

Vietnam Investment Review

Making vaccine visa trial worthwhile for Vietnam

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Kenneth M. Atkinson, founder and senior adviser of Grant Thornton Vietnam cum vice chairman of the Vietnam Tourism Advisory Board, shared with VIR's Thanh Van about the chances for Vietnam's tourism industry when easing quarantine requirements and launching a pilot programme to welcome international tourists.



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As has been widely reported, the tourism sector has been devastated by the pandemic, with foreign arrivals falling from 18 million in 2019 to 3.8 million in 2020, and zero in the first six months of 2021.

Domestic tourism fell from 85 million in 2019 to 50 million in 2020 and has been further hit by the recent outbreak of COVID-19. This has reduced revenues to the sector by more than 60 per cent from \$33 billion in 2019 to just over \$10 billion in 2020.

Whilst there were some green shoots appearing from December last year through to February this year, the sector was hit by further outbreaks in April and May. Hotels and destinations that are within easy driving distance from the main centres of Hanoi and Ho Chi Minh City like Halong, Vung Tau, and Ho Tram were surviving well with weekend travels and hoping for good business in June and July during the peak holiday season, which have all been dashed. Some hotels previously had been reaching 80-90 per cent plus occupancy on Friday and Saturday and 60 per cent on Sundays.

Major cities like Hanoi and Ho Chi Minh City have seen many, if not most, of the mini hotels close with higher end properties operating with occupancies of less than 10 per cent.

Despite this bleak picture, there is hope for the sector and once people are vaccinated and countries reach vaccination levels of 75 per cent, sufficient for herd immunity, travel will start to return and countries will reduce or eliminate the quarantine requirements.

Vietnam is considering two major initiatives, that is reducing the quarantine time to seven days for fully vaccinated foreign visitors with international vaccine passports and a pilot project for allowing foreign tourists to visit Phu Quoc – a model that is similar to the Phuket sandbox scheme launched in Thailand from July 1.

When looking at the potential of such sandbox locations, in Vietnam, Phu Quoc draws many similarities to Phuket, with an international airport and areas that could be effectively quarantined for foreign visitors. Other possible destinations include Hoi An through Chu Lai airport, and Halong through Van Don airport. However, Phu Quoc only attracted just over 500,000 foreign visitors in 2019, and had been largely a domestic market. Real estate projects are in fact cashing in more income than tourism.

In terms of recommendations for Vietnam to gradually open its doors to international travellers, the key is to take baby steps so that we can learn as we go and avoid a major crisis, which will set us back for months if not years. There needs to be a ministry championing this and coordinating with all stakeholders to develop the plan. We will also need to ensure that entire communities are vaccinated in the areas we are planning to open to foreign visitors.

There are a few specific recommendations. First, we need to have a developed set of protocols which are implemented at all touch points, from check-ins of visitors to their departure from Vietnam.

Secondly, we need to develop a safety plus certification programme, which should be a requirement for all businesses that will have contact with foreign visitors under the pilot.

Next, there should be a set of published rules for cancellation and refund policies for all organisations and businesses that are part of the programme.

Also, we need to put in place health and travel insurance requirements with minimum coverage for all foreign visitors, and rules concerning tests.

Finally, we need to have detailed plans in place to cope with a possible outbreak amongst foreigners and locals.

One of the considerations that needs to be settled is which markets should be invited and what risks are inherent in allowing visitors from those countries. It would seem to make sense to use the World Health Organization (WHO) Green List for this purpose.

We need to make sure that adequate demand will be there from the selected countries, as there will be significant costs associated with such a programme. I do not personally support the idea of just allowing visitors from only one market. We know that our biggest inbound markets are from our neighbours, and in the first two months of 2020 inbound arrivals from China reached 838,000, South Korea 790,000, Taiwan 169,000, and Japan 162,000. There is no reason for this to change, as it is projected that there will likely be a resistance to long haul travel in the early post-pandemic period.

That is not to say that we should not target other markets if we believe that demand is there, and they meet the WHO requirements to be green listed. Our willingness to open our borders to travellers from any country should, however, depend on vaccination rollouts in those countries and their current status.

Many issues and various protocols need to be developed and taken into account before opening, with the most important one being vaccination in the areas we plan to open for tourism.

We also need to adequately staff the properties that will be used in the pilot, as there are widespread reports of many workers having left the industry for more secure sectors. The programme is likely to run over a 3-6 month period, and it should not be rushed. We must be sure that the returns outweigh the risks because the pilot could otherwise damage Vietnam's reputation in the industry.

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