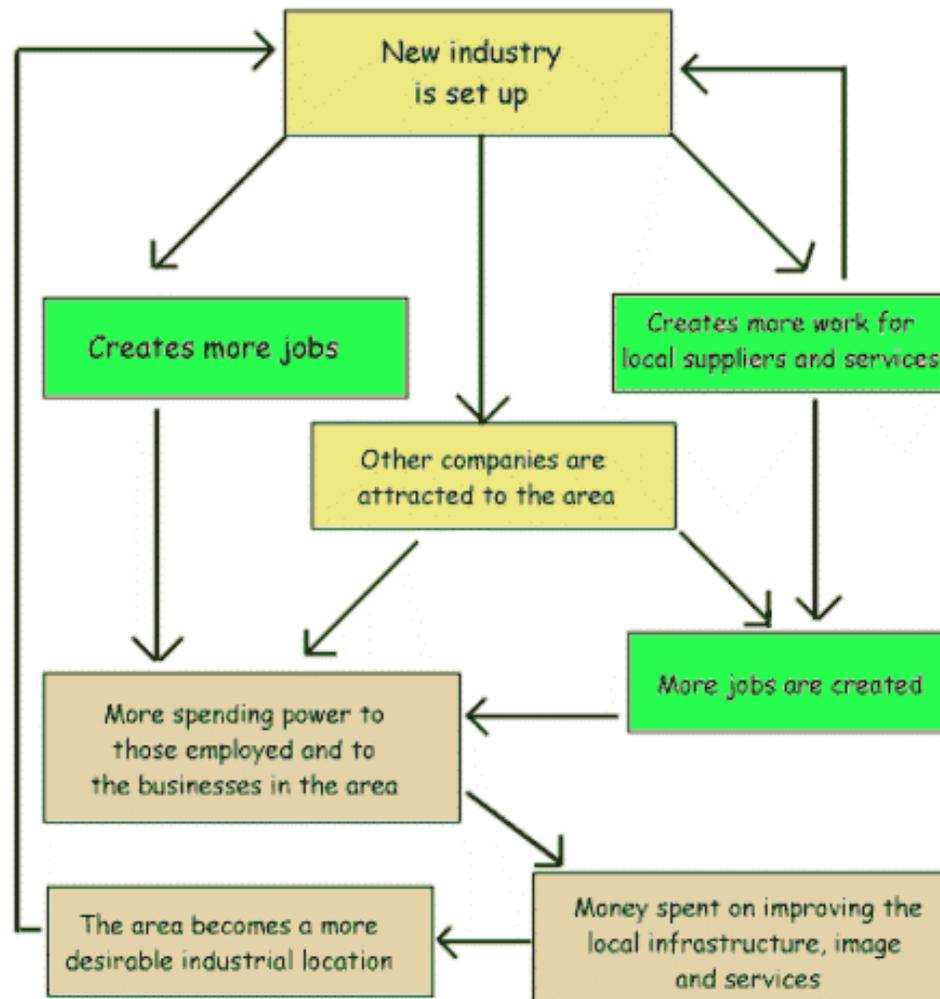


Tourism as a development strategy

Because tourism is a growth industry many countries since the promotion of tourism as a development strategy. The development of tourism not only creates growth in the tertiary sector, but it can also have a positive effect and cause growth in the primary and secondary sectors as well.

Positive Multiplier Effect: When the development of one service or industry has a positive effect on other services and industries e.g.

- Tourism not only creates jobs in the tertiary sector, it also encourages growth in the primary and secondary sectors of industry. This is known as the multiplier effect which in its simplest form is how many times money spent by a tourist circulates through a country's economy.
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- Money spent in a hotel helps to create jobs directly in the hotel, but it also creates jobs indirectly elsewhere in the economy. The hotel, for example, has to buy food from local farmers, who may spend some of this money on fertiliser or clothes. The demand for local products increases as tourists often buy souvenirs, which increases secondary employment.



Governments can promote tourism by doing a number of things:

- Relax immigration controls (remove visa requirements). Vietnam is scrapping its visa requirements.
- Improve transport links (airports, roads and railways). Vietnam has rebuilt its main two international airports, it is updating highway 1 and building a new high-speed rail link running the length of the country. Vietnam Airlines is also investing heavily in new planes, it has recently 12 state of the art Boeing Dreamliners.
- Deregulation. Vietnam is a communist country, but the government relaxed government control and allowed investment in the tourist sector.
- Improve tourist facilities like hotels and restaurants and golf courses. In Vietnam international chains like the Sheraton, Sofitel and Hyatt have been welcomed along with a rapid expansion of local hotels. Money is been invested in new golf courses, dive centres, etc.
- Improve local language skills e.g. start English classes (and other major languages e.g. Mandarin and Spanish). In Vietnam English is now the second language, but also other language skills, especially Mandarin are being developed.
- Advertising campaigns and links with international travel agents. Vietnam set up links with over 1,000 travel agents in more than 50 countries.
- Create tourism board and tourist information offices at home and abroad.

In Vietnam the government's official tourism development plan is simply known as: Tourism Development Plan.

ADVANTAGES OF USING TOURISM AS A DEVELOPMENT STRATEGY	DISADVANTAGES OF USING TOURISM AS A DEVELOPMENT STRATEGY
<ul style="list-style-type: none"> • Tourism can create jobs, both directly e.g. tour guides and people working in hotels and indirectly e.g. taxi drivers and maintenance staff employed by hotels. In 2010 alone 450,000 new workers were recruited to the tourism sector. It is estimated that for everyone 1 direct job, 2 indirect jobs are created. • Tourism creates extra income in a country, both through direct tourist expenditure and tax receipts. In Vietnam, tourism now makes up 6% of total GDP. • Infrastructure improvements. Roads, airports, railways, electricity and water supply all get improved as a result of tourist investment. However, developments may initially put a strain on supply and cause price spikes while demand outstrips supply. • Improved international relations. Vietnam recently hosted the APEC summit and is now a member of ASEAN and WTO. Its stability and growth is attracting interest from an increasing variety of investors • Attracts FDI. In 2010 625 tourist related investment projects were announced, totaling 12.26 billion of investment • Increased entrepreneurship. Locals see opportunities to improve personal wealth. This sparks entrepreneurship while also encouraging individuals to finish education i.e. get better language skills. • New skills and technology. New skills and technology introduced through the tourism sector can then be used in other aspects of the economy. • Positive multiplier effect. As mentioned above the development of one sector can have positive effects in other sectors as well. 	<ul style="list-style-type: none"> • Creates a dependency on one industry. This can be a problems if tourists stop visiting because of a natural disaster or political unrest e.g. Sri Lanka during civil war and after Indian Ocean tsunami or Egypt, Libya and Tunisia during current unrest. • Inflation. Vietnam has inflation running at over 10%, this can cause a strain on the economy and adversely affect the poorest members of the country. • Opportunity cost. While the government is investing in tourist infrastructure projects, it is unable to spend the money elsewhere e.g. on schools and hospitals. • Pressure on services and infrastructure. While demand outstrips supply there can be a huge pressure on infrastructure., There may be black-outs, or congestion or increased water pollution from the lack of sewage treatment facilities. • Worker exploitation. Without strictly enforced minimum wage and working hour laws, workers will always be exploited and underpaid. • Black market or informal economy. Many tourist related activities e.g. beach massages, fruit sellers work in the informal sector so the government does not earn any direct income. • Economic leakage. Because of deregulation and increased foreign ownership, much of the profits under through the tourism industry may leak overseas.

In Vietnam's tourism development strategy it is estimated that Vietnam will welcome 12 million foreign tourists and 28 million local tourists in 2015. Tourism revenue will reach US\$8.9 billion in 2015 and US\$15.9 billion in 2020.

As the statistics show below, some countries (particularly island nations) rely very heavily on tourism for development and even to maintain current standards. With such a focused economy there is always a big risk that a natural disaster or political unrest can devastate an economy. Because of this countries are recommended to try and diversify their economies.

Diversification: An attempt to move away from the reliance on one product e.g. tourism. This might be done by developing industry or banking.

Tourism income as a % of total GDP

