



Opportunities for Developing Tourism in Cambodia
including the Japanese Collaboration

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ASSIA Working Paper Series 21-06

September, 2021

Applied Social System Institute of Asia (ASSIA)
Nagoya University

名古屋大学 アジア共創教育研究機構

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Abstract

Since the 1990s when Cambodia ended its decades-long conflict and opened its borders to tourists, the country has seen a significant increase in the number of foreign visitors. This growth in tourism is primarily attributable to the attractiveness of the UNESCO World Heritage Site Angkor Wat, one of the world's largest religious structures. Visitors to Cambodia are concentrated in the capital city of Phnom Penh and its surrounding areas, and Angkor Wat and other temples in the vicinity as there are not many attractions outside these two destinations. The country experiences brief stays of the average visitor due to limited tourist attractions, thus, being unable to generate higher revenue from tourism, although there are other destinations within the country and varied tourism types that could be developed to offer a wider variety of activities and experiences, thus encouraging visitors to prolong their stay. Developing alternative destinations and tourism types would not only increase tourism revenue, but also create jobs and reduce regional disparity. Based on the country's current resource endowment, this study identifies three tourism types, namely, eco-tourism, indigenous tourism, and agrotourism, which have the potential to provide new alternatives and services for tourists who visit Cambodia with only Angkor Wat in mind.

Keywords:

tourism diversification, eco-tourism, indigenous tourism, agrotourism

1. Introduction

The Cambodian economy is largely dependent on four sectors, namely, agriculture (undiversified and primarily focused on rice cultivation), manufacturing (mainly garment and footwear), construction, and tourism. Since the 1990s, the end of conflict in Cambodia has attracted a growing number of foreign tourists. Angkor Wat, which was declared as a UNESCO World Heritage Site in 1992, along with many surrounding temples, has played an important role in the country's budding tourism industry (TI). Millions of tourists visit these temples each year, generating considerable revenue; however, Cambodia's TI has not fared well—compared to Vietnam and Thailand that share the same region—with shorter stays¹ and fewer revisits, restricting the industry's potential in becoming an important engine for economic growth and poverty reduction.

Located in a vibrant tourist region coupled with appealing topography and both natural and cultural endowments, Cambodia has the potential to attract more tourists, subsequently increasing tourism generated revenue. For example, visitors who visit Thailand may be interested in exploring neighboring countries, including Cambodia, and tourists who come to see Angkor Wat may be interested in exploring other parts of the country or engaging in other tourism-related activities. Therefore, developing a more diversified TI and exploring the other types of feasible tourism would be advantageous, especially given the country's current limitation for resources. This study aims at exploring the potential for various types of tourism to encourage their development in different areas of the country in order to attract tourists to prolong their stay when they visit Angkor Wat.

2. Development of the Cambodian tourism industry

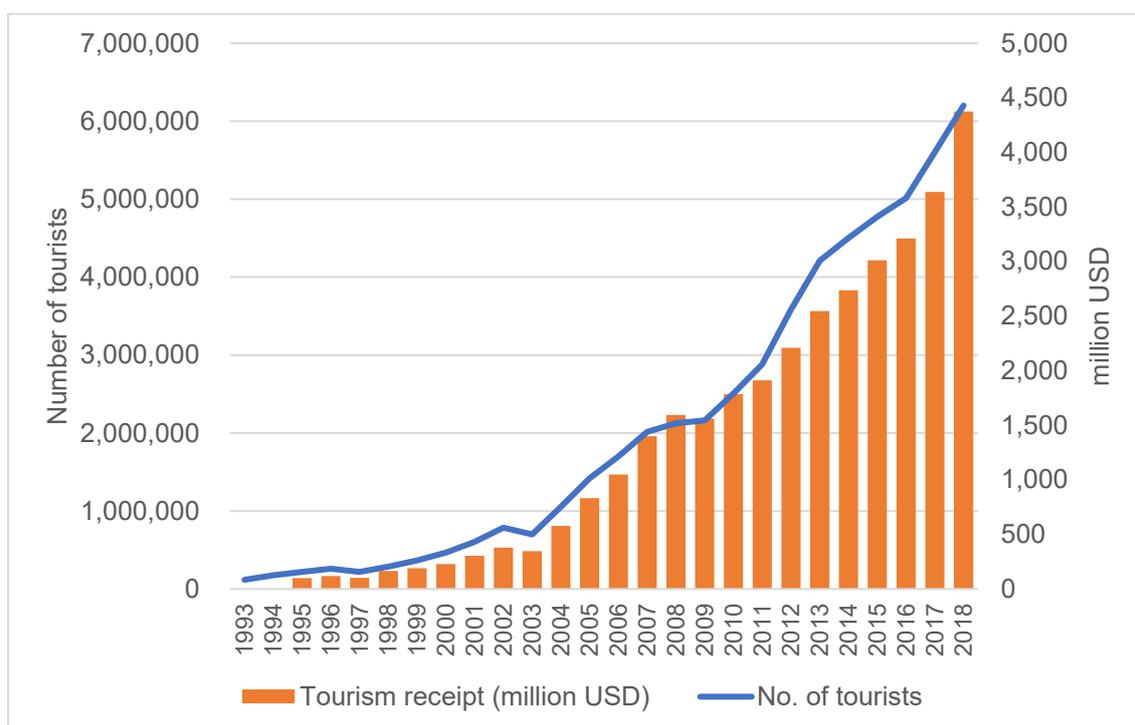
2.1 Progress of tourism industry

Tourism contributes significantly to the Cambodian economy, creating direct and indirect jobs for local people, attracting foreign direct investment, and generating foreign currency inflow analogous to net exports. The number of tourists has seen a significant increase since Cambodia became accessible to foreigners in the 1990s. In 1991, the number of visitors recorded during the first

¹ The average length of tourists' stay in Cambodia is 6.8 days, which is lower than of the other Southeast Asian countries including Indonesia, Myanmar, the Philippines, and Thailand (ASEAN, 2017). Shorter stays reduce tourism revenues, thereby incentivizing stakeholders to find possible solutions.

year, was close to 100,000, reached 1 million in 2004, and doubled over the next 3 years, to approximately 2 million visitors in 2007 (Figure 1). The latest data showed a steep increase to 6.2 million in 2018 (Ministry of Tourism, 2019). Additionally, the revenue generated from tourism increased dramatically from approximately USD 100 million in 1995 to more than USD 4.3 billion in 2018, accounting for approximately 17% of the annual GDP (Ministry of Tourism, 2019).

Figure 1. Number of foreign visitors and tourism receipts, 1993-2018



Source: Created by the author based on Ministry of Tourism, 2019

In addition to the aforementioned indicators, there have also been a number of positive developments in Cambodia's TI, such as improved infrastructure, increased availability of higher-end accommodations, and better hospitality services. However, there is still abundant opportunity for improvement in the industry with untapped potential that can be explored. In short, the Cambodian TI is not yet competitive in the region, ranking 98th out of 140 countries—the lowest in Southeast Asia—by the Travel and Tourism Competitiveness Index for 2019² (World Economic Forum, 2019). There are challenges that all industry stakeholders in both the public and private sectors

² Lao PDR ranked 97th, whereas there are no data for Myanmar.

need to address in order to improve the Cambodian TI's competitiveness so that it continues to contribute to the country's economic development.

2.2 Challenges facing the Cambodian tourism industry

As in most developing countries, Cambodia's infrastructure, which is crucial to tourism, is underdeveloped. Out of 140 countries globally, the country's rank was at 91st, 111th, and 93rd for air transport, ground and port, and tourist services' infrastructure, respectively, lower than other Asia-Pacific countries (World Economic Forum, 2019). This lack of competitiveness, poor maintenance of tourism assets, and inaccessibility of some tourist attractions poses a great challenge for the country's TI (OECD, 2016). Although Cambodia recently launched a national air carrier, Cambodia Angkor Air³, its flights are limited to regional routes and visitors from Europe and North America have to spend long hours in transit while paying higher costs for flights to travel to Cambodia. Thus, rendering Cambodian destinations more expensive and less attractive than others in the region. One of the government's policy priorities is to promote direct flights to Cambodia (B2B-Cambodia, n.d.); however, given the limited demand for air travel to Cambodia even before the COVID-19 pandemic, it is difficult to realize this policy goal.

Tourism is recognized as one of the most effective tools to alleviate poverty (Zhao & Ritchie, 2007; Scheyvens, 2007), which is proving ironic as Siem Reap Province, where the Angkor Wat Archeological Park is located, is one of Cambodia's poorest provinces (Hay et.al., 2011), indicating an unequal and inequitable share of benefit distribution in the province. Therefore, tourism has failed to deliver one of its key objectives, poverty reduction. This failure has been attributed to a number of causes. First being the issue of tourism revenue leakage, where even though the number of tourists continues to increase, their expenditures (tourism revenue) "leak" out of the country through imports related to tourism-related goods and services, such as agricultural products, food, accommodation facilities, and air transport. Even a majority of cultural goods such as souvenirs are not locally produced⁴, and hence, it is not surprising that many of these can easily be found in other Southeast Asian countries, making it

³ Cambodia launched its national carrier in 2009, a joint venture between the Cambodian government and Vietnam Airlines.

⁴ Mao, Delacy, and Grunfeld (2013) claimed that 80% of the souvenirs sold in Siem Reap-Angkor Wat are imported from China, Thailand, and Vietnam.

challenging for many visitors to find unique and authentic Cambodian souvenirs. Tourism revenue and exports generate foreign currency inflow but due to the high rate of import attached to tourist goods and services, a substantial amount of this revenue is not retained within the country.

Another issue related to tourism revenue leakage is the notorious operation of zero-dollar tours, i.e., packaged tours for which tourists initially pay a low price to a tour agency but are then forced to buy overpriced souvenirs and eat in extravagantly priced restaurants⁵. This type of tourism, popular among Chinese tourists, has a significant negative impact on several tourist destinations in Southeast Asia such as Thailand and Indonesia, as well as Cambodia. In the case of Phuket, located in Thailand, Chinese tour operators manage the entire tourism value chain, pocketing the value added at each step. They manage inbound and outbound tour agencies, transportation companies, restaurants, and accommodation facilities, as well as build their own replicas of popular local attractions and tourist destinations. Tourists are bound to visit the designated locations and use services that are preapproved by the tour operators, thus, minimally benefiting the local people. Zero-dollar tours are prevalent because of ongoing corruption and the involvement of the local mafia (Kariyapol, 2019). Although there have been no specific investigations of the serious, negative impact of such tours in Cambodia, there is a general notion that this situation has persisted since the country opened to tourists; in fact, the Cambodian Ministry of Tourism claims that this is one of the reasons for the recent decline in foreign visitors to Cambodia's Angkor Wat (Hin, 2019). In the case of Phuket, Kariyapol (2019) found that zero-dollar tours caused negative interactions between the locals and the tourists, and since the latter may not be happy with the tour, they are less likely to revisit the country or recommend it to others.

3. Alternative tourism destinations

3.1. Developing alternative types of tourism

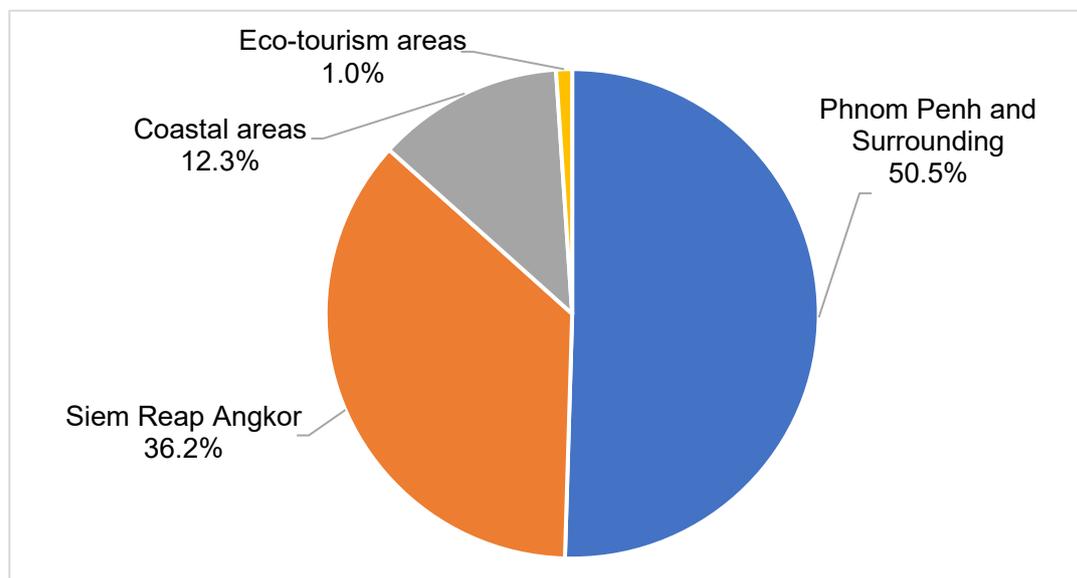
The temple of Angkor Wat and the capital city of Phnom Penh account for more than 85% of all foreign visits to the country (Figure 2). The coastal areas that house beautiful beaches and islands⁶, were once a paradise for local tourists and foreign backpackers, but one of the main coastal towns, the

⁵ In the case of Phuket, Thailand, this has involved physical violence (Kariyapol, 2019).

⁶ In 2017, CNN listed one of Cambodia's islands as one of the top 100 best beaches around the world (CNN, 2017).

Sihanoukville, has been transformed into a casino town by Chinese investors (Zaugg, 2019).

Figure 2. Distribution of visitors by region



Source: Created by the author based on Ministry of Tourism, 2019

Sihanoukville, one of the most important destinations in the coastal areas, has seen a declining number of local and Western visitors due to the rapid influx of Chinese tourists (Hin, 2018). If this trend continues, it will prove to be challenging to develop the coastal areas as alternative tourist attractions where visitors can choose a package that includes visiting Sihanoukville along with Angkor Wat or Phnom Penh.

Cambodian TI needs to diversify in order to increase the number of inbound visitors as well as upgrade its quality to attract wealthier ones. The question is, given the amount of capital and the level of cultural, human, technological, and geographical resources, what types of tourism can be developed? One option is to learn from and imitate the success of its immediate neighbors such as Thailand and Vietnam, where the TI is more diversified, and the number of visitors and tourism revenues are greater. However, considering its limited resources, there are some types of tourism that are not feasible for Cambodia. For example, Thailand is one of the world's top destinations for medical tourism (The Taiger, 2018; Noree et al., 2016), however, these resources are not as developed in Cambodia; in fact, many relatively wealthy Cambodians regularly seek access to better quality medical services abroad

(Tang, 2019). Vietnam is striving to promote agrotourism in line with the trend of Western tourists seeking to experience authentic farm work (Dan, 2018), which could be implemented in Cambodia as the country produces many varieties of crops and fruits all year-round, making agriculture an important sector for economic development. In addition, in the Northeastern part of Cambodia, communities of indigenous people whose cultures and lives are different from the majority of Khmer people can be explored to promote indigenous tourism, which has been successful in Lao PDR and Thailand.

3.2. Potential alternatives to traditional tourism

1) *Eco-tourism*

Among the four tourism regions classified by Cambodia's Ministry of Tourism, the country's eco-tourism areas attract the smallest number of visitors, i.e., approximately 1% of the total visitors, with locals forming the majority. In a bid to diversify the country's tourist attractions, the Ministry of Tourism launched a policy to promote eco-tourism, mentioning 2,300 rural communities that have the potential for such services. However, only 123 communities have provided such services till date (Chea, 2019). If prudently developed, eco-tourism can be an alternative attraction for foreign visitors. The country's mountainous Northeast region houses majority of the eco-tourism sites, with diverse communities of indigenous people thus, offering a unique blend of eco-tourism along with the indigenous one.

2) *Indigenous tourism*

The Northeast provinces encompass an unparalleled richness of their natural attractions, such as waterfalls, forests, rivers, and plateaus, which heavily contribute to eco-tourism and can subsequently aid in ingenious tourism as well. Indigenous tourism is defined by the University of Northern British Columbia as tourism activities that are directly managed and controlled by indigenous communities whose culture serves as a center for them (University of Northern British Columbia, n.d.). Therefore, making the aforementioned indigenous communities interesting to visitors due to their unique cultures.

In a feasibility study of indigenous eco-tourism development in Ratanakiri and Mondulokiri provinces, Heng et al. (2016) found that these two provinces are more feasible for the development of indigenous tourism for a number of reasons, including the presence of indigenous communities that are supportive of tourism as well as indigenous cultural assets such as housing, clothing, food, lifestyle,

language, et al., that are not influenced by the modern world. Additionally, there are national and international laws along with other legal instruments whose objectives are to protect and preserve these assets and promote the welfare of such communities. Therefore, developing indigenous tourism in Cambodia appears to be a viable growth opportunity for the country's overall TI.

3) Agrotourism

Given the country's relatively plentiful agricultural resources, agrotourism has great potential for development. Recognizing which, representatives of Cambodia's Ministry of Tourism have had discussions with the Japanese embassy to explore ways to further develop this type of tourism. Specifically, the two sides discussed the promotion agrotourism and tourism in both countries and the development of human resources in their respective tourism sectors (Khmer Times, 2021). It is noteworthy that since the 1990s, Japan has been a significant contributor, both financially and technically, to restore and preserve⁷ Angkor Wat and other temples that are important cultural and tourism assets of Cambodia, through collaboration with UNESCO (Ke, 1994; UNESCO, n.d.).

Although agrotourism has not been well developed in Cambodia, it is offered in one of Siem Reap Province's communities since 2013, with services ranging from shopping at the local market, visiting local schools, riding in ox carts, visiting vegetable farms, and bird-watching to learning how to cook Khmer food, fishing at the lake, and visiting rice fields (Hong, 2019).

4. Conclusion

Tourism continues to play an important role in Cambodia's economic development, with Angkor Wat as the country's most important cultural asset and attraction. Diversification of the TI should be a priority for newer policies. Given its limited resources, Cambodia has fewer options for developing its TI. For example, the country does not have sufficient capacity or infrastructure to develop medical tourism and other high value-added types of tourism that are successful in Thailand and other advanced countries. Additionally, as there is an abundance of tourist destinations in Southeast Asia, it is important to develop tourism products that differ from those offered in other countries.; The best option for Cambodia is to develop unique and complementary tourism products and services as well as identify local resources that can be developed into these

⁷ Please find further information regarding the detail of the corresponding restoration work here: <https://www.nippon.com/en/people/e00132>

unique products. In many respects, eco-tourism, indigenous tourism, and agrotourism can help the country develop, especially given its current resource limitations. With more diversified tourism products and services and a wider variety of destinations visitors will have more options and reasons to prolong their stay and revisit Cambodia.

This study describes the potential of three types of tourism; however, there are other types of tourism such as those related to recent history that may have the potential to be developed. If data is available, it would be helpful to analyze the impact of alternative tourism products and services on the Cambodian economy. Also, other issues such as the issue of leakage of tourism revenues should be thoroughly examined in order to find solution so that higher revenue can be retained within the country.

Acknowledgment

I would like to express my heartfelt gratitude to Professor Kiyoshi Fujikawa for his support and encouragement. This research was supported by the Takahashi Industrial and Economic Research Foundation.

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