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The Political Economy of Tourism in Cambodia

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This paper provides an overview of the historical development of the Cambodian political economy and the role of tourism in shaping it since the early 1990s when Cambodia opened its door to the world. The paper provides a general overview of tourism products and the government's policies in tourism development in Cambodia and then examines the perceived impacts of tourism on socio-economic development. It is argued that tourism plays an important role in socio-economic development and national identity promotion, but that proper management of tourism is required to control the spread of HIV/AIDS and child sex tourism.

Key words: tourism, economic development, identity, Cambodia

Introduction

In the 1960s, Cambodia used to be one of the most famous tourist destinations in Southeast Asia, with annual tourist arrivals from 50,000 to 70,000 (Lam, 1996); but decades of civil war, insurgencies, isolation, and particularly the genocidal regime of the Khmer Rouge almost totally destroyed the tourism industry. After conflict resolution in the early 1990s and with strong support from the international community, Cambodia returned to peace and socio-economic reconstruction. Since the 1990s, tourism has developed very fast in Cambodia. The Cambodian government views tourism as one of the most

important foreign exchange earners and employment providers in post-conflict Cambodian economic development. In addition, tourism is also seen as a tool to improve the image of Cambodian culture and history with the hope of erasing the images of mass killing fields and land mines.

Political Economic Development of Cambodia: An Overview

The Kingdom of Cambodia is a former French protectorate, which gained independence in 1953. It is located in mainland Southeast Asia, covering a land area of about

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181,035 km² with a population of approximately 14 million. After gaining independence from France in 1953, Cambodia went through six major changes in the social, political and economic system: The Kingdom of Cambodia (1953–1970); The Khmer Republic (1970–1975); Democratic Kampuchea/Khmer Rouge Regime from 1975 to 1979; The People's Republic of Kampuchea from 1979 to 1989, later renamed the State of Cambodia from 1989 to 1993; and The Kingdom of Cambodia from 1993 until now.

After decades of civil war, the Cambodian economic and social structure was almost completely destroyed. At the end of the cold war, the Cambodian conflict was solved with the intervention of the five permanent members of the United Nations (China, France, Great Britain, Russia and the USA), resulting in the Paris Peace Agreement in 1991. This peace accord allowed the United Nations Peace Keeping Operations Forces to come in to preserve political stability and security in Cambodia in order to arrange a general election in 1993. The election allowed Cambodia to establish a new government with a constitution mandating plural democracy and respect for human rights.

The Cambodian economic system was transformed from a command or centrally planned economy to a market-oriented one in 1989 under the reform policy of the State of Cambodia. Beginning in 1989, private property rights were introduced, along with privatization of the state-owned enterprises and investments, and prices and the exchange rate were allowed to float. However, the economic reform of 1989 was also a key to strengthening the state's power to mobilize and administer as well as to pursue economic development (Hughes, 2003, p. 21; Peou, 2000, p. 62). The move to the free market economy increased social stratification,

enriching those in power, particularly those with power over the privatization of land and resources, and created large groups of marginalized and property-less poor (Hughes, 2003, pp. 32–33). Only after the establishment of the Kingdom of Cambodia in 1993 under a constitutional monarchy was Cambodia allowed to grow. From 1993 to 1996, Cambodia's GDP grew at an average rate of 6.1% in real terms, climbing from US\$2.2 to US\$3.1 billion. Nevertheless, growth slumped dramatically in mid-1997 following factional fighting in Phnom Penh in July and the impact of the Asian financial crisis later that same year. GDP increased by just 1% in real terms in 1997 and 1998. The economic slowdown, coupled with continued high population growth, led to a decline in Cambodia's per capita GDP from \$292 in 1996 to \$247 in 1998. After total peace and national reconciliation were achieved in 1999, economic condition recovered considerably between 1999 and 2006, with an annual average growth of about 8%.

The Cambodian Prime Minister Hun Sen reported in his speech on 14 April 2007 that:

In general, the performance of economic and public finance policies of the Royal Government from 2004 to 2006 realized annual economic growth rate on average at 8.3%. From 1999, after the country has [*sic*] regained full peace, the average economic growth was 9.5% and inflation rate were [*sic*] kept low at the rate of 5% per annum. Income per capita went up 6% on average from \$247 in 1994 to \$500 in 2006. International reserve increased by 11 folds [*sic*] from \$100 million in 1994 to \$1,097 million in 2006 ... The total export increased by 8 folds [*sic*] from \$463 million in 1994 to \$3,556 million in 2006. (Hun, 2007a, section 5).

The living conditions have also improved quite modestly. Life expectancy at birth increased

from 52 to 60 years for men and from 56 to 65 years for women, mainly through rapidly declining infant and child mortality. Material living conditions improved substantially according to indicators on housing conditions and ownership of consumer goods; but such growth does not benefit all Cambodians. It results in a large gap between the rich and the poor (Ministry of Planning, National Institute of Statistics, 2004a).

Cambodian demography shows that the Cambodian population is still at an early stage of a baby boom (Table 1). It implies that the Cambodian labor force is increasing rapidly, creating both opportunities and challenges for Cambodia. The labor force plays an important role in economic growth, but

if the government cannot provide enough employment for the young Cambodian labor force then it creates social problems.

The current Cambodian economic development is attributed mainly to the agricultural sector, textile industry and tourism industry. About 85% of the Cambodian population lives in the rural areas and more than 75% of them are employed in the agricultural sector. From 1993 to 2005, agriculture contributed about 25% of the gross domestic product (GDP) (Lim, 2006, p. 9). The Cambodian government regards agriculture “as a priority sector for the Royal government”. The agriculture sector has contributed 30% of GDP and has actively contributed to reducing poverty (Hun, 2007a, section 6).

Table 1 Population Estimates for Cambodia 1994 and 2004 by Sex and Age

Age Group	Total 1994	Total 2004	Men 2004	Women 2004
0–4	1,915,000	1,531,000	777,000	754,000
5–9	1,762,000	1,779,000	902,000	877,000
10–14	1,500,000	1,818,000	925,000	893,000
15–19	855,000	1,705,000	876,000	830,000
20–24	899,000	1,443,000	717,000	726,000
25–29	851,000	815,000	388,000	427,000
30–34	759,000	852,000	407,000	445,000
35–39	560,000	802,000	379,000	423,000
40–44	458,000	710,000	334,000	376,000
45–49	354,000	520,000	214,000	306,000
50–54	290,000	417,000	171,000	245,000
55–59	238,000	313,000	131,000	182,000
60–64	202,000	245,000	103,000	141,000
65–69	153,000	186,000	77,000	108,000
70–74	92,000	138,000	57,000	81,000
75 +	98,000	165,000	66,000	99,000
Total population:	10,990,000	13,439,000	6,526,000	6,914,000

Source: Ministry of Planning, National Institute of Statistics (2004b).

The textile industry, contributing three-quarters of total Cambodian exports, plays an important role in reducing poverty in Cambodia owing to the fact that the entry salary for workers is about US\$50 a month, well over the poverty line of US\$30 per month. Mainly female workers are employed in the industry, and it does not require high levels of education or working experience (Yamagata, 2006a). The garment sector absorbs 10% of the total labor force and accounts for about 14% of GDP. This is expanding, with exports rising by 20% in 2006. Note that the top managers of the industry are 76.8% ethnic Chinese from Mainland China, Taiwan, Hong Kong and neighboring Southeast Asian states, whereas only 7.9% of the top managers are Cambodian (Yamagata, 2006b, p. 9).

Tourism is the second largest contributor to the Cambodian economy after the garment industry. In 2005, income from tourism accounted for US\$832 million, or about 13% of the Cambodian GDP, and it provided annually about 200,000 jobs for the Cambodian people. In 2006, tourism generated revenue of US\$1.594 billion, about 16% of Cambodian GDP, and provided about 250,000 jobs (Ministry of Tourism, 2007). The tourism industry has become one of the main catalysts for Cambodian economic development. The Cambodian leaders have recognized the significance of tourism in their policies: Hall & Ringer (2000, p. 179) noted that “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”.

In spite of the indicators showing economic growth and development, there are many constraints on reducing poverty and sustaining economic growth in Cambodia.

The distribution of the growth is not equal, and the poor seem to be left out of the benefits of economic development. The level of socio-economic inequality between the urban and rural areas is enlarging owing to the main driving forces of economic growth being the garment and tourism industries, which are based mainly in the urban areas (World Bank, 2007).

The Cambodian government has been facing a serious budget deficit (an excess of expenditure over revenue), which foreign financial assistance plays a vital role in financing (Figure 1). A large amount of foreign aid flows into Cambodia, but criticisms of its effectiveness have gained momentum. Sophal Ear (2007, p. 68) argues that “Despite more than five billion dollars in aid, infant and child mortality and inequality have worsened” and governance seems also to have worsened.

Regarding the governance issue, the patronage system and corruption are the main barriers to fair economic development and business activities, adversely impacting the investment environment and poverty reduction (Sok, 2005). Cambodia is a society embedded in a very strong patronage system regulating all social and political relationships (Ledgerwood & Vijghen, 2002, p. 143). Socially and politically, Cambodia is replete with very strong patronage networks through which both patrons and clients strive to seek “crucial means of gaining access to resources and increasing one’s status”, thus causing this relationship to be characterized by “distrusts and suspicions” (Hinton, 2004, pp. 122–125). People who are placed in weaker positions are very likely to give their loyalty to those in relatively higher positions in exchange for protection (Chandler, 1992, p. 105). The patronage social structure plus the poor institutional building have pushed Cambodia into being one of the most corrupt

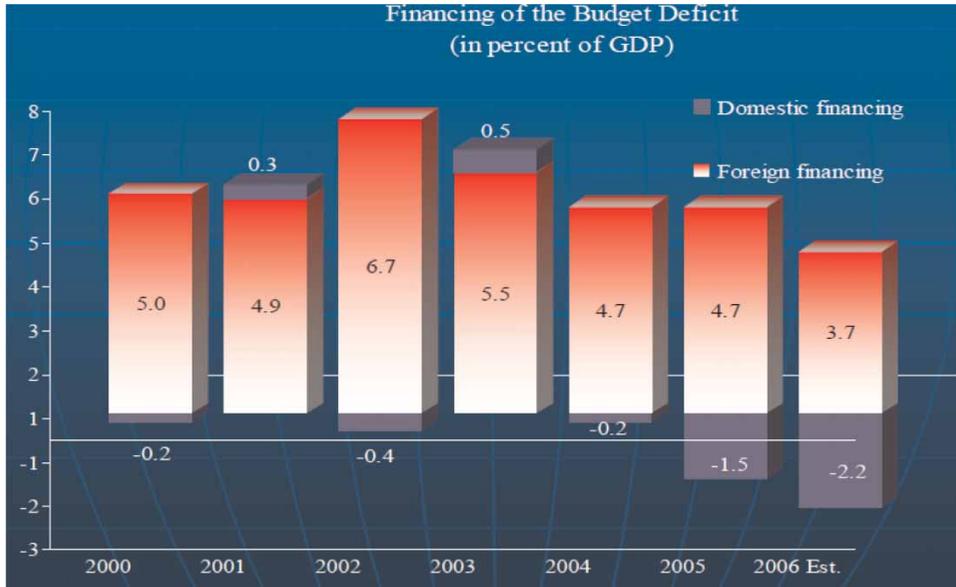


Figure 1 Financing of the Budget Deficit. *Source:* Nelmes (2007).

countries in the region. Notwithstanding the efforts of the donor countries, international organizations and civil society, corruption is still part of everyday life in Cambodia. It is the most serious problem hindering socio-economic development in the country (Calava *et al.*, 2004). Such a social and political system limits the promotion of democracy and development in Cambodia.

State, Tourism and Cambodian Identity

Tourism, a global industry and phenomenon, is liable to be influenced by forces of politics, economics and culture. Meethan (2001, p. 64) noted that “[we] can no longer think of tourism in simplistic terms as being either a blessing or a curse, nor in terms of providing an easy route to modernity, nor as an index to underdevelopment ... The development of tourism is seen as a way to diversify and expand economic activity”. In addition,

Sharpley (2002, p. 13) suggested that “Tourism is seen not only as a catalyst of development but also of political and economic change”. Moreover, tourism is linked with cultural nationalism. Nation is an “imagined community” (Anderson, 1983, as cited in Graburn, 1997, p. 200). “Tourisms play a vital part in both the ‘imaging’ – i.e. bringing into awareness – and the ‘re-creation’ of national cultures in Asia and Oceania” (Graburn, 1997, p. 194). In examining the complex relationship between tourism, state and ethnicity, Picard & Wood (1997, p. 2) argued that “the relationship between tourism and ethnicity is mediated by various institutions, but none more important in most instances than the state”.

Furthermore, tourism has been regarded as an engine for growth and poverty reduction. Both developed and developing countries design their policy to generate benefits from tourism industry, as Hall (1994, p. 27) contends that “Many governments around the

world have shown themselves to be entrepreneurs in tourism development". Tourism deserves encouragement and support from the government (Jeffries, 2001). "Although tourism is an activity sustained mainly by private initiative, governments have traditionally played a key role in its development..." (World Tourism Organization, 1996).

Tourism policy involves the "interests, values and power of those who formulate them" (Hall, 1994, p. 172). "In an increasingly complex world, tourism cannot be understood in a vacuum. A proper understanding of this important activity must situate it within, and refer constantly to, the social, economic and political context in which it is rooted" (Hall & Oehlers, 2000, p. 91). Tourism is a new form of nationalism in which traditional art performances and costumes represent the national identity of the host country (Yamashita *et al.*, 1997, pp. 22–23).

The state is interested in tourism not only for economic reasons, but also for promoting national identity and nationalism.

The cultural identity that tourism projects to the international market simultaneously relates to the process of nation-building. Elements of tourism are at the same time the ingredients of nationalism: the identification with a place, a sense of historical past, the revival of cultural heritage, and the national integration of social group. (Leong, 1997, p. 72).

As national culture, under the process of globalization, seems to fall into a dilemma of being lost through transnational integration into the "global village" or thriving to preserve local and ethnic identities (Friedman, 1990), it is necessary for the government to think strategically how to deal with this. Cambodia is very concerned about losing its culture. Hun Sen (2002, section 4) has stated

"In the present world, conserving and developing national cultures have become a prerequisite for all the weak nations in the strong current of globalization, for which they have to face with challenges and to stand influences of foreign cultures that have more economic and technological power than them". Tourism is seen as one of the tools for dealing with the problem of identity. The presence of tourists can be viewed by local people as a sign of cultural identity (Wood, 1997, p. 2). Tourism constitutes an arena where issues of cultural identity are related to the process of nation-building (Peleggi, 1996). For instance, "the cultural heritage of the Yogyakarta area has shaped the (international) image of Indonesia, as government propaganda has used architectural structures like the temples and the sultan's palace and expressions of art like the Ramayana dance to promote Indonesian tourism world-wide" (Dahles, 2001, p. 20).

All the above arguments demonstrate clearly the role of the state in tourism development for economic benefits and national image creation. The Cambodian state is no exception. Cambodian identity had been lost along the way because of external intervention, French colonialism and civil war (Gottesman, 2003, pp. 14–15). Although Cambodians had been aware of Angkor at the time of the French discovery, they did not view the ruins as "evidence of a Cambodian Kingdom" (Edwards, 1999, p. 155). Before the French Protectorate, people living near the Angkor Monument regarded the monuments as a religious site. They did not think of Angkor as a symbol of national pride (Edwards, 1999, p. 156).

The perception among Khmer that their culture has been lost, or being lost, is pervasive. The destruction from years of warfare, the horrendous losses during the years of Democratic Kampuchea (1975–1979),

[were] followed by the presence of their traditional enemies, the Vietnamese ... (Ledgerwood *et al.*, 1994, p. 1).

Angkor, which was rediscovered by Henri Mouhot, a French traveler, in 1860, has become the symbol of Cambodian identity and nationalism (e.g. Gottesman, 2003, p. 14; Sasagawa, 2005, p. 439). The APSARA authority (Authority for the Protection and Management of Angkor and the Region of Siem Reap), the single supreme authority in charge of Angkor's preservation and tourism management, stated in its mission that "Angkor encompasses the civilization of our ancestors ... Angkor is a unique cultural heritage, a living testimony of our past, and the foundation of our identity as a nation. Angkor continues to contribute to Cambodia's evolution" (APSARA, 2004).

After centuries of socio-cultural transformations and changes, and particularly after the colonial period, the Khmer traditions have been reconstructed through what Hobsbawn & Ranger (1983) call the "inventions of tradition". After the fall of the Khmer Empire and the shrinking of the Kingdom, Cambodia lost its identity. Under the French protectorate, Angkor and Khmer identity was seriously researched and studied by the French experts. It is therefore logical to say that Cambodian identity was reconstructed. Ledgerwood *et al.* (1994, p. 6) noted that "The term 'Cambodian culture' is an intellectual construct and the 'Khmer traditions' ... have long undergone transformations wrought by both endogenous and exogenous forces".

Besides economic development and national identity, tourism provides political legitimacy and stability of the destination. Cambodia had been isolated for decades and tourism used to be one of the political tools of the Heng Sam Rin regime in the 1980s, to

promote its political legitimacy and international recognition. After the restoration of peace in the early 1990s, Cambodia wished to show the world that it was a safe place to visit and do business. Ishizawa rightly observed that "Tourism is an important industry that brings in much needed foreign currency to Cambodia. Welcoming North Americans, Europeans and Japanese also gives the Cambodian government a good chance to demonstrate its political stability. In other words, the ruins are Cambodia's international showcase" (Yoshiaki, 2005).

Tourism has therefore become the engine not only for economic growth, but also for the promotion of political legitimacy and national and cultural identity of Cambodia.

Tourism Development

Tourism Products and Infrastructure

Geographically, Cambodia is situated between 10 and 15°N and between 102 and 108°E. This location indicates that Cambodia is a tropical, warm and humid country that is favorable for travelers all year round. Cambodia has great potential in developing a tourism industry given the availability of many tourism products.

Tourism products. Cambodia is home to both natural and heritage tourism products. There are seven national parks in Cambodia: Kirirom National Park (Mountainous area), the National Park of Bokor Mountain (mountainous area), Kep National Park (coastal area), Riem National Park (coastal area), Botum Sakor National Park (coastal area), the National Park of Kulen Mountain (mountainous area) and Virak Chey National Park (mountainous area). Besides these parks,

Cambodia accommodates other ecotourism spots such as Tonle Sap Lake and its floating village, the Mekong River, and beautiful beaches.

There are about 1,080 ancient temples in 14 provinces in Cambodia, especially the Angkor temple complex in Siem Reap Province, the Sambor Prey Kub temple complex in Kompongthom Province, and the Preah Vihea Temple in Preah Vihea Province. Moreover, there are other historical buildings that could attract many tourists. These include the Royal Palace, built in 1866 during the reign of King Norodom, located in Phnom Penh overlooking the Mekong River, and the National Museum, built in 1917–1918, located to the north of the Royal Palace, which contains a lot of ancient precious objects relating to Cambodian art and history. There are also festivals such as the Khmer New Year and Water Festivals, which also could attract many tourists. All these make Cambodia a unique place for cultural heritage tourism development.

Heritage tourism is growing very fast in Cambodia. Most tourists come to visit Cambodia to learn and experience Cambodian history, art and culture. For instance, when asked by the *Phnom Penh Post* about the reasons for Korean tourists coming to Cambodia, the Korean ambassador to Cambodia, Hyun Shin-suk, stated “Koreans are very proud of their ancient culture. They expect to find this kind of culture in Japan and China, but in Cambodia they have found a particularly great Asian culture . . .” (*Phnom Penh Post*, 2006). It can be noted that South Korean tourists accounted for 15% of all tourist arrivals in Cambodia in 2006.

Tourism Infrastructure

Transport. The Cambodian transportation network comprises land, waterway,

railroad and air routes. The main transportation in Cambodia is by land. There are about 4,235 km of national roads and 3,675 km of provincial roads. Many travel companies transport tourists by bus or car. There is a railway connecting Phnom Penh with Kompong Chhnang, Pursat, Battambang, Sisophon and Poipet. The Phnom Penh–Sisophon–Poipet route is 386 km and the Phnom Penh–Kep–Sihanouk Ville route is 264 km. However, very few tourists are traveling by this mean because of the lack of quality and service.

Waterways in Cambodia can be grouped into three: the Mekong River system, the Tonle Sap system and waterways at the gulf. There are also some waterway transport companies that transport tourists between Phnom Penh and Siem Reap through Tonle Sap, with some tour boats taking the guests to visit Tonle Sap and other islands in Sihanouk Ville.

There are two international airports in Cambodia, Phnom Penh and Siem Reap, and two regional airports, Kong Keng in Sihanouk Ville and Ratanakiri in Ratanakiri Province. There are 14 international air transportation companies and three local flight companies. Most tourists arrive by air. Domestic transportation is operated mainly by tour and travel companies with acceptable quality and reasonable prices.

Hospitality facilities. Accommodation facilities play an important role in tourism development. Tables 2–4 show the growth in the numbers of hotels, guest houses, restaurants and other facilities over the last few years.

Financial services. There are currently 15 commercial banks and two remaining public banks run by the state, the Rural Development

Table 2 Hotels and Guesthouses

Year	Hotel		Guesthouses	
	Number	Room	Number	Room
1998	216	8,247	147	1,510
1999	221	9,115	186	1,897
2000	240	9,673	292	3,233
2001	247	10,804	370	3,899
2002	267	11,426	509	6,109
2003	292	13,201	549	6,497
2004	299	14,271	615	7,684
2005	351	15,465	684	9,000
2006	351	17,914	742	9,166

Source: Ministry of Tourism (2006).

Bank and the Foreign Trade Bank. At present, only foreign-owned banks offer modern banking facilities (Lommen, 2006, p. 136). Some commercial banks such as Cambodia Mekong Bank, Canadia Bank and ANZ Royal have introduced and installed automatic teller machine (ATMs) in several parts of the two main cities, Phnom Penh and Siem Reap. Credit cards such as Visa Card and American Express are accepted by some restaurants, hotels and shopping centers. In general,

Table 3 Restaurants, Massages and Sporting Clubs

Year	Restaurants	Massage Sporting Souvenir		
		Salons	Clubs	Shops
2002	505			
2003	624			
2004	713	56	17	40
2005	719	56	17	40
2006	747	53	53	40

Source: Ministry of Tourism (2006).

Table 4 Travel Agencies and Tour Operators

Year	Travel Agencies and Tour Operators		
	Head Offices	Branch Offices	Total
2001	166	70	236
2002	186	73	259
2003	186	84	270
2004	208	94	302
2005	237	99	336
2006	277	105	382

Source: Ministry of Tourism (2006).

financial services are improving in Cambodia, making it more convenient for tourists.

Tourism Promotion Policies

Security and safety for tourists. Security and safety for tourists are the main issues in tourism development in Cambodia. In the early 1990s when the Khmer Rouge forces still operated, guerilla warfare threatened the tourism industry in Cambodia. Some foreign tourists were kidnapped and killed in 1994. In 1996, there were at least 70 cases involving the robbery of foreign tourists. Landmines are present in most places in Cambodia, posing a major barrier to tourism development (Leung *et al.*, 1996). Since 1999 when the total peace was established, security and safety have improved remarkably. At the end of 2001, a tourism police force was created within the Ministry of the Interior to provide security and safety to tourists. There are 756 tourist policemen spread across the country. These policemen are well trained and equipped with the necessary vehicles and other operational resources. The tourist police forces are located mainly in the most

important tourist locations: Phnom Penh, Siem Reap and Sihanouk Ville.

Infrastructure development. The Cambodian government gives priority to infrastructure development for the tourism industry. The “Open Sky” policy was introduced to open the international airports in Siem Reap and Sihanouk Ville. Many roads have been constructed to connect the main tourist spots in Cambodia. Electricity and water supply facilities have been established to meet the demands of tourists as well as local residents in many parts of the country.

Regional cooperation. The Cambodian government has shown a strong interest in regional tourism cooperation and facilitation since 1996 when the annual conference of the Pacific Asia Travel Association was held in Bangkok. Regional cooperation aims at managing and marketing the region as a single destination, providing a safety net for tourists and reducing barriers at the international checkpoints in order to make it more convenient for tourists in traveling from one place to another in the region.

Recently, a lot of efforts have been made by the Cambodian government to promote the tourism industry in the region. An inter-ministerial committee representing the National Police Department and Ministry of Tourism of Cambodia was established to assist tourists by reducing difficulties at the border checkpoints at Poi Pet, Bavit-Moc Bai and Trapeangkreal-Vinkham. New buildings at the border were set up and immigration procedures were simplified. In October 2000, the tourism ministers of Cambodia, Laos PDR, Myanmar and Thailand signed the quadrilateral tourism cooperation agreement under which the four countries will work closely together in the fields of transportation and tel-

ecommunications linkages, travel facilitation, tourism development planning, tourism investment, human resources development, joint promotion and marketing, public and private participation and multilateral cooperation. The four national tourism organizations are also working with the relevant authorities of their respective countries to consider the opening of more border checkpoints, authorizing visas on arrival and other facilities for tourists and improving the convenience of traveling by overland routes.

In the year 2000, the Tourism Authority of Thailand and the Ministry of Tourism of Cambodia launched their first cooperative marketing campaign, “Two Kingdoms One Destination”, aimed at boosting tourism flows to and between the two countries. Based on this agreement, Thai and Cambodian tour operators, airlines and public and private tourism-related organizations will produce marketing resources and brochures, host trade shows and workshops plus organize familiarization trips for travel agents and travel writers to the two Kingdoms.

Subregional and regional cooperation and integration is one of the pillars of Cambodian foreign policy. The Cambodian government has been actively involved in cooperation within the framework of the Cambodia, Laos and Vietnam Triangle since the early 2000s, a main aim of which is the “Three Countries-One Destination” objective. Transportation infrastructure is the foundation of tourism and trade facilitation between the provinces along the borders of the three countries. In addition, Cambodia is participating in cooperation in the Mekong Subregion and in Southeast Asian regional integration, in which tourism is one of the objectives.

Visa control. Cambodia was the first country in Southeast Asia to introduce e-visas (starting

in 2006) with the purpose of making travel more convenient for tourists to Cambodia. The tourists can apply for Cambodian visa through the internet. Entry visas can also be provided at the international airports and border checkpoints.

Tourism training and education. Owing to the importance of the tourism industry in socio-economic development and cultural promotion, the Cambodian government, private sector and non-governmental organizations (NGOs) have focused their attention on tourism education and training. Many universities have tourism programs, from vocational training to Masters' degrees. The Cambodian Ministry of Tourism also provides support to the universities and has created an inter-ministry network for discussions and training. Moreover, the Ministry of Tourism trains tour guides and grants licenses for the successful candidates. Without the certificate, one cannot become an official tour guide.

Public-private sector relationship. The Cambodian government has pushed strongly the transition to a market economy and the development of a private sector framework since 1993. A series of important laws regulating the private sector were enacted. Among the most important were a Law on Investment (1994), a Law on Organization and Functioning of Council for Development in Cambodia and Cambodia Investment Board (1995) and a Law on Taxation (1997). New institutions were created to enforce these laws. For example, the Cambodia Investment Board under the Council for Development in Cambodia has authority to grant tax incentives contained in the Law on Investment for investment projects carried out by the private sector.

With regard to tourism development, the Cambodian government encourages the private sector to invest in hotels, restaurants, resort centers and other services. Thong Khon, the current Minister of the Ministry of Tourism, stated that in order to strengthen the tourism industry in Cambodia, a good relationship between the public and private sectors must be provided. He added: "We want Cambodia to become one of the tourism destinations for the region and for the whole world" (Vong & Charles, 2007).

Tourist Arrivals in Cambodia

Insurgencies, civil war and the killing fields during the 1970s and 1980s prevented Cambodia from welcoming tourists. Only a very few brave visitors came to Cambodia at this time. After the Paris Peace Agreement in resolving the conflict in Cambodia in 1991, tourists started to visit Cambodia. In 1991, there were about 25,000 and in 1992 there were about 50,000 people, but many of them were UN personnel. Peace-keeping forces and other UN staff accounted for 22,000 of these. Statistics on tourist arrivals have been officially recorded from 1993.

The top 10 countries of origin of tourist arrivals in Cambodia in 2006 were: South Korea (16.79%), Japan (9.31%), the USA (7.28%), Taiwan (5.01%), China (4.74%), Vietnam (4.56%), Malaysia (4.53%), Thailand (4.53%), the UK (4.34%) and France (4.23%) (Ministry of Tourism, 2006).

The reasons for the drop in the number of tourists in 1997 were political instability in the aftermath of the armed conflict and the Asian financial crisis. In 2003, the number of tourists also dropped owing to the SARS epidemic that spread in the region. However, the tourism industry in Cambodia has

Table 5 Tourist Arrivals in Cambodia

Year	Visitor Arrivals		Average Length of Stay
	Number	Change (%)	
1993	118,183	00	N/A
1994	176,617	49.44	N/A
1995	219,680	24.38	8.00
1996	260,489	18.58	7.50
1997	218,843	-15.99	6.40
1998	289,524	32.30	5.20
1999	367,743	27.02	5.50
2000	466,365	26.82	5.50
2001	604,919	29.71	5.50
2002	786,524	30.02	5.80
2003	701,014	-10.87	5.50
2004	1,055,202	50.53	6.30
2005	1,421,615	34.72	6.30
2006	1,700,041	19.59	6.50

Source: Ministry of Tourism (2006).

recovered quickly after these two disasters (Table 5).

Economic Impact of Tourism in Cambodia

Tourism has played an important role in reconstructing the Cambodian economy, improving local community development and eradicating poverty in Cambodia. Tourism provides many economic benefits, such as foreign currency earnings, direct and indirect benefits to the national economy and employment for the Cambodian workforce, and it plays a role as an accelerator of other sectors of the economy, such as services, manufacturing industries and agriculture.

With the number of international tourists coming to visit Cambodia standing at over 1

million per year, the tourism industry helps to reduce poverty in Cambodia. The former Minister of Tourism, Veng Sereyvuth, said: "Tourism is the answer for the future of this country. It is the most active and most powerful force in the economy ... tourism generates a lot of benefits to the guy down the street, down in the village ... Be it the vegetable grower, or handicraft [seller], the moto taxi [drivers] in the village, the spread is enormous" (Green, 2003). Former Minister of Tourism Lay Prohas stated that "Tourism is the only sector of the economy which can have a positive, almost immediate impact on poverty reduction through growth, unlike agriculture which needs a longer timeframe ... Our biggest potential field in Cambodia is tourism ... Tourism creates jobs and brings steady income for the nation and leads to development". Ly Korn, President of the Cambodian Tourism and Service Workers Federation, said "the industry is now a major employer ... Now about 660,000 people get jobs in the tourism industry, compared to about 330,000 in factories" (Sam & Shannon, 2007). The Cambodian Prime Minister Hun Sen stressed the importance of tourism in his message on the occasion of World Tourism Day, 27 September 2007:

[The] Cambodia tourism industry has been playing a vital role in socioeconomic development. Within this cultural tourism is a dynamic influx source of tourists who have had high appreciation and admiration of cultural heritage linking to other historical heritage; and pristine white-sand beaches, beautiful landscapes of rivers, lakes, mountainous range and national parks ... Within the Rectangular Strategy, the Royal Government of Cambodia has determined tourism as [an] economic-priority sector in improving the people's living standard, especially pro-poor, community-based tourism (CBT). (Hun, 2007c).

At the same time, however, tourism in Cambodia faces many challenges. Moeung Sonn, President of the National Association of Tourism Enterprises, argues that the prices of consumer products, transport and food in Cambodia are higher than those of its neighbors and that “more of the income from tourism in Cambodia goes to private foreign companies than to the national budget or local economy” (Cheang, 2004).

The *Phnom Penh Post* observed that tourists “usually come and visit two or three countries on the same trip and usually only stay two or three days [in one place]. They stay in Korean-owned hotels and eat at Korean restaurants, so it’s not desirable from the point of view of Cambodian people” (*Phnom Penh Post*, 2006). Although the statement is a little bit exaggerated, it raises concern among some Cambodians.

Most of the products, even vegetables, are imported from neighboring countries to supply the hotels and restaurants in Cambodia, particularly those in Siem Reap. Boua Chanthou, the director of a local NGO, Padek, said the lack of homegrown supplies was a result of policy neglect and stressed the need for government subsidies to encourage agricultural diversification.

We have tried to help farmers produce lemongrass and lettuce and other produce for hotels ... But it’s difficult to get the farmers to commit because they worry the buyers will not come. Then, if they’re offered construction work in Siem Reap, they go and we have no products for the buyers. (Hayman, 2007).

It is estimated that about “30% of revenue from tourism ... leaked out of [the] country through imported foreign goods to serve the tourism sector in Cambodia” (Hun, 2007b, section 9). To deal with this problem, the

Cambodian government has issued some development policies aimed at improving the capacity of the small and medium enterprises to provide goods and services, encouraging high-quality agricultural production for the tourist market (Ministry of Tourism, 2007). A development project called “Green Belt” supported by JICA and the Cambodian government was initiated to provide support for the farmers living around the Angkor complex to grow good quality vegetables and other agricultural products to supply the tourism industry in the region.

Social Impact of Tourism in Cambodia

Besides the economic impact, tourism also has other impacts on Cambodian society. Tourism plays an important role in improving the image of the Cambodian culture and people and it somehow makes Cambodians feel proud of their nation. However, tourism brings about some social costs as well.

Tourism has adversely impacted Cambodian society through the spread of HIV and AIDS. Cambodia experienced a rapid growth of the epidemic from the 1990s with the arrival of United Nations forces and international tourists. Regarding this particular issue, the former Minister of Women’s Affairs, Mu Sochua, admitted that Cambodia was on the child sex tourism map. The former Minister of Tourism Veng Sereyvuth also admitted that the country had a problem with sex tourism, which carries an enormous cost by deterring “normal” tourists from visiting. He said “I’m outraged at this stuff and also at the internet that gives out information specifically about child sex ... My proposal is that the authorities must take appropriate measures in all these places. They must be punished for their crimes and the punishment must

be severe to send a proper signal to these people that they will pay the price if they do it” (Green, 2003). The sex tourism issue has also received international publicity from high-profile cases such as that of the British pop singer, Gary Glitter (Eades, 2007).

To counter the negative impacts from tourism, the Cambodian Ministry of Tourism has established a Committee for the Safety of the Child in Tourism. This committee operates on two levels, the national level and the municipal and provincial level. In order to curb child sex tourism, the Cambodian government wants to increase public awareness through education and other administrative programs. In addition, cooperation with NGOs is also emphasized. However, constraints still exist in the implementation process, particularly the corruption that is rampant in Cambodia.

Tourism and Cultural Development

Like other countries in Southeast Asia, tourism has a great influence on cultural development in Cambodia. Khmer Art performance has been reconstructed after the prolonged civil war, to present to tourists. Many performances, especially Apasara dancing, are available at some big restaurants, hotels and theaters. Moreover, Cambodian traditional scarves, especially made from silk, art crafts made from wood and stone, and other souvenir products that represent Cambodian art and culture are mass-produced to meet the demand from tourists.

Tourism gives an opportunity for the private sector to sell cultural products to tourists. For instance, the Cambodian Cultural Village, home to Cambodian cultures, was built in 2003 not far from Siem Reap town with the purpose of attracting tourists. Thousands of visitors come to visit the village

every day. The Cultural Village presents miniatures of historical buildings and structures, and local traditions of ethnic groups in Cambodia. There are 11 unique villages, which represent the different cultural heritages and characteristics of 19 ethnic groups.

Conclusion

This paper has discussed various issues including political economic development in Cambodia, the role of the state and tourism development, tourism products, the government’s policies in promoting tourism, and the perceived impacts of tourism on socio-economic development in Cambodia.

Cambodian political and economic development has experienced more challenges than opportunities in the last decades. Since the 1990s, Cambodia has tried to transform itself into a democratic and market-oriented country. However, the issues of corruption and governance are still at the forefront of socio-economic development. With an increasing labor force looking for jobs and a governmental budget deficit, tourism is seen as a solution to both of these problems. Cambodia has both great natural and cultural tourist attractions and tourism has been growing remarkably in Cambodia since the early 1990s. The tourism industry helps Cambodian people to have jobs and incomes. Direct and indirect impacts of tourism on socio-economic development in Cambodia are coming to the fore. The Cambodian government views tourism as an efficient foreign exchange earner, employment provider, income generator and promoter of national identity or prestige. With this in mind, the government initiated several policies to develop tourism. These comprise security and safety for tourists, infrastructure and

services improvement, regional cooperation and public–private sectors partnership.

Together with the benefits, there are also some negative impacts of tourism, especially the spread of HIV/AIDS, child abuse, and increased inequality in incomes from tourism if no proper management is in place.

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