

Vietnam is one of the developing countries tourism essay



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MGM Grand Ho Tram Beach is one of only the few large international players which are granted with permission for casino operation in Vietnam recently. In Vietnam, gambling is still a sensitive issue. On October 8 2012, Members of National Assembly's Standing Committee debated a draft decree on electronic gambling for foreigners. Mr. Vuong Dinh Due, Minister of Finance stated that this business was approved 20 years ago to entertain the demand of foreigners and attract more investment to the country. However, there are some current regulations on licensing conditions were not suitable anymore with the upcoming social-economic circumstance and some laws approved recently such as the Investment Law or Enterprise Law. Most members of the Standing Committee supported the new decree, which specify only foreigners and Vietnamese people who hold foreign passports or foreign residency permits are allowed to join the gaming function (VIETNAMNET 2012). Moreover, there was another draft decree on casino management released by Ministry of Finance stipulating that the foreign investors looking for a chance to open new casinos must inject at least US\$ 4 billion to the project and they can only receive the casino operation licenses after they finish project development (Tu Giang 2012).

Despite all strict rules and regulations from the government on this gaming industry, many projects are still on their way to set up or advance their scale of operations. In October 2012, Donaco Singapore which is controlled by two grandsons of Mr. Lim Goh Tong, the founder of Genting Berhad, has announced the share-sale agreement with Australian company Two Way Ltd. in the running of Lao Cai International Hotel, a premises had been licensed of gambling function and located near to the border with China. The hotel

operated successfully which generated US\$12.5 million of revenue and net profit after-tax was US\$6.2 million in 2011 (Ngoc Linh 2012). Other large players in this sector are Silver Shores Hoang Dat Co. in Danang, Genting VinaCapital Co. in Hoi An, Royal International Co. in Lang Son and Hai Ninh Loi Lai Co. in Quang Ninh. Following a report by the Ministry of Finance, the revenue from prize electronics games has been risen gradually in recent years of around 10-15 per cent per annum and the total turnover in 2011 hit VND5 trillions (approximately US\$ 240 millions) (Tran Thuy 2013).

Meanwhile, ACDL started to kick off the second part of the MGM Grand Ho Tram Beach Project in October 2012 and Mr. Lloyd Nathan, CEO of ACDL, was confident to say that MGM Grand Ho Tram Beach is the only one integrated resort with a major US brand actually opens in Asia during the next five years (Linh Tu 2012).

Together with the potential and economic benefits from the gaming sector, there are some social problems could be solved if the government really open the doors for the Vietnamese citizens to the casinos. In spite of the fact that gambling is illegal in Vietnam, there are many people still take participate in the underground gambling activities throughout the country. On November 29 2012, more than 200 police officers successfully caught over 100 gamblers and seized several billions Vietnamese Dong in the largest-ever gambling den in Northern Vietnam. Local residents believed that this gambling den had operated for decades and attracted gamblers from many provinces in Northern Vietnam (Nhung 2012). Besides, many Vietnamese people have crossed the border to go to Cambodia for gambling. Based on a survey by the Ministry of Public Security's General Department of

Crime Prevention and Control, it was estimated that around 3, 600 Vietnamese citizens go to Cambodia on gambling purpose daily, and it could rise up to 5, 000 on Saturdays (Tuoi Tre 2012). Naga Corp., the operator of a casino chain in Cambodia stated that 40% of their revenue came from Vietnamese (Tu Hoang 2012). It could be even worse if the gambler ran out of money in Cambodian gambling premises and he/she was kept by the lenders. Some of them committed suicide after that because they had mortgaged their own life for the betting money (Thanh Nien 2012). All of these issues could be dealt if the government carefully considers allowing the Vietnamese nationals come into the casino in domestic, so it is easier to control the gambler and reduce the negative impacts from illegal gambling.

The next part will focus on the operation aspect of MGM Grand Ho Tram Beach to see how they are going to make profit from this project as well as the liabilities towards the society and their stakeholders.

MGM Grand Ho Tram Beach, located in the Ba Ria – Vung Tau province, is the first phase of Ho Tram Strip complex to be managed and branded by MGM Resorts International. It consists of 541 luxury guestrooms and suites in a hotel tower and 13, 600 square metres are of gaming space which lays down 90 tables and 500 electronic gaming machines. There are also a 4, 000 square metres conference and convention center which features state-of-the-art audio/visual equipment and lighting facilities. In addition, MGM Grand Ho Tram Beach comfort its guests by a full range of nine world-class restaurants which serves various kinds of cuisine such as Vietnamese, Cantonese, Japanese, French and three differently designed bar, lounge and ultra-lounge. All other facilities such as spa, retail shopping areas and beach

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recreational activities which are expected in any destination resort are also available to entertain all visitors. The second tower of MGM Grand Ho Tram Beach contains 559 guestrooms and suites will bring the total room complement to 1, 100 (ACDL 2012). Compared to other gaming hubs in Asia such as Macau or Singapore, the unique factor of this project is the site itself. “ It is one of stunning beauty-2. 2km of beach. So whereas there are many resorts that are looking to create artificial beaches and artificial wave pools, we actually have the real thing on our doorstep”, said Mr. Nathan Lloyd, CEO of ACDL (Jalal 2012). This is the wonderful place appeal to people to take their family vacation. Although the gaming sector is expected to have higher contribution to the revenue of the resort, non-gamers are still the important target. Within around 8 million Vietnamese people visiting Ba Ria – Vung Tau province annually and many people go there as a weekend getaway, MGM Grand Ho Tram Beach with excellent non-gaming amenities would be the best choice of destination (ACDL 2012). On the gaming side, premium players are expected to come from places such as Mainland China, Korea, Japan, Thailand and India as well. There are around 6 million foreign tourists come to Vietnam annually and many expatriates living in Vietnam would be the main source markets for the casino operation. The other source could be about 3. 5 million Vietnamese people oversea who hold foreign passports or foreign residency permits and tend to come back to Vietnam at the Lunar New Year (Jalal 2012). Another key factor which could attract both gaming and non-gaming visitors to MGM Grand Ho Tram beach is the well-known MGM tradition of performances and live concerts around the year. These various activities would happen in many different places inside the resort such as ballroom, bar, ultra-lounge and beachside. The Greg Norman

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designed 18-hole Championship golf course which is expected to be completed in this year could be also the favorite destination of many VIP guests as well as golf players in the Asia region (Van 2012).

In the other hand, MGM Grand Ho Tram Beach puts a great concern to its staffs and the local community. ACDL has created around 4, 000 construction jobs and hired 2, 000 people to work in the first phase of the MGM Grand Ho Tram. Mr. John Shigley, President and COO of MGM Grand Ho Tram, said the training programs would focus on the local market and be ongoing for the management and staff hired. After that, all staffs would receive extensive training in computer skills, language skills, customer service and all technical aspects of their jobs (Van 2012). MGM Resorts International also offered training and curriculum to many young Vietnamese students in a number of colleges and universities in Vietnam to work and make a strong start for their career (Jalal 2012). Beside the career development, MGM has some of the most strict and rigorous regulations and standards to monitor the gambling in casinos. MGM is interested in creating a regulated, secure and safe environment for gamers. There are measures would be taken to ensure only persons who could properly game would be allowed to do so. “ Whether Vietnamese can play or not depends on the laws of Vietnam, but we only allow foreigners”, said CEO Nathan Lloyd (Tu Giang 2012). Asian Coast Development Limited, the owner of this Ho Tram Strip project, has shown its social responsibilities by many activities such as donation of 10 houses to Xuyen Moc Commune to improve the life of disadvantaged people in the local community. In October 17 2009, the Company visited and aided the flood victims in Quang Ngai Province with VND360 million in funds directly to

the families worst affected by the storm. Also in October 2009, ACDL held a party for Ho Chi Minh City's Dieu Giac orphanage after funding to provide an entirely new roof to the school and supply new recreational facilities for 126 children in this centre (ACDL 2012).