

## Angkor Wat and Asian Tourism: Hordes bring money, but at what cost?

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*[We present a two part series on Angkor Wat and Asian tourism. See Geoffrey Gunn's *Beyond: the Asian tourism phenomenon* (<http://www.japanfocus.org/article.asp?id=562>)*

SIEM REAP, Cambodia--Tourism is becoming the lifeblood of this land that survived the "killing fields" and a civil war. There are many signs of progress in the 13 years since United Nations-sponsored elections brought peace.

Cambodia's GDP is growing, as is its infrastructure. There are throngs of foreign tourists and more jobs.

But there's a downside. Tourists attract gangs of thieves and teenage prostitutes, and they leave behind tons of garbage and sewage. The international drug trade is expanding its reach.

Development is spreading, depleting forest reserves.

Meanwhile, overseas investors are reluctant to pour in more capital, unsure of which way the

wind blows financially.

Still, the tide of tourists is rising, thanks to growing political stability and slowly improving infrastructure and accommodations. Visitors flock to Cambodia to view famous sights such as the ancient Khmer ruins of Angkor Wat and Angkor Thom.

In 2005, 1.42 million tourists visited Cambodia, which has a population of 13.3 million. With tourism on the rise, a widening gap between the rich and poor is causing problems.

This northern city is the gateway to the Angkor ruins. Japan has provided aid to conserve the crumbling site and improve electric power generation, water supplies and roads in the area.

Much-needed modern hotels are a welcome addition. According to local travel agents, in 1990 there were only two hotels. In 1995, there were 15. Today, the city has 70 with 20 more being built.

The area also has about 100 small guesthouses.



Angkor Wat

According to the Ministry of Tourism, the annual number of foreign visitors to Cambodia from 1995 to 1998 ranged between 200,000 and 300,000.

As political unrest subsided in 1999, visitors jumped to 370,000, then to 600,000 in 2001, to 1.06 million in 2004 and reached 1.42 million in 2005.

Meanwhile, tragic events elsewhere in Southeast Asia directed tourist traffic to more peaceful Cambodia.

In October 2002, a terrorist attack in Bali claimed about 200 lives, mostly foreign tourists. The quake-induced tsunami that hit the Indian Ocean rim on Dec. 26, 2004, discouraged travel to resorts such as Phuket in Thailand that were devastated by the tidal waves.

The Cambodian government projects that 4 million foreigners will be visiting in 2010.

About 20 percent of Cambodia's gross domestic product (GDP) comes from tourism, and the government expects that to rise, too.

Progress is slow, however.

In the Angkor area, infrastructure improvements in water supply and trash disposal are not matching pace with the rapid growth in hotels. Mountains of garbage from tourist hotels are piling up near the ruins.

Plans are not yet in place for a sewer system.

On top of these problems, there are frequent power failures. About 100 ancient sites are not accessible by road. And few taxis are equipped with fare meters.

Just getting to Cambodia from Japan can be a trial, as there are no direct flights. Tourists from this country must journey via Bangkok or other cities.

Another drawback of the push toward economic development is the loss of verdant forests. In addition, sewage and exhaust gas pollution are taking a toll on the Khmer ruins.



Deforestation in Cambodia

Crime and vice are invading the community as gangs target foreign travelers, teen prostitution spreads and illicit drugs flow.

And even as tourism is seen as a promising way to generate much-needed cash, other industries are not faring too well.

In 1993, elections sponsored by the U.N. Transitional Authority in Cambodia put an end to the civil war and set up a new government, led since 1998 by Prime Minister Hun Sen.

Since 1995, Cambodia's economy has grown annually between 5 and 10 percent, except during the Asian economic crisis of 1997.

Per capita GDP was just \$320 (37,736 yen) in 2004, the second lowest of all ASEAN member countries following Myanmar (Burma).

Although 70 percent of the workers are farmers, the agricultural industry produces just 30 percent of GDP. The country grows plenty of rice, but relies on imports for its fruits and vegetables.

About 80 percent of its exports are textile products. After importing fabrics from neighboring countries, Cambodian factories produce clothing and other products and then exports them, mainly to the United States.



A Cambodian textile factory

The textile industry employs about 200,000, but it does not produce much profits for Cambodians because most factories are owned by Chinese companies or other foreign firms.

Cambodia also depends on overseas economic aid.

In 2005, it received \$500 million in economic assistance, some of which came from Japan.

Cambodia's national budget is about \$590 million. According to some estimates, however, the same amount of money is paid out annually in bribes to government officials.

Meanwhile, the country's tax-collection rate is one of the world's lowest.

The Cambodian government has placed a priority on eradicating corruption, but it is an uphill fight.

Other problems still to be tackled include revising laws that prevent foreign companies from investing in local firms or building their own factories in Cambodia. More skilled workers are also needed.

Cambodia is still paying off loans received from the United States and Russia in the 1970s and the

1980s. In part because of that heavy debt burden, the country cannot procure the funds it needs to build basic infrastructure such as electric power plants, roads and ports.

And without such facilities, the country cannot hope to attract new investments in factories and business.

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