



IISPP
INSTITUTE FOR INTERNATIONAL
STUDIES AND PUBLIC POLICY

CENTER FOR SOUTHEAST ASIAN STUDIES

CSEAS COMMENTARY



www.rupp.edu.kh/iispp/cseas

CSEAS Commentary #16/ December 2023

Is Cambodia's Tourism in Decline?

Khim Tepsopheaktra & Ly Rachana

Tourism industry has played a significant role in promoting Cambodia's service sector and contributing to socio-economic development. It generates income for the government, creates jobs, increases foreign exchange earnings, and stimulates other economic activities in Cambodia. Tourism, including hospitality, is the second largest contributor to Cambodia's growth. In 2022, the tourism industry contributed approximately 3.6% to Cambodia's GDP, and generated revenue of \$1.41 billion from international tourists and \$650 million from domestic travelers.¹ Unfortunately, as Cambodia's tourism industry has flourished, the world has been facing an unexpected disaster, a contagious disease, COVID-19. The pandemic profoundly affected Cambodia heavily in April 2021 onward. The demand for traveling and hospitality drastically declined as the world responded to COVID-19 by imposing travel restrictions and lockdowns.

In this paper, we analyze the impacts of COVID-19 on the growth of Cambodia's tourism industry and its aftermath. We explore the sector's pre-pandemic economic contributions, the pandemic's effects on the industry, and the efforts to revive it. We also discuss the challenges of Cambodia's tourism, considering the emerging global trends and the importance of sustainability in its recovery.

¹ Adur Pradeep. "Cambodia 2022 International Tourism Earnings at \$1.41 Billion." The Phnom Penh post. Last modified June 23, 2023. <https://www.khmertimeskh.com/501312830/cambodia-2022-international-tourism-earnings-at-1-41-billion/>

Cambodia's Tourism before the COVID-19

Pre-COVID-19, Cambodia's tourism industry had experienced a period of robust growth. Popular tourist destinations such as Siem Reap province, especially Angkor Wat and other historical sites account for 58% of international visitors.² According to the Ministry of Tourism, the number of international visitors in 2018 was 6,201,077 and it increased by 6.6% in 2019. When Cambodia welcomed international tourists amounting to 6,610,592, it generated receipts of USD 4,919 million for Cambodia's economy in 2019.³ However, this growth did not last, as the outbreak of COVID-19 had a catastrophic effect on global health and the economy.

Situation during the COVID-19

Like in other countries, tourism in Cambodia suffered enormously from the COVID-19 crisis. Only 1,306,143 foreign visitors arrived in Cambodia in 2020, a drastic decrease from approximately 6 million visitors in 2019. Furthermore, the figure fell even more in 2021, when there were just 196,495 foreign visitors in Cambodia.⁴

According to the survey report by the Asia Foundation in April 2021, 47% of tourism-related businesses stopped operating since the start of the pandemic, according to surveys taken.⁵ Only 22% of companies claimed that the COVID-19 had no impact on their business operations. Both formally recognized companies and unofficial ones such as street sellers, hotels, restaurants, travel agencies, karaoke bars, and tuk-tuk drivers seized their operations.⁶

Post-COVID-19 Recovery

² "Cambodia: Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project." Asian Development Bank. Last modified August 2022. <https://www.adb.org/sites/default/files/linked-documents/46293-004-ea.pdf>.

³ "Cambodia: Tourism Statistics Report." Ministry of Tourism. Last modified July 2023. https://www.nagacorp.com/eng/ir/tourism/tourism_statistics_202307.pdf.

⁴ "Tourism Statistics Report." Ministry of Tourism. Last modified December 2021. https://www.nagacorp.com/eng/ir/tourism/tourism_statistics_202112.pdf.

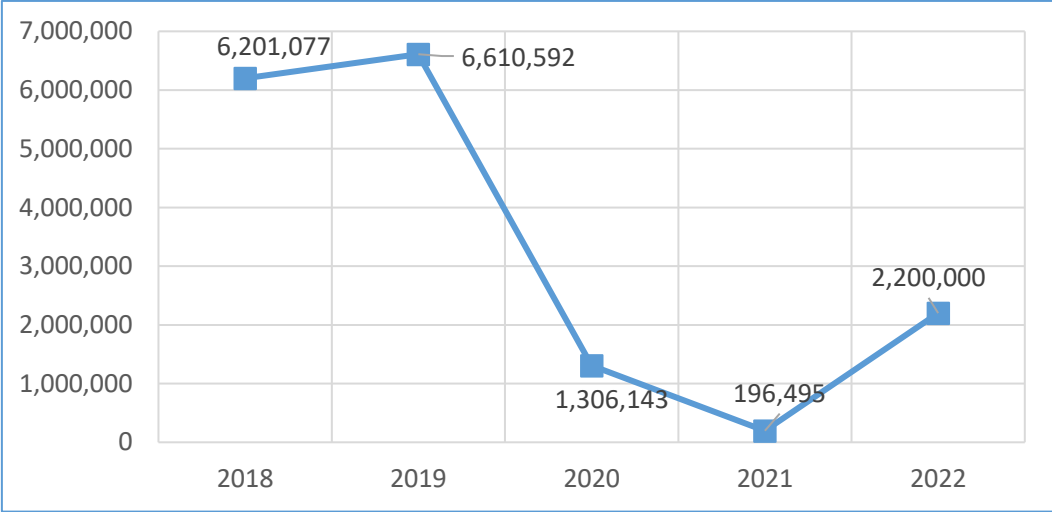
⁵ "Revisiting the Pandemic: Rapid Survey on the Impact of Covid-19 on MSMEs in the Tourism Sector and Households in Cambodia." The Asia Foundation. Last modified August 25, 2021. <https://asiafoundation.org/publication/revisiting-the-pandemic-rapid-survey-on-the-impact-of-covid-19-on-msmes-in-the-tourism-sector-and-households-in-cambodia/>.

⁶ Strangio, Sebastian. "Report Reveals COVID-19's Deep Impact on Cambodian Tourism Economy." The Diplomat. Last modified August 31, 2021. <https://thediplomat.com/2021/08/report-reveals-covid-19s-deep-impact-on-cambodian-tourism-economy/>.

By October 2021, Cambodia’s tourism bounced back. The industry showed signs of recovery when it grew by 15.2% in 2022. The number of international tourists jumped from approximately 200,000 to 2.2 million visitors (a tenfold increase) in 2022.⁷ This was due to the reopening of the country, the easing of travel restrictions, and the resumption of connecting flights to neighboring countries such as Thailand, Vietnam, and Singapore. Following that, the Royal Government of Cambodia also established a COVID-19 recovery strategy.⁸

The three-phase 2021-2025 National Tourism Recovery Roadmap focuses on turning the challenges into opportunities through tourism reform over the next 5 years, and the Siem Reap Provincial Tourism Development Master Plan emphasizes attracting domestic and international tourists to generate revenue and create jobs for the province’s economy. It also outlines the target areas for tourism development. According to the Ministry of Tourism’s statistics, although this sector is showing signs of recovery, the number of visitors to the country was still much smaller than it was before the pandemic.

Figure 1. Number of International Visitors to Cambodia



Source: Compiled by the authors from various sources

⁷ “Annual Report 2022.” National Bank of Cambodia. Last modified 2022. https://www.nbc.gov.kh/download_files/publication/annual_rep_eng/Annual%20Report%202022%20Eng.pdf.
⁸ See “Community-Based Tourism COVID-19 Recovery Project: Grant Assistance Report.” Asian Development Bank. Last modified January 2022. <https://www.adb.org/sites/default/files/linked-documents/53243-001-ssa.pdf>.

Though Cambodia has opened its borders more than a year ago, the number of international visitors is still fewer than it was before the pandemic. According to the Tourism Statistics Report of August 2023, the number of international tourists arriving in Cambodia increased from 254,813 in August 2022 to 464,637 in August 2023. However, the number of international visitors in August 2023 is still fewer than visitors in August 2019 which was recorded at 519,502. Nearly 3.5 million foreign tourists were counted in the first eight months of 2023, representing a 250.8% increase over the same period the previous year. Despite this expansion, the current figures are still 19.7% behind the record number of visitors in 2019.⁹

Though this is a good sign, Cambodia remains concerned with the issue of the negative images. For instance, many articles regarding scamming operations in Cambodia and the trafficking of people to work for online-fraud gangs were published by various foreign media.¹⁰ Likewise, the film "No More Bet" tells a story of the emergence of internet fraud operations linked to Chinese organized-crime gangs. In the film, tens of thousands of people have been trafficked to Cambodia, where they were promised of high-paying jobs.¹¹ Many people who work in the tourism industry think that these media publications have had a negative impact on the tourism industry, discouraging international tourists to visit Cambodia. Likewise, the State Secretariat of Civil Aviation (SSCA) spokesman agreed that there have been some instances of scamming, but insisted that this does not represent the situation as a whole. He believed these reports has a minimal impact on Cambodia's reputation.¹²

⁹ "Cambodia received Half a Million International Tourists in Aug." Ministry of Tourism. Last modified October 4, 2023. <https://tourismcambodia.org/public/official-activities/cambodia-received-half-a-million-international-tourists-in-aug>.

¹⁰ See Turton, Shaun, and Huang Yan. "Cambodia's 'scamdemic' reputation scares off travelers from China." Nikkei Asia. Last modified September 8, 2023. <https://asia.nikkei.com/Business/Business-Spotlight/Cambodia-s-scamdemic-reputation-scares-off-travelers-from-China>; Wong, Tessa, Bui Thu, and Lok Lee. "Cambodia scams: Lured and trapped into slavery in South East Asia." BBC News. Last modified September 21, 2022. <https://www.bbc.com/news/world-asia-62792875>; Blomberg, Matt. "Chinese scammers enslave jobless teachers and tourists in Cambodia." Reuters. Last modified September 16, 2021. <https://www.reuters.com/article/cambodia-trafficking-unemployed-idUSL8N2PP21I>.

¹¹ Strangio, Sebastian. "Cambodia To Block Release of Chinese Cyber-Scam Film." The Diplomat. Last modified September 28, 2023. <https://thediplomat.com/2023/09/cambodia-to-block-release-of-chinese-cyber-scam-film/>.

¹² Van, Socheata. "Are Reports of Scamming Affecting Tourism revival?" The Phnom Penh Post. Last modified October 5, 2023. <https://www.phnompenhpost.com/national-post-depth/are-reports-scamming-affecting-tourism-revival>.

Future Prospect

The current issue that Cambodia's tourism is facing is the slow recovery of the number of international visits into the country. We cannot deny the possible consequences that the negative media depiction and sense of insecurity have on international visitors. We also cannot deny the negative impacts that surging global inflation and subsequent interest rate hike have on prospective tourists. More importantly, it takes time for anything to recover. Regardless, Cambodia expects to receive roughly 4 million international visitors by the end of 2023, 5 million in 2024, and 7 million in 2025.¹³ Likewise, the tourism sector in Cambodia is expected to grow by 7.3% in 2023 before easing to 6.8% in 2024, according to the Asian Development Outlook (ADO).¹⁴

Ultimately, Cambodia's tourism sector in 2023 is making positive progress compared to the time of the COVID-19 pandemic and the early recovery stage. Importantly, considering that Siem Reap is one of the famous tourist destinations in Cambodia, the new Siem Reap-Angkor International Airport (SAI) is expected to boost the number of international visitors. Currently, it can accommodate up to 65,800 flights, 7 million passengers, and 10,000 tons of cargo annually. These numbers are expected to increase to 112,700 flights, 12 million passengers, and 26,000 tons of cargo per year by 2040.¹⁵

Recommendations

In the last decade, Cambodia's ecotourism has experienced rapid growth. As a country known for rich cultural heritage and natural beauty, Cambodia has an absolute advantage in this sector. According to a World Bank's study, the number of foreign visitors to the historical temple of Angkor Wat, including those from China, has been declining, while the coastal regions have attracted more and more tourists instead. Thus, the promotion and investment in ecotourism in

¹³ "Cambodia Maps Out Tourism Goals." TTR Weekly. Last modified April 12, 2023.

<https://www.ttrweekly.com/site/2023/04/cambodia-maps-out-tourism-goals/>.

¹⁴ "Cambodia's Economy to Accelerate on Tourism Recovery-ADB: New Release." Asian Development Bank. Last modified April 4, 2023. <https://www.adb.org/news/cambodia-economy-accelerate-tourism-recovery-adb>.

¹⁵ Hin, Pisei. "Siem Reap Airport to 'Boost' Tourism." The Phnom Penh Post. Last modified October 9, 2023. <https://www.phnompenhpost.com/business/siem-reap-airport-boost-tourism>.

Cambodia should be prioritized in order to draw in more international visitors.¹⁶ As of 2022, the survey showed that over 80 percent of global travelers said that sustainable tourism is important.¹⁷ Investing in and advancing ecotourism in the country demonstrates Cambodia's accountability for fostering sustainable tourism practices, which may attract tourist from across the world who are aware of their actions on the environment and local community. Therefore, travelers can be assured that their spending is contributing to the long-term preservation of Cambodia's natural resources and cultural legacy by supporting the locals and their businesses as well as eco-friendly tour organizers. Furthermore, Cambodian local communities hide a hidden beauty. Their daily life is unique and could differ from that of foreign visitors. By promoting ecotourism Cambodia can attract foreign visitors who are eager to learn about and gain a deeper understanding of the country's customs and traditions through cultural exchange by participating in homestays, language classes, and other experiences.¹⁸ This helps spread the lifestyle of Cambodia's local community to travelers around the world.

At the same time, the systematic issue of public security and trust in law enforcers should also be made the main priority. This will not be an easy task but a necessary one indeed. It takes seconds to chop down a tree, but it takes years to grow one.

Khim Tepsopheaktra and **Ly Rachana** are interns at the Center for Southeast Asian Studies (CSEAS), Institute for International Studies and Public Policy (IISPP), Royal University of Phnom Penh (RUPP).

¹⁶ See "Enabling Ecotourism Development in Cambodia." Open Knowledge Repository. Last modified July 24, 2020. <https://openknowledge.worldbank.org/entities/publication/77e2436b-0656-5773-b2f1-b0051d85c43c>.

¹⁷ "Sustainable Tourism Worldwide." Statista. Last modified March 21, 2023. <https://www.statista.com/topics/1916/green-tourism/#topicOverview>

¹⁸ Afore Hsieh. "Cambodia's Experiment with Responsible Tourism." The Diplomat. Last modified December 30, 2016. <https://thediplomat.com/2016/12/cambodias-experiment-with-responsible-tourism/>

The opinions expressed are those of the authors and do not represent the views of their affiliations and CSEAS.

Center for Southeast Asian Studies (CSEAS) of the Institute for International Studies and Public Policy (IISPP) aims to be a highly reliable and advanced hub of knowledge on Southeast Asian affairs to catalyze progress and advance prospects of positive integration, peace, and development. With its pool of high-caliber researchers, IISPP's CSEAS aims to be an alternative to ad-hoc research, training, and policy dialogue arrangements with limited or short-lived national and regional impacts.