018, Hochiminh city attracted 36.5 million. Hanoi ranked second with 26 million tourists, including 6 million international visitors. Other major destinations of tourists are Quang Ninh with 12.5 million and Da Nang with 7.7 million.

The international tourism market to Vietnam is characterized by the concentration of a limited number of source markets. Ten source markets accounted for 83% of the total number of international arrivals to Vietnam in 2018. Northeast Asia is the major source market accounting for 64 % of international visitors to Vietnam. Chinese arrivals make up the largest share of the total with 32%, followed by the Republic of Korea with 22.4%, Japan, and Taiwan account for 5.3% and 4.6%, respectively. There is also a rapid growth in domestic tourism. Domestic tourists are generally peaked in the summer period and also concentrated in popular destinations including Hochiminh city, Hanoi, Da Nang, Quang Ninh, Quang Nam.

Data from table 3 indicate that among the six key economic regions, South East is driving the whole country’s tourism turnover. Revenue from the travel activities of South East accounts for 60% of Vietnam's total turnover. The dominant position of the South East region is attributed to the leading destination of Hochiminh city. Red River Delta ranks second in tourism revenue, with more than 26% of the total. Hanoi and Quang Ninh are the two main destinations of the Red River Delta region, attracting a large number of international and domestic visitors. Other regions make up a small proportion of the total revenue of the tourism sector. Nevertheless, there is an increasing trend in turnover of North Central and Central coastal areas and Mekong River Delta over the period 2014-2017.

Table 3: Structure of tourism turnover, period 2014-2017

Region	2014	2015	2016	2017
Red River Delta	29.3%	28.1%	27.9%	26.5%
Northern midlands and mountain areas	0.7%	0.8%	0.9%	0.9%
North Central and Central coastal areas	6.5%	7.3%	8.5%	8.8%
Central Highlands	0.3%	0.4%	0.3%	0.3%
South East	61.5%	61.7%	60.1%	61.2%
Mekong River Delta	1.6%	1.7%	2.3%	2.3%
TOTAL	100.0%	100.0%	100.0%	100.0%

In 2016, Vietnam introduced a Strategy for Vietnam's tourism products to 2025 Orientation to 2030. The strategy evaluates Vietnam's competitive advantages in tourism and outlines directions for tourism products in 7 different geographical areas.

- The northern mountainous region is featured with eco-cultural tourism associated with the exploration of cultural identities of ethnic minorities.
- Red River Delta and Northeast Coast region is characterized by natural heritage associated with values of the wet rice civilization and local traditional activities, urban tourism, MICE tourism.
- North Central region is characterized by tours to explore world cultural and natural heritage sites.
- South Central Coast region is distinguished in marine and resort tourism.
- Central Highlands have eco-tourism and cultural tourism exploiting the unique cultural values of indigenous ethnic groups.
- Southeast region is featured with urban tourism, MICE tourism, culture, and history exploration, marine ecological, and resort tourism.
- Mekong Delta has eco-tourism, river life culture, and ecological gardens.