

VIETNAM'S TOURISM BOOM: RACING TO BECOME SOUTHEAST ASIA'S NEW LEADER



Hanoi pushes Vietnam into the spotlight as a top regional travel spot. Record arrivals - mainly from China and Russia - fuel momentum, alongside huge spending on transport and facilities adding up to billions. With Thailand facing weaker demand due to unrest and logistical hiccups, Vietnamese cities shift focus from budget trips toward wealthier guests who stay longer, even seeking health-related care while traveling. Still, rapid expansion brings pressure: overcrowding looms, systems stretch thin under sudden load. Growth of Vietnam's tourism could outpace planning, leaving room for error.

Surging Visitor Numbers

Almost one-tenth of Vietnam's economy now comes from tourism. During the opening half of the year, visitor numbers hit 10.6 million - up nearly 15 percent compared to last year. **That growth accelerated sharply in May, when arrivals climbed by 17 percent to 1.78 million people.** Officials aim for roughly 25 million overseas guests before December, though projections suggest about 23 million are more likely. At the same time, local travel could reach 150 million journeys. Total income linked to tourist activity may near \$43 billion overall.

Backed by growing trends, last year brought 21.2 million overseas travelers - an increase of one-fifth compared to the previous year - and marked the initial recovery beyond pre-crisis numbers. Forecasts point toward nearly 29 million visits per year within five years. Looking further ahead, official goals aim for between 45 and 50 million inbound tourists by that same date, requiring consistent yearly gains in the range of 16 to 19 percent.

Shifting Source Markets

Though China and South Korea still lead, Russia's tourism numbers have climbed fast. During just the initial five months, visitor counts reached close to 618,000 - a figure that almost equals projections for all of 2025. This rise follows European travel limits tied to the war in Ukraine. Instead, many Russians now choose Vietnam as their destination. Some visitors and online personalities have started calling Ho Chi Minh City "Saigonrad" in casual posts.

By 2025, Vietnam welcomed more Chinese travelers than Thailand - 5.3 million versus 4.5 million - a shift backed by relaxed entry rules. Citizens from nations like Belgium, Hungary, and Switzerland now enjoy visa-free visits lasting up to six weeks and three days. Accessibility improved as well, thanks to fresh flight paths launched by Vietjet from hubs across China, Japan, and Singapore. Although once a regional leader, Thailand now trails behind its neighbor in appeal.

Massive Infrastructure Push

Aiming to back its growth goals, Vietnam introduced a tourism strategy covering 2021 to 2030 - and stretching toward 2045 - calling for around \$144 billion in overall funding. State sources may contribute just 3 to 5 percent; most of the capital should arrive via private and international backers working alongside government bodies.

Expansion of international airports leads the agenda, followed by better links among tourist spots. Upgrades to four- and five-star accommodations come next, alongside modernization of cruise terminals. Work now in progress features an investment exceeding 830 million dollars for a fresh airport on Phu Quoc Island. This effort unites Sun Group with Singapore's Changi Airport Group, aiming completion before the 2027 APEC meeting. In another move, Vingroup aligns with IHG Hotels & Resorts to launch stays in Can Gio close to Ho Chi Minh City. Meanwhile, Sun Group joins forces with Hilton to roll out several lodgings spanning Phu Quoc, Da Nang, and Quang Ninh.

Despite its potential, Vietnam sits at position 59 among 119 nations in the Travel and Tourism Development Index. This standing stems mainly from limited transportation networks and poor connectivity when measured against nearby countries such as Thailand, Malaysia, and Indonesia. To close the gap, ongoing initiatives are taking shape across key sectors. Progress, however, depends on sustained investment and targeted upgrades over time.

Overtaking Neighbors Without Repeating Their Mistakes?

Clearly, Vietnam aims to overtake Malaysia and Thailand as Southeast Asia's leading travel hub. While Thai tourism stumbles due to disputes at its borders and fraud controversies, Vietnam's tourism grows steadily. One sees momentum shifting - less stability in one place opens doors elsewhere.

Looking ahead, officials point to lessons drawn from nearby regions. Not far behind, Professor Vu Minh Khuong from the Lee Kuan Yew School highlights how Hanoi watches overcrowding unfold in spots such as Bali and certain Thai zones. With balance in mind, the city aims at steady development without pressuring nature or communities.

Yet growth at speed opens new problems. Empty hotel rooms and half-used terminals - signs seen before in Thailand - could easily repeat here. Strain shows across current systems; data from AirHelp ranks three Vietnamese hubs among the ten most delayed worldwide by 2026, stuck with slow movement and waiting lines.

Starting July 1, travelers may face longer lines due to a fresh rule requiring health disclosures nearly a week prior to landing. Though officials say it helps curb threats like Ebola and Nipah, extra checks might slow movement at crowded gateways. Proof of shots could be asked on top of earlier forms. Delays seem likely where traffic already piles up.

A High-Stakes Transformation

Nowhere has seen such a shift quite like Vietnam, where the image once tied to low-cost travel begins giving way to something broader. **Instead of just hostels and street food, high-end visitors find appeal in wellness retreats, private tours, fitness programs, dental care even.** One forecast suggests medical-related earnings could climb past three times their current level within ten years. From around 700 million dollars today, that stream may near four billion by decade's end. Not bad for a country still thought of mainly for pho and motorbikes.

Only time will tell if Hanoi's ambitions match reality, given how fast expansion is outpacing current systems. Success hinges less on momentum and more on preparation - how well roads, services, and ecosystems keep up matters just as much as visitor numbers. Unlike nearby countries where unchecked tourism led to strain, Vietnam has a chance to chart a different path. What unfolds next depends not only on building quickly but also wisely, ensuring durability isn't sacrificed for headlines.

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