

CAMBODIA IN GLOBAL TOURISM PROSPECT

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Aspect And Perspective In Recoveries

This study aims to analyze the dynamic change in Cambodia tourism sector in regional and global perspective.

Exploring international aspects on tourism recovery approaches and finding the ways that Cambodia can adopt and adapt to current situation and plan accordingly for tourism recovery and development in the long-term perspective.

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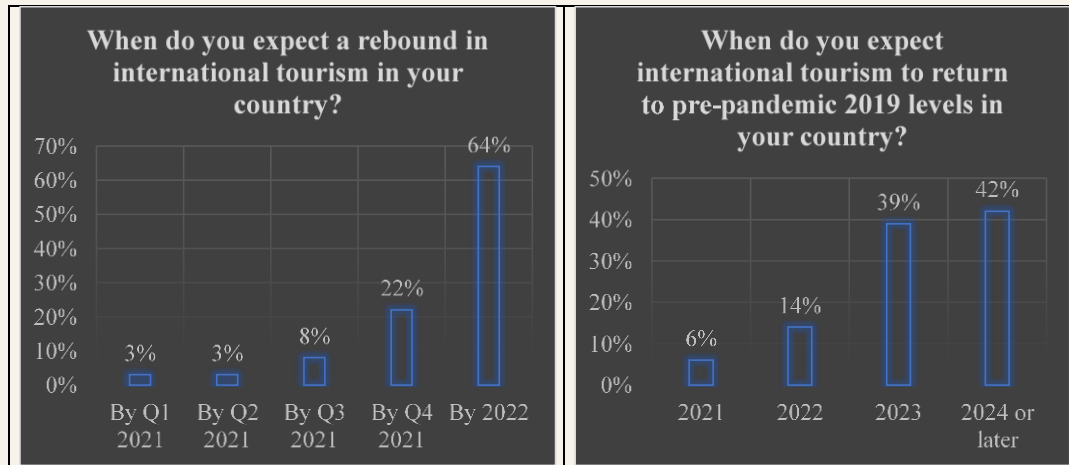
01 Introduction



- Due to the COVID-19 pandemic, the target to receive 7 million international tourists will likely to happen in 2025, where Cambodia government has adopted a roadmap 2020-2025 on restoration and enhancement of tourism during and after COVID-19 crisis.
- The recovery in tourism sector will depend on the effectiveness of the vaccination and support programs government and the international community put in place to respond to the new normal environment.
- The significant of the study lies in exploring the international researches on tourism impacts and perspective during and post COVID-19 pandemic and identifying the problem areas of Cambodia tourism development and providing appropriate solutions and prospects of development.

02 Global Tourism Prospect: Asia And The Pacific

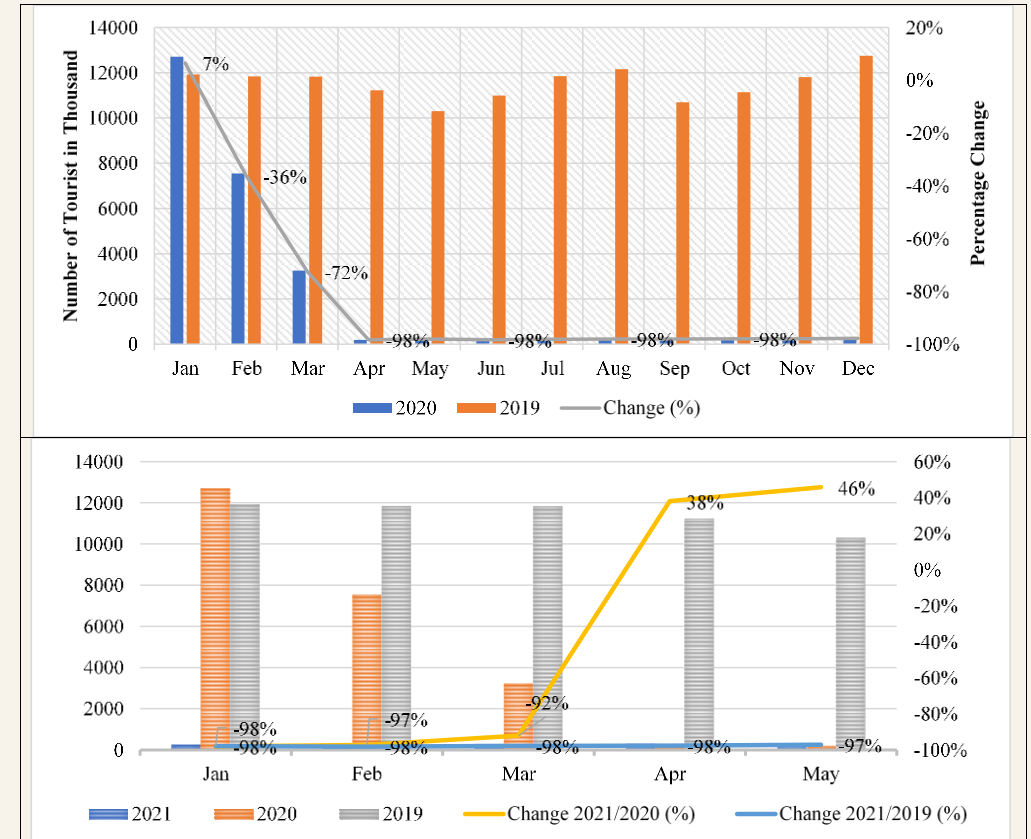
Figure 1. UNWTO Panel of Experts survey in Asia and the Pacific



Source: (UNWTO 2021b), [UNWTO conducted a global survey among its UNWTO Panel of Tourism Experts on the impact of COVID-19 on tourism and the expected time of recovery. Data as collected by UNWTO, January 2021. Published: 26/01/2021]

The latest UNWTO Panel of Experts survey shows a mixed outlook for 2021 in Asia and the Pacific. 64% of respondents now expect a rebound to occur only in 2022. In Asia and the Pacific, most experts do not see a return to pre-pandemic levels happening before 2023. In fact, 39% of respondents point to 2023, while 42% expect a return to 2019 levels will only happen in 2024 or later (see figure 1).

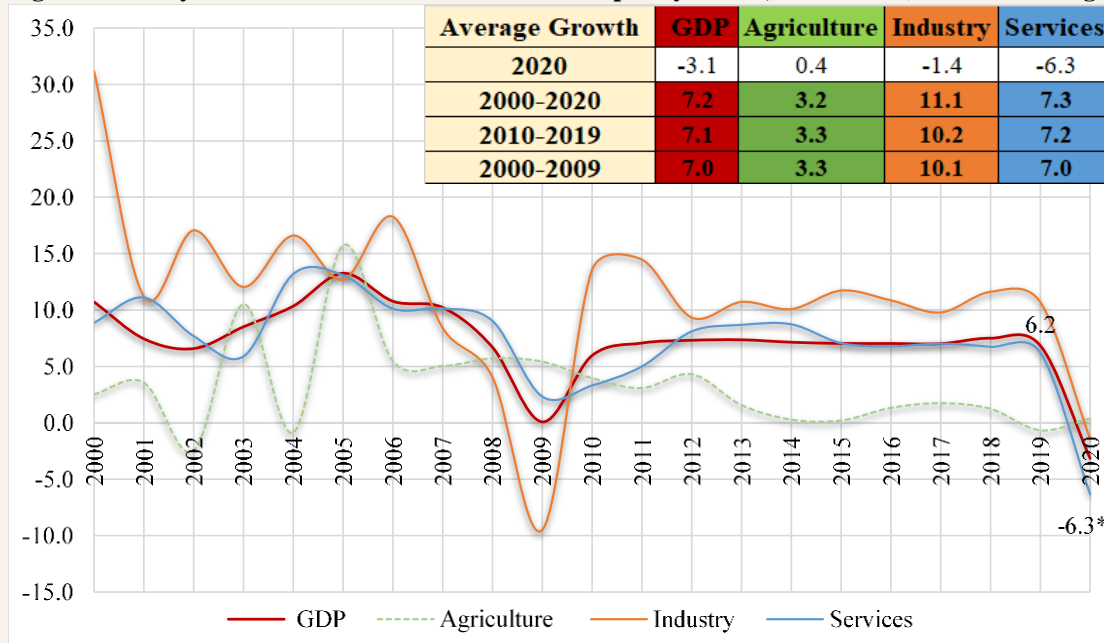
Figure 2. Dynamic Change of ASEAN International Tourist Arrival, Year 2019-2021



Source: Author's Calculation (UNWTO 2021c)

03 Cambodia's Economic Aspects And Perspective

Figure 3. Yearly Growth of Cambodia Economic Output by Sector, 2000-2020 (% annual change)



Source: Author's Calculation (ADB 2021)

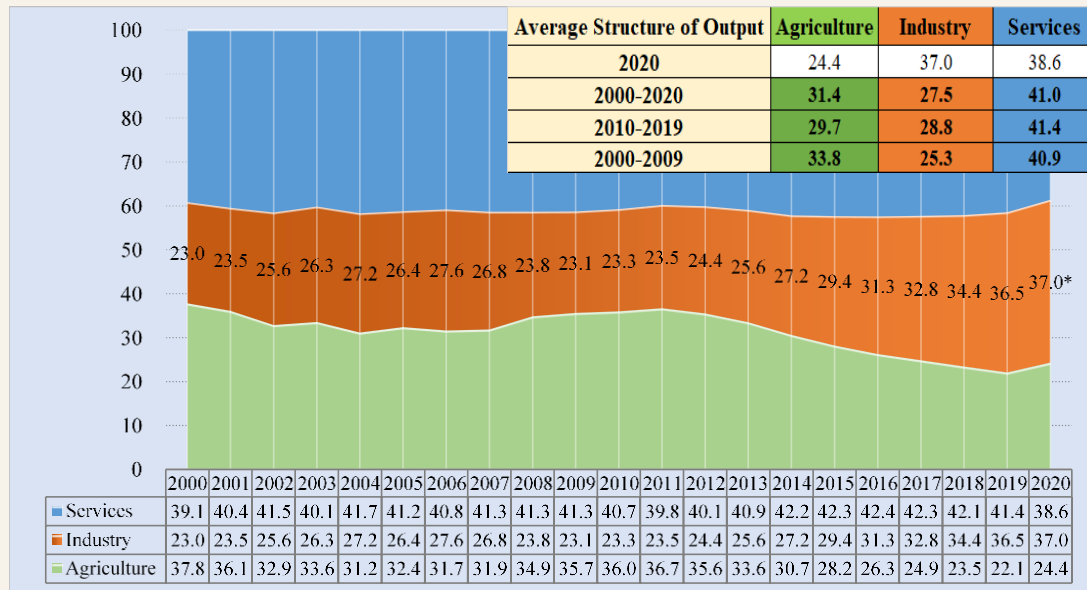
The average yearly rate of Cambodia GDP growth being equal to 7.2 percent from 2000-2020. However, the process has been far from uniform.

Between 2000 and 2009, GDP growth averaged 7.0%, peaking at 13.3% in 2005 and bottom at 0.1 percent in 2009 as Cambodian economy was then strongly affected by the global financial crisis.

However, the Cambodian economy recovered quite rapidly growing at an average rate of 7.1% from 2010 to 2019.

03 Cambodia's Economic Aspects And Perspective

Figure 4. Structure of Cambodia Economic Output (% of GDP at current basic prices)



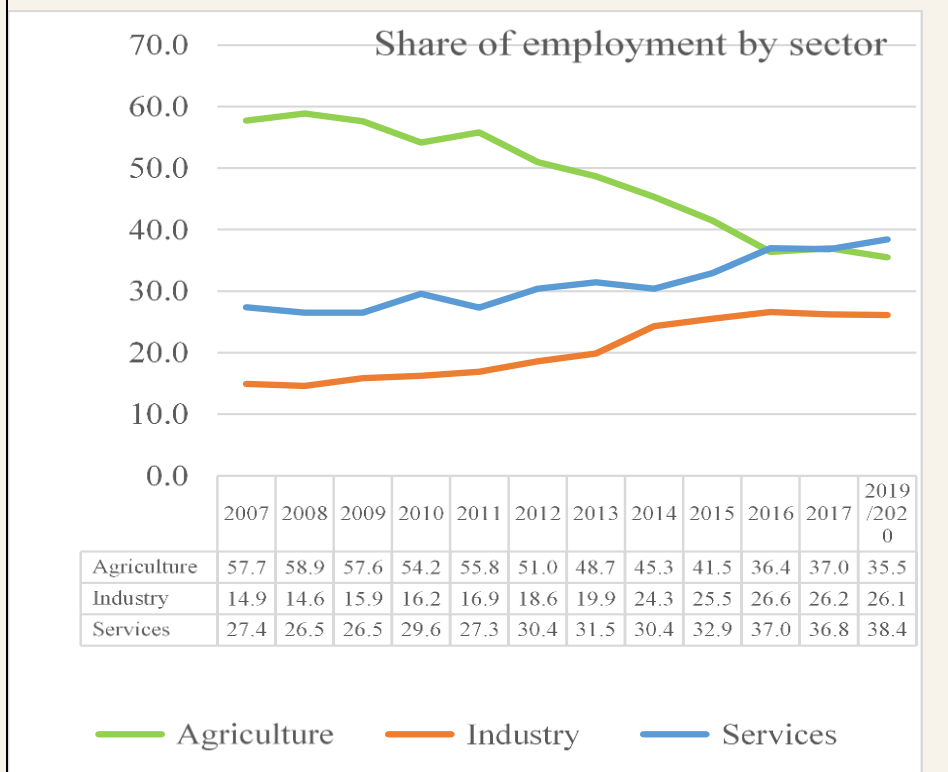
Source: Author's Calculation (ADB 2021)

In 2000 the services sector was the most important and has kept this position till now. In 2000, Agriculture was the second most important sector with a share of 37.8 percent. From 2000 to 2011 its production share first declined and then went back almost to the 2000 value. However, in the following years, the relative weight of agriculture sharply declined to a present value of 24.4 percent.

The share of Industry presents a trend that mirrors that of agriculture; from 2000 to 2011 it did first increase to then go back to around the initial value; then it progressively increased up to a present value of 37 percent. Industry became the second most important sector since 2015.

Figure 5. Employed Population By Sex And Economic Sector From 2007-2020, (Thousand)

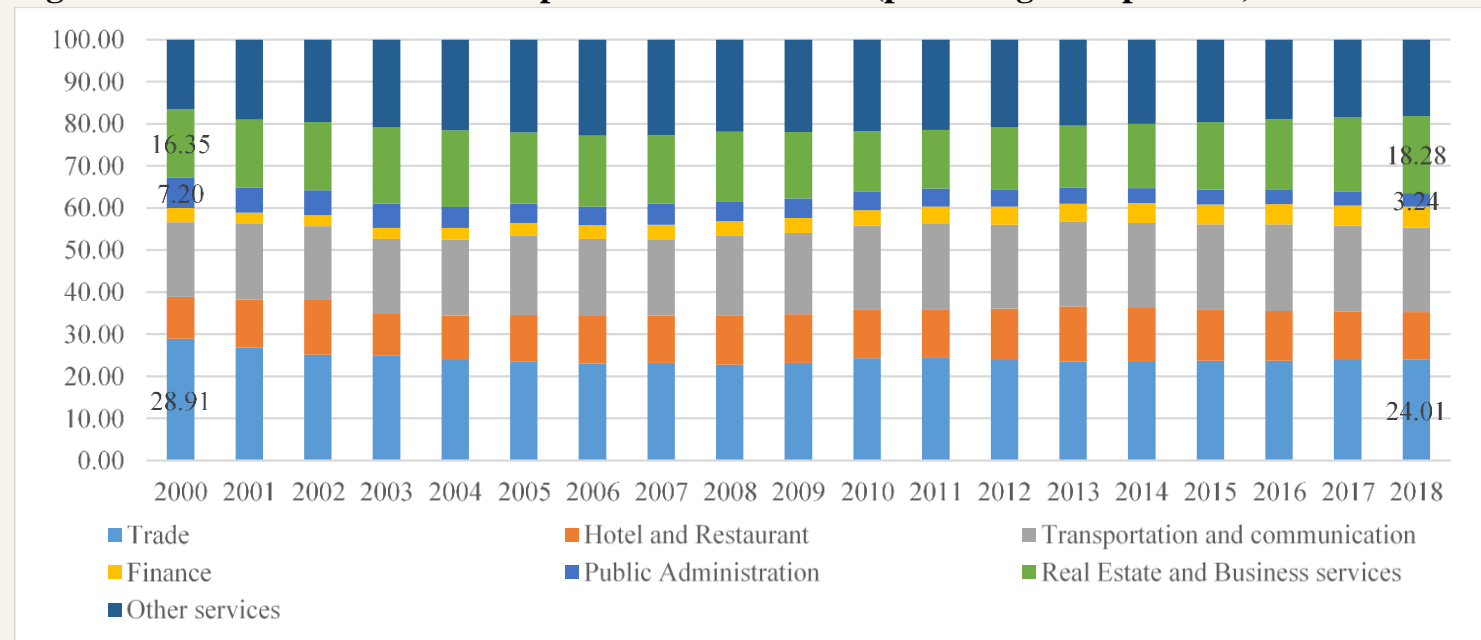
Year	Agriculture	Industry	Services	Total
2007	3,941	1,018	1,869	6,828
2020	3,126	2,298	3,381	8,805
Change	-816	1,280	1,512	1,977
Growth	-21%	126%	81%	29%



- Total employment and employment by sector - we observed that 57.7 percent of the employed worked in agriculture, services accounted for 27 percent and industry for 14.9 percent in 2007. Agricultural employment started to decline since 2012 and the total decline was 21 percent from 2007 to 2020 with a decreased of more than 816 thousand jobs, a decline that was however largely compensated by an increase in services and industry by respectively 1,28 million and 1,51 million jobs.
- As a consequence, in 2020 Services employment accounted for 38.4 percent, just a little more than agriculture at 35.5 percent, while Industry's share had increased to 26.1 percent. From 2007 to 2020, about 2 million new jobs were created and total employment has increased by 29 percent.
- The level of women employment is similar to men employment, where we noticed the changing trend of women employment in agriculture share decreased from 59 percent in 2007 to 38 percent in 2020 and increased from 14 percent to 24 percent in industry and from 26 percent to 38 percent in services.

04 The Importance Of Tourism To Cambodia's Economy

Figure 6. Service sector at current price from 2000-2018 (percentage composition)



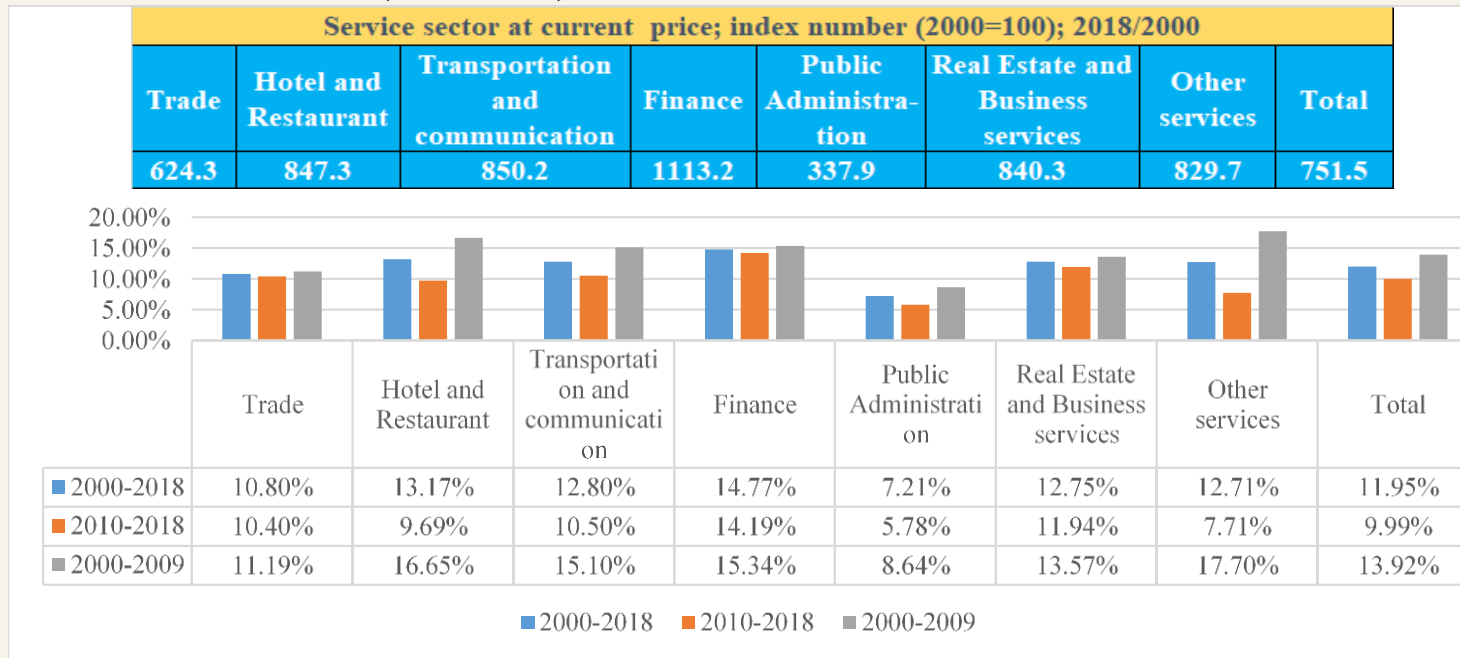
Over the period considered the production share of two branches has declined, that of Trade that with 28.9% was the most relevant branch in 2000 and has lost 4.9 percentage points in 2018 and public administration down from 7.2% to 3.2%.

Source: Author's Calculation, (NIS 2021) [Cambodia National Account]

The production share of all other branches has increased and more specifically Transport from 17.8 percent to 20.1 percent. Real estate from 16.3 percent to 18.3 percent, Hotel from 10 percent to 11.2 percent and Finance from 3.3 percent to 5 percent.

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Figure 7. Index of services sector at current price 2018/2000; average yearly rate of growth of main branches and total sector; 2000-2009, 2010-2018 and 2000-2018



For the average yearly growth from 2000-2018, Finance is the branch that registered the highest growth (14.8%), followed by Hotel and Restaurant (13.2%), Transportation (12.8%), Real Estate (12.75%) and other services (12.7%).

Source: Author's Calculation, (NIS 2021) [Cambodia National Account]

For 18 years, the service sector increased 7.5 time including finance (10 time), Hotel and Restaurant (7.5 time), Transportation (7.5 time), Real Estate (7.4 time) and other services (7.3 time).

Table 1. Foreign visitor arrivals to the regions in January - December 2018

	Arrivals			Share (%)	Change (%)	
	2016	2017	2018	2018	17/16	18/17
Phnom Penh & surrounding	2,806,438	3,144,875	3,610,262	50%	12%	15%
Siem Reap Angkor	2,205,274	2,457,282	2,590,815	36%	11%	5%
Coastal Areas	643,289	739,884	877,236	12%	15%	19%
Eco-tourism Areas	66,349	71,697	75,096	1%	8%	5%
Total	5,721,350	6,413,738	7,153,409	100%	12%	12%

Source: (Ministry of Tourism 2018)

Table 2. International tourist arrivals in January - December 2018

	Inbound Tourism			Share (%)	Change (%)	
	2016	2017	2018	2018	17/16	18/17
Air:	2,704,367	3,312,738	4,096,870	66%	22%	24%
Phnom Penh Int'l Airport (PNH)	1,164,240	1,409,833	1,923,773	31%	21%	36%
Siem Reap Int'l Airport (REP)	1,507,039	1,820,687	1,939,550	31%	21%	7%
Kong Keng (KOS)	33,088	82,218	233,547	4%	148%	184%
Land and Waterways:	2,307,345	2,289,419	2,104,207	34%	-1%	-8%
Land	2,153,932	2,144,009	1,960,011	32%	0%	-9%
Waterways	153,413	145,410	144,196	2%	-5%	-1%
Total	5,011,712	5,602,157	6,201,077	100%	12%	11%

Source: (Ministry of Tourism 2018)

We can see the positive change on foreign visitor arrivals in different regions across the kingdom in 2018, especially the increase in coastal areas – 19 percent growth and Phnom Penh & surrounding – 15 percent. Monthly international tourist arrivals in Cambodia decreased to minimum of 5 thousand people in April 2020 and in the first semester of 2021, it is still not better. Cambodia international tourism receipts starts falling consecutively from the first quarter to the fourth quarter of 2020

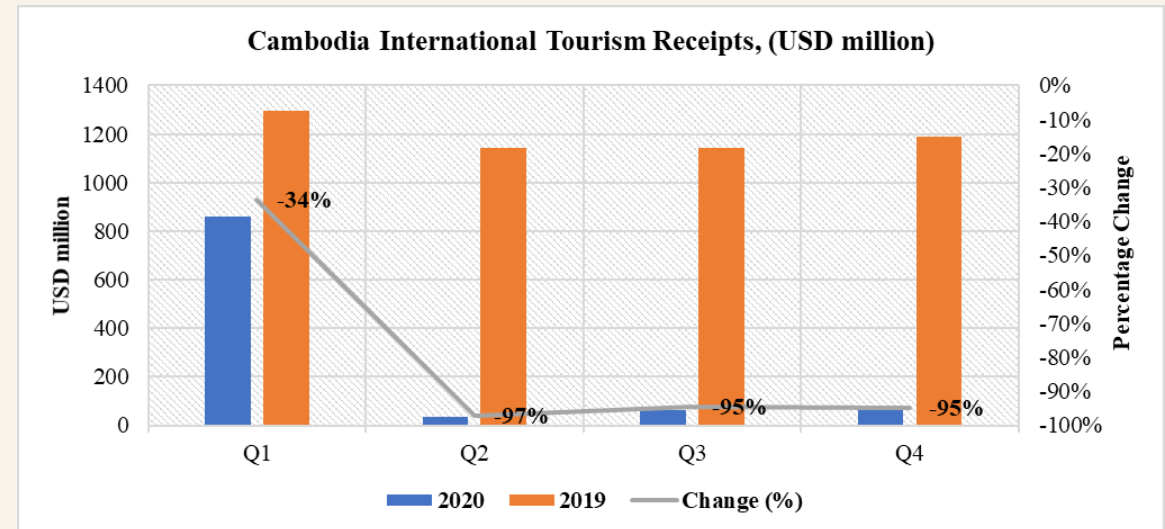
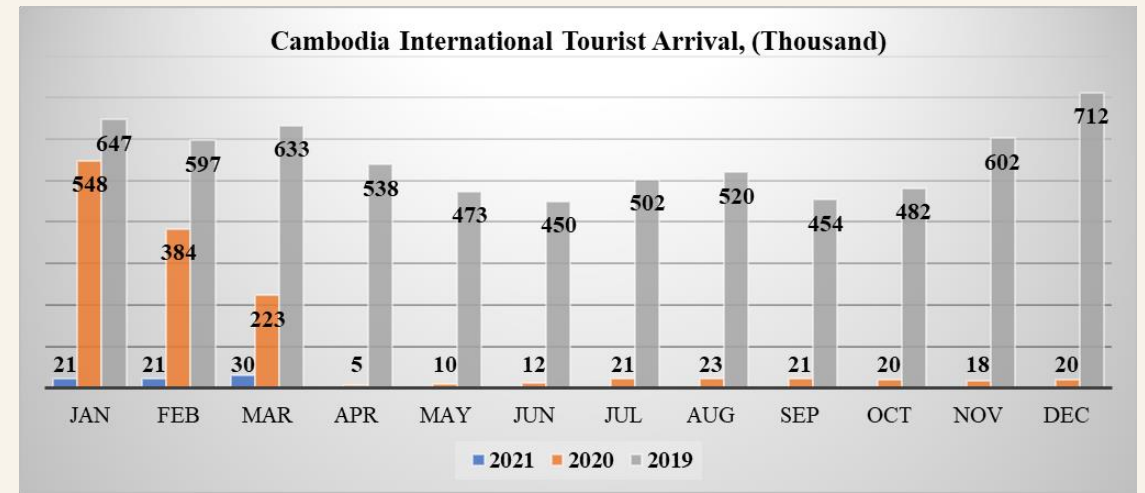
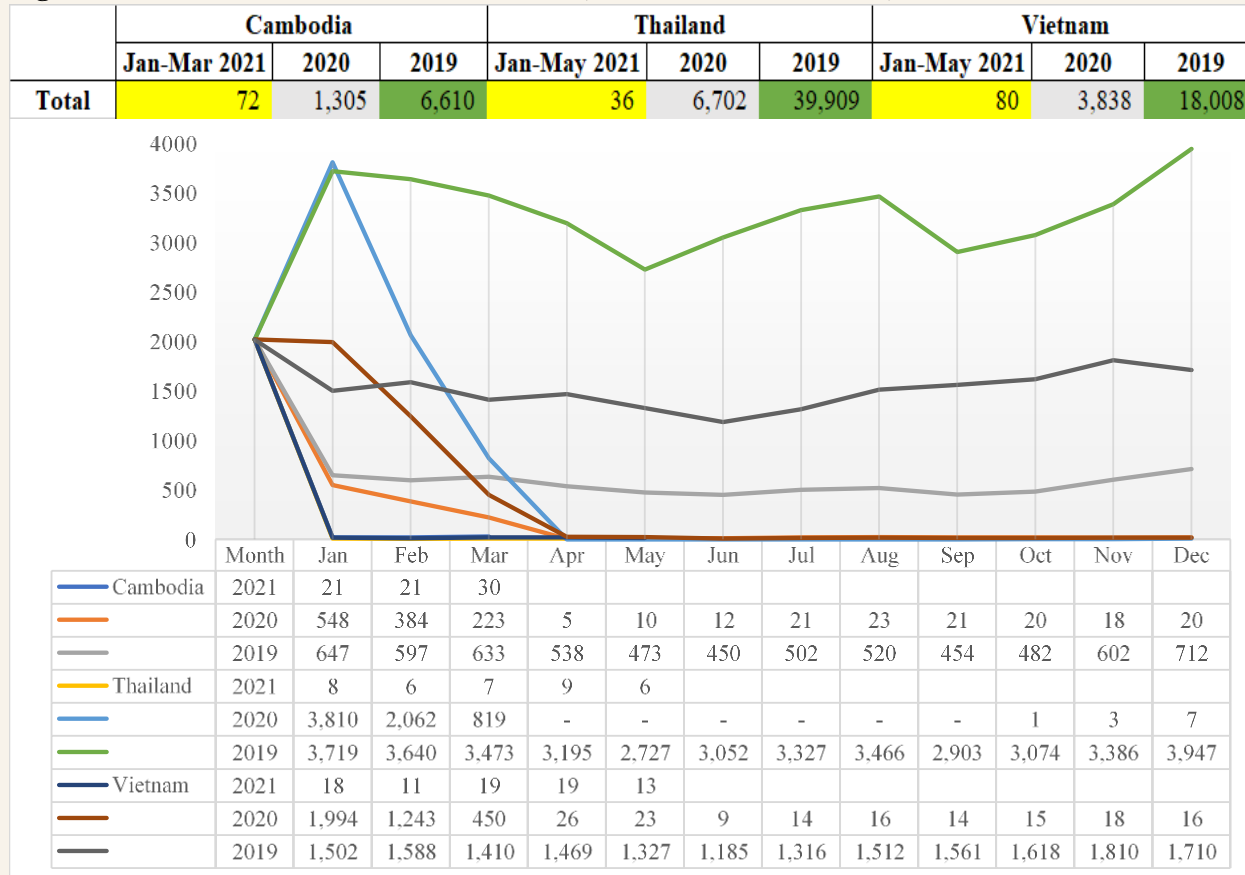


Figure 9. Total Tourist Arrivals in Cambodia, Thailand and Vietnam, Year 2019-2021 (Thousand)



Source: Author’s Calculation (UNWTO 2021c)

Table 3. Cambodia’s Share of Total Tourist Arrivals in ASEAN, Year 2019-2020, (Thousand)

	2020	2019	Change %
ASEAN	25 500	138 510	-82%
Cambodia	1 305	6 610	-80%
Share	5%	5%	

Cambodia, Thailand and Vietnam are using various measures to mitigate the spread of the pandemic by imposing different forms of lockdowns, with varying stages of unlocking or easing containment measures that disrupt tour and travel, as well as accommodation including hotels and restaurant sectors.

The worsening of tourist arrivals in neighboring Cambodia like Thailand and Vietnam really affect to the effort of regional tourism recovery where traditionally Cambodia can absorb some percentage of tourists visiting these countries. We can see the sharp decline in the first five months of 2021 in Thailand and Vietnam, where Cambodia performed better due to fast vaccination process in Cambodia.

05 Recovery Policies: Aspect And Perspective

Cambodia Ministry of Tourism (MOT) has been working and collaborating with Ministry of Health, under the recommendation of UNWTO and WHO to impose “new health and safety protocols” for local tourism, introducing new safety guidelines and codes of conduct for tourism businesses to prevent the spread of Covid-19 and revive the sector.

The Ministry of Tourism and the Ministry of Labour and Vocational Training are preparing Programmes to develop professional skills in tourism sector. During the pandemic, the government has been investing hundreds million dollar building infrastructure in Preah Sihanoukville and Seam Reap for tourism development aspects.

Fiscal measures have the potential to mitigate growing within-country inequalities and support more inclusive economic growth. In many cases, redistributive policies can be strengthened by making tax and benefit systems more progressive and reducing tax avoidance and evasion (UNDESA 2020a).

Large-scale conventional and unconventional monetary policy measures were also introduced quickly to avert a liquidity crisis (ILO 2020).

To maintain sustainable economic recovery, a certain extent of the underlying problem needs to be resolved by mitigating the spread of the disease to manageable levels (that is, preventing health systems from being overwhelmed and avoiding excessive deaths) while keeping the economy sufficiently active (that is, preventing worsening poverty, averting unnecessary business closures, and avoiding lasting damage to human capital and productivity) (Loayza et al. 2020).

06 Conclusion

In conclusion, in the 20 years covered by the Cambodia data:

1. Service have always remained the most important economic sector and its share at current prices has slightly increased.
2. Agriculture that had been the dominant sector till the end of the previous century is by now the less important, its production share being less than a quart of the total.
3. Industry that historically had been the least important sector, but starting in 2009 has been constantly improving surpassing agriculture in 2015 and then progressively approaching services.

06 Recommendation

01

Key reforms are needed for Cambodia to sustain pro-poor growth and foster competitiveness through efficiency and effectiveness of resource allocation and wealth redistribution by improving the quality of public services. Further diversification of the economy will require more greater connectivity and investments in rural and urban infrastructure, fostering entrepreneurship, expanding the use of technology and building new skills to address emerging labor market needs. Accountable and responsive public institutions is critical to meeting the evolving needs of citizens and the private sector. And quality of human capital will be of utmost importance to achieve Cambodia's ambitious goal of reaching middle-income status by 2030 (World Bank 2020b).

02

Main tourist destinations and attractions that are usually swarming with tourists such as Angkor Wat and many other temples across the country should limit the number of tourists visiting. Managing the number of visitors is crucial for public health precautions of "social distancing" to mitigate the risk of the virus spreading. Additionally, it should be mandatory that all tourists, tour guides and staff working at these tourist sites, adhere to proper hygiene practices such as wearing masks at all times. Sanitizer stations and disinfectant wipes should be made available around communal areas or key high traffic areas (Geraldine Tan 2020).

03

Restarting tourism sector as soon as possible by easing travel restriction with introduction of vaccination document or passport and implementing health and safety protocols. Cambodia also needs to promote domestic tourism and diversify inbound tourism, as well as the enhancement of regional tour and travel with neighboring countries after the completion of the planned vaccination process that Cambodia is going to open all the economic sector soon. It requires new analysis, data and approaches that are calibrated to the fast-changing tourism sector. Tourism policy frameworks will need to be adapted to take account of and respond to these developments by improving coordination measures with well-developed rectangular strategies and national strategic development plan to optimize tourism's economic and social benefits, while minimizing its negative impacts.

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