

Solutions and how to recover from the COVID pandemic

Good morning ladies and gentlemen, I'm very happy to attend the forum today and to be in such distinguished presence.

I would like to thank Mr. Trung and the entire Khanh Hoa Tourism Department to have chosen Alma Cam Ranh to organize today's event at our resort, we appreciate this very much, as we are only open for a bit over half a year and to get the opportunity to welcome you all is a great honor.

The Tourism and Hospitality Sector, In Vietnam, has been totally ravaged by the Covid-19 pandemic.

As a result, many tourism businesses have been forced to close and many hotels are already on the market for sale. A large percentage of the employees have either been furloughed or laid off. Many tourism companies on the stock market recorded second-quarter revenues falling 70-80% year-on-year.

Over the next 15 minutes, I would like to highlight a number of actions that should be taken to assist in sustaining the tourism sector and helping staff and to mitigate the socio-economic impact. The points I will bring up are a combination of discussions with colleagues in the industry and represent not just my own personal ideas but rather from a large base of stakeholders.

1. CASHFLOW

- An idea could be for the Government to create a fund through the banking system, possibly with funds from international donors, whereby companies in the sector can borrow, with no security, an amount equal to their contribution to Social and medical insurance and their total tax payments in 2019
- Another way to help hotels and resorts is to look into utility charges. Like in our case we have almost 200.000 USD to pay for electricity and water per month.
- Exemptions of PIT and VAT, similar to what is done in Europe is another option to lessen the burden for us

2. SHIFT BUSINESS TO HOTELS AND RESORTS

2-star Hotels for all quarantine using hotels for Vietnamese who have to quarantine and paid by the Government and also allowing Vietnamese to

upgrade to higher level accommodation if they pay by themselves. All foreigners who are required to quarantine should have a choice of 3,4, or 5-star hotels. This would also make more facilities available to assist in repatriating both Vietnamese and foreigners.

3. GROUP TOURS

Considering allowing group tours, from overseas, to enter Vietnam on charter flights (subject to negative testing in the outbound markets and testing at the airports) and then to stay at designated resorts where they are allowed to use all facilities but not to leave the hotel.

4. VISA FACILITATION

The tourism industry has long promoted the concept of visa facilitation and I believe that now we have a real opportunity to implement a more visitor friendly visa policy even if it were only for a trial period of 2 years.

Entry visa policy is one of the Government policies that has the biggest impact on international tourist flow. A report published by the United Nations World Tourism Organization (UNWTO) and the World Travel and Tourism Council (WTTC) highlighted that international tourist arrivals increased from 5% to 25% as a direct result of visa facilitation.

As it stands, I strongly believe that visa policies are perhaps the single most powerful tool the government has to stimulate inbound tourism and I would like to recommend as follows:

- Expanding the list of visa-exempt countries to all EU countries, Australia, New Zealand, US, Canada and key Asian inbound markets countries that are not currently visa free
- Extending the visa exemption period from 15 to 30 days. This will enhance the competitiveness of Vietnam's tourism sector for the long-haul segment, by enabling travelers to visit for long enough to discover Vietnam's culture and natural beauty and will help to increase the spending per person while visiting Vietnam. Currently trips are cut short to only 14 days
- Providing short-stay visa exemption for the time of the event for business travelers and pre-registered groups and delegates entering Vietnam to specifically attend meetings, incentives, conferences and events

- The high-yield MICE tourism is a dynamic segment of the global meetings industry and an important multiplier for related tourism and hospitality segments. Hassle-free visa regulations for short stay visas and dedicated fast-track immigration lanes for MICE travelers would make Vietnam more competitive and attractive to major international associations and business meetings.
- Create a 6 to 12 month long stay visa for certain outbound markets, such as Europe and Australia targeting high-income seniors who would come “over their winter”

5. GET READY NOW

As countries start to discuss reopening borders, there will be significant efforts from all our regional competitors to attract visitors that are willing to travel, and it is essential that we make Vietnam as competitive as possible. In this context it is interesting to note that many travelers, particularly in Europe, are starting to book long haul trips for 2021 and to capture as much as we can, and to compete with our neighbors in the region we need:

- Create an independently funded and staffed Destination Marketing Organization for the entire province with funding coming from a combination of government and private donors. When tourism markets open there will be less travelers than before Covid-19, so competition between domestic Vietnamese and international destinations will be huge. Khanh Hoa will be at a big disadvantage in comparison to larger, better funded destinations and therefore we must take immediate action to start marketing itself with innovative ideas. We need to start now to make Khanh Hoa “top of mind” when tourists are choosing their next vacation location.
- Diversify our target markets for visitors.
With over 90% of international tourists who visit Khanh Hoa coming from just 3 countries (the vast majority being from China), we need to diversify our tourist strategy so that we are not reliant on just a few markets. In fact, only 7% of international visitors in 2019 came from outside the BIG 3 markets of China, Korea and Russia. Steps must be taken to promote Khanh Hoa to other tourism markets. This must be done in combination with government, tourism authorities, airlines and travel companies.
- To create a 24-36 months Marketing and Promotion Masterplan with allocated budget.

- While the Vietnamese Administration of Tourism (VNAT) and the Tourism Advisory Board (TAB) does a great job in coordinating and advising on relevant issues I still strongly believe that we need to establish a Vietnam Tourism Board, which officially represents Vietnam in the outbound markets and which actively works with tour management companies, airlines, the media and General Sales Agents (GSAs) in those markets, being the go-to point for tourism companies when considering Vietnam as a destination for their clients. Good examples in ASEAN include the Singapore Tourism or the Thailand Tourism Boards.
- Support CRTC (Cam Rang Terminal Company) with a unified marketing fund in order to entice airlines to re-open flight routes with subsidized support to airline operations, and also guarantees on booking for an average of 80-100% capacity. CRTC must aim to operate 3 flights weekly to select destinations no matter how many passengers there are. Partner destinations could include Bangkok, Singapore, Taipei etc. We must open routes at all costs!

6. STIMULATE NEW BUSINESS MODELS FOR THE HOSPITALITY INDUSTRY FOR THE LOCAL MARKET

The last couple of months have shown that the Holiday Ownership concept, as offered by Alma, is a very attractive way to diversify and to catch more local business. For a newly opened resort it would have been almost impossible to operate without our Time Share segment during COVID. In addition, the way the investment is made it helps the owner to create cashflow and to support the operation during such difficult times. In June and July, we had a very high occupancy of over 60% and after the spike of new cases in early August we still manage with 30%

7. DEPLETION OF TALENTS AND LABOR FORCE

It is a sad fact that the current situation has an enormous impact on our staff. Unpaid leave, salary cuts and more make it for many of our employees impossible to stay in the industry and the day will come when we will face a massive shortage of labor force. If we do not find a way to support them many will leave and take on other jobs and one day when we need them back, many of them will not be available for us anymore. Years of training

and teaching will be lost and the only way to keep them is if we have guests at our resorts.

My hope is that some of the recommendations I have outlined today have gotten your attention and may 2021 be the year of great recovery and with that said, Ladies and Gentlemen, I thank you for listening to me and I wish you well and a nice day.