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Chapter 13: **Tourism in Cambodia, Laos and Myanmar: From Terrorism to Tourism?**

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INTRODUCTION

The emerging Southeast Asian nations of Cambodia, Laos, and Myanmar (Burma) are undergoing substantial change. Desperately seeking economic growth, these impoverished nations have been ravaged by decades of civil war from which they are now only beginning to recover. Tourism is a significant component of economic development which also has important political overtones in terms of the degree to which tourism is seen to give legitimacy to government, particularly with respect to Myanmar in which people have reported to have been forcibly used as labour for tourism-related developments (Hall 1997). This chapter will briefly outline some of the key development issues associated with each country and the role that tourism plays in economic and political life.

CAMBODIA

To provide some sense of the dynamics of tourism and the challenges presented the people and institutions of Southeast Asia, this section examines recent efforts to promote tourism to Cambodia in the aftermath of the coup in July 1997 (see Berger 1994 and Lam 1998 for more detail on the situation pre-1997). The goal is to increase awareness of Cambodia's place and geography, both human and physical, in the region and to suggest that tourism may constructively assist Kampuchean in the reconstruction of their cultural landscape from "killing fields" to tourist destination (see Anon 1994).

Extraction

One of the smallest countries in Southeast Asia in total land area (181,035 km²), Cambodia is, nonetheless, 'big' in terms of danger and difficulty in travel. While the intense fighting between the Khmer Rouge and the government in the forested mountains of northern Cambodia has now formally ceased (Curtis 1998), illegal logging, the strip mining of gems, and increasing urbanization and poverty constitute even greater threats to Cambodia's rehabilitation. Of equal concern is the indiscriminate use of land mines, which continue to pose a serious threat to the population of Cambodia. Although demographic and economic data on Cambodia are notable for their absence in many global sources of statistical data, Dixon and Smith (1997) observed that the country's population of 7 million had very high mortality and low quality of life indicators, with among the highest crude death rates in Asia (15 per 1000 in 1993) and an infant mortality rate in 1993 of 117 per 1000 births.

Along the western border with Thailand, Cambodia's forests disappear to support the trade in guns-for-logs between rogue military commanders and former guerrilla soldiers, while Malaysian,

Indonesian, and Vietnamese loggers clear-cut in the northeast. Indeed, though the data is admittedly incomplete, so widespread and indiscriminate is the logging - legal and illegal - that some government officials and many international aid groups identify deforestation as Indochina's greatest environmental problem, and lament that 'virtually all of Cambodia's primary resources [are now] under some kind of unaccountable foreign control' (Taylor *et al.* 1996: 24; see also Gray 1994).

On the coast, the proliferation of commercial shrimp farms threatens natural fisheries through the loss of mangrove swamps and pollution from chemical fertilizers, while the clearing of forests along the banks of Tonle-Sap, the largest freshwater lake in Southeast Asia and one of the world's richest fishing grounds as well as a vital source of protein for Cambodians has caused increased flooding and reduced catches. Moreover, a series of twenty-six massive hydroelectric dams already underway or proposed for the Mekong and its tributaries upstream of Cambodia will affect the hydrological regime of the region in ways still little understood (Kaplan 1996; Johnston 1997).

In a country where 90 percent of the population of 10.4 million is rural, poverty, disease, crime, and illiteracy present formidable challenges as well. While Cambodia's per capita income exceeds that of Laos and Vietnam, most Cambodians remain economically disadvantaged by the country's excessive war debt and notorious corruption, and the lack of even the most basic medical care or infrastructure in the countryside hinders reconstruction efforts and contributes to the growing imbalance between rural and urban areas (World Bank 1997; Kamm 1998).

Acknowledging the seriousness of the threats confronting it, the Royal government designated twenty-three protected areas in 1993 and instituted several conservation management programs. The Ministries of Tourism and Environment, assisted by the UN and WWF, also chose tourism as a major component of the country's redevelopment strategies for conservation and rural communities (Ministry of Tourism 1996; Ringer 1997). Efforts to encourage sustainable communities, tourism, and the environment remain impeded, though, by a shortage of funds, equipment, and trained staff outside the urban centres of Phnom Penh, Sihanoukville, and Siem Reap.

Attraction

Cambodia need not be a poor country, however, for it has the potential to be agriculturally self-supporting if political and social conditions stabilise, and the population growth rate (currently averaging 3-4% per year) can be slowed. In addition, international tourism to Cambodia has natural appeal for both the national government, seeking additional sources of revenue, and for the tourism industry looking for new opportunities and destinations. Indeed, in the 1960s Cambodia was one of the most popular tourist destinations in south-east Asia with annual visitor numbers of approximately 50,000 to 70,000 people (Lam 1996).

Tourism has slowly begun to rebound with growth occurring in a number of markets (Table 13.1), with the country reporting an 18% increase in foreign visitors in 1996 over the previous year and a gain of more than 120% since 1993 (Ministry of Tourism 1996; Bangkok Post 1997) (Table

13.2). According to Leiper (1998), the largest group of arrivals are Cambodian nationals revisiting since over a million Cambodians emigrated during the war, settling in North America, Europe and Australasia. The problems for visitor statistics, is that a large proportion of the former nationals now travel using their new country of nationality. Leiper (1998) does observe the low concentration ratio for Cambodia: that means that the country is not over-dependent upon a small number of source areas as the main tourist markets. In terms of purpose of visit, Leiper (1998) argues that although a large proportion of visitors state they are visiting for vacation purposes, this masks a large business travel market although business travellers also participate in recreational activities too such as sightseeing. Using interviews with tour operators, Leiper (1998) noted that while business visitors may be the largest category of visitors, cultural tourists (visiting Cambodia on packages structured around cultural experiences) are the next major category followed by visiting friends and relatives. The fourth group, identified as sex tourists, which are euphemistically in the Phnom Penh tourism business as massage tourists who largely originate from China and Taiwan. This business is seen as a lucrative sector to work in, given estimates that with a government official earning US\$20 a month, a female child could earn three times that in a week (Hanson 1998). The last category, are independent travellers, many of whom are backpackers.

However, tourist arrivals in Cambodia to the end of November 1998 were more than 17% lower than the same period the previous year largely due to political uncertainty (Reuters 1998). Inbound tourism witnessed steady growth in the first half of 1997 but arrivals plummeted after factional fighting in the streets of Phnom Penh in early July 1997 when then Second Prime Minister Hun Sen ousted his coalition partner and co-premier Prince Norodom Ranariddh. A total of 167,418 visitors arrived in Cambodia up to the end of November 1998 compared with 203,220 during the same period in 1997, a 17.62% drop. Cambodian tourism officials were expecting a total of 177,500 visitors for 1998 compared with 218,843 in 1997 and 260,489 during the peak year of 1996 (Table 13.2).

The economic benefits are equally significant, with Cambodia's earnings from tourism estimated at US\$80 million in 1995 or US\$200 a day per tourist (Ministry of Planning 1995; Ministry of Tourism 1996). Tourism accounted for one-third of all capital inflows in 1996. The industry earned some US\$143 million in 1997 which was 16% lower than in 1996 (Reuters 1998). Yet as Leiper (1998) observed, it is the case that foreign investors are able to derive large profits with state regulation of labour costs (ie. 10-12 hours work a day with rates of US\$1-2 a day). This compares with room rates of US\$50-150 for the country's 4,462 rooms in 135 hotels (Leiper 1998), with over 66% concentrated in the capital (Phnom Penh) followed by Sihanoukville, Siem Reap and other regions.

Siem Reap district is the main destination for cultural tourists, with the focal point Angkor Wat, an archaeological site among the top 9 World Heritage Sites in South East Asia. The main constraint on arrivals, however, is the absence of direct international flights. Most visitors arrive in another destination and reach Cambodia on the state airline - Royal Air Cambodge, sold to Malaysian interests in 1994. The pressure on the government, is to allow direct flights into Cambodia from

neighbouring countries to Angkor Wat by upgrading Siem Reap as an international airport but political pressures are important in this context, given the existing tourism investment and development in and around Phnom Penh which is designed to service the gateway and then allow onward trips to Angkor Wat.

Not surprisingly, therefore, for both domestic and international visitors, the primary attraction is the monumental Angkor temple complex in northwestern Cambodia, recently designated a World Heritage site. Controlled by the Khmer Rouge during the Pol Pot years (1975-79), tourists are now returning to Angkor Wat in significant numbers, and the Minister of Tourism suggests the site may attract 400,000 visitors by the year 2000 and more than one million by 2010 (Cambodia Times 1997).

Hoping to capitalise on this interest, the Malaysian YTL company has already proclaimed plans for a sound-and-light show at the ruins that will be better than the Great Pyramids' (Lee 1995: 4, Kaufman 1997) in its depiction of Khmer history. Investors from YTL and Malaysia's Ariston Sdn Bhd also announced several high-profile tourism projects in Phnom Penh and Sihanoukville, including a US\$1.3 billion casino resort and a second international airport (Huy 1997; Robinson 1997).

At the other end of the tourism spectrum, the Phnom Penh-based Society for Ecology and Wildlife Preservation has proposed that the entire country be designated a 'World National Park'. Intended to take advantage of the country's lack of infrastructure and the existing level of environmental degradation by stressing cultural identity and the protection of the environment and history of Cambodia over industrial development and, in effect, turning its back on modernization, the enormously expensive project would require the international community to pay Cambodia US\$5 billion over a five-year transition period to create a 'stable working environment, while encouraging foreign investment for ecotourism' (Bangkok Post 1995:A6).

In between, the Ministry of Environment, working through the Cambodia Environmental Management Program and assisted by UNTEP and other international aid organizations, has taken steps to promote nature- and culture-based tourism in Preah Sihanouk (Ream) and Preah Suramarit Kossamak (Kirirom) National Parks that directly benefit displaced soldiers and indigenous residents. Among the activities supported by local communities are home-stays among ethnic hill tribes and trekking opportunities into the Elephant Mountains, and guided boat rides through the coastal mangrove forests (Ministry of Planning 1995).

Challenge

There is no doubt that Cambodia possesses many significant attractions for both cultural tourism and nature tourism. And certainly little question that tourism can play a constructive role in helping the Khmer people achieve some sense of normalcy after thirty years of ethnic conflict and the killing of nearly two million people in the genocide of the Khmer Rouge. Already, anecdotal evidence makes clear the return of tourists has resurrected some modicum of stability in Siem Reap and Sihanoukville, and perhaps most important, Cambodia is again experiencing a

resurgence of traditional arts and a reawakening of cultural identity among a people whose history of barbarity and successive 'one-reign dynasties' (Chandler 1991: 101) in this century once left many feeling their culture had been irrevocably lost.

Cambodia's quest to generate greater tourism is fraught with difficulties, however. For one, it is competing for visitors in a region of the world where neighboring countries not only promote their own scenic and historic attractions, but also possess better developed infrastructure, access, and perhaps most important, the perception -indeed, a reality until recently - that they are safer and more secure (Dohrs 1991; Thami 1996; Bangkok Post 1997; Cambodia Times 1997; Register-Guard 1997). Leiper's (1998) argument that the real challenge for the future of Cambodia's tourism industry is that it cannot afford to be tarnished by the image of a thriving sex tourism industry, given the existing image problems related to the former civil war. Unresolved issues of land tenure and ownership throughout the country, conflicting jurisdictional questions and a lack of coordination between governmental agencies and institutions, and problems with military-supported logging in protected areas make tourism problematic as well.

Nonetheless, Cambodia's natural environment and historic sites do offer the Khmer people and tourists the opportunity to engage in a unique experience in a country that remains undervisited and little appreciated. Furthermore, recent polls of tour operators and investors in Cambodia indicate they remain optimistic concerning their long-term plans for the destination (TravelAsia 1997). Consequently, the challenge for both they and local residents is to develop and promote tourism that encourages visitation while, in time, helping Cambodians themselves reconnect to a history and geography from which they have been effectively disenfranchised for nearly three decades.

LAOS

We want everything to go step by step. For other people, it may be too slow. For us, it is appropriate (Sannya Abhay, deputy director general of NTAL, in TravelAsia 1996: np).

Laos, a country of 4.5 million people comprising of some 68 different ethnic groups, and with a per capita income of less than US\$300, is one of the world's poorest nations. It has no railways, only limited electricity and telecommunications and a rudimentary road system. The country has 13,330 km of roads, of which only 20% are paved. A country slightly larger than the United Kingdom, Laos is nevertheless rich in cultural and natural tourist resources. The greatest natural resource of Laos is its large forest cover, 70% of Laos is covered with mountains and high plateaus, with only about 15% being suitable for intensive agriculture.

The physical geography of Laos is a major constraint on improving the country's infrastructure, which is seen as one of the government's major priorities (Rigg 1997). With 80% of Laos classified as mountainous, and a population density of 17 people per km², it does not have a critical mass of people to justify extensive investment. The problem is also compounded by damage caused during the Vietnam War, with the unenviable image of the most heavily bombed country on earth per capita as the American armed forces undertook clandestine missions to stem the flow of arms along the Ho Chi Minh trail from North Vietnam through Laos. Continued problems related to

unexploded ordinance remains a constant problem.

A state socialist republic like its eastern neighbour Vietnam, it is only since 1989 that it has been open to foreigners. As in many other countries in south and south-east Asia, the economic liberalisation and deregulation of recent years has led to the Laotian government seeking to encourage foreign investment in tourism, particularly in the niche areas of ecotourism and heritage tourism (Hall 1997). Probably the most interesting insight into life and conditions in Laos are provided by Rigg (1997) citing evidence from the UNDP-sponsored expenditure and consumption survey undertaken between March 1992 and February 1993. From a sample of 2,937 households (19,574 people) spread throughout 147 villages, every province of the country was surveyed. The results of the Laos Expenditure and Consumption Survey, released in July 1995 show that 62% of consumption is allocated to food, 13% to housing and 5% to personal care and recreation. For 1992-93, average annual household consumption was less than US\$100.

Although tourism to Laos has been affected by the overall image of instability that plagues the region in many Western eyes, Laos is fortunate not to have been racked by the political instability of either Cambodia or Myanmar, although attacks by bandits still occur in some rural areas. Arrival numbers have been rising steadily since 1990 (Table 13.3). In 1990, 14,400 visitors were recorded to have visited Laos. In 1994, 146,155 visitors were reported to have arrived in Laos. In 1995, this figure has grown even further to over 346,000 arrivals, making average growth from 1990 to 1994 about 57% per annum. Visitor arrivals for Laos had reached 403,000 in 1996 and 463,200 in 1997 according to recent statistics supplied by the National Tourism Authority of Laos to ASEAN (<http://www.asean.org>).

In 1994 tourist expenditure was valued at US\$18 million with overall receipts from tourism valued at US\$43 million. Tourism earnings rose from a mere US\$2.25 million in 1991 to more than US\$24.73 million in 1995, however, when compared with income from tourism the level of actual earnings indicates the extent to which tourist expenditures are leaking out of the economy (Hall 1997).

Given the poor air connections to Laos, the majority of the visitors to the country arrive by road. Not surprisingly, the major source of visitors is Thailand which accounts for approximately 75 per cent of all visitors and Vietnam (approximately 15%). The next most significant sources of visitors in 1995 were France (2.9 per cent), United States (2.5 per cent), Japan (1.8 per cent) and Germany (1.1 per cent) (Hall 1997). The situation for 1996 and 1997 are shown in Table 13.4 which show a slight increase in intra-regional tourists from within ASEAN countries.

Tourism investment in Laos has grown steadily from US\$2.47 million in 1990 to US\$280.21 million in 1994. Asia Travel Trade (1994) reported that investors have come from France, Singapore, Thailand, Taiwan, Korea as well as Australia. The number of rooms in guest houses, hotels and resorts, also grew from 1,989 rooms in 1992 to 3,345 rooms in 1995 although provision of accommodation is an important development priority. NTAL is aiming its marketing drive at the ASEAN countries, Japan, Australia, Europe and the United States (Kangwaan 1997).

The National Tourism Authority of Laos (NTAL) is aiming to receive more than 843,000 international visitors in the year 2000, with the primary focus being on the ecotourism and heritage tourism markets. The 1995 Development and Promotion Plan sought to achieve these target figures by focusing on ensuring tourism is a major revenue-earner for the country through the promotion of its natural and cultural assets (Hall 1997).

Problems of Tourism Development

Laos has numerous difficulties related to tourism development and these cannot easily be separated from the wider problems of economic development facing the country in the 1990s (Than and Tan 1997). The lack of qualified and trained staff is gradually being dealt with through overseas assistance programmes, particularly from Thailand, which is positioning itself as a major access point into Laos. Indeed, Thailand and Laos signed an agreement on Tourism Cooperation in 1992 which has provided for exchange visits, destination management plans, personnel training, investment promotion and marketing (Tourism Authority of Thailand 1998). Laos has a general lack of tourist accommodation as well as a lack of hotels of international standard. The NTAL estimated that nationwide demand will rise from 1994's total of about 2,560 rooms to 3,260 rooms in 1996 and 6,760 rooms in the year 2000 (Asia Travel Trade 1995). However, the most significant problem facing tourism in Laos is the poor quality of the domestic and international transport networks.

Laos' admittance to full membership of ASEAN in 1997 provided for a considerable liberalisation of its immigration procedures as well as other tourism-related procedures. The Laotian government has opened up more international entry points, apart from the capital Vientiane, including: Botene, Bokeo, Savannakhet, Chong Mek, Moungern, all bordering Thailand; Dansavanh and Keoneu, bordering Vietnam; and Luang Namtha bordering China. Tourists can obtain visas on arrival at these entry points. Laos has also opened consulates in Thailand's northeastern Khon Khen province and northern Nan province, which borders Laos' Moungern-Hongsa and where a road is being cut between the two provinces. When completed, visitors from Thailand will be able to drive from Nan crossing into Moungern-Hongsa to Pakbaeng on to Luang Phrabang, the former capital of Laos which has been designated a World Heritage site on the basis of its cultural and natural values (Kangwaan 1997).

The Australian government funded 'Friendship' bridge linking Laos with Thailand across the Mekong River has a pivotal role in the development of the Asian Highway, which will eventually allow for road travel from Singapore through to the southern Chinese city of Shanghai, via Laos. Laos is therefore becoming an increasingly important part of the tourism and transport chain in south-east Asia. Laos is also working with China, Cambodia, Vietnam and Thailand in the construction of road projects which will form a regional network linking every country in the region, including Myanmar and other ASEAN members (Hall 1997). The Mekong River, long the trade and communication link of the region has also become increasingly important in tourism terms with ferry and rafting operation becoming available to tourists.

Airports development is also underway. A new terminal has been developed at Luang Prabang

airport with about US\$3 million investment from Thailand, while Japan is providing economic assistance for the improvement of runways at Vientiane and Luang Prabang airports (Asia Travel Trade 1995). The Luang Phrabang airport is expected to be able to take international carriers when it is fully upgraded, while the Laotian government has also provide for an increase in the number of international connections into Vientiane.

The Laotian government has attached great importance to tourism since introducing elements of a market economy in 1989. Learning from some of the perceived mistakes of its Asian neighbours, the Lao government has come to favour 'eco-tourism' in ecologically vulnerable areas and 'high value' tourism over relatively cheap day-trip visits (Hall 1997). In focusing on this market, Laos faces the difficult task of maintaining the balance between preservation and development. However, the NTAL's approach appears to have reaped solid results as Laos attempts to maintain its cultures and environments while seeking economic developments and the benefits of modernity. As Sannya Abhay, Deputy Director General of NTAL, commented in the mid-1990s, the strategy of the NTAL is aimed at 'not killing the bird that lays the golden egg. We prefer day-by-day to have the egg and preserve the hen' (Asia Travel Trade 1994).

MYANMAR

Myanmar, more commonly known as Burma, a country of some 43 million people (although Bailey argues the population could be between 46 and 60 million) with a land area of 677,000 km² (an area a little under the size of Texas), has received an extremely high media profile in the West in the 1990s (Hall 1997). This former outpost of British Empire, cut off from the West for many years, has been under the authoritarian role of the State Law and Order Council (SLORC) since 18 September 1988 when SLORC assumed power in a coup and suspended the national constitution. Described as the 'Land of 1,000 Pagodas', Burma has only recently began to open up to large-scale international tourism. Tourism is an extremely significant component of SLORC's economic development strategy, particularly because of its ability to bring in large amounts of foreign exchange, plus tourism also has the capacity to convey political legitimacy on the unelected regime. As Hall (1997: 163) noted:

Any discussion of tourism in Burma cannot ignore the political issues that surround it. The army wields absolute political power. It also controls all businesses including tourism. Tourists are forced to stay in government owned hotels and change a minimum of US\$300 foreign currency when they enter at the airport. The visitor deciding to visit Burma must consider the ramifications of supporting this military regime who are ruling Burma illegitimately. Only 10 per cent of households in Burma have electricity and heroin is the number one export.

Tourist Growth

Tourism was gradually reintroduced in the 1980s with just over 41,000 arrivals in 1987 (Campbell 1996) (Table 13.5). However, following the 1988 pro-democracy demonstrations, tourism in Burma collapsed to just over five thousand visitors in 1989 and less than nine thousand per annum

in the early 1990s as a result of bans on independent travel and international media attention. However, the country received a major boost to tourism in July 1997, when it was admitted to ASEAN, being a positive step, since it has been the focus of trade embargoes due to disallowing the results of the 1990s elections.

According to the official statistics of the Ministry of Hotels and Tourism (1996) Myanmar received 62,547 visitors in 1993-94, increasing by 50% in 1994-95 and again in 1995-96 to 137,320 (Table 13.6). Visitors from Asia account for over 50% of all arrivals. Japan is the most significant market, accounting for 13.6% of arrivals in 1995-96, while improved road access with Thailand has also led to a substantial increase in numbers. The main non-Asian tourist generating areas are, Western Europe, in particular Germany, Italy, and the United Kingdom and the United States. Tourism earnings in 1995 were estimated at US\$32 million, slightly double more than what they were eight years previously (see Table 13.5) (Hall 1997).

In order to improve its profile overseas, attract much-needed foreign exchange and boost tourism numbers, SLORC declared 1996 *Visit Myanmar Year* (VMY) and set a target of 500,000 arrivals (Hall 1997). However, the success of the year is highly debatable. According to Hospitalitynet (1997: np) 'Official figures on tourist arrivals vary. One official report put the total at 287,506 between April and December, 1996, and said that they spent nearly 400 million kyat (\$1.6million). Another official estimate for the same period put the total number of visitors at 219,319, of which only 180,254 were tourists'. This immediate problem is reflected where there is significant variation between the authors statistics, supplied from an official government agency and those supplied to Bailey (1998) from the Immigration and Population Department. As Bailey (1998: 66) confirmed:

visitor arrivals are unclear. There are at least two major official sets - from the Directorate of Hotels and Tourism and from the Immigration and Population Department - and they often show different results. Moreover, current figures often re-state totals from previous years without explanation. The primary difference between the two sets of data, however, appears to be related to land-border crossings.

This, of course, makes it impossible to offer any definitive statement on tourism flows, patterns and the scale of change. However, what is clear, is the failure of VMY which led the Myanmar authorities to cut the target of tourists expected in 1997 by half from the initial projection of 500,000 to 250,000 (Hospitalitynet 1997). In addition, there tends to be a lack of repeat visitation due to the quality of tourism infrastructure, the two-tiered pricing system for hotels, high admission fees for historic and religious sites and the excessive paperwork for visiting areas outside the tourist designated region; Yangon-Mandalay-Bagan-Inle Lake quadrangle (Hall and Sullivan 1996; Hall 1997; Hospitalitynet 1997).

The failure of VMY has been blamed by SLORC on a number of factors, including bomb explosions and student demonstrations, while Lt. Gen. Kyaw Ba, Minister for Hotels and Tourism claimed: 'The smooth functioning of the hotel and tourist industry has been damaged by

destructive elements within the country with the help of the Central Intelligence Agency' (Hospitalitynet 1997: np). Nevertheless, while some industry commentators argued the campaign carried out by pro-democracy groups around the world to encourage a boycott of Burma was more significant than domestic protest (Hospitalitynet 1997), other commentators argued that the human rights boycott had failed as numbers still grew in record amounts (Gray 1996).

Tourism Planning and Development

In terms of tourism planning, the rich archaeological heritage of the country dating back to the 1st century focused on the city of Bagan (a former capital from the 11th century), its region surrounded by 2,000 monuments (temples, stupas and Indian style-pagodas). The city of Mandalay, a former 18th century capital, is also a focal point for tourist activity along with arrangements of other sites (Putao in the north; Sittwe in the west; Myittha in the north and beaches west of Yangon, Dawei and Kawthaungwhre the Club Andaman resort is located). The provision of a cruise ship on the Ayeyarwady (the Road to Mandalay), operated by the Orient Express Company offers a range of cruises. Thus, government planning of tourism has ensured a strict control of tourist itineraries and activities, through the bureaucratic Ministry of Hotels and Tourism (established in 1992), with a hotel operating division and a food and beverage division. Aviation is dealt with under a separate Ministry. The government involvement spans hotels, tourism, duty free, and a tour operation division - Mynamar Travels and Tours. This was the only state-sanctioned tour operator under a socialist regime, although it now competes with overseas operators and locally-owned operators, of whom there are now 600,574 of which are locally-based. Some 14 of these are joint-ventures.

In terms of aviation, the Ministry of Transport controls aviation, of which the Department of Civil Aviation is concerned with air transport and Myanmar Airways (which operates as a domestic and international airline). It was the only airline but since 1993, it is a partner in three other airlines - Air Mandalay and Yangon Airways. Myanmar Airways International, operates overseas flights, a joint venture with Singapore-based Hisonic and Mynamar Airways, with services to Bangkok, Hong Kong, Jakarta, Kuala Lumpur, Kunming and Singapore with two Boeing 737s leased from Malaysian Airlines. In contrast, Air Mandalay, a joint venture with the Malaysian-based Kemayan Corporation and Myanmar Airways, it operates tourist routes within Myanmar. It offers flights from Yangon to Mandalay, Bagan, Heho, Thandwe, Sittwe and Tachilek using three ATR72 aircraft. Lastly, Yangon Airways, which operates tourist routes within Myanmar, is a joint venture with a Thailand-based company using three small aircraft. Each airline is reported to be facing economic problems with a downturn in business which could lead to mergers/takeovers.

The international flight connections adversely affected the country, with Royal Brunei Airline's Abu Dhabi-London service and Condor's flight to Frankfurt withdrawn in 1997. These were the only direct long haul flights and Bailey (1998) argues that Mynamar Airways weakness in marketing is unlikely to see a flag carrier replacement. However, non-direct flights (currently 61 a week), the country is now dependent upon other hubs such as Singapore, Bangkok, Kuala Lumpur, Dhaka, Calcutta and Kunming for non-direct flights. Thus air travel is now a major constraint upon the wider context of tourism development. It is also clear, as Bailey (1998)

indicates that marketing and promotional activity at all levels of tourism in Myanmar and overseas is weak, with the Directorate of Tourism, wholly reliant upon the private sector to market the destination and products, which means it has little control or direction over the future image of Myanmar as a tourist destination (Bailey 1998).

Problems of Tourism Development

Even if Burma did not have such an abhorrent human rights record, which Bailey (1998: 79) confirms, the country still has major tourism development problems. As well as insufficient airline capacity there is a deficiency of airports, hotels and restaurants. Transportation infrastructure is far from adequate and the country's highways are in bad shape and trips in old buses over potholed roads can be a bone-jarring experience. Trains are unreliable and occasionally dangerous. Poor communications in the way of telephones and modern technology that the West has become so reliant on simply do not exist (Hall and O'Sullivan 1996; Hall 1997).

Tourism is hindered by excessive bureaucratic red tape by the Burmese government (Ross 1998). Immigration and visa formalities, investment and tax procedures, exchange rates, and the legal system all provide bottlenecks for tourists and investors in Burma. Nevertheless, tourism development has been rapid: in 1988 Burma had 20 state owned hotels with 914 rooms; by 1997 the figure was 428 state, private, and foreign owned hotels with 9,910 rooms (Hospitalitynet 1997). The government is actively seeking to encourage investment in order to further develop tourism infrastructure. Nearly US\$1.63 billion has flowed into the tourism and hospitality sector in recent years mainly from investors in Singapore and Thailand.

According to the Government of Myanmar (1998) 'foreign investment is an important component of the overall restructuring and development policy of the government. The main components of the policy are:

- adoption of a market oriented system for the allocation of resources.
- encouragement of private investment and entrepreneurial activity.
- opening of the economy for foreign trade and investment'

Foreign investors are allowed to make investment either in the form of a 100% wholly foreign-owned enterprise, or partly-owned, or in the form of a joint venture with a private or public local entity. If it is a partly-owned concern or a joint-venture, the minimum foreign capital is 35% of the total equity capital (Government of the Union of Myanmar 1998). Despite debate about the ethics of investing in Myanmar, the level of foreign investment is substantial. Table 13.7 illustrates the major sources of foreign investment (Government of the Union of Myanmar 1996). US\$647.63 million or 20.9 per cent of all foreign investment is going into hotels and tourism, second only to oil and gas investment which accounts for almost half of all foreign investment (Government of the Union of Myanmar 1996) (Table 13.8). With US\$453 million invested in hotel development, Singapore is the largest investor in hotels and tourism in Myanmar (see Singapore Trade Development Board 1995). Tourism specific investments from Singapore firms include:

- Strait Steamship Land which has invested \$US50 million in a five-star hotel in Yangon;
- Singapore Technologies Industrial Corporation and Liang Court which invested US\$32 million in a business class hotel in Yangon; and
- the Kuok group which has invested US\$150 in two hotels (Hall 1997).

Although Myanmar received substantial foreign investment for tourism in the mid-1990s, the downturn in the east Asian economies and the less than expected number of tourist arrivals has led to a number of development projects being put on hold. Nevertheless, in 1998 the Japanese government agreed to assist with the repair of the runway at Rangoon's international airport with low-interest development loans of 2.5 billion yen (South China Morning Post 1998). Locally funded tourism development is also often being undertaken with forced labour and/or with the forced removal of people from areas where they live in order to develop attractions for tourists (Holt 1998).

If this were not sufficient to act as a barrier to either tourism investment or tourist visitation, the Myanmar bureaucracy acts as a further deterrence to tourism. Although Burma is seeking to piggyback on Thailand's renewed tourism popularity by encouraging tourists to extend their holidays with a visit to Burma, a number of obstacles face the prospective tourist: visa procedures have been tightened, while individual travellers, as opposed to group tourists, must pay US\$300 in foreign exchange certificates on arrival at Rangoon (Ross 1998).

In a cultural context, there is also concern about the commodification of the Buddhist culture for tourism (Philip and Mercer 1999). While group tourists are easier to control for a government for whom control of the flow of people and ideas is an essential part of its survival, it is unrealistic to expect tourism to flourish without greater ease of access. When Laos joined ASEAN, visa requirements became easier for nationals of other ASEAN countries, this has not yet happened in Burma. In the longer term tourism requires political stability, a perceived safe environment for tourists, and ease of access to grow. In the case of Myanmar none of these factors substantially exist.

CONCLUSION

The emerging countries of south-east Asia have undoubtedly undergone substantial suffering in recent years as a result of civil war and foreign intervention. In the case of Myanmar and, to a lesser extent, Cambodia, such factors of political instability and the denial of human rights are still significant factors in the social, let alone the tourism, equation. The cultural and natural diversity of the area plus the awareness of the region in the media provides a climate in which appropriate tourism development is possible, without the repeat of the mistakes of other countries in south-east Asia. However, such a scenario requires government regulatory action that is in the interests of the wider populace, not just a small elite or junta. In the case of Myanmar this is definitely not occurring and, instead, tourism is being used as a tool for continued oppression rather than as tool for sustainable social and economic development.

If done imaginatively, sensitively, and sustainably, Cambodia and Laos may yet profit socially and economically from its redeveloping position in the Mekong region. To succeed, however, tourism must be viewed as only one part of a holistic development process that links economic growth and job creation with community education and empowerment. This will require innovative ideas and alliances linking institutions, expertise, and human resources in the three countries with those of global tourism and communities outside the region. Through such an integrative approach, the countries of the region may eventually be recognised once again as a destination for visitors and an inhabited place and source of cultural pride in their difficult transition from terrorism to tourism.

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Table 13.1: Kingdom of Cambodia visitor arrivals by nationality, 1994-1995

	Arrivals		% change
	1995	1994	
North Americas			
United States	17 846	14 660	21.7
Canada	3 692	3 825	-3.5
Sub total	21 538	18 485	16.5
Europe			
France	19 437	19 165	1.4
Germany	3 499	2 730	28.2
Italy	1 810	1 244	45.5
Switzerland	1 832	2 004	-8.6
UK	5 809	5 643	2.9
Sub total	32 387	30 786	5.2
North East Asia			
China (PRC)	22 886	20 782	10.1
Japan	21 629	12 829	68.6
Sub total	44 515	33 611	32.4
South East Asia			
Malaysia	11 553	8 390	37.7
Singapore	9 155	6 844	33.8
Thailand	13 595	15 198	-10.5
Vietnam	1 834	1 336	37.3
Sub total	36 137	31 768	13.8
Australia/New Zealand			
Australia	6 634	6 963	-4.7
Sub total	6 634	6 963	-4.7
Other Geographic Areas			
Miscs	78 469	55 004	42.7
Total	219 680	176 617	24.4

Source: Ministry of Interior and Civil Aviation Authority in Hall 1997

Table 13.2: Kingdom of Cambodia international visitor arrivals 1994-1998

Year	Number of International Visitor Arrivals
1994	176 617
1995	219 680
1996	260,489
1997	218,843
1998	177,500*

Source: Hall 1997; Reuters 1998

Table 13.3: Tourism in Laos 1990-1995

Year	Arrivals (‘000)	Average Length of Stay	Expenditure (US\$m)	Receipts (US\$m)	Earnings (US\$m)
1990	*14,400	NA	1 3	-	
1991	37,613	NA	6	8	2.25
1992	87,571	NA	10	18	4.51
1993	102,946	3.5	11	34	6.28
1994	146,155	5.07	18	43	7.56
1995	346,460	4.25	-	-	24.74

* Estimate only

Source: Hall 1997; Kangwaan 1997

Table 13.4: Visitor arrivals in Laos 1996-1997

Country/Region	1996		1997	
	Number	%	Number	%
ASEAN	301,450	74.8	353,266	76.3
India	17,238	4.3	5,866	1.3
China	16,707	4.1	17,661	3.8
France	11,608	2.9	13,745	3.0
USA	11,181	2.8	14,442	3.1
Japan	6,672	1.7	9,194	2.0
Australia	6,121	1.5	7,876	1.7
Germany	4,269	1.1	5,524	1.2
UK	4,162	1.0	6,054	1.3
Taiwan	2,638	0.7	(Included under Others)	
Others	23,592	5.9	29,572	6.4
Total		100		100

Table 13.5: Myanmar tourism arrivals and earnings, 1983-1995

Year	Arrivals	Tourism Earnings (US\$ '000)
1983	29 963	13 820
1987	41 904	14 650
1988	22 252	9 050
1989	5 044	4 980
1990	8 968	4 980
1991	8 061	9 430
1992	8 944	
1994	26 000	
1995	100 000	32 000

Source: Directorate of Hotels and Tourism, Burma Centre in Campbell 1996

Table 13.6: Myanmar - tourist arrival by nationality, 1993-1996

Nationality/Region	1993-94	%	1994-95	%	1995-96	%
North America	5 520	9	7 957	8	9 938	7.2
Canada	613	1	884	1	1 292	0.9
United States	4 723	7.7	6 985	6.9	8 224	6.0
Latin America	184	0.3	88	0.1	422	0.3
West Europe	14 720	23	26 524	29	38 770	28.2
Austria	613	1	884	1	1 518	1.8
Belgium	491	0.8	884	1	1 865	1.4
France	3 067	5	5 305	5.8	9 188	6.7
Germany	613	1	5 305	5.8	6 185	4.5
Italy	3 680	5.5	4 421	4.8	6 044	4.4
Switzerland	1 227	2	1 768	2	2 889	2.1
Sweden	--	--	--	--	437	0.3
United Kingdom	3 680	5.5	5 305	5.8	7 201	5.2
Other	1 349	2.2	2 652	2.8	3 443	2.5
East Europe	4 293	7	1 768	2	368	0.3
Russia	3 680	6	884	1	117	0.1
Other	613	1	884	1	251	0.2
Africa	1 227	2	2 652	3	2 865	2.1
Asia	35 560	57	51 190	56	82 590	60.1
Hong Kong	1 227	2	1 768	2	1 128	0.8
Japan	6 134	10	7 957	9	18 806	13.7
Malaysia	1 227	2	1 768	2	2 720	2.0
Singapore	1 227	2	3 536	4	5 621	4.1
Thailand	6 134	10	11 494	12	11 718	8.5
China	14 091	22	6 099	6	1 676	1.2
Other	5 520	9	18 568	21	40 921	29.8
Oceania	1 227	2	1 768	2	2 652	2.0
Australia	1 043	1.7	1 415	1.6	2 012	1.5
New Zealand	184	0.3	353	0.4	640	0.5
Total	62 547	100.0	91 859	100.0	137 320	100.0

Source: Ministry of Hotels and Tourism 1996

Table 13.7: Foreign Investment of Permitted Enterprises in Myanmar by Country (as of February 29, 1996)

Country	Total No. Permitted Enterprises	Approved Amount (US\$ in million)
Australia	6	30.00
Austria	1	71.50
Bangladesh	2	2.96
Canada	6	25.03
China	5	5.85
France	1	485.00
Hong Kong	17	64.44
Japan	6	118.21
The Republic of Korea	9	60.59
Macau	1	2.40
Malaysia	9	227.27
The Netherlands	2	83.00
Philippine	1	6.67
Singapore	38	683.88
Sri Lanka	1	1.00
Thailand	29	421.12
U.K.	18	666.22
U.S.A.	14	241.07
Total	166	3 096.01

Table 13.8: Foreign Investment of Permitted Enterprises in Myanmar by Sector (as of February 29, 1996)

Sector	Total No. Permitted Enterprises	Approved Amount (US\$ million)
Agriculture	1	2.69
Fisheries	15	252.04
Hotels and Tourism	34	647.63
Industrial Estate	1	12.00
Mining	26	193.40
Manufacturing	52	180.16
Oil and Gas	24	1 435.42
Real Estate Development	6	251.45
Transport	7	121.22
Total	166	3 096.01

Source: <http://www.myanmar.com/gov/trade/foreign.htm>