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Value Chain Analysis Tourism Myanmar

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III. Acronyms

BSO	Business Support Organisation
CBI	Centre for the Promotion of Imports from Developing Countries
CBT	Community-Based Tourism
CIT	Community Involvement in Tourism
CoC	Codes of Conduct
CSR	Corporate Social Responsibility
DMC	Destination Management Company
EIA	Environmental Impact Assessment
FDI	Foreign Direct Investment
ITC	International Trade Centre
ITO	International Tour Operator
LCG	Local Community Tour Guide
LGH	Local Ground Handler
LTG	Local Tourism Guide
M&B	Marketing and Branding
MCRB	Myanmar Centre for Responsible Business
MoC	Ministry of Commerce
MoHT	Ministry of Hotels and Tourism
MTF	Myanmar Tourism Federation
MTM	Myanmar Tourism Marketing
NES	National Export Strategy
NTF	Netherlands Trust Fund
NTO	National Tour Operator
OTA	Online Travel Agent
PSC	Project Steering Committee
SME	Small and Medium-Sized Enterprise
TDCC	Central Development Committee for Tourism
TO	Tour Operator
UMTA	Union of Myanmar Travel Association

1. Introduction

In recent years, the Republic of the Union of Myanmar has gradually opened up to the outside world. In 2011, after five decades of military rule, the government of Myanmar initiated political, social and economic reforms.¹ Consequently, Aung San Suu Kyi, leader of the National League for Democracy, called for an end to the tourism boycott that had been in place for over 15 years.² In 2013, the government announced a much longer list of areas that tourists could visit without, or in some cases with, prior permission.³ Since then, the number of international arrivals has skyrocketed. Tourists jumped at the chance to see a country that had not only been closed to them for decades, but also boasts a rich culture and heritage.

The increase of tourism in Myanmar has created opportunities for employment generation and is a driver of economic growth. In 2016, tourism supported an estimated 1,662,000 jobs, which constitutes 5.7% of total employment.⁴ In addition, tourism generated 6.6% of GDP (USD 2 billion) in 2016, up from only 3.6% (USD 220 million) in 2011.⁵ Furthermore, this boom in tourism has inspired local communities – especially rural, poor and marginalised people – to take up gainful employment and exploit income-generating opportunities in tourism value chains by providing goods and services to visitors. The tourism industry has a huge multiplier and positive spill-over effect on other economic sectors, which contributes to the development impact of growth in the sector.⁶

However, a haphazard growth of the tourism sector in Myanmar also has the potential to cause significant social and environmental harm. In order to prevent this, and to ensure that tourism growth delivers “broad and equitable social, economic, and environmental benefits”, the government of Myanmar has adopted the Myanmar Responsible Tourism Policy 2012.⁷ The aims of this policy have been further incorporated into the Tourism Master Plan 2013-2020⁸, which sets out a strategic vision for the responsible and sustainable development of the tourism sector.

Various government and non-government stakeholders, such as tourism sector associations (UMTA, MTM) and local NGOs (Myanmar Centre for Responsible Business, Myanmar Responsible Tourism Institute) have actively worked to contribute to the goals of the master plan. In the wake of the new plans for the tourism sector, the International Trade Centre (ITC) and the Centre for the Promotion of Imports from Developing Countries (CBI) have also stepped in with a collaborative project to promote the inclusive and environmentally sustainable development of the tourism sector in Myanmar. They have done so under the umbrella of the Netherlands Trust Fund III 2013-2017 (NTF III) projects, and worked to enhance the competitiveness of national tour operators, develop community-based tourism in Kayah state, strengthen sector associations, and build capacity among national and state government institutions.⁹

¹ BBC (2015) “Myanmar's 2015 landmark elections explained”. 3 December. <http://www.bbc.com/news/world-asia-33547036>.

² Bealby, Jonny (2011) “Can you travel responsibly in Burma?”. The Guardian. 10 June.

<https://www.theguardian.com/travel/blog/2011/jun/10/burma-myanmar-ethical-tourism-travel>.

³ MCRB (2015) “Myanmar Tourism: Sector-Wide Impact Assessment”. <http://www.myanmar-responsiblebusiness.org/pdf/SWIA/Tourism/00-Myanmar-Tourism-Sector-Wide-Assessment.pdf>.

⁴ WTTC (2017) “TRAVEL & TOURISM ECONOMIC IMPACT 2017 MYANMAR”. <https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2017/myanmar2017.pdf>

⁵ WTTC (2017); Knoema (2018) “Myanmar - Contribution of travel and tourism to GDP as a share of GDP”. <https://knoema.com/atlas/Myanmar/topics/Tourism/Travel-and-Tourism-Total-Contribution-to-GDP/Contribution-of-travel-and-tourism-to-GDP-percent-of-GDP>; CEIC (2018) “Myanmar Tourism Revenue 2006-2016”.

<https://www.ceicdata.com/en/indicator/myanmar/tourism-revenue>.

⁶ Leeuwen, Eveline S. van, Peter Nijkamp, and Piet Rietveld (2009) “A Meta-analytic Comparison of Regional Output Multipliers at Different Spatial Levels: Economic Impacts of Tourism”. Eds. Á. Matias et al., *Advances in Tourism Economics*. Physica-Verlag Heidelberg.

⁷ MoHT (2012) “Responsible Tourism Policy”.

<http://www.tourismtransparency.org/sites/default/files/Myanmar%20Responsible%20Tourism%20Policy%202012.pdf>

⁸ MoHT (2013b) “Myanmar Tourism Master Plan 2013-2020”. <http://www.harrison-institute.org/Myanmar%20Tourism%20Master%20Plan%202013-2020.pdf>

⁹ International Trade Centre (2014) “NTF III Inclusive Tourism in Myanmar”. <http://www.intracen.org/itc/projects/ntf-3/myanmar/>

2. Context of the study

NTF III achieved significant results in establishing community-based tourism in Kayah state, quadrupling tourism spending and increasing the number of tourist arrivals by 140% between 2014 and 2016. Furthermore, 30 tour operators were trained and coached in order to increase their exports, improve their business practices and make the sector more competitive. Lastly, steps were taken to improve capacity at the Ministry of Hotels and Tourism (MoHT), Myanmar Tourism Marketing (MTM), and the Union of Myanmar Travel Association (UMTA). Nevertheless, it has become apparent that further assistance is needed to expand and increase the quality of services offered by sector associations, improve capacity among government institutions, expand the offer of community-based tourism products, and improve national marketing practices.

Based on the results and needs stemming from NTF III, a joint decision was made to start a new project in the tourism sector in Myanmar.

This value chain report has been drafted in preparation for the new CBI project on tourism development in Myanmar, parallel to the ITC Netherlands Trust Fund IV (NTF IV) proposal. The purpose of NTF IV is to increase the competitiveness of manufacturers and exporters in selected sectors in prioritised developing countries. The CBI and the ITC have selected four country/sector combinations on the basis of jointly defined selection criteria, including country requests, market demand, CBI/ITC and Dutch Ministry of Foreign Affairs priorities, feedback from Dutch embassies and other donors on how Dutch assistance can best be prioritised, and the comparative advantages of the ITC and the CBI.

The ITC's NTF IV project in Myanmar builds on the results of "NTF III Myanmar - Inclusive Tourism focusing on Kayah state" by expanding tourism product development to an additional state of Myanmar and further consolidating the results achieved at national and Kayah state level. The same successful value chain approach will be adopted, from product and service development via association strengthening and destination branding to market linkages.

The ITC and the CBI already collaborated closely during NTF III, creating synergies in a number of activities. For the next phase, the approach will shift from localised synergies to integration throughout the tourism value chain. The new ITC-CBI Myanmar tourism programme will have a comprehensive full value chain approach. As a result, it is envisaged that all essential stakeholders, ranging from local ethnic communities, local guides, restaurants, hotels and their suppliers up to the inbound tour operations working with international companies and the government, represented by MoHT and the Ministry of Commerce (MoC), will receive capacity-building assistance.

This value chain report functions as one of the main building blocks in formulating a business case for the new CBI project on tourism development in Myanmar, parallel to the ITC NTF IV proposal. The results from this study feed directly into the design of the new project. The main objective of this report is to arrive at an in-depth understanding of:

1. tourism demand from the European (EU/EFTA) region: its structure, current size, preferences, trends and developments, interest in travel to Myanmar, risks for market decline and opportunities for growth;
2. the supply side in Myanmar in terms of structure and actors regarding the European tourism market and opportunities for and interest in the development thereof;
3. the constraints which hinder small and medium-sized enterprises (SMEs) in increasing exports to European markets;
4. the corporate social responsibility (CSR) risks in the tourism value chain.

3. Methodology

This value chain report was realised between November 2017 and January 2018, mainly as a compilation of the vast amount of information already available (see Appendix 1). Sources included, amongst others, the ITC's NTF III and NTF IV project documents and reports, CBI market studies, trade statistics from MoHT, and local sector and industry reports. These secondary sources have been verified by interviews with CBI and ITC tourism experts, as well as cross-checked with Myanmar stakeholders in the public and private sector.

4. EU/EFTA market

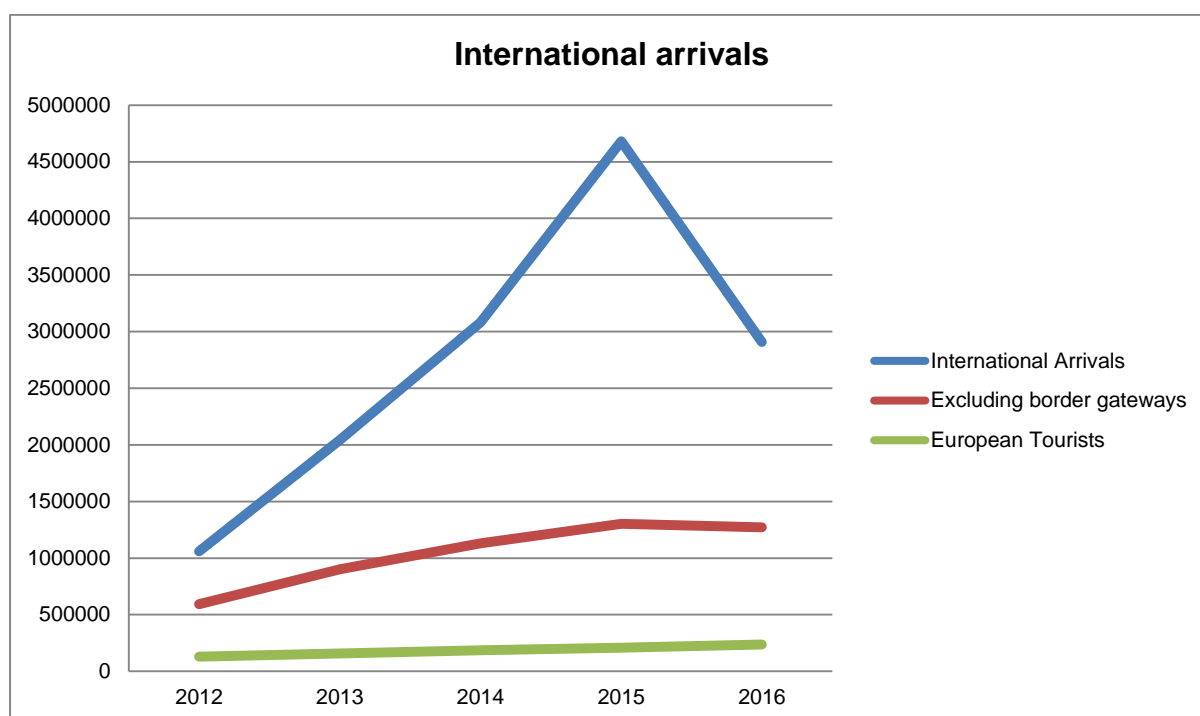
The European market is one of the main source markets for tourism in Myanmar. This section deals with the demand side in the tourism value chain, elaborating on its structure, current size, preferences, trends and developments, interest in travel to Myanmar, risks for market decline and opportunities for growth.

4.1 EU market trends

In 2016, European tourists accounted for around 25% of all international air arrivals and generated roughly 25% of total revenue from tourism. While the tourism sector performed strongly during the first half of 2017, concerns over internal conflict have raised questions regarding investment and tourist arrivals in the near future – especially from Western tourists.

The number of foreigners visiting Myanmar has been increasing sharply since sanctions began to be lifted in 2012. As seen in figure 1, the number of foreign arrivals grew from under 1 million in 2011 to nearly 3 million in 2016.¹⁰

Figure 1: International arrivals trend, 2012-2016



Source: MoHT (2018)¹¹

2013 was the year in which Myanmar “opened up” again for tourism and received significant attention in the international press and media as the “new” travel destination. In this year, the number of arrivals almost doubled from 1,058,995 to 2,044,307 (see table 1). At the same time, prices (especially hotel prices) started to rise sharply because of the high demand and low supply.

Growth continued during 2014, with revenue from tourism doubling compared to the previous year and almost reaching USD 2 billion.¹² Nevertheless, the gap between demand and supply was exacerbated, and prices kept on rising. This attracted regional destination management companies (DMCs), who stepped into the void and started competing with Myanmar DMCs.

¹⁰ Data for the year 2017 had not been published at the time of writing.

¹¹ MoHT (2018) “Myanmar Tourism Statistics”. http://tourism.gov.mm/en_US/publications/myanmar-tourism-statistics/.

¹² CEIC (2018)

Several domestic issues, ranging from internal conflict and political uncertainty due to the presidential elections to severe flooding in certain parts of the country, made 2015-2016 a difficult time for the tourism industry.¹³ This can be seen when looking at the number of tourist arrivals, which dropped significantly in this period.

Nevertheless, this is not the sole explanation for the drop in arrivals between 2015 and 2016. The introduction of new ways of gathering tourism statistics by the government also played a major role. Statistics institutions corrected their definitions of tourist arrivals, resulting in a less inflated and more realistic picture of the situation.¹⁴ When one excludes border gateways from the number of arrivals, a more nuanced image arises.

Remarkably, the number of European arrivals (as part of the total excluding border gateways) did not decrease between 2015 and 2016, but showed a moderately increasing trend over the entire five-year period (see table 1). This seems to show that Europe is a stable market for Myanmar.

Table 1: International arrivals trend, 2012-2016

	International arrivals	Excluding border gateways	European tourists
2012	1,058,995	593,381	130,296
2013	2,044,307	900,161	158,163
2014	3,081,412	1,131,624	186,828
2015	4,681,020	1,301,583	209,300
2016	2,907,207	1,272,596	237,889

Source: MoHT (2018)

While the number of international arrivals tripled in the period between 2012-2016, foreign spending in Myanmar more than quadrupled (see table 2). By 2016, visitor exports generated roughly USD 2.3 billion (26.4% of total exports). This is forecast to grow by 3.5% in 2017, and is expected to grow further by an average of 8.3% annually in the period 2017-2027. Tourism's total contribution to GDP also nearly doubled in the same period.

Table 2: Visitor exports and tourism contribution to GDP, 2012-2016

	Visitor exports (billion USD, real prices)	Total contribution to GDP (billion USD, real prices)
2012	0.473143	2.5705
2013	0.863792	2.82987
2014	1.47076	3.45768
2015	2.19536	4.47134
2016	2.25762	4.59937

Source: WTTC 2017/ MoHT 2018

According to data from MoHT, the country received 2,907,207 international arrivals in 2016, of which around 43% on a tourist visa. The rest is divided into business travellers (19%) and others (38%).

Table 3 shows tourist arrivals by nationality (excluding border gateways). Western Europe accounts for 18.70% of tourist arrivals in the country, with the majority of tourists coming from the UK and France. The former colonising powers have significantly improved relations with Myanmar in the last years, triggering the resumption of political and economic activities, including tourism. Other important European source markets are Germany, Italy, the Netherlands, Switzerland and Spain.

¹³ Hee, Marlon van (2017) Interview over the phone.

¹⁴ Thu, Ei Ei and Thomas Kean (2015) "Why Myanmar's tourist numbers don't add up". *Myanmar Times*, 19 January. <https://www.mmimes.com/in-depth/12828-why-myanmar-s-tourist-numbers-don-t-add-up.html>.

Table 3: Arrivals in Myanmar by nationality, 2016 (excluding border gateways)

Country	2016	%
ASIA	864,523	67.94%
WESTERN EUROPE	237,889	18.70%
France	52,304	4.11%
UK	51,051	4.01%
Germany	39,044	3.07%
Italy	17,969	1.41%
Netherlands	13,950	1.10%
Switzerland	13,897	1.10%
Spain	12,765	1.00%
Belgium	7,783	0.61%
Austria	4,857	0.38%
Others	24,269	1.91%
NORTH AMERICA	91,526	7.19%
OCEANIA	39,172	3.08%
EASTERN EUROPE	17,568	1.37%
OTHER AMERICAS	10,999	0.86%
MIDDLE EAST	7,140	0.56%
AFRICA	3,779	0.30%
TOTAL	1,272,596	

Source: MoHT (2018)

4.2 Profile and areas of interest of EU tourist

Overall, international visitors to Myanmar are mainly middle-aged men (see figures 2 and 3). Nearly 70% of international arrivals in Myanmar originate from Asian countries (mainly Thailand and China), where the profile of outbound tourists is also dominated by middle-aged men.¹⁵ Looking at the European market, on the other hand, the typical traveller is slightly older.

On average, the percentage of senior European travellers is estimated at more than 50%.¹⁶ Senior travellers to Myanmar made up 52% for Germany (DE), Switzerland (CH) and Austria (AT), and 76% for other European countries. The typical profile of such a traveller is an active traveller, aged over 50, who is interested in cultural trips, can afford luxury accommodation when available and prefers to travel with a guide. Overall, Myanmar remains a high-end destination that attracts a relatively small percentage of budget travellers (13% for DE, CH and AT and 12% for other European countries).

To a lesser extent, Myanmar also welcomes tourists with a different profile, such as:

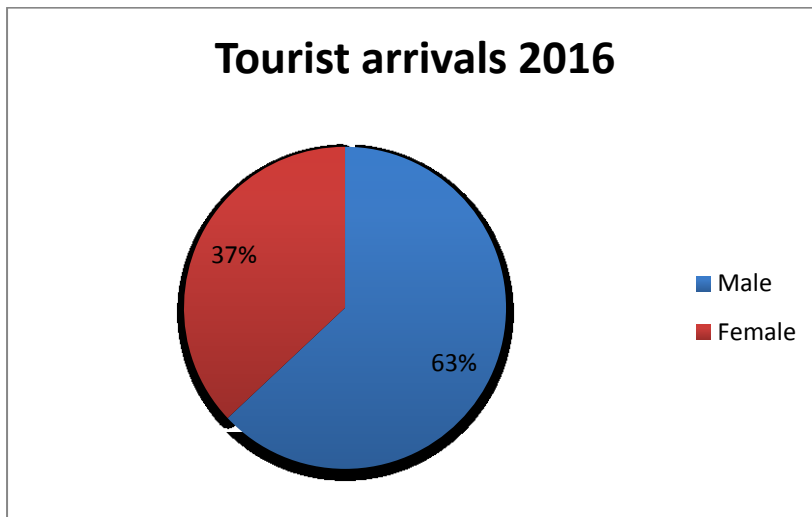
- Working Millennials: 20-35, career starters, highly educated and who care about the world. Their preferred activities include hiking, beach trips, city trips, trips off the beaten track, doing things that lend social credibility, and staying in budget accommodation with some luxury
- 30-50 Travel Lovers: high income, well-travelled, staying in good accommodation with interest in adventure, culture, food, authenticity and ecotourism
- Families with Children +12: high income, interested in culture & activities that are child-friendly, such as wildlife viewing

The interest in culture and mild adventure that is common to all European tourist segments underlines the high potential of Community-Based Tourism (CBT) in Myanmar.

¹⁵American Journal of Tourism Management (2014) "Profile of Chinese Outbound Tourists: Characteristics and Expenditures". <http://article.sapub.org/10.5923.j.tourism.20140301.03.html#Sec3>

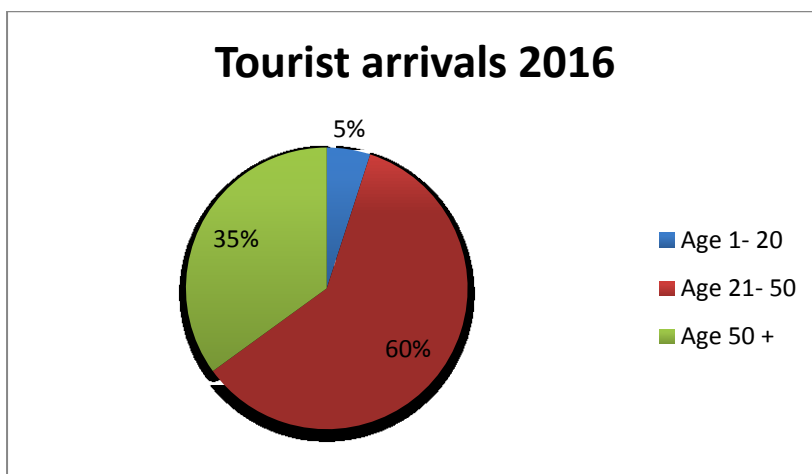
¹⁶ Hee, Marlon van (2017) "Survey on interest in Myanmar before ITB 2017 focusing on the German-speaking market (GE, CH and AT)".

Figure 2: Tourist arrivals by gender group, 2016



Source: MoHT (2018)

Figure 3: Tourist arrivals by age group, 2016



Source: MoHT (2018)

4.3 Length of stay and expenditure patterns

The average length of stay increased significantly between 2012 and 2016 from 7 to 11 days (see table 4). The longer stay and the lower average daily expenditure between 2015 and 2016 can be explained by the already mentioned decrease in prices in 2016, when the offer of tourism services, especially in terms of accommodation, started to boom.

Additionally, the increased length of stay could indicate that tourists are slowly starting to add secondary destinations to their trips, beyond the classic highlights.

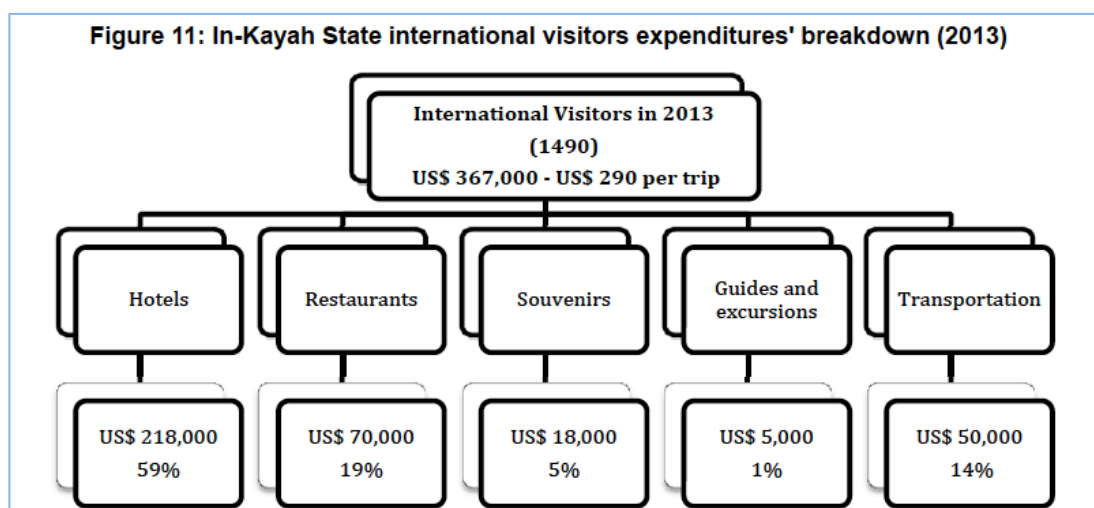
Table 4: Trend of tourist expenditure and length of stay

Year ¹⁷	2012 (USD)	2013	2014	2015	2016
Tourist expenditure	534M	926M	1.789M	2.122M	2.197M
Average expenditure per person per day	135	145	170	171	154
Average length of stay	7	7	9	9	11

Source: MOHT (2018)

There are no data available on the composition of tourist expenditure at the national level, but the example of Kayah state (before the beginning of the ITC NTF III project and therefore before the development of CBT) can be used as a proxy for other states of Myanmar where tourism development is in its infancy. See figure 4 below from the Opportunity Study commissioned by the ITC:

Figure 4: International visitor expenditure breakdown, Kayah state 2013



Source: ITC Tourism Opportunity Study based on a value chain assessment and proposed interventions for Kayah state

It is evident that tourists in Kayah state used to spend most of their money on accommodation (59%), meals (19%) and transportation (14%) due to the absence of additional tourist activities in the villages. This is also a realistic picture for other regions of Myanmar where CBT has not been developed yet. Tourists mainly spend on the most obvious segments of the value chain, with very limited benefits for local manufacturers and communities.

4.4 Itineraries and tourism routes

Tourism companies operating in Myanmar identify six flagship destinations: Yangon, Bagan, Mandalay, Inle Lake, Kyaikhtiyo (Golden Rock) and Ngapali Beach (Rakhine state).¹⁸ There are emerging areas such as the mountains of Putao, Nagaland, Hakha and Natmataung (Mt Victoria) in Chin state, and Kayah state. The Myeik Archipelago in Tanintharyi region in South-East Myanmar has now become more accessible for tourists¹⁹. Evidently, the tours offered by tour operators can vary but the most common destinations are the so-called cultural highlights of Myanmar. A “typical” eight to nine-day tour includes Yangon, Bagan, Mandalay and Inle Lake (see figure 5 for an itinerary). The highlights of Myanmar are the most common product sold to both European and Asian tourists, with

¹⁷ MoHT (2016) “Myanmar Tourism Statistics”. http://tourism.gov.mm/en_US/publications/myanmar-tourism-statistics/.

¹⁸ BIF (2016) “Burma (Myanmar): Tourism Market Analysis and Strategy”.

http://www.bifprogramme.org/sites/default/files/attachments/bif_burma_tourism_market_analysis_strategy.pdf.

¹⁹ MCRB (2015)

Thai tourists showing a particular interest, for religious reasons, in Kyaikhtiyo (Golden Rock) and Chinese for the bordering states with Yunnan and South-West China, which are well connected to Myanmar by recently built transportation routes.

Figure 5: Typical eight-day itinerary offered by KimKim



Source: <https://www.kimkim.com/c/myanmar-basics-8-day-itinerary>

4.5 Preferences regarding types of products (focus on CBT)

Please refer to table 5 extracted from a survey undertaken by CBI experts in January/February 2017, before ITB 2017, which consisted of interviews with 56 European tour operators (23 from DE/CH/AT and 33 from other EU countries). As already mentioned, the European market is currently mainly targeting cultural tourism in Myanmar and to a lesser extent adventure tourism. When asked about their interest in including CBT products, almost 90% of the European tour operators answered positively (see table 6).

Table 5: Customer profile for Myanmar

	DE, CH, AT (in %)	Other EU (in %)
Upmarket	61	55
Adventure Tourist	48	58
Cultural Tourist	96	82
Sun, Sea and Beach Tourist	22	9
Budget Traveller	13	12
Other	26	18

Source: Survey on interest in Myanmar before ITB 2017

Table 6: Interest in including community tourism products in Myanmar offer

	EU
YES	88
NO	12

Source: Survey on interest in Myanmar before ITB 2017

4.6 The potential for European market expansion

There is huge unlocked tourism potential in Myanmar that goes beyond the classic cultural highlights. The key to unlocking this potential and increasing European tourism is to upgrade the infrastructure and diversify in order to attract tourist segments other than senior travellers.

The most promising products are CBT and water-related activities (“sun & beach” and “marine tourism”) in the south of the country (see table 7). Religious and pilgrimage tourism (“spiritual tourism” eventually linked to wellness) also seems to have potential, especially for Catholic countries like Italy. Catholics make up only 1% of the population (Christians make up 6.2%), but they have built churches in many cities, especially in Yangon, Mawlamyine (Mon state) and Loikaw (Kayah state).

When asked about the most promising products in Myanmar in the short term, the 56 interviewed European tour operators answered as below, with the two most common answers “visiting distinct ethnic communities” and “interactions with local people” clearly linked to the possibility of offering CBT.

Table 7: Most interesting products for the short to medium term in Myanmar

	DE, CH, AT (in %)	Other EU (in %)
Visiting distinct ethnic communities	70	64
Interactions with local people	78	73
Soft adventure	65	73
Ecotourism	43	48
Animal interaction	35	30
Sun and beach	30	27
Marine tourism	26	30
Spiritual tourism	39	21
Other	9	9

Source: Survey on interest in Myanmar before ITB 2017

During meetings with European tour operators at ITB 2017, it was confirmed that European tour operators were attracted to Myanmar, as it is a relatively new tourism destination. Furthermore, they were especially interested in those Myanmar suppliers who could provide special products and activities such as community-based tourism programmes, birdwatching, balloon rides, cycling, cruising, eco/soft and adventure programmes.²⁰ Diversification of the tourism products on offer therefore seems to be the key to growth of the sector.

4.7 The risks of European market decline

While data for 2017 have yet to be published, data from MoHT indicate that between 2.2 million and 2.8 million foreign tourists visited Myanmar in the first eight months of the year. This represents a year-on-year increase of more than 20%. Of these tourists, an estimated 1.4 million entered the country via Myanmar's land borders with China and Thailand, and a further 830,000 arrived through international airports in Yangon, Mandalay and Nay Pyi Taw. This represents a 10% rise in air arrivals compared to 2016. By November 2017 the number of arrivals totalled 3.1 million, topping the 2.9 million from the year before.²¹

Even though the year started out strong, violence in Rakhine state caused a major crisis for the tourism sector. Starting in August, the images of a military crackdown on Rohingya communities went around the world and severely damaged Myanmar's image.²² Some local and international media highlighted how tourism operators witnessed many cancellations right before the high season in

²⁰ Hee, Marlon van (2017) "ITC Report on ITB".

²¹ Thu, Ei Ei (2017) "Bumpy ride for tourism seen in 2018". *Myanmar Times*. 22 December. <https://www.mmimes.com/news/bumpy-ride-tourism-seen-2018.html>

²² Dpa International (2017) "Rohingya crisis shakes Myanmar tourism industry". <http://www.dpa-international.com/topic/rohingya-crisis-shakes-myanmar-tourism-industry-171226-99-413168>

October, and inbound arrivals slowed down.²³ Others explained that travel agents and buyers were not withdrawing just yet, but predicted that the real impact of the year's violence would be felt in 2018.²⁴ Many Western tourists have ethical and security concerns with regard to visiting Myanmar, with potentially far-reaching consequences for the tourism industry. In reaction to the dwindling number of European tourists, Myanmar's tourism sector has shifted its focus to the Chinese and South-East Asian tourism markets. Local media sources have reported that this has paid off quickly, offsetting the decline from the Western and European markets.²⁵

Another risk of European market decline comes from a lack of diversification of the Myanmar products. If Myanmar suppliers fail to diversify their offer to European tourists and keep focusing on the highlights, European outbound tour operators and tourists might quickly lose interest. The Myanmar tourism industry cannot rely solely on the country's main tourist attractions, which are starting to be well known and saturated, for much longer. Moreover, the number of visitors and hence the benefit of tourism in other states and areas is limited and the potential for tourism exports to support livelihoods is underutilised.

There is a need for a greater focus on developing new destinations within the country and attracting repeat travellers to alternative destinations. Widening Myanmar's tourism offer is an opportunity for local providers of tourism products and services to generate opportunities for earning income in tourism and tourism-related value chains.

4.8 SME exporter competitiveness and ability to meet European market demand and requirements

A 2012 study of European tour operators' interest in South-East Asia explains how European tour operators expect local ground handlers in South Asia to come up with new, innovative product ideas, themes and prices²⁶. Due to the strong competition among European travel agents, their expectations of the local DMCs are high. This applies to both the expectation to create new and innovative offers as well as the level of sustainability of the products on offer. European tour operators with a more social and sustainable entrepreneurial vision guide and support their local partners to develop new products and to implement sustainability in their daily operations. As mentioned, the classical Myanmar highlights no longer completely match market expectations and the Myanmar tour operators need to diversify.

According to a survey of European Tour Operators (TOs) undertaken in 2017, the quality of the current offer from Myanmar tour operators is satisfactory, but not excellent (see table 8). It is probable, given the analysis above, that classic tours are of a good quality, but TOs are still weak in innovative and tailor-made trips.

²³ Oxford Business Group (2017) "Despite recent growth, tourism in Myanmar faces near-term challenges". 29 November. <https://oxfordbusinessgroup.com/news/despite-recent-growth-tourism-myanmar-faces-near-term-challenges>

²⁴ Travel Wire Asia (2017) "Is the Rohingya crisis affecting tourism in Myanmar?". 14 September. <http://travelwireasia.com/2017/09/rohingya-crisis-affecting-tourism-myanmar/#JLuMUA4ZwHv0M0i.97>

²⁵ Myanmar Times (2017)

²⁶ Kusters, Naut (2012) "South-East Asia - Sustainable Tourism Report".

Table 8: Current quality of the Myanmar tourism products offered

	DE, CH, AT (in %) ²⁷	Other EU (in %)
0 lowest	0	3
1	5	0
2	0	16
3	32	50
4	45	28
5 highest	18	3

Source: Survey on interest in Myanmar before ITB 2017

4.9 Competition and market rivals

Myanmar partially still benefits from the status of new destination, but competition has increased and will continue to do so in the near future. The market is maturing and the current Rohingya refugee crisis is not helping tourism development. Diversification is key to remaining competitive. If not, competition from other countries and internal competition among tour operators offering more or less the same products will drive down prices and reduce demand. A major rival destination is Cambodia. Cambodia has very strong cultural highlights, similarly to Myanmar, and has been working hard on diversification by developing new regions, regional tours and coastal tourism. Together with Laos, it is a serious competitor, due also to the higher level of tourism destination marketing and high-quality tourism service providers such as hotels, restaurants and tour operators²⁸. In addition to diversifying the product offer, Myanmar has to work on its Unique Selling Point (USP) in order to maintain an edge over its competitors. With regard to the expectations of European travellers that are more and more interested in unique, authentic and environmentally and socially sustainable experiences, Myanmar's USP could build on authenticity and sustainability.

²⁷ Hee, Marlon van (2017) "Survey on interest in Myanmar before ITB 2017 focusing on the German-speaking market (GE, CH and AT)".

²⁸ Hee, Marlon van (2017) Interview over the phone.

5. Structure and governance of the value chain

The tourism sector in Myanmar has grown very fast in the last decade. As the country opened up and tourism arrivals increased, the government has taken various initiatives to streamline the development of the sector. This section looks at these efforts, as well as the variety of actors active in the value chain, ranging from local ground handlers to European online travel agents.

5.1 Local production factors and the business environment

In 2011, after five decades of military rule, the government of Myanmar initiated political, social and economic reforms. In 2013, the government announced a much longer list of areas that tourists could visit without, or in some cases with, prior permission.²⁹

Tourism was prioritised in the government's Framework for Economic and Social Reforms (FESR) 2012-2015 as "potentially one of Myanmar's most important sectors, with tremendous potential to contribute to greater business opportunities and balance social and economic development if properly managed and developed". Consequently, Myanmar has developed a number of tourism sector-specific policies that set out an overarching framework for the development of the tourism sector. These include, most significantly, the Responsible Tourism Policy 2012, the Policy on Community Involvement in Tourism 2013 and the Tourism Master Plan 2013-2020.

In terms of policies and regulations, Myanmar is therefore building a conducive environment for responsible tourism development. On 1 September 2014, Myanmar introduced an e-visa system through which tourists can apply electronically for visas. Myanmar has waived visa requirements for visits lasting up to 14 days for the following ASEAN countries: Cambodia, Indonesia, Laos, the Philippines, Vietnam, Singapore, Brunei and Thailand.

On the other hand, the infrastructure for the tourism sector, such as accommodation, roads, transport, electricity supply and information and communication technology, still needs huge improvement. For instance, while Yangon and other major cities continue to experience power outages that halt economic activity, rural access to electricity is a huge concern, which affects tourism development. In addition, the banking infrastructure is still limited. While ATM machines are now operational in major cities, credit card payments are still not widely accepted, especially at the final destination level. This can impact the spending capacity of tourists, particularly on souvenirs and additional services, which are most likely to generate local economic benefit.³⁰

Until recently, the accommodation sector in Myanmar was dominated by individual hotels/guest houses, locally owned chains and a handful of Singaporean investments. However, foreign investment in the hotel industry started to flow into the country in 2013 and 2014, mostly by Asian investors, with significant new developments in Yangon coming on stream from 2015 onwards and more focus on the luxury sector. Prices are generally high and service standards do not always meet expectations.

Additionally, the artificial stratification of licensing for accommodation by room number and size creates not only red tape and confusion, but also stifles innovation and growth by local SMEs³¹. Under MoHT Order 1/2011 on the licensing of hotels and lodging-house businesses, a hotel must have upward of 20 rooms/40 beds and a restaurant to be eligible for a hotel licence, which is issued by MoHT. However, a guesthouse is licensed by the municipal authority, the local development committee, and must have more than 10 rooms/20 beds, but doesn't need to provide food. If it wants to be a guesthouse for foreigners, it needs to obtain a licence from MoHT as well. Bed and breakfast accommodation, on the other hand, is licensed at the state/regional government level. It must have between four and eight rooms, be at least part-owned by a member of the community, and be separated from the owners' accommodation. Home-stays, which can be beneficial to communities'

²⁹ MCRB (2015)

³⁰ Ibid.

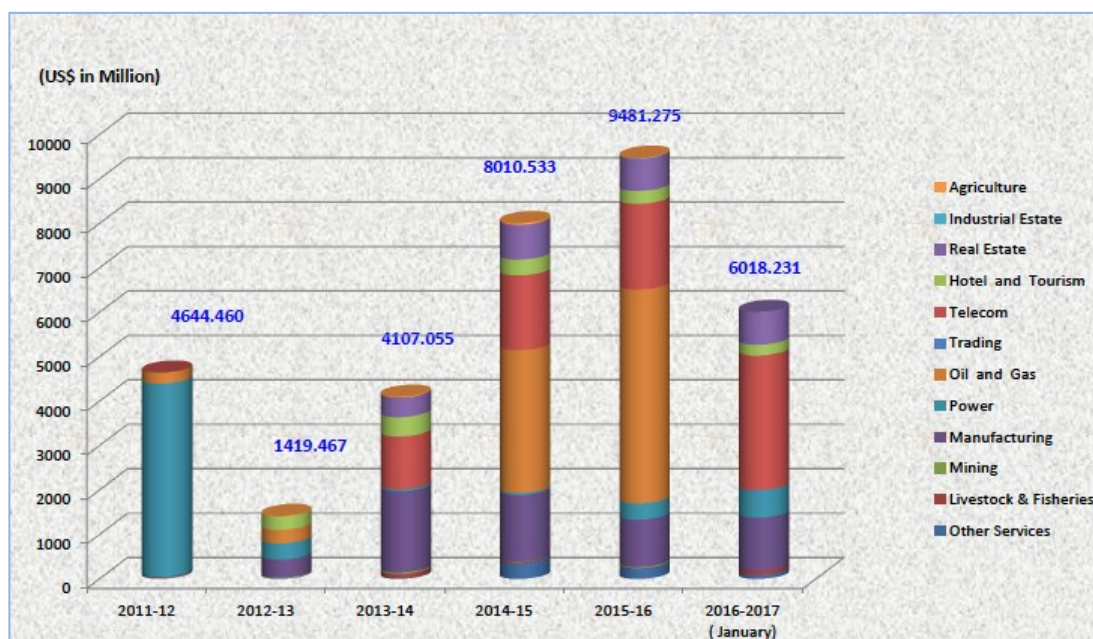
³¹ Frontier Myanmar (2016) "Hotel policy is broken: Here is how to fix it". 31 October. <https://frontiermyanmar.net/en/hotel-policy-is-broken-heres-how-to-fix-it>

livelihoods, are officially illegal but tolerated in rural areas when there is no hotel available in the proximity.

Until 2012, Myanmar’s aviation sector was not well-developed. Since 2012, however, passenger numbers have surged and new domestic airlines have been established. Several carriers have opened up routes to, from and within Myanmar, even with small-capacity loads. However, issues such as the overburdening of Yangon’s airport terminal, air-traffic control and baggage handling are discouraging investors from expanding existing airlines or starting up new ones. Some of the country’s airlines are too small to make attractive targets; others are owned or backed by businesspeople on the US government sanctions list, discouraging investment in these airlines. Another challenge is the safety record of Myanmar’s aviation sector. Reliable data on accidents and incidents are lacking, but according to aviation experts, Myanmar has an air accident rate nine times the world average. Tourists also use ground transport, mainly hired cars and minivans, coaches (public or chartered), and trains, although road safety remains a major problem throughout the country.

Private investment can support infrastructure development. In April 2017, Myanmar started implementing a new investment law designed to promote and facilitate both foreign and domestic investment in the economy and open up more economic sectors to private investment. Figure 6 below shows how in 2015-2016, most foreign direct investment (FDI) was still concentrated in Oil and Gas, but this was replaced by Telecom in 2016-2017. Hotel and Tourism is still a small recipient of FDI, but has been identified as a sector promoted for investment in the new law.³²

Figure 6: Trend of FDI in Myanmar



Source: Myanmar Investment Commission (2017) “FDI in Myanmar and its outlook.”

5.2 Stakeholders in the Myanmar tourism value chain

Figure 7 below summarises the Myanmar tourism value chain according to its major actors, ranging from those in the European market to those in local Myanmar tourism destinations. The model shows the different actors a tourist interacts with throughout his trip at the national level (boxes in light green) and at the local/destination level (boxes in light orange). On the periphery of the primary tourism value chain, the tourism-related supporting institutions are shown, including national (box in light green) and state as well as local government associations (box in light orange). The thicker arrows highlight how

³² Myanmar Investment Commission (2017) “FDI in Myanmar and its Outlook”.

certain steps of the value chain might be skipped: (i) a Yangon-based inbound tour operator does not necessarily use the services of a local ground handler to bring tourists to a local destination and (ii) a foreign independent tourist (FIT) can decide whether to use intermediary services (national tour operators and/or local ground handlers) or visit a local destination directly.

Figure 7: Myanmar (to global) tourism value chain



Source: own design, G. Macola, 2017

The main actors in the value chain and their interrelations as summarised in figure 7³³ are as follows:

- **Community-Based Tourism (CBT):** Local, ethnic minority communities offering cultural tourism experiences.
- **Local Community Tour Guides (LCGs):** These are local villagers who were trained to lead tours in their home villages. They usually do not speak English.
- **Local tourism service providers:** Other tourism service providers, such as hotels, restaurants, and craft shops, that the tourist interacts with during his/her stay at the destination. A FIT can either contact them directly or through the intermediary services of a national tour operator or local ground handler; national tour operators can establish partnerships with them directly or through a local ground handler.

³³ Most of the descriptions of the actors are taken from Richards, Peter (2018) "Fresh From The Field".

- **Local Tourism Guides (LTGs):** These are licensed, professional tour guides. They are trained and licensed by MoHT. They are employed by national tour operators (below) or ground handlers to lead tours. They are expected to be able to speak English well.
- **Local Ground Handlers (LGHs):** Local ground handlers operate at the state level, around tourism destinations. On the one hand, they work with local communities, sending tourists to participate in their CBT programmes. On the other hand, they work with national tour operators to operate their local tours.
- **National Tour Operators (NTOs):** Based in major cities. They develop tour itineraries that cover the entire country and offer these to international tour operators in source markets like Europe. Crucially, they link international source markets to local Myanmar tourism offers.
- **International Tour Operators (ITOs):** International tour operators are based in source market countries. They develop tours in partnership with national tour operators and sell them to international tourists. Tour operators play a central role in the European tourism industry. As intermediaries between tourists and tourism service providers, tour operators bring together a variety of tourism-related services to form a complete holiday package, which is then marketed to customers either directly or through travel agents.

5.3 Channels to the European market

There are several distribution channels for tourism products (e.g. CBT) to reach the European market (see figure 8).³⁴ Distribution through **tour operators** (NTOs + ITOs) still dominates the trade structure. Tour operators are particularly dominant in Southern and Eastern Europe, where the tourism market still has a traditional structure. When it comes to holidays in developing countries, European travellers often prefer tour operators, especially when they are visiting relatively unknown or emerging tourism destinations. Local inbound tour operators assemble the various local elements of trips and offer them to outbound tour operators. European tour operators generally prefer to work with a few inbound tour operators, instead of with multiple local tourism service providers separately.

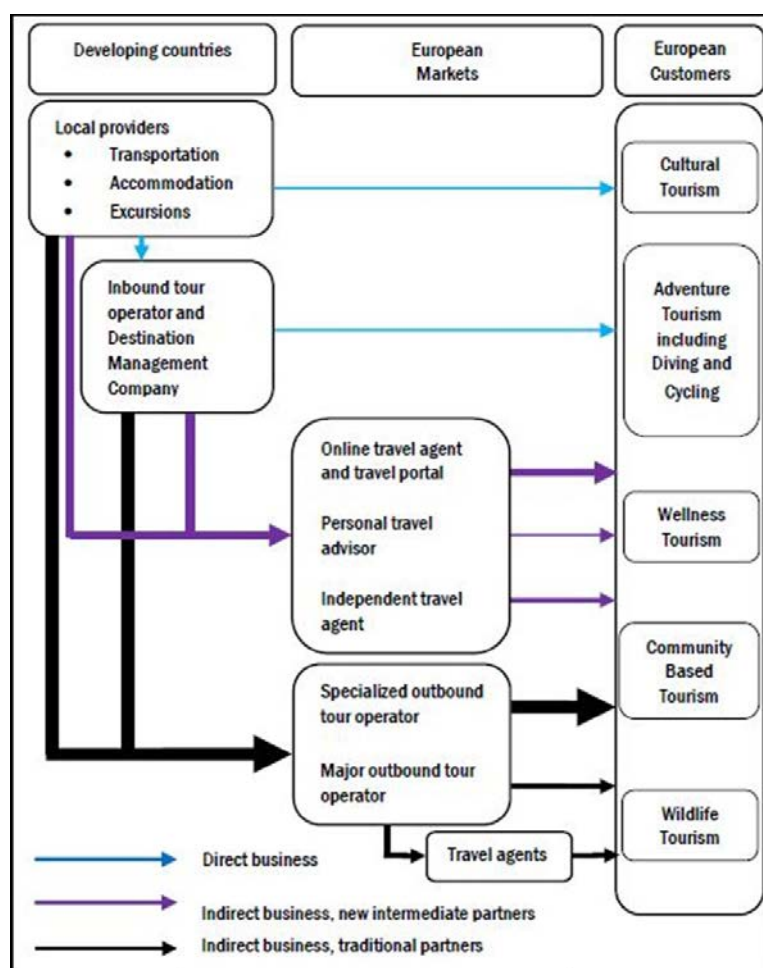
However, Europeans are becoming increasingly experienced travellers and **online tourism** has made it easier for them to contact and book with local tourism companies directly. Younger travellers (between the ages of 18 and 45) are particularly likely to book directly with local providers.

Additionally, **online travel portals** can function as a link between travellers and suppliers. Most of them are marketing platforms for information and promotion. Bookings and payment are arranged directly through the tourism provider. **Online travel agents** (OTAs), on the other hand, offer booking capabilities for a variety of tourism products, mainly in the mass tourism market. Customers can book flights, accommodations, car rentals, local excursions or various combinations thereof directly. OTAs offer limited information about the product and usually charge a commission of 10–20%, but they have great potential for standardised products that can be easily booked online.

Over the next years, OTAs will also become increasingly important for national inbound tour operators, especially if those are not strong enough digitally to manage an online presence for direct sales. Their product range, preferably within a chosen niche, has to be uploaded to a central product database (preferably in the cloud) for distribution to OTAs. To be competitive in this environment, Myanmar inbound tour operators need to improve their product definition and their digital presence to make sure to benefit from the increase in online (direct and indirect) bookings.

³⁴ CBI (2017) "Through what channels can you attract European tourists?". 31 October. <https://www.cbi.eu/market-information/tourism/channels-segments/>

Figure 8: Channels to the EU market



Source: CBI

5.4 Description of sector support organisations

The following private sector organisations, national and state government bodies, development agencies etc. operate outside the primary value chain, but play key supporting roles..

5.4.1 Private sector organisations

Myanmar Tourism Federation (MTF): The Myanmar Tourism Federation was established in 2012 to facilitate communication between the government and the private sector about tourism sector-related challenges. MTF's official mission is to promote Myanmar as a tourism destination, support sustainable tourism development, welcome and assist investors, and develop human resources for tourism-related industries. Its purpose is to voice private sector concerns about tourism-related challenges in Myanmar.

The Myanmar Tourism Federation's membership comprises 11 business associations, including the Myanmar Hospitality Professionals Association; Myanmar Hoteliers Association; MTM; Myanmar Restaurants Association; Myanmar Souvenir Entrepreneurs Association; Myanmar Tourist Guides Association; Myanmar Tourist Health Care and General Services Association; Myanmar Tourism Human Resources Development Association; Myanmar Tourism Transportation Association; UMTA; and Domestic Pilgrimage & Tour Operators Association.

MTF's efforts are constrained by a lack of human and financial resources. It requires assistance to provide industry knowledge and tools to promote responsible tourism, as well as strengthen its ability to manage and represent its full membership base.

Union of Myanmar Travel Association (UMTA): UMTA, which currently has around 1,000 members, was formed under the supervision of MoHT in 2002 and is the main association for uniting the private sector travel agencies, tour operators, and travel-related businesses in the promotion of Myanmar as a travel destination. Working under the guidance of MTF, UMTA is also responsible for the comprehensive and systematic development of the tourism-related sectors in Myanmar. There are three types of memberships within UMTA: Active membership, open to tour operators and travel agents licensed by MoHT; Allied membership, open to any business establishment or individual that is not a travel agent or tour operator, whose business is associated with tourism and the travel industry, has been approved by either the Registrar of Companies or the Registrar of Co-operative Societies of Myanmar and operates within Myanmar; and Associate membership, open to all Tourism and Travel Industry Associations registered by the Registrar of Societies of Myanmar or the relevant Registrar of Societies of any foreign country that has diplomatic relations with Myanmar.³⁵

UMTA is one of the CBI/ITC's main private partners in Myanmar and has been a collaborator throughout their projects, especially regarding the capacity-building activities of member tour operators with the aim of embedding the coaching programme within UMTA. It is also a partner in the development of the tourism Codes of Conduct (CoC).

Myanmar Tourism Marketing (MTM): MTM is a non-profit organisation created in 2000 to act as the marketing arm of MTF. It has about 150 members, 80 of which are tour operators, with the remainder being airlines, hotels, restaurants, and cruise lines. Its main functions are (i) the dissemination of information to promote Myanmar; (ii) participation in national and international tourism events; (iii) co-operation with international tourism bodies; (iii) organisation and participation of Myanmar in international tourism trade fairs, including stand organisation, displays, etc. (e.g. ITB, WTM, ASEAN Tourism Forum, JATA, ITB Asia); (iv) publication and distribution of news bulletins, promotion brochures and an up-to-date website.

Together with UMTA, MTM is the main partner of CBI and ITC programmes, especially those concerning the production of marketing materials, participation in tourism trade fairs and general upgrading of the country brand.

State-level local tourism sector associations: At local/state level, associations have been set up to represent the different categories of tourism service providers, e.g. hotels, restaurants, guides, transport associations. Often, these have been established by ministerial decree without a roadmap and they lack a strategy to plan the associations' future activities or to link these to tourism development and strategic plans at the state level.

For the ITC, they are the institutional partners for the activities implemented at the local level. At the same time, they are the beneficiaries of capacity-building activities to enhance their services to members. In the case of Kayah state, the travel & transport association (which unites the ground handlers) and the guides associations have a crucial supporting role in the development of CBT. LGHs and guides direct tourists to CBT villages and are supposed to use the newly developed products and services. They have been involved in Kayah state since the beginning of the development of the Cultural Tourism Tours to enhance their understanding of how CBT should be managed and run to be sustainable.

5.4.2 Government organisations

Ministry of Hotels and Tourism (MoHT): MoHT is a government agency mandated to guide the development of tourism in Myanmar. The Ministry comprises the Directorate of Hotels and Tourism (responsible for policy, planning, project management and tourism regulation) and the Myanmar Hotels and Tourism Services (responsible for business-related activities, such as tour operations and accommodation). MoHT is the lead Ministry responsible for investment in the accommodation and tourism sectors. It sets requirements for the registration and classification of tourism-related business. MoHT is also in charge of training and certifying tour guides and providing training in its Yangon training facility, as well as conducting skills assessments through its regional office. Together with the Ministry of Commerce (MoC), MoHT is the main government partner for the ITC and the CBI and acts as Chair of the joint Project Steering Committee (PSC) for ITC NTF IV and the parallel CBI project.

³⁵ UMTA (2018) "Membership". <http://www.umtanet.org/index.php/membership>

The Ministry of Commerce (MoC): The Ministry comprises of the following departments: (i) office of the minister; (ii) directorate of trade; (iii) department of commerce and consumer affairs; and (iv) department of trade promotion. MoC is committed to tourism development as a crucial aspect of trade, and was one of the key actors in the formulation of the country's Tourism Export Strategy as part of the National Export Strategy (NES). The NES development was supported by the ITC. MoC plays a vital role in improving the export competitiveness in the tourism sector by implementing policies and regulations. MoC was the formal government partner of the ITC project under NTF III; the NTF III Myanmar tourism project document for 2014-2017 was signed between the ITC and MoC under the NES implementation. Together with MoHT, MoC will remain the main government partner for NTF IV and the parallel CBI project.

Central Development Committee for Tourism (TDCC): Formed in February 2017 and chaired by the Vice President Henry Van Thio to plan and coordinate the tourism sector. It encompasses a number of ministries and is tasked with boosting tourism development, especially in rural, areas as a way to improve living conditions.³⁶

Local branches of MoHT: MoHT has 33 branch offices throughout the country working on mainstreaming tourism planning into local governance structures as well as on administrative/control issues (permissions to visit certain areas). Their role in the value chain is key, as they can help enterprises and community manufacturers in promoting and linking their products to tourists and the tourism industry. In Kayah state, for example, the local MoHT staff were trained by the ITC to set up a "CBT check-in mechanism" tasked with monitoring CBT development and gathering data on tourist arrivals in the state and in CBT villages with the aim of improving tourism planning and promotion. MoHT branch offices are key partners in developing CBT, as they are the link between local villages and the Ministry in Nay Pyi Taw.

5.4.3 International donor programmes, research institutes, and training institutes

There are several international organisations working in Myanmar in the tourism field; see below for a non-exhaustive compilation according to the nature of the intervention.

Education and Human Resources development: (1) the Switzerland Development Cooperation (SDC) is currently implementing the first phase of a 12-year project to increase the availability of training in the hotel industry and the quality of service offered by staff and provide mobile vocational education in rural areas and for disadvantaged populations; (2) Lux-Development works on human resources capacity-building and promoting service quality in the tourism sector in line with orientations of the strategic programme II of the Myanmar Tourism Master Plan. Among other things, Lux-Development supplies technical assistance for the development of curricula for hospitality courses to the Yangon and Mandalay National Degree management College; (3) the International Labour Organisation (ILO) finalised training through the "Scaling up: Skills for Trade and Economic Diversification (STED) Myanmar" project to establish and strengthen skills-focused institutions, develop training standards and a curriculum, and educate trainers etc. in tourism and agriculture.

Private sector and SMEs competitiveness: (1) The CBI's Tourism Programme in Myanmar, aimed at increasing the export readiness of Myanmar inbound tour operators while also supporting sector organisations to improve their service level; (2) the ITC's NTF III (2014-2017) and NTF IV (2017-2021) projects, aimed at increasing the competitiveness of the Myanmar tourism sector by working throughout the entire tourism value chain, from product development (Kayah state for NTF III and another state to be defined for NTF IV) via market linkages to destination branding; (3) the Business Innovation Facility (BIF), a Department for International Development (DFID) project (started in 2013) implemented by Price Waterhouse Coopers and HamsaHub that offers training in innovative tourism product development and provides funding opportunities through the Package and Product Innovation Competition (PPIC). Open to all tour operators, travel agents, hoteliers and guides willing to innovate.

³⁶ Eleven Myanmar (2017) "New central committee formed for tourism development". 5 February. <http://www.elevenmyanmar.com/local/9161>

Community-based tourism (CBT): In 2014, there were six pilot CBT projects in Myanmar: (1) CBT initiative Bagan-Myaing Area, funded by ActionAid; (2) Shan state B&B pilot projects, funded by GIZ; (3) Thandaung-gyi, funded by the Hanns Seidel Foundation; (4) Community-based ecotourism around Indagwyi Lake, funded by Fauna & Flora International; (5) Dolphin ecotourism project, funded by Wildlife Conversation Society; (6) the ITC NTF III project. This has also been included in this group, even if substantially different due to its market-led nature and work throughout the entire value chain to encompass a wider range of activities. Between 2014 and 2017, the number of CBT destinations in Myanmar grew from six to over 30 destinations.

Training institutes: (1) Inle hospitality vocational school project, funded by the managing director of Inle Princess Resort with the support of Partnership for Change (PfC), aimed at empowering the local community in Myanmar and creating job opportunities for women and youth; (2) Hospitality and Catering Training Academy, funded by the Daw Khin Kyi Foundation and based in Kaw-Hmu, south of Yangon, a non-profit training centre empowering youth with education and vocational training to satisfy the rapidly growing demand of the tourism and hotel industries; (3) The Kandawgyi Hotel and Tourism Training School, established in 1992 with the funding of UNDP and ILO, providing basic hospitality training in front-office management, housekeeping, food and beverages, service training, and travel consultancy.

5.4.4 Working groups

Tourism Sector Working Group: The Tourism Sector Working Group was established to develop and support sustainable and responsible tourism in Myanmar. It is one of 17 Sector Working Groups established as a result of the Nay Pyi Taw Accord between the Union Government and development partners at the Myanmar Development Cooperation Forum, held in January 2013. Sector Working Groups support the government to ensure that sector strategies and government priorities are better articulated, and to identify priority programmes and “quick-win” initiatives. They also support effective coordination between government bodies and development partners (donors). In September 2017, the new list of the Sector Working Groups was released. Tourism now falls under the Job Creation Working Group. The ITC is a member of this specific Job Creation group. The Dutch embassy in Yangon is an active member of several working groups in their priority policy areas, but not of the Job Creation group.

CBT Network: A discussion forum to monitor progress regarding the implementation of the Policy on Community Involvement in Tourism (2013) and to share best practices and lessons learnt from the CBT projects in Myanmar (see above). A practical result of the constant exchanges has taken shape in the last months with substantial progress in the preparation of CBT standards, supported by the ITC, the CBI, GIZ and Lux-Development as joint donors.

NES tourism working group: One of the groups established to monitor the implementation of the National Export Strategy (NES) in the tourism sector and gather representatives from the public (MoHT, MoC) and private sector (MTF, UMTA, MTM). One of the main aims of this working group is to coordinate interventions in the sector and propose new viable projects to the donor community that are aligned with the Tourism Sector Export Strategy objectives. The NES Sector Working Group on tourism has not been very active. The most recent meeting dates from October 2016 and took place at the specific request of the ITC.

6. Value chain constraints

As pointed out in the Tourism Master Plan 2013-2020, the main needs (corresponding to the respective Strategic Programmes) of Myanmar's tourism sector are:

1. Strengthening the Institutional Environment (e.g. establish a Tourism Executive Coordination Board; create state and regional tourism committees and local destination management organisations; develop systems and procedures to promote visitor safety and consumer protection)
2. Building Human Capacity and Promoting Services Quality (e.g. design and deliver a comprehensive human resource development and capacity-building strategy; create conditions, programmes, and actions to expedite the implementation of the human resource development strategy)
3. Strengthening Safeguards and Procedures for Destination Planning and Management (e.g. design and implement innovative, integrated, and participatory approaches to destination planning; strengthen tourism-related social and environmental safeguards; improve zoning practices and controls in tourism destinations)
4. Developing Quality Products and Services (e.g. design and implement tourism product development strategies that meet market expectations and are suited to the local context; develop an ecotourism management strategy for protected areas; strengthen tourism-related supply chain linkages)
5. Improving Connectivity and Tourism-related Infrastructures (e.g. promote complementary expansion of the aviation and tourism industries; ensure the integration of tourism considerations into national and local transportation planning; invest in tourism-related infrastructure and environmental services to promote balanced and inclusive growth)
6. Building the Image, Position and Brand of Tourism Myanmar (e.g. determine the supply, demand, and gap characteristics of the tourism system; create a strategic marketing map that includes a range of niche market actions; raise national awareness about the nature and significance of the tourism industry, responsible tourism, and the characteristics of quality service)

For the purpose of this value chain analysis, see table 9 below, which summarises the main constraints that tourism stakeholders face in undertaking their role in the value chain and that a new CBI/ITC project on tourism development can help tackle. Both the CBI and the ITC projects are strategically embedded in Myanmar's tourism policy framework and implement part of the Tourism Master Plan recommendations (namely the Strategic Programmes 1, 2, 4 and 5)

Table 9: Myanmar tourism value chain constraints

Constraints	Causes of constraints
Policymakers and regulators (state and national level)	
Limited understanding of national Marketing & Branding (M&B): difficulty to implement the M&B guidelines on a broad basis. Destination marketing has become a priority need given the recent decline of tourism arrivals in Myanmar and the shift versus individual travellers.	Lack of allocated budget, staff and skills/know-how to implement M&B. MoHT has not received the required funding to address tourism development as a priority sector for export development.
Very limited knowledge of tourism statistics both in terms of data gathering as well as use of the data for tourism planning. Roles and synergies of private and public sector BSOs (MTM, UMTA, MoHT) are unclear.	No inter-institutional platform in place in Myanmar for the purpose of tourism statistics at national or subnational levels. While there are different degrees of cooperation between MoHT, the Immigration Authority, the Central Statistics Bureau and the Central Bank, there is no guiding framework to their collaboration, nor a clear way forward, nor leadership, nor a joint strategy, nor a coordination formula. Data are not collected systematically and not processed or disseminated to stakeholders.

Limited collaboration between public and private tourism stakeholders at state level	In most of the states, the lack of collaboration between public and private sectors is due to historical/political reasons, lack of trust and lack of structure and organisation.
MoHT branch offices are relatively new and staff have limited understanding of their role in mainstreaming tourism and developing CBT	MoHT branch offices have been set up relatively recently and staff are not properly trained in tourism and CBT. They lack understanding of the potential of tourism and the skills to perform their duties. They tend to focus on purely administrative and regulatory tasks (e.g. permissions to visit some areas).
Inadequate use of the existing Tourism Master Plan and tourism strategies	Poor visibility of the implementation of the Tourism Master Plan and lack of national tourism promotion strategy, so stakeholders are unable to apply the strategy to their own level of business.
Lack of a crisis management unit	Myanmar has been facing crises, such as the violence in Rakhine state and subsequent demotion of the country image, which has severely impacted tourism arrivals. The country fails to effectively counter international media highlighting negative news about Myanmar. Tourism businesses look to sector associations to issue press releases, which in turn look to MoHT to assume responsibility.
Tourism and tourism-related sector associations (state and national level)	
Limited understanding of national M&B and difficulty implementing the M&B guidelines	National marketing and promotion activities are now being organised by MTF's Marketing Committee, which is composed of top-level executives from UMTA and MTM as well as other associations under MTF. UMTA and MTM are financed by the private sector and only receive limited government support. The capacity of the associations is limited (human resources, management, finance) and the turn-over of employees is high. Most activities are implemented on a short-term basis with no long-term strategy that would be needed for a well-judged M&B approach. Clarity of responsibility and a defined funding/business model for the destination management function are lacking. Furthermore, the associations are struggling to find alternative promotion strategies to traditional travel fairs.
Limited institutionalisation and ownership of tools and methodologies introduced by international organisations such as the CBI or the ITC (e.g. Kayah state sales manual, M&B guidelines, TO peer coaching)	Lack of understanding of the importance of the ownership of tools. Reliance on external assistance and lack of forward thinking.
Weakness of tourism and tourism-related associations at local level and lack of understanding of their role and services meant to be delivered to members, e.g. trade intelligence, lobbying/advocacy, detection of trends, marketing of members' products etc.	In many cases, local tourism associations have been set up by ministerial decree without clarifying the meaning, structure and purpose of a tourism association
Decisions on branding and communications do not include sufficient market research on the impression and expectations of tourists	Organisations (MTM) lack the funds and capacity to define and execute international market research. The debate seems to be driven by internally focused discussion or based on the experience and intuition of stakeholders.

Weak linkages between associations	Interests of associations are not aligned toward a common vision. Conflicts of interests exist.
No dedicated product development team	UMTA has a product development taskforce, but this is weakly organised without a plan.
Poor sustainability of initiatives and lack of DMCs	Limited finance, management and HRM issues make the systematic implantation of action plans and follow-ups difficult. The lack of DMCs in Myanmar also makes it difficult for the associations to sustain initiatives in DMC areas.
No previous market intelligence unit	UMTA has not had any market intelligence services, but now wants to set up a basic service for its members.
SMEs and local tourism products and service providers	
Need for further product & service development and further diversification of Myanmar's tourism offer (e.g. more and more diverse destinations to become attractive for international tourists)	Tourism products are still limited to the traditional highlights of Myanmar: Yangon, Bagan, Mandalay and Inle Lake, Ngapli beach. Community involvement in tourism (CIT)/CBT is still in an early stage of development. Many stakeholders wrongly believe that tourist arrivals will continue increasing even if they do not offer improved products and services.
Need to reinforce export marketing capacities of national tour operators	Historical lack of training and exposure to international business to gain international knowledge and skills, especially regarding product development, market requirements and export marketing, including digital marketing.
Relatively low expertise of tourism and tourism-related companies (such as hotels, restaurants, craftsmen) to meet tourist expectations	Lack of exposure to international markets, low understanding of tourists expectations, lack of training (e.g. in food quality and safety).
Relatively little economic impact from tourism on local manufacturers and communities	Where CBT has not been properly developed, tours are run by tour operators and guides with no involvement of the local communities, which therefore do not earn any additional income.
Difficulty developing products that are suitable for the European market	Lack of information on the demand and trends in the European market and a lack of expertise to analyse and use market information.
Lack of access to finance	It is difficult for tourism SMEs to get loans from banks.
Limited human resources and high staff turnover	There is a shortage of capable trained staff, and frequent turnover makes it very difficult for SME TOs to sustain business operations.
International market linkages and collaboration with private-sector market partners	
Missed opportunities to capitalise on business linkages between national and international TOs	Lack of knowledge on how to properly address international market requirements and tendency to improvise at events and trade fairs instead of a proper preparation. Lack of digital marketing knowledge.
Weak linkages between Myanmar TOs and local communities	TOs are aware of CBT initiatives, but there is a lack of understanding on how to generate business and mutually add value.

Source:

Mr Aung Phyo (Ministry of Hotels and Tourism)

Mr Marlon Van Hee (CBI/ITC tourism expert)

Ms Giulia Macola (ITC NTF III Associate Programme Adviser)
Ms Jeanette Scherpenzeel (CBI Programme Manager)
Mr Lu Mon (UMTA)
Mr Edwin Briels and Ms May Myat Mon (MTM)
Mr James Howe (ITC Senior Adviser M&B)

7. Responsible tourism

7.1 Overview

“Increased tourism will also have negative impacts, such as those identified in this impact assessment. These reflect inherent tensions in the sector, such as attracting visitors to ‘unspoilt’ destinations when their presence will almost inevitably change the nature of the place they visit. These tensions are seen elsewhere in the world. But nowhere, perhaps, can they be seen as acutely as in Myanmar, which has undergone a transformation from isolated country and tourism pariah, the subject of over 15 years of boycott, to a ‘must-see’ destination in the space of only a couple of years.” (SWIA, MCRB, 2014)

Myanmar’s own definition of responsible tourism is defined in its Responsible Tourism Policy of 2012:

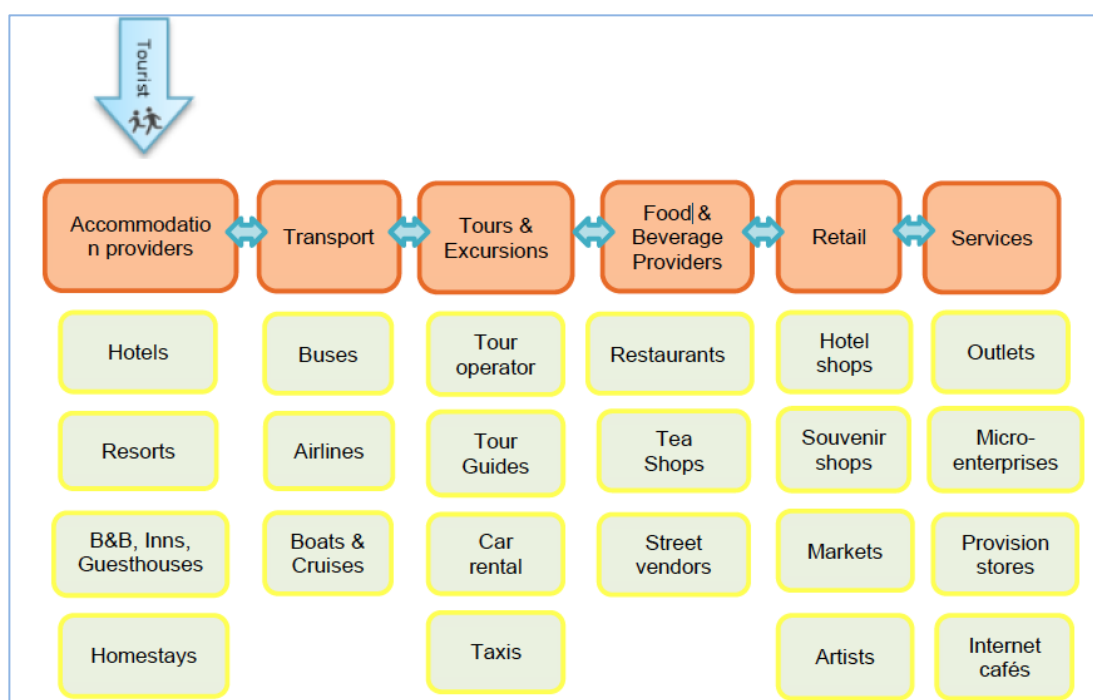
“Responsible tourism is tourism that creates better places for people to live in and better places to visit. A responsible tourism approach aims to achieve the three principle outcomes of sustainable development: economic growth, environmental sustainability and social justice. It is tourism where people can take an active responsibility in the tourism sector – both in the public and the private sector and in the communities where tourism occurs. It is about identifying issues, prioritising them and taking action alone or with others to address challenges.”

Myanmar only began its political transformation in 2012, after decades of political isolation. Having been subjected to more than 15 years of boycotts, the country is now a “must-see” destination. International tourists have begun to discover Myanmar as a pristine tourism site, which has been made possible by an increase in political stability, extraordinary hospitality and the impression that it is still an “unspoilt”, “exotic” country. Consequently, tourism has the potential to contribute significantly to the future of Myanmar by creating jobs and growing the economy.

The risks of rapidly increasing tourism were recognised by many stakeholders early on. The MCRB, based in Yangon and funded by international donors, has done substantial pioneering work in the area of responsible business and helped to shape new business attitudes, especially among local companies. Set up in 2013, the centre has produced major reviews of critical sectors in Myanmar’s economy – oil and gas, tourism, information and communication technology (ICT) and mining – and has advocated for legal and regulatory changes to bring business practices into line with international human rights standards. It also provides a neutral platform for networking and discussion. In 2015 it published the Myanmar Tourism Sector-Wide Impact Assessment, which had been developed with stakeholder consultations and extensive research.³⁷ It is considered a fundamental document for responsible tourism in Myanmar.

³⁷ MCRB (2015)

Figure 9: Myanmar tourism value chain



Source: Myanmar Tourism Sector-Wide Assessment – Myanmar Centre for Responsible Business (MCRB) 2015

7.2 Main CSR issues associated with the tourism sector in Myanmar

Human rights violations are widespread in Myanmar in general. The environment is also facing many problems. The issues below are prioritised as having the most negative potential impact by the tourism sector. This means that the level of severity is high, as is the likelihood that it occurs. Most issues are derived from the Myanmar Tourism Sector-Wide Impact Assessment of 2015. The information has been updated wherever possible. In the next section, we will consider important developments to address these issues and the leverage of the CBI to contribute to a more responsible tourism in Myanmar.

Most jobs are low-paid and seasonal

The most positive known impact of tourism for a country is the potential to create employment. The tourism sector is labour-intensive with a wide range of skilled and unskilled jobs.

The Tourism Master Plan estimates that direct tourism employment by 2020 will provide between 500,000 and 1,500,000 jobs. In 2015, the number of jobs was still 836,000. Furthermore, sources estimate that 60% of entry-level positions in the tourism sector are occupied by women.³⁸

Higher-level jobs requiring specialist skills are usually only available to people in Yangon and several other urban areas. The sector is also seasonal and vulnerable to external and internal impacts. This can lead to loss of employment or sudden income reductions.

Rapidly changing labour laws and low awareness of rights mean workers, and in some cases employers, are not well informed of even the most basic labour rights protections. The forced labour previously associated with the last military government has almost disappeared. However, the

³⁸ Rogers, Paul (2014) "Responsible tourism - are development partners doing enough?". *Myanmar Times*. 28 July. <https://www.mmtimes.com/opinion/11151-responsible-tourism-are-myanmar-s-development-partners-doing-enough.html>

increasing use of temporary workers and labour contractors, as well as inadequate enforcement by the government of new laws, has led to its replacement with other forms of labour exploitation, especially of vulnerable groups such as female workers.

Myanmar has just raised (February 2018) the minimum wage by 33 percent to MMK 4,800 (€2.90) per day in 2018. Minimum daily wages in Myanmar averaged MMK 3,600 for an eight-hour day (€2.15) from 2015 until 2016. According to labour activists, this still does not amount to a living wage. Moreover, no difference is made between cities and rural areas. It is also expected that prices (rents, food) will rise accordingly. Labour experts note that neither employers nor workers fully understand the concept of a minimum wage. Working hours often exceed the maximum number of 44 hours a week. Employees in hotels, guides, and workers on cruise ships sometimes work up to 16 hours per day seven days a week, particularly during the high season. Overtime is rarely paid or there is no time registration system to keep track.

The tourism sector also employs many informal workers. Street vendors, unofficial tour guides, shoe shiners, transport providers, musicians, artisans, sex workers, providers of homestays, holders of food stalls and maids are all part of the informal tourism economy. Their activities are generally beyond the effective control of tourism authorities.

Discrimination

The Sector-Wide Impact Assessment outlines the current situation concerning discrimination in Myanmar, which is based both on legislation and societal attitudes towards a number of groups, including religious minorities; women; people living with disabilities; and lesbian, gay, bisexual and transgendered people (LGBT). Religious discrimination and related violence is a growing problem and has had a particular impact on the Muslim community in recent times. Women in particular run the risk of being fired when they become pregnant and are not allowed to come back to work until their children are older.

Children and child labour

Children working in the tourism sector in Myanmar are common and visible, often working informally as street vendors selling souvenirs, working in small restaurants, as tourist guides or begging for money. Children also work in hotels as bell boys, waiters or maids. Hotels check their ages, but 14 is the minimum working age in Myanmar (raised from 13 in January 2016) and often children do not have identity papers. Compulsory education ends after primary school (11-12 years) and secondary education is often unaffordable. As a result, there is a significant pool of potentially underage workers. In the travel business, you see them as porters or coolies. There is also a high risk of sexual exploitation of children. Myanmar is vulnerable to the attentions of paedophiles and awareness needs to be raised of the growing risks.

UNICEF has warned against the spread of “orphanage tourism”, whereby the institutionalised care of minors turns into a business, with children from poor families recruited to pose as orphans and extract money from well-meaning foreigners. Of the 17,322 children at registered orphanages in Myanmar, only 27% were actual orphans, UNICEF found. It is feared that the growth of orphanage tourism could separate many more minors from their families.³⁹

Violence against minority groups

Myanmar has a history of conflict between ethnic-minority armed opposition groups in the border areas. In its decades-long counter-insurgency campaigns against various ethnic-minority armed opposition groups, the Myanmar army has committed a wide range of human rights violations and violations of international humanitarian law. Ethnic grievances have centred on these abuses, as well

³⁹ The Guardian (2016) “Orphanage tourism: fears of child exploitation boom as Myanmar opens up”. 29 September. <https://www.theguardian.com/world/2016/sep/29/orphanage-tourism-fears-of-child-exploitation-boom-as-myanmar-opens-up>

as on the lack of self-governance and resource sharing with the central government; discrimination and marginalisation; freedom of religion; and lack of education in ethnic-minority languages.

Persecution of the Rohingya

Most recently, an internationally well-known conflict broke out against the Rohingya, a group of 1 million people living along Myanmar's western edge, mainly in Rakhine state. There have long been tensions between Myanmar's predominantly Buddhist population and the Islamic Rohingya, who speak a language related to those spoken in Bangladesh. Despite having been here for many generations, the Rohingya are still considered by many Burmese to be "immigrants", and the government denies them citizenship, making them a stateless people. As tensions boiled over, in August 2017, the militants attacked government forces and the response was a "clearance operation" by government security forces and Buddhist militia. Prior to August 2017, over 307,000 Rohingya had fled to temporary settlements or ill-equipped refugee camps along the border. Since then, as of January 2018, an additional 655,000 Rohingya have become refugees, according to UNHCR, bringing the total to almost one million.⁴⁰

A hotly debated question is if there should be a second tourism boycott of Myanmar, but as there are now many Burmese people working in tourism, withdrawing would most likely harm these local businesses. Tourism is already decreasing because of this crisis and jobs and livelihoods have already been lost.

Social and cultural impact

The behaviour of tourists may have a negative social and cultural impact. This may include a lack of respect for local traditions, customs and religions, including a lack of respect for religious buildings, the consumption of alcohol and drugs and gambling practices. An influx of large numbers of tourists can negatively impact Myanmar's tangible and intangible cultural heritage. Businesses should not damage Myanmar's cultural heritage by organising inappropriate activities for tourists, or by building in a way which damages heritage sites, including natural heritage. Tourists visiting Myanmar need to respect local traditions and customs, religion and dress codes.

Tourism may also contribute to or reinforce economic inequality, which can fuel conflicts or increase crime.

Corruption

Although Myanmar's ranking on the Corruption Perceptions Index improved from 156th out of 175 countries in 2013 to 130th in 2017, corruption and bribery are still chronic and must be addressed by a change in attitude of government officials.⁴¹ In the tourism sector, corruption is especially apparent in the purchasing of land for hotels, resorts, golf courses. Tender procedures for the leasing of state-owned hotels to private investors are not transparent and those with close ties to government authorities receive preferential treatment.

Another problem is that several players in the sector are so-called "cronies". Some of these have been on the EU sanction list, others may not have been formally sanctioned but are believed to have acquired land, hotels or other business opportunities through family or business links to powerful military figures at the local or national level.⁴²

Climate change

Climate change impacts tourism development in sensitive ecosystems and tourism contributes to climate change. Myanmar is vulnerable to climate change as a result of its long coastlines, extensive

⁴⁰ Responsible Travel (2018) "Responsible tourism in Myanmar: Travel right in Myanmar".

<https://www.responsibletravel.com/holidays/burma/travel-guide/responsible-tourism-in-burma>

⁴¹ Transparency International (2018) "Corruption Perceptions Index 2017: Myanmar".

<https://www.transparency.org/country/MMR>

⁴² Tourism Watch (2018) "The run on Myanmar". <https://www.tourism-watch.de/en/content/run-myanmar>

delta, and heavy reliance on agriculture. It ranks 165th (out of 181 countries) in the vulnerability and readiness index for climate change.⁴³ The tourism sector can contribute to climate change through the emission of greenhouse gases through road and air transport, as well as through energy consumption through air conditioning, heating and lighting in tourism establishments. Deforestation due to land acquisition for hotel zones and tourism development in coastal areas is also a concern.

Water scarcity

There is a strong link between tourism development and water scarcity. The tourism sector is often a major user of fresh water in areas where water is scarce or where renewal rates are limited. Hotels in the tropics with irrigated gardens, swimming pools and golf courses consume large amounts of water. Such considerations are especially relevant in Myanmar's central dry zones, including Bagan and beach areas, but all major destinations face seasonal shortages.⁴⁴ Obviously, water scarcity cannot be seen as an environmental problem only – the impact on people is huge.

Land issues

Land is often the most significant asset for most rural families, but they are vulnerable to exploitation and have limited protection under existing and even new land laws. The most negative impact is caused by "hotel zones": areas of land compulsorily acquired and set aside for concentrated hotel development. Tourism development and in particular the development of hotel zones has contributed to land acquisition processes without adequate compensation, displacement of communities and loss of livelihoods. Hotel zones are being developed in urban and coastal areas, where communities are dependent on natural resources like land and the coast for their livelihoods. Land speculation due to high demand for land for hotel construction has led to the unaffordability of land for local communities and future generations.

7.3 Relevant developments and frameworks

After extensive consultations involving 22 government ministries as well as private sector organisations and experts, a **Responsible Tourism Policy** was published in 2012, supported by the Hanns Seidel Foundation. It was followed by the **Myanmar Tourism Master Plan (2013-2020)** in June 2013, which was developed by an Asian Development Bank consultant and adopted by the government. This was followed in 2013 by the **Policy on Community Involvement** in Tourism, launched by MoHT in collaboration with the Hanns Seidel Foundation. The Master Plan had not been a very consultative process and was developed separately from the consultative Sector-Wide Impact Assessment, carried out by the MCRB at the same time. For example, the Master Plan ignored the whole process of decentralisation in Myanmar, which had just started. According to the Hanns Seidel Foundation⁴⁵, the numbers in the Master Plan were wrong, as its developers used all the border arrivals figures.

You could say that the Myanmar tourism sector has produced more widely consulted on, adopted and published government policies relating to responsible business and sustainability than any other economic sector.

An important applicable law is the **Hotels and Tourism Law (1993)**, which sets out rules, regulations and systematic procedures relating to the development of tourism and the licensing of businesses in the tourism sector. It establishes a process through which businesses may apply for a licence, and sets out guidelines for inspections and makes provision for the invalidation of licences. It also establishes penalties for certain business practices that damage the environment. It was adapted only

⁴³ Notre Dame Global Adaption Initiative (2018) "ND-GAIN Country Index, Vulnerability and Readiness: Myanmar". <https://gain-new.crc.nd.edu/ranking>

⁴⁴ The Irrawaddy (2013) "Central Burma faces water shortages". 7 May. <https://www.irrawaddy.com/news/burma/central-burma-faces-water-shortage.html>

⁴⁵ Liesbeth Unger (2017) Interview on 18 October.

in 2016 and is still in draft form. There have been public consultations, with draft versions of the law – the latest from June – posted on Facebook, and discussions with the industry and development partners.

The **Coastal Beach Directives** set out guidelines for the development of coastal areas, which address issues including the maximum height of buildings, architecture, construction materials and road construction. However, the directives do not include specific guidelines on social and environmental standards for private businesses.

The **Policy on Community Involvement** aims to enhance community involvement in the tourism industry by creating opportunities for local communities and correspondingly expanding tourism products and their appeal to domestic and international visitors, and to manage tourism effectively to mitigate its potential negative impacts.⁴⁶

The **Ecotourism Policy** (2015-2025) aims to ensure that tourism in protected areas supports biodiversity, conservation and community-based income generation as well as the effective management of protected areas.

The draft **National Land Use Policy** includes provisions for land management, planning and changing land use, the recognition grant, the acquisition of land rights, and resolving disputes. It also incorporates provisions for environmental and social safeguards. There are significant controversies around the rights of communities, consultations and tensions regarding the protection of the land of indigenous peoples that are not recognised as such. The last version was a significant improvement, but it is not in line with international frameworks yet.

The 2012 **Environmental Conservation Law** provides for general environmental protection obligations, but it does not stipulate whether and how infringements of the law are punishable and it does not specify any sector-specific obligations and regulations. Nevertheless, environmental sustainability is one of the seven cross-cutting themes of the Myanmar Tourism Master Plan. Environmental Impact Assessments (EIAs) are not compulsory for entire hotel zones, but only for individual hotels or resorts with more than 80 rooms. Moreover, the capacity of national and regional government to effectively consider EIAs and how to manage cumulative impacts risks being overwhelmed by the increased number of tourism investments.

The Myanmar Responsible Tourism Policy, led by the Ministry of Home Affairs and MoHT, has set out a plan to address **child exploitation**, including raising awareness of and preventing child labour in the tourism sector. Other objectives, led by the Ministry of Social Welfare, include promotion of the collaboration between local tourism operators, service providers and local authorities to discourage children from begging and missing school. Finally, detecting and preventing child abuse and raising awareness of and preventing the sexual exploitation of children are key action points. Under the Myanmar Tourism Master Plan, one of the key objectives (3.2.1) is the implementation of actions to combat the sexual exploitation of children. The Policy on Community Involvement in Tourism also addresses children's rights; the policy calls for support programmes for children and youth related to tourism activities and to provide awareness programmes on the prevention of child labour.

As of September 2014, fourteen Myanmar companies (mostly tour operators) have signed up to the **Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism** ("the Code"). The Code is an industry-driven initiative that provides awareness, tools and support to the tourism industry to prevent the sexual exploitation of children, including underage girls. It was launched in Myanmar in May 2014. Between July and September 2014, seven child protection

⁴⁶ MCRB (2015)

workshops were organised by the Code in Yangon, Mandalay, Bagan and Inle Lake, reaching 267 tourism professionals, including tour guides. The workshops aimed to strengthen their understanding of the commercial sexual exploitation of children, especially child prostitution, child trafficking and child sex tourism, and what participants can do in terms of identifying and reporting cases.

As the whole country is transforming, so are its laws and policies. The above only shows a few of the examples of new policies and changing laws. It is important to understand these developments in the context of tourism.

7.4 Contribution by the CBI to a more responsible form of tourism

According to the Sector-Wide Impact Assessment, Myanmar's flagship sites such as Bagan, Inle and Kyaiktiyo are already under environmental and social pressure from the effects of tourism. This is impacting livelihoods and the long-term viability of these places as tourism destinations. That pressure comes as much from a rise in the number of domestic tourists as it does from foreign tourists. Domestic tourists greatly outnumber foreign tourists, particularly at certain pilgrimage sites.

The CBI is well aware of the developments, dynamics and challenges in the tourism sector, having been in the country for a few years already. It intends to continue its work in Myanmar with a new project building the capacity of stakeholders in the tourism value chain.

Some recommendations that are relevant for the CBI:

1. The CBI is already encouraging local companies to use the standards of Travelife, which cover a large number of labour and environmental issues. However, several of the risks mentioned above are not really covered by Travelife, such as the seasonality of jobs, and the statement on non-discrimination may not be enough to ensure the protection of pregnant women or minorities. Orphanage tourism and land rights will also not be addressed this way. In addition, Travelife is meant for hotels and accommodations and not for the entire value chain. However, the CBI could use and already is using some of the standards to raise awareness and train tour operators and others on the issues. Labour issues, including wages, discrimination, and child labour, can best be explained by showing the benefit to the business of adhering to these standards and helping them to apply this step by step. People in Myanmar may also be sensitive to contributing to something that is good for their country.
2. The lack of effective participatory destination management plans or a consideration of carrying capacity is one of the reasons of conflicts, loss of livelihoods and environmental and cultural damage. This presents a major risk for the reputation of tourism in Myanmar. Supporting initiatives and investing in destination management organisations is urgently required. The CBI could also consider offering capacity-building programmes for developing destination management plans to local government.
3. The lack of genuine two-way communication and transparency between businesses and stakeholders has led to mistrust, misunderstanding and occasionally conflict. This is particularly important in ethnic minority and post-conflict areas, where it is essential to take the time to engage directly with as wide a range of stakeholders as possible to obtain a more complete picture of the conflict and communal dynamics, and to understand how local people would like to see the destination opened up to tourists and benefits shared. The CBI could support this by building the capacity of businesses in the tourism sector to understand local priorities and concerns, through greater engagement with, and accessibility to, workers, local communities, national-level stakeholders and the local and national media.
4. There is a need to build local capacity to provide goods and services in order to spread local economic benefits and meet local content requirements. Companies could be encouraged to base

their social investment (commonly known as “CSR”) programmes on community requests, an informed analysis of community needs, coordination with local government programming and a link to business strategy, instead of approaching these programmes as ad-hoc philanthropy.

5. An influx of large numbers of tourists can negatively impact Myanmar’s tangible and intangible cultural heritage. Local business should be careful not to organise inappropriate activities for tourists that could damage Myanmar’s cultural heritage, or build in a way which damages heritage sites, including natural heritage. They can ensure that tourists visiting Myanmar respect local traditions and customs, religion and dress codes. This issue is also addressed by Travelife.
6. As religious discrimination and related violence is an urgent problem, currently particularly affecting the Rohingya, tourism operations may potentially have an impact on many of these groups, with the possibility of either exacerbating their vulnerabilities or improving their situation through equal-opportunity workforces, appropriate prevention and mitigation strategies and social investment programmes to support the necessary infrastructure, services or income generation opportunities for excluded groups. Inclusive business practices also send important signals to the wider Myanmar society.
7. Children are particularly vulnerable to impacts from tourism. Lessons from neighbouring countries, particularly Cambodia and Thailand, highlight the importance of raising the awareness of both tour operators and tourists of the potential for negative impacts on children through the development of “orphanage tourism” and some types of “voluntourism”. They also highlight the importance of discouraging behaviour by tourists that keeps children out of school. The CBI already works with tour operators that recognise the Code for combatting child sex tourism. Other initiatives to raise awareness of the impact on children could be added.
8. Rather than maintaining a primary focus on the number of tourists, all those with an interest in the sustainable development of the tourism sector should reflect on the lessons learnt from elsewhere in Asia. There is still scope to develop Myanmar as a destination for a smaller number of high-spending tourists looking for an experience that makes Myanmar special. A mass-market strategy that has a negative impact on Myanmar’s environment and culture could cause irreparable damage to Myanmar’s tourism sector before it is well and truly developed. The CBI could avoid working with players that cater for mass markets, apart from raising their awareness of the consequences. The CBI could focus on local players that develop markets for a smaller-sized, more responsible type of tourism. The CBI could also ensure that the Western (Dutch) tour operators understand what responsible tourism means in the context of Myanmar.
9. Local people are very sensitive to support for companies that still have military involvement. The CBI should avoid working with these companies, owned by so-called “cronies”.
10. The CBI could engage with players that focus on the protection of more vulnerable groups, including UNICEF, ILO, Earth Rights and local groups, and set up a dialogue at the local level between companies in the tourism sector and representatives of these groups. This could lead to a strengthened protection of these groups in the tourism sector.

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