



The Impact of **Visa Facilitation** on Job Creation in the G20 Economies

Report prepared for the
4th T20 Ministers' Meeting
Mexico, 15-16 May 2012

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Travel and Tourism is one of the world's most dynamic economic sectors, offering enormous opportunities for growth, development and job creation.

In 2012, according to UNWTO, one billion international tourists are expected to travel the world, nearly 70% of these to G20 countries. Travel and Tourism already accounts, according to estimates by WTTC, for 8% of GDP and supports 180 million jobs across the G20. With Travel and Tourism growth across the G20 forecast at 4% per year over the next ten years, the potential for further job creation and stimulation of economies is significant. However, there is still so much more our sector can offer if only we can work to reduce the barriers that today limit tourism's full potential to offer viable options for economic growth and development.

Visa facilitation is central to stimulating economic growth and job creation through tourism. In spite of the great strides made in recent decades to facilitate tourist travel, there are still important areas of opportunity, namely

considering the possibilities to maximize the use of information and communication technologies in improving visa procedures. This new research, jointly commissioned by WTTC and UNWTO for the 4th T20 Ministers' Meeting held in Merida, Mexico (15-16 May 2012) is a first step towards quantifying the potential of these opportunities in the G20 countries, not just in terms of increased visitation but also job creation.

We would like to thank Gloria Guevara Manzo, Minister of Tourism for Mexico, for her leadership in bringing this opportunity to the attention of the G20, and for her support of this study.

At a time when the G20 leaders look for measures to fight rampant unemployment, Travel and Tourism can offer very important opportunities for the much coveted 'growth with jobs'. As this research shows, small steps towards visa facilitation can result in big economic benefits through increased tourism demand and spending – five million additional jobs created in the G20 countries by 2015.

Taleb Rifai

Secretary-General
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President & CEO
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Executive summary

Tourism development in the G20 limited by visa regulations...

In 2011, 110 million international tourists were required to obtain a paper visa in order to visit G20 countries. This represented 17% of all international tourist arrivals to the G20.

Reforms in visa facilitation hold the potential to create 5.1 million additional jobs in the G20 economies...

An extensive analysis of case studies reveals that visa facilitation has historically increased international tourist arrivals of affected markets by 5-25% following the implementation of policy changes. The actual gain depends largely on the specific visa facilitation actions taken and the markets affected.

UNWTO and WTTC commissioned Tourism Economics to develop a model to estimate the potential gains that the G20 economies can realize through the implementation of visa facilitation policy reforms over the period 2013-2015.

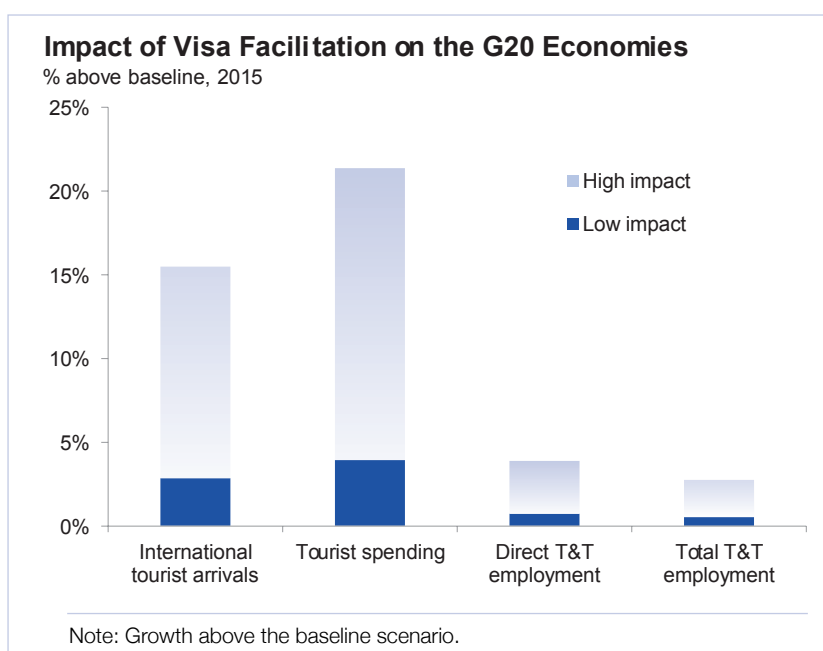
The model is based on the benefits observed in historic policy changes in relevant case studies.

In a low impact scenario, the G20 stands to gain 20 million additional international tourists by 2015. This would generate an additional income of US\$38 billion in international tourism receipts (exports) and create 560,000 additional jobs directly in the tourism sector.

In the high impact scenario, the G20 would gain 112 million additional international tourists by 2015, representing US\$206 billion in additional receipts and creating 3.1 million additional direct tourism jobs.

The two scenarios indicate gains in tourist arrivals of 3% and 16%, respectively and an increase in international tourism receipts of 4% and 21%, above the baseline forecast in 2015.

Total job creation (including direct, indirect and induced impacts) would total 940,000 in the low impact scenario and 5.1 million in the high impact scenario by 2015.



Visa facilitation opportunities

Clear opportunities for visa facilitation have emerged from the interviews and case studies conducted for this report. Implementing any or a combination of these can yield substantial economic returns in terms of visits, tourism receipts and jobs for the G20 economies.

- **Improve delivery of information**
- **Facilitate current processes to obtain visas**
- **Differentiate treatment to facilitate tourist travel**
- **Institute eVisa programmes**
- **Establish regional agreements**



1. Introduction

International tourism contributes substantially to the economies of the G20 nations. In 2011, 656 million international tourists visited G20 countries (67% of all international tourist arrivals across the world). These tourists spent approximately US\$ 830 billion, generating nearly 78 million jobs (direct, indirect and induced).

Increasing international demand for tourism represents a clear opportunity for governments of the G20 countries to encourage visitor spend, thereby stimulating job creation. Improvements in visa regimes which facilitate travel could result in significant economic dividends.

G20 Countries

Argentina
Australia
Brazil
Canada
China
France
Germany
India
Indonesia
Italy
Japan

Mexico
Russia
Saudi Arabia
Spain*
South Africa
Republic of Korea
Turkey
United Kingdom (UK)
United States of America (USA)
European Union (EU)**

* Spain is a permanent G20 invitee and also included in the report.

** For the report, the EU was defined as the EU countries which have fully implemented the Schengen Agreement, i.e., all EU countries except Ireland, UK, Bulgaria, Cyprus and Romania

Liberalization of travel has historically generated large increases in tourism demand, spending and employment. This study aims to assess the impact that visa facilitation can have in the G20 economies in terms of economic growth and job creation. The findings in this report are based on a combination of inputs:

- First, interviews of industry and government leaders were conducted to identify issues and best practices related to visa facilitation. The findings of these interviews provided the background to the analysis

and selected interviewee quotes have been included in the report.

- Second, case studies were analyzed to assess the impacts of historic changes in visa policy.
- Third, a global analysis of visa policies amongst the G20 was conducted. Data on current visa policies were compiled by the UNWTO and applied in the analysis by Tourism Economics.

- And finally, a scenario model of potential visitor gains based on these case studies which quantifies the economic impact of these gains in terms of spending and employment was developed. Data are based on Tourism Economics' global tourism forecast model (historical tourism data sourced to the UNWTO) and a travel and tourism impact forecast model developed for WTTC.

Given the objectives of this study and considering that there are many types of visas (entry visa, work visa, residency, etc.), the focus of the analysis in this report is on non-immigrant visas for the purpose of leisure or business (e.g. meetings, conferences, exhibitions) tourism. The report excludes work visas, residency visas, and student visas. Visitor visas issued at borders or ports of entry are also considered in the analysis as are non-visa programmes which have functions similar to those of visas, such as the Electronic System for Travel Authorization (ESTA) program in the USA.

The market opportunity (addressable market) associated with improvements in visa facilitation is massive. The 656 million international tourists who visited the G20 countries in 2011 represent over two-thirds of international tourist arrivals globally. Of these, 17% (110 million) were citizens required to obtain a visa to travel to their destination. The addressable market is defined as the current number of tourist arrivals from countries that need visas to enter a given destination. A tourist is defined as an international visitor spending one or more nights in a destination. Travellers from source markets who can receive a visa on arrival, an eVisa, or some other form of electronic authorisation were not included in the estimate of the addressable market since these are effectively liberal visa policies. In other words, estimates of the size of the addressable market considered only tourists from countries who need a paper visa to enter.

An extensive analysis of case studies revealed that visa facilitation has historically increased international tourist arrivals of affected markets by 5-25% following the implementation of policy changes. These policy effects on tourist movements are the critical link in establishing the quantitative impacts of visa facilitation presented in the report. The policy effects are applied to Tourism Economics' forecast for visa restricted markets for the G20 economies.

This report is organized as follows:

- Section 2 outlines the role and functions of visas;
- Section 3 summarizes current visa policies of the G20 economies;
- Section 4 presents case studies on historic changes in visa policy and associated impacts on tourism;
- Section 5 presents the results of a scenario impact model;
- Section 6 defines the specific policy opportunities facing the G20; and
- Annex A presents examples of how countries have implemented some of the opportunities identified in the report, and Annex B provides details on the methodology used.

“Cumbersome visa procedures have not kept track with the opportunities presented by modern information and communication technologies”

2. The role of visas

The flow of people across national borders is governed by the entry policies of sovereign States. There is no international law or agreement that requires States to have open borders. While the non-binding Universal Declaration of Human Rights declares that citizens should have the right to freely exit and re-enter their home countries, there is no such standard that declares that citizens of a foreign

State have the right to freely enter the sovereign territory of another. States have, therefore, the sovereign right to control the access of foreign nationals to their territories - notably by means of visa policies - which they have the authority to determine freely, unilaterally, or in cooperation with other States.

The functions of visas

Summary of visa functions

- **Security**
- **Immigration control**
- **Limitation of entry, duration of stay and activities**
- **Revenue generation**
- **Reciprocity**
- **Carrying capacity / control of demand**

Security

In an era of globalisation and increasing movement of people, States are confronted with the challenge of balancing national security and immigration concerns on one hand, while promoting economic activity and fostering political relations on the other. Visas play an important regulatory role that both physically and economically protects a nation's citizens and its visitors.

Policy makers overwhelmingly list security as the top priority of visa policies. By requiring visas, the State is afforded the time and opportunity to deny undesirables access to the border before any attempt to enter the country. This allows the State to deny access to potential physical security threats (e.g. someone who wishes to do harm to citizens of the State), threats to public health (e.g. preventing the spread of a disease), and/or threats to the political health or social stability of the State. The border is

**“Security is job number 1.”
“...both for the country and the industry.”**

the last physical line of defence against security threats from outside the State. Yet, even if a visa is granted, the State may still deny entry at the border.

Immigration control

Visa policy also allows States to protect the national labour force by preventing illegal immigrants or grant access to high value foreign labour which in turn promotes the economic welfare of the State. There is also a further security concern among policy makers in that illegal immigration has been often associated with illicit activities and social tensions. Among the major concerns are visitors overstaying or otherwise violating the terms of their visa (e.g. working in the host country while on a student visa).

Limitation of duration of stay and activities

In addition to the validity period of a visa, the visa can restrict the allowable number of entries during the validity period of the visa. Visas may also stipulate how long the holder may stay in the issuing country which may range from days to the entire validity period of the visa. Visas can also restrict the allowable activities of the holder of the visa, for example the holder of a tourist or student visa is typically restricted from working in the issuing country.

Revenue generation

The issuing of visas also provides a means of raising revenue for the State. While the costs of administering the visa program can be considerable, they can be outweighed by the revenue stream from visa fees.

Reciprocity

Visa policy can also be defined by a country's law or national prerogatives. In some cases, a country will impose a visa on another because the other country requires a visa of the issuing country's citizens – a policy known as 'reciprocity'. In addition, visas can be used as an incentive to encourage support of a country's foreign policy or retaliation in the case of disagreement.

Carrying capacity / control of demand

Countries furthermore use visas to limit the number of tourists to their country for capacity reasons. These include

avoiding the destruction of the physical, economic, or socio-cultural environment and an unacceptable decrease in the quality of visitors' satisfaction.

Visas and tourism

While visa policies are aimed mostly to fulfil these functions, they also produce an impediment to travel and tourism, a sector which is an engine of growth for these economies.

The costs to visa applicants, both the direct monetary cost and indirect costs such as wait times and travel expenses associated with obtaining a visa, are often a deterrent to would-be travellers and divert demand to other destinations. Wait times have become particularly detrimental as many destinations are increasingly implementing streamlined processes and travel booking windows have significantly shortened. For example, a 2010 report, "Europe: Open for Business?" issued by the European Tour Operators Association (ETOA), concluded "...Europe is losing business because of administrative inefficiency in visa processing." (p4).

While fully recognizing the sovereign right of States to control the access of foreign nationals to their territories, the goals of this report are to:

- a) Quantify the potential impacts of visa facilitation policies and procedures on tourism demand and job creation in the G20 economies; and
- b) Identify policy opportunities that would facilitate travel to G20 destinations while preserving the critical functions of visas.

"Easy and hassle-free availability of visas is one of the basic ingredients for attracting foreign tourists."

3. Visa requirements of the G20

Summary of G20 visa requirements

- **In 2011, an estimated 656 million international tourists visited the G20 countries.**
- **Of these, an estimated 110 million tourists originated from source markets requiring a paper visa. This represents 17% of the total international tourism market to the G20.**
- **In percentage terms, Turkey, Mexico, and Australia have the most open visa policies towards their current source markets with just 3%, 4%, and 4% of tourists requiring visas in 2011.**
- **Significant market opportunity exists for the G20 to pursue improvements in visa facilitation.**
- **Improvements in visa processes would affect travel from over one-third of the current visitors market for India, Saudi Arabia, the Republic of Korea, and the USA.**

For the purpose of the report, a matrix was compiled by UNWTO identifying the bilateral relationship of non-immigrant leisure and business visitor visa policies between the G20 nations and the 197 countries of the world for which data were available. The data identified whether or not a visa is required of an origin market to travel to a given country. The data also identified cases where a visa on arrival or an eVisa (or other electronic authorisation) is required for a traveller from an origin market. As some countries have differing requirements for business and leisure travellers, the methodology followed was to default to the leisure travel requirements.

Using this matrix, the size of the addressable visitor market for each destination in the G20 was identified. In addition to the matrix, the calculation is based on Tourism

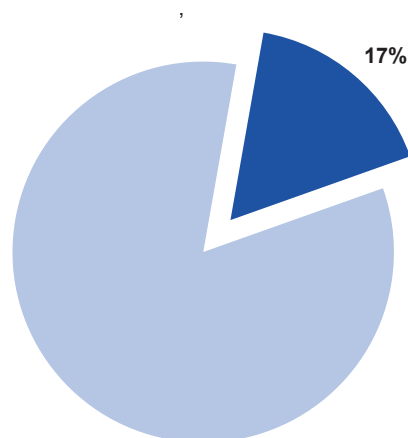
Economics' estimates and forecasts of tourist arrivals (by country of origin) to each G20 country. The addressable market is defined as the current number of tourist arrivals from countries that need visas to enter a given destination¹. Travellers from source markets who can receive a visa on arrival, an eVisa, or some other form of electronic authorisation were not included in the estimate of the addressable market since these are effectively visa facilitation policies. In other words, estimates of the size of the addressable market considered only tourists from countries who need a paper visa to enter.

Of the 656 million international tourists who visited G20 countries in 2011, 110 million (17%) required a paper visa to enter.

1. The number of visas issued can differ from that number due to multiple entry visas etc.

Tourists requiring a visa to visit G20 countries

% of international tourist arrivals, 2011



Two-thirds of those visitors to the G20 countries who require visas are travelling to the European Union (EU) and the USA – a total of 72 million.

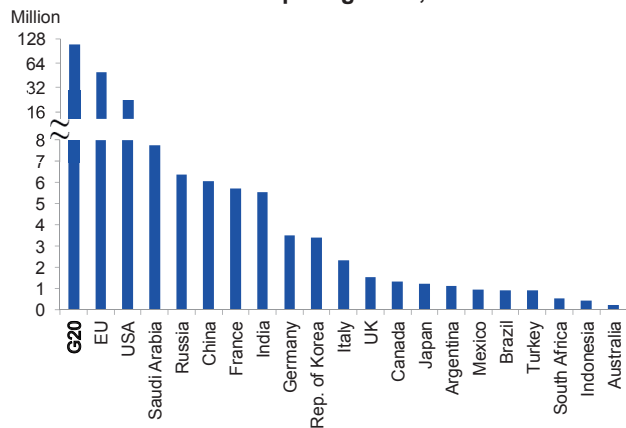
Nearly 50 million tourists arriving into the EU in 2011 needed visas, representing 15% of total EU tourist arrivals. This small proportion, relative to the G20 average, is due to the large volume of intra-regional visa-free travel in Europe (Schengen area). Looking only at visitors from outside the Schengen area, the percentage of tourists requiring visas would rise to 38%.

The addressable market is also significant for the USA at 23 million arrivals in 2011 – 36% of all tourist arrivals. This

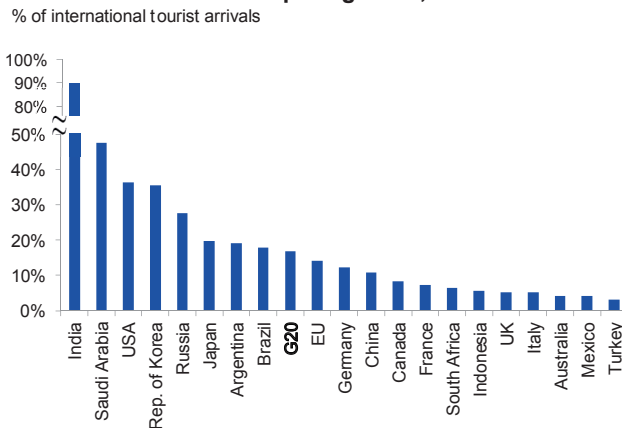
is a higher proportion than the G20 average of 17%. India (90%), Saudi Arabia (48%), the Republic of Korea (35%), Russia (28%), Japan (20%), Argentina (19%), and Brazil (18%) also require visas of a higher proportion of tourists than the G20 average.

Turkey, Mexico, and Australia required visas of the fewest percentage of its current visitors at 3%, 4%, and 4% respectively. Canada, France, Indonesia, Italy, South Africa, and the UK all required visas of less than 10% of their international tourists in 2011.

International tourists requiring visas, 2011



International tourists requiring visas, 2011



4. Impact of visa facilitation policies on tourism

In order to understand the potential that visa facilitation policies may yield, a range of case studies where a significant change in visa policy occurred (both facilitative and restrictive) were identified and analysed.

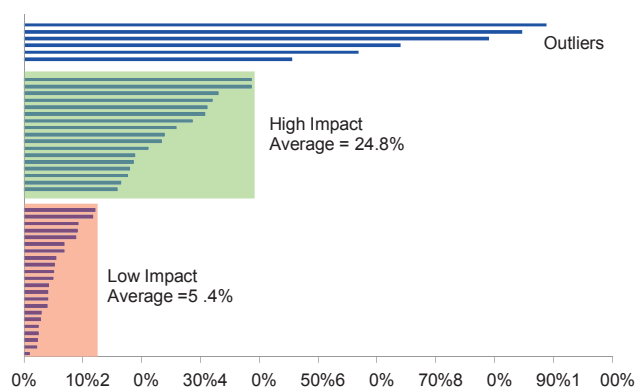
For each case study, the effect of a policy change on international tourist arrivals was estimated based on arrivals trends while controlling for other effects (e.g. economic,

political). The resulting data on policy effects from these case studies (summarised below) were analysed to provide a range of low and high impact policy changes, which is used in the economic impact model presented in Section 5.

Impact of visa facilitation on tourism demand

Impacts of visa policy changes

International arrivals, annual growth



Analysis of the case studies yielded a range of impacts of visa policy on international tourist arrivals, i.e. the ‘policy effect’.

The policy effect for each case study ranged from 1% to 90% in terms of impact on arrivals. The observed policy effects clustered around two distinct areas, as seen in the above chart. Each bar represents the policy effect growth rates of the origin-destination market pairs examined in the case studies. The area shaded in red represents the “low impact” observations and the area shaded in green represents “high impact” observations. Within the low impact group, the average policy effect was 5.4%. Within the high impact group, the average policy effect was 24.8%.

These two calculations form the range of potential impacts on tourist arrivals for the analysis in Section 5 of the report.

A more detailed review of the methodology is included in Annex B.

Case studies of visa facilitation impact on tourist arrivals

The following case studies identify specific policy changes and their impact on tourist arrivals.

USA Visa Waiver Program Expansion (2008)

In November 2008, the USA expanded its visa waiver program to include the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Slovakia, and the Republic of Korea, as these countries met regulatory requirements and agreements to enter into the program. Collectively, arrivals from these countries grew 46% over the following three year period while travel from these markets to other similar destinations only grew at a fraction of that rate. The change in visa policy is estimated to have contributed 41% growth over the same period, or over 12% annually. The range of effects attributable to the change in visa policy varied across countries by between 3% (Estonia) and 101% (Czech Republic).

Australia ETA Program

Australia began implementation of the Electronic Travel Authority (ETA) program in 1996 in anticipation of the need to handle the large number of visitors projected for the 2000 Olympics in Sydney. The ETA is an electronically stored travel authorization for travel to Australia and is linked to the traveller's passport. The passport is checked prior to embarkation to verify the traveller is authorized to travel to Australia and then again by customs officers at the border.

The ETA program was rolled out to qualifying origin markets over several years beginning in 1996. 21 source markets for which data were available were examined and outcomes were observed over the three year period after ETA was rolled out for each origin market. Actual arrivals averaged growth of 7.9% per year (average of compound annual growth rates across origin markets) over the respective three year period following the roll out of ETA for each country, ranging from minus 21.9% for the Republic of Korea (which was in the midst of the Asian financial crisis after the 1997 roll out) to 24.8% for Ireland. After adjustments, ETA accounted for an average growth in arrivals to Australia from

the relevant markets of 8.9% per year ranging from 1.7% (Japan and Italy) to 19.4% (Finland) over the respective three year periods.

UK visa policy for Taiwan (province of China) and South Africa

In March 2009, the UK began allowing tourists from Taiwan (pr. of China) staying less than six months to enter the UK visa free. Arrivals increased sharply in 2009 (39.6%), before a correction and rebound in 2010 and 2011, respectively. Average annual growth in arrivals from Taiwan (pr. of China) was 6.6% for 2009-2011. Results for 2010 and 2011 were likely stunted by the Schengen area also implementing visa free travel for tourists from Taiwan (pr. of China). The change in UK visa policy, however, contributed 3.3% to growth in arrivals from Taiwan (pr. of China).

The UK imposed visa requirements on South Africans in March of 2009. South Africans, except those who had entered within the prior six months, were required to obtain a visa to travel to the UK. Visits from South Africa fell over 30% from 2009-2011. The new visa requirement for South Africans is estimated to have caused declines of nearly 35% (13% per year) over this period.

India visa on arrival program

Beginning in January 2010, India instituted a visa on arrival program for 11 countries (New Zealand, Finland, Luxembourg, Japan, Indonesia, the Philippines, Singapore, Cambodia, Laos, Myanmar, and Vietnam). One provision of the visa which introduced some difficulties was that the visa only allowed for a single entry in a 60 days period. However, positive results did occur as a result of the program. In 2010, the combined arrivals from these 11 countries increased 10.6%, with arrivals increasing from all but Myanmar. This program is estimated to have accounted for 3.7% of the combined growth in arrivals from these markets in 2010.

Canada visa policy for the Czech Republic and Mexico

By law, all travellers to Canada require a temporary resident visa unless otherwise exempted. Visa exemptions are based on a country-by-country assessment of numerous criteria, including safety and security issues, immigration

issues, and bilateral and commercial relations, and following extensive inter-governmental consultations. Currently, over 90% of visitors to Canada do not require visas.

Canada lifted the visa requirement for citizens of the Czech Republic in October 2007. Arrivals to Canada from the Czech Republic increased a total of 36.5% over 2007 and 2008, of which 20% is estimated to be the result of lifting the visa requirement. Arrivals from the Czech Republic continued to grow into 2009, however Canada renewed the visa requirement for Czech travellers in June of 2009. From 2009 to 2011 arrivals from the Czech Republic declined nearly 70% (an average of 27% per year). An estimated 41% annual decline was attributable to the visa requirement.

Canada imposed a visa requirement for Mexican travellers in June of 2009. Arrivals from Mexico declined 37% and 29% in 2009 and 2010, respectively, before rebounding in 2011. Over the three year period (2009-2011), Mexican arrivals into Canada dropped nearly 50% below 2008 levels, most of which is estimated to be a result of the visa requirement. On an annual basis, over the three year period, the visa requirement shaved an estimated 21.5% off Mexican arrivals growth.

Russian source market (various years)

Data from ten destinations which eased visa policy with Russia between 2000 and 2010 were examined to estimate policy effects. The policy changes included offering visas on arrival (Lebanon, 2004 and Cyprus (non-Schengen visa on arrival), 2005), visa free travel for groups (China, 2000), visa free travel during specific months of the year (Croatia, 2008) and visa free travel for leisure tourists (Brazil, 2008; Chile, 2010; Colombia, 2010; Israel, 2008; Serbia, 2009; the Philippines, 2007 and Thailand, 2005). The estimated policy effect ranged from a 2% to 89% increase in tourist arrivals with an average of a 21% increase due to the policy change.

Republic of Korea's visa policy for China (2006)

The Republic of Korea is one of the closest international destinations to China (Seoul and Beijing are only 600 miles apart). Yet, the Republic of Korea was losing market share of Chinese travellers from 2001 to 2005. In February 2008, China was added to Korea's visa waiver program for Jeju Island, Korea's largest island and a large tourism

destination. By 2009, Chinese arrivals to the Republic of Korea grew 64.5% above 2005 levels. The easing of visa policy is estimated to have promoted a 67.2% increase in Chinese arrivals to the Republic of Korea, or 18.9% annually.

This policy has served as a springboard for a more facilitative policy between the Republic of Korea and China. In 2011, the Republic of Korea ranked as China's most popular overseas destination with more than 2 million mainland Chinese visitors – a 65% increase over 2009. Conversely, China was second to only Japan as the largest source market for the Republic of Korea. The Republic of Korea's initiative to issue multiple-entry visas to selected demographics of Chinese citizens was one driver of growth. The Republic of Korea continues to take different measures to provide easier entry to the country for eligible Chinese citizens. The country announced a plan to provide 'double-entry' visas allowing Chinese citizens to enter the country twice within a set period of time for tourism purposes.

USA Electronic System for Travel Authorization (ESTA)

Of particular interest was the ESTA program initiated in the USA in January 2009. This is an important case because the ESTA program (an electronic equivalent of the prevailing I-94W program) was put in place with the goal of increasing security and reducing costs of turning away travellers at the border.

Prior to 2009, citizens of visa waiver program countries were able to enter the USA by submitting a paper form at the border. After ESTA was introduced, tourists wishing to enter the USA through the visa waiver program were required to apply for the electronic authorization prior to travel. Once authorized, the ESTA authorization is valid for two years. Arrivals from ESTA eligible countries (excluding the seven added in November 2008 noted in the case studies above) dropped 9.5% in 2009. However, the decline was mostly attributable to the global economy and there was no statistically significant indication that the drop could be explained by the change in policy.

The ESTA program raised further consternation as it began to charge a fee of US\$14 to obtain the authorization beginning in September 2010. These results show that the ESTA program did not have a negative impact on tourist arrivals from visa waiver countries, despite the perception of a more restrictive policy.

5. Impact of visa facilitation

Summary of results

- Considering current visa requirements, an estimated 17% of tourists will face visa requirements to enter G20 countries in 2013-2015.
- By enacting visa facilitation opportunities as outlined in the following section, G20 countries have the potential to gain between 20 million (low impact) and 112 million (high impact) additional international tourists by 2015.
- These tourists would generate between US\$38 billion and US\$206 billion additional tourism receipts (exports) by 2015.
- The additional visitor spending would directly create between 560,000 and 3.1 million additional jobs in the tourism sector by 2015.
- Total job creation (including direct, indirect and induced impacts) would reach between 940,000 and 5.1 million additional jobs by 2015.

The methodology employed to determine the scenario impacts is summarized in the graphic on the previous page. The impacts on tourist arrivals were calculated by applying

the policy effects calculated in Section 4 to Tourism Economics' forecasts for the addressable tourist market set out in Section 4 for each G20 economy.



The impacts were calculated over a three-year period from 2013-2015 to allow for stabilisation in the policy effects. Tourism spending (international tourism receipts) was calculated by applying average spending per tourist to the arrivals results. The resulting spending drives the calculations of the job impacts using Oxford Economics estimates on tourism sales per employee in each G20 economy. Note that calculations were made at the country-level and then aggregated to the total G20 results. Each country model is based on the average spending per tourist arrival (adjusted for the addressable markets to that destination) and average sales per employee in the tourism industry in each country. The potential percentage gain in tourist arrivals (5% and 25%) is applied consistently across all countries. It is likely that some countries will experience higher or lower gains based on their capacity, air access, infrastructure, general

destination attractiveness, and other factors. However, for the purposes of consistency, the potential gain is applied equally to the addressable market for each country. The methodology and calculations are presented in greater detail in Appendix B.

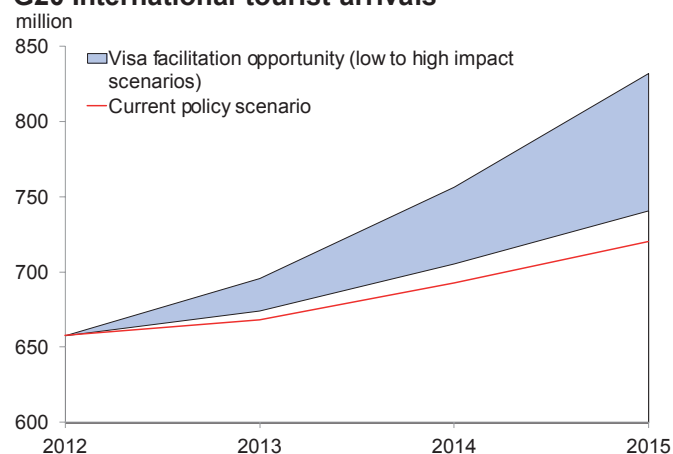
Impact on international tourist arrivals

By enacting visa facilitation opportunities, G20 countries have the potential to **gain an additional 20 million to 112 million international tourist arrivals by 2015**. This represents a gain of 3% and 16%, respectively, in tourist arrivals above the baseline forecast.

G20 Visa Facilitation Scenarios: Tourist Arrivals						
	2012	2013	2014	2015	% change 2015/2012	Net increase in 2015
Current policy (baseline) scenario						
International tourist arrivals, 000	657,862	668,304	692,841	720,437	9.5	
Visa free arrivals, 000	546,433	554,520	574,260	596,590	9.2	
Visa restricted arrivals, 000	111,429	113,784	118,581	123,847	11.1	
% tourists requiring visa	16.9	17.0	17.1	17.2		
Visa facilitation scenarios, tourist arrivals						
Low impact scenario, 000	657,862	674,332	705,601	740,865	12.6	20,427
High impact scenario, 000	657,862	695,889	756,567	832,103	26.5	111,665

The range between the low and high impact scenarios represents the spectrum of potential improvements in visa policies. These impacts will vary depending both on the markets involved and the policy being implemented.

G20 International tourist arrivals



Impact on international tourist receipts

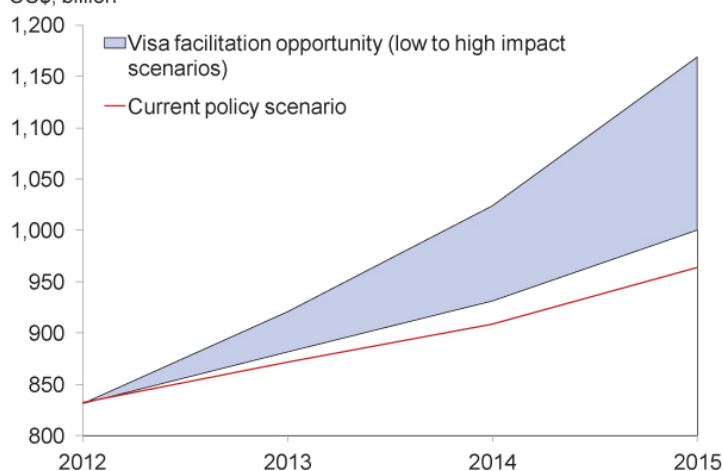
The additional 20 million to 112 million international tourists would **generate between US\$38 billion and US\$206 billion additional international tourism receipts for G20 countries by 2015.**

The low impact scenario would yield a 4% increase in international tourism receipts above the baseline while the increase under the high impact scenario would climb 21% above the baseline scenario.

G20 Visa Facilitation Scenarios: Tourist Spending						
	2012	2013	2014	2015	% change 2015/2012	Net increase in 2015
Current policy (baseline) scenario						
Tourist spending, \$ mn	831,781	871,197	908,696	963,323	15.8	
Average spending per tourist, \$		1,813	1,814	1,843		
Visa facilitation scenarios, tourist spending						
Low impact scenario, \$ mn	831,781	882,126	931,847	1,000,968	20.3	37,645
High impact scenario, \$ mn	831,781	921,209	1,024,328	1,169,125	40.6	205,802

G20 International tourist spending

US\$, billion



Impact on job creation

The spending of these additional tourists in G20 destinations directly supports jobs in tourism industries, including hotels, restaurants, retail stores, transportation, entertainment and recreation. The additional visitor spending generated by visa facilitation would **create between 560,000 and 3.1 million additional direct jobs in the tourism sector in G20 economies by 2015.**

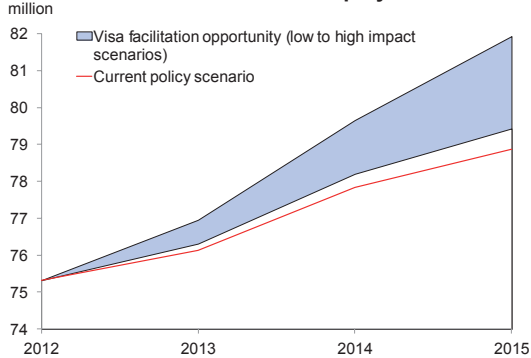
These total employment impacts are not limited to tourism industries. Indirect jobs are created through the supply chain of tourism industries and induced jobs are generated as employees spend their incomes in other sectors of the economy.

Total job creation (including direct, indirect and induced impacts) from the additional tourism spending in the G20 economies **could reach between 940,000 and 5.1 million by 2015.**

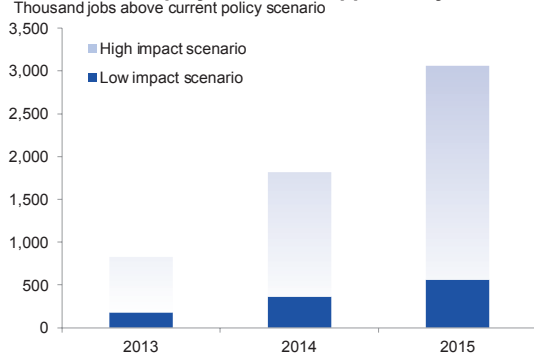
G20 Visa Facilitation Scenarios: Job Impacts

	2012	2013	2014	2015	% change 2015/2012	Net increase in 2015
Current policy (baseline) scenario						
Direct Travel & Tourism employment, 000	75,319	76,132	77,838	78,871	4.7	
Visa facilitation scenarios, direct T&T employment						
Low impact scenario, 000	75,319	76,312	78,202	79,431	5.5	561
High impact scenario, 000	75,319	76,956	79,656	81,929	8.8	3,059
Current policy (baseline) scenario						
Total Travel & Tourism employment, 000	176,347	179,096	183,646	187,356	6.2	
Visa facilitation scenarios, total T&T employment						
Low impact scenario, 000	176,347	179,393	184,253	188,295	6.8	939
High impact scenario, 000	176,347	180,458	186,673	192,482	9.1	5,127

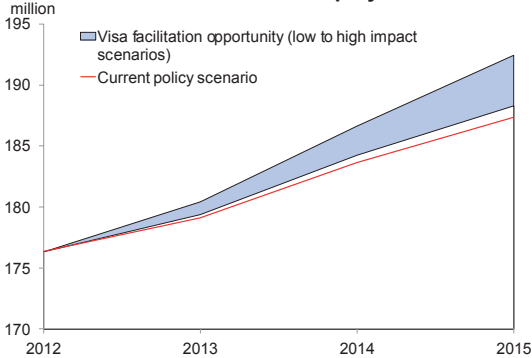
G20 Direct Travel & Tourism Employment



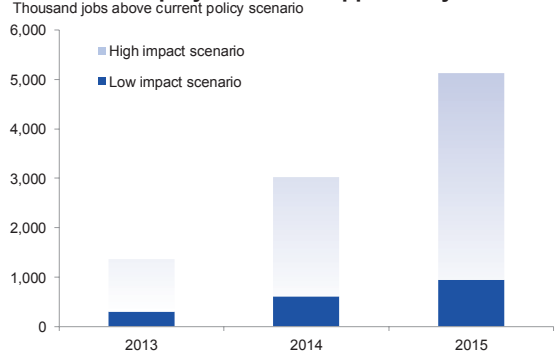
G20 Direct Employment Gain Opportunity



G20 Total Travel & Tourism Employment



G20 Total Employment Gain Opportunity



There is a great deal of variation in the impacts among the G20 economies. This variation is a result of both the size and mix of countries in the addressable market as well as

the variations in the tourism economies of each of the G20 countries.

6. Visa facilitation opportunities

A set of visa facilitation policy opportunities emerged out of the interviews, literature review and case studies. These are summarised below.

Opportunities for visa facilitation

- **Improve delivery of information**
- **Facilitate the process to obtain visas**
- **Differentiate treatment to facilitate tourist travel**
- **Institute eVisa programmes**
- **Establish regional agreements**

Opportunity 1: Improve delivery of information

A. Improve customer service and communication

Clear and current communications regarding visa requirements, processes and timelines will help ensure that potential travellers needing visas are not deterred from the outset. Information should be up to date, readily available and, crucially, available in multiple languages – preferably those of the applicants.

These opportunities apply not only to individuals, but also to the travel trade. Some destinations have lost out on sales because travel agents either perceived difficulties in obtaining visas for the destination or were unaware of facilitation efforts and therefore preferred to book other destinations. Canada found this to be the case for one source market and has made increased efforts to educate the travel trade in that market.

B. Increase information sharing among (and within) governments

Visa Information Systems (e.g. EU, Australia) store key data, enabling the creation of ‘expected movement records’ against which actual movements (check-in, arrival, departure) can be cross-checked to facilitate the arrivals process, reduce airport congestion, improve entry/exit management and reduce visa overstays. While such systems are post-entry and do not directly facilitate visas for tourists, they nevertheless strengthen the chain of security for the visa regime which allows for the implementation of other facilitative policies.

“Process is the real lever - fast, transparent, customer service, education of travel trade and consumers.”

C. Leverage the internet to deliver information to customers

Websites which provide information on visa and border entry procedures play an important role for travellers. The use of user-friendly, multilingual websites is now the standard for delivering this necessary information.

- **Brazil** offers comprehensive, multilingual and easy-to-access information on visa procedures, border control and on other areas of interest for travellers through a dedicated website.
- The **UK** Border Agency's official website allows individual verification of one's personal visa requirement. In addition, a special link is available to a website on the 2012 Olympic Games and Paralympics which provides practical information especially addressed to the visitors of the events.
- The **Republic of Korea's** website displays one of the most detailed and accurate sources regarding visa information, including practical information about the country and it is available in more than ten languages.

Opportunity 2: Facilitate the process to obtain visas

A. Reduce documentation and interview requirements

Some required documentation for visas can be prohibitively costly or time consuming, if not impossible to obtain. This impedes entry of otherwise legitimate travellers. Leveraging available technologies and information sharing could fill some of the gaps while reducing some of the barriers for the applicant.

In-person interviews can place a large cost on potential applicants, especially when travel is involved to reach the embassy or consulate; which in countries of a significant dimension such as Brazil or China might imply that the cost of travel for an interview is higher than the cost of travelling to the destination. While increasing the number of processing facilities (as set out below) might mitigate some of these costs, the costs can nonetheless still be prohibitive.

- The **USA** Department of State is implementing a pilot program in which consular officers may waive in-person interviews for certain qualified individuals, such as those renewing their visas within 48 months of the expiration of their previous visas, and Brazilians below the age of 16 and age 66 and older. Because security is paramount, consular officers may interview any visa applicant in any category.

B. Increase visa processing capacity

One the greatest deterrents to potential travellers is long and uncertain wait times for visa processing, especially as online and mobile developments mean that booking and paying for travel is becoming increasingly efficient, reducing booking lead times and spurring last-minute travel. By investing in the capacity to process more visas, countries remove the biggest perceived obstacles to travellers. Many of the opportunities presented in this report can indirectly improve a country's capacity to process visas by lightening some of the load. However, directly addressing the problem by opening additional consulates, visa processing centres, or making use of the travel trade has yielded favourable results for many destinations.

- Approximately 1 million tourists from Russia visited **Spain** in 2011, representing growth of more than 50%. Part of the reason for the boom was the new, more flexible visa procedure, which included the opening of Spanish visa centres in the key regional cities across Russia and the charter flights connecting them with Spain directly. In 2012, more Spanish visa centres are to open in Kaliningrad, Ufa, Irkutsk, Vladivostok and Khabarovsk.

“It’s humiliating for passengers, notably business travellers, to have to provide letters of recommendation and other detailed paperwork... as well as needing to travel long distances to go to a consulate to have fingerprints taken.”

- In **Italy**, an agreement was signed in February 2011 and renewed in March 2012 between the Ministry of Foreign Affairs and ENIT (National Agency for Tourism Promotion), aimed at enhancing the collaboration in the field of visa facilitation from some countries: China, Russia and India. Thanks to this protocol, the staff of the consulates has been reinforced through personnel hired locally by ENIT with operational tasks. This led to an increase in the number of visas issued in 2011 (with reference to the previous year): in China (+46%), Russia (+26.5%) and India (+6.8%). A particular improvement has also been registered in the countries which concluded a visa facilitation agreement with the European Union.

C.Leverage technology and other support measures to increase efficiency and speed of visa issuance and enhance security

Improving the speed of visa processing and issuance can be an important lever to stimulate demand. This is particularly true in a market characterized by increasingly last minute offers and travel decisions, which are clearly incompatible with some visa issuance times. Wider implementation of on-line submission of applications, pre-screening through centralised databases, and biometric information can all be used to improve visa issuance efficiency.

- **Canada** is increasing the use of on-line processing of visa applications which will allow flexibility of workload distribution and improved client service.
- Simplified visa procedures in **Germany**: The possibility of downloading and filling in visa application forms online, and then taking the completed and printed out form to the interview at the visa section where they can be scanned in electronically via a barcode has done much to reduce the time required to process the application at the visa counter. In addition, many German missions have introduced an electronic appointments system to help manage the number of visitors to the mission and thus shorten waiting times. The increasing number of visas issued which entitle holders to multiple short stays in the Schengen area over a long period of time, means it is no longer necessary to submit visa applications repeatedly. This option is of particular benefit to persons who have to travel frequently for professional or private reasons

and have proven their reliability by using previous visas legally. In the future, the missions will electronically scan in applicants' fingerprints when accepting visa applications. This biometric procedure is expected to be introduced gradually region by region between 2011 and 2013. Once a person's fingerprints have been scanned in, an interview at the mission will only be necessary in exceptional cases when submitting a visa application. A renewed biometric procedure is envisaged after five years.

- The **USA** maintains an online application system. The online application form is downloaded into visa adjudication software almost instantaneously, is integrated with biometric collection, and has increased consular officer efficiency as well as the security of the overall visa adjudication process.
- **G20 members**, including the USA, UK, and other nations are committed to increasing the use of biometrics as a fundamental tool in identity management. Biometrics are also a key technological component in travel facilitation regimes in the USA, and a key component of travel documentation regimes under ICAO.

“Explore the possibility of ‘paperless’ visa application system, allow foreign citizens to apply visas online, and make use of digital communication technologies to process visa applications through long-distance video...”

“It should be possible to simplify the visa process for the large majority of *bona fide* tourists using biometrics.”

D. Issue visas on arrival

This kind of visa can be obtained directly at the destination upon arrival. They are defined by a limited period of stay in the country and cannot be used for immigration. The general requirements for visa on arrival include a valid passport for the upcoming six months, a round-trip airplane ticket, and certain fees.

Typically, this is available only to certain countries. For example, **Indonesia** offers visa on arrival to 64 countries while **India** offers the program to eleven countries. The issuance of visas on arrival decreases the costs of obtaining a visa for travellers and these programmes are typically less costly than maintaining programmes outside the country for the issuing government, however still allows for control over who enters the country and for how long.

E. Initiate visa waiver programmes

Visa waiver is a program focused on select traveller markets that are deemed to be low risk.

- **China's** Hainan Province introduced a visa exemption for 26 countries in 2010 which increased the arrivals of visa-free tourists by 41% in less than one year. Consequently, tourism revenue also registered a notable increase - up by 10.4% year-on-year.

“Governments do not talk to each other enough in the different markets... to compare statistics, concerns, risk lists, etc. This would help reduce costs and duplication of efforts.”

- In the **USA**, the Visa Waiver Program (VWP) enables nationals of 36 participating countries to travel to the country for leisure or business tourism (visitor [B] visa purposes only) for stays of 90 days or less without obtaining a visa. The program was established to eliminate unnecessary barriers to travel, stimulating the tourism sector, and permitting the Department of State to focus consular resources in other areas. Entry into the visa waiver program has historically generated double-digit increases in travel in the following year or two. For example, arrivals from the Republic of Korea to the USA increased nearly 50% in 2010 after being admitted to the program at the end of 2008.
- In 2005, **Cyprus** offered a non-Schengen visa on arrival for Russian tourists. Russian arrivals increased 16% in 2005, 18% in 2006, 27% in 2007, and 24% in 2008.

Opportunity 3: Differentiate treatment to facilitate tourist travel

A. Leverage visa free travel for holders of a visa issued by a third country

There are several cases where countries allow certain nationalities to cross their borders without obtaining a visa or issue a visa on arrival given the fact that the visitor is already holding a visa of a trusted region or State. This strategy decreases the costs of traditional visa programmes to both the traveler and the destination country. At the same time, this provides for some security for the destination as the traveler has already been vetted by the issuing State. Typically tourists are authorized to enter the country for as many as 90 days, but different requirements often apply.

- This strategy is being pursued by **Costa Rica, Croatia, Ireland, Mexico and Turkey**, among others (see Annex A for details).

B. Extend the validity and entry limits of visas

Increasing the validity period of visas (e.g. from 180 days to one year or from one year to three years) and allowing for multiple entries reduces the demand on processing capacity by reducing the number of applications being processed. Tourists also benefit as it effectively reduces and spreads the cost of obtaining the visa over time.

- This approach is being taken by **Germany**, which – in accordance with Schengen regulations – issues multiple entry visas with long-term validity to frequent travellers who have proven their integrity and reliability *inter alia* through the regular use of previously issued Schengen visas. Additionally, Germany generally exempts frequent travellers from the requirement to personally lodge a visa application.
- **Poland** will start to issue five-years multiple visas to Russians who have already had two Schengen visas.
- **Japan** has significantly eased its visa requirements for Chinese, giving three-year multiple-entry visas. Since the 2011 earthquake and tsunami, while arrivals from most of the world remain below pre-disaster levels, the number of Chinese travelling to Japan increased by more than 30% year-on-year in November and December 2011.
- To facilitate travel by the minority who do require visas to visit **Canada**, the government recently doubled the maximum validity period for multiple-entry visas from five years to ten years, where the validity period of the passport permits it. This means that holders can come and go as they please from Canada over the ten-year validity period of the visa. Each visit can normally last up to six months.
- The case of the **Republic of Korea** extending visa waivers to tourists from China visiting the Jeju Island is highlighted in the case studies.

Opportunity 4: Institute eVisa programmes

Perhaps the most well-known opportunity, certainly the most cited during the interviews for this study, to facilitate travel is eVisas. Of the opportunities presented, eVisas come the closest to maintaining, if not exceeding, the functions of paper visas outlined previously in Section 2. Unlike traditional visas, there is no label or stamp needed in the passport nor a physical presence required to obtain them. A number of countries have already instituted eVisa programmes with great success. Although not all eVisa programmes are technically classified as visas (for example ESTA in the USA is not a visa according to law), they are similar in form and function.

- In the case of **Australia**, three separate electronic visa programmes are available: Electronic Travel Authority (ETA), eVisitor (similar to ETA, but for selected EU citizens), and e676 tourist visas (which are truly electronic visas) that replace traditional paper visas. The most well-known program is ETA by which residents of certain countries can apply for an Electronic Travel Authorization (ETA). Applications can be submitted through travel agents, airlines or directly through a special website of the Australian government for a fee of approximately US\$20. However, the ETA is only available for residents of certain countries and employment in Australia is prohibited during the time of stay.
- **Mexico** implemented its Electronic Authorization System (SAE) in March 2009. The SAE allows citizens from Brazil, Russia and Ukraine to obtain electronic authorization to travel to Mexico for leisure tourism, transit or business travel purposes, without obtaining a visa. Peruvians can only use the SAE to transit Mexico on flights between Lima and China or Japan. More than 104,000 electronic authorizations have been issued since May 2010, over 90% of which were issued to Brazilians and Russians.

C. Extend visa facilitation for certain types of visitors

Some countries implement a visa waiver scheme mainly directed to cruise passengers. This allows cruise passengers to disembark from the ship without a tourist visa provided that they meet certain conditions.

- For example, **Russia** allows tourists travelling on a cruise ship to St. Petersburg visa free entry up to 72 hours provided that the visitors participate in tours organized by accredited travel companies and return for the night on board the cruise ship.

D. Visa facilitation for specified tourism areas

While not applicable for all destinations, specifying geography can provide a means of exempting the tourist market from normal visa policies.

- **Bahrain** similarly offers eVisas for a single entry to tourists. The fee is US\$19 and if the eVisa is not approved a refund of US\$5 will be received. Tourists holding an eVisa can generally stay in Bahrain for two weeks, although residents of some countries can stay longer.
- **Armenia** (2001), **Cambodia**, and **Sri Lanka** (2012) have also recently introduced eVisa programmes.
- The Electronic System for Travel Authorization (ESTA) program in the **USA** was instituted in early 2009 and requires visitors from visa waiver countries to apply for the electronic authorization prior to travel. Once the traveller is authorized, the ESTA authorization is valid for two years. The system, although not a visa according to US law, functions in many of the same ways as a visa in that background checks are undertaken for security clearance and a US\$14 fee is charged.
- The **Schengen** Agreement allows visa free travel among the 26 European Member States. Nationals from non-members of the Schengen that possess a visa from one of the Member States are allowed to travel freely within the Schengen area.
- Within the **Central America-4** (CA-4) Border Control Agreement, tourists once admitted to one of the four Member States – El Salvador, Guatemala, Honduras, and Nicaragua – can travel freely inside the CA-4 Area.
- Among the 15 Member States of the **Economic Community of West African States (ECOWAS)**, nationals of an ECOWAS country are allowed to cross borders without visa when holding a valid ID.
- Nationals from countries belonging to the **Gulf Cooperation Council (GCC)** which includes Yemen, the United Arab Emirates, Bahrain, Kuwait, Oman and Saudi Arabia, are allowed visa free travel within the GCC Member States.
- To facilitate travel within the region, the **Association of South East Asian Nations (ASEAN)** signed the ASEAN Travel Agreement which allows nationals from the Member States visa free travel within the area.

Opportunity 5: Establish regional agreements

Regional agreements allow travellers to move freely within Member States after having already entered the borders of one of the Member States. These agreements lower the costs of obtaining visas for multiple destinations and encourage travel across a broader region, thus stimulating long-haul travel.

Annex A: Examples of implemented visa facilitation policies

Visas on arrival

An example of visa on arrival regardless of their purpose of visit is the case of **Indonesia** wherein citizens from more than 60 countries and territories are eligible for obtaining a visa on arrival. The visa is issued at 15 airports and 21 seaports with the duration of seven days for US\$10 or 30 days for US\$25 a 30-day extension is also permissible. Other requirements must be met by the visitor such as holding tickets and other documents for the return/onward journey and at least US\$1,000 or a valid credit card. Also, the applicant's passport must be valid for at least six months from the date of entry. The visa on arrival cannot be extended or converted into another immigration permit.

Lebanon serves as an example of a country with a visa on arrival facility specifically aimed at facilitation for tourists. Tourists can obtain a visa on arrival at the Beirut International Airport or any other port of entry for a maximum stay of three months, provided that they hold confirmed return/onward tickets, a telephone number and an address in Lebanon. The visa on arrival is free of charge for stays up to one month and for stays up to three months, the cost is between US\$35 and US\$70. Holders of a pre-arranged approval issued to businessmen, bankers, directors and investors by the Lebanese Immigration Directorate can also obtain a visa on arrival for a maximum of six months. Likewise tourist groups of at least eight people can avail of the visa on arrival facility, provided that they are sponsored by a registered tour operator in Lebanon. Visitors who are nationals of ineligible countries for this visa on arrival facility could still get a visa on arrival provided that they are holding a written notification issued by the Lebanese Immigration Directorate confirming that a visa is available for them.

The **Gambia** offers to nationals of countries that require visas to obtain a visa on arrival provided that they are traveling as tourists and are arriving on chartered flights or as part of a tour package. However, all those visitors that come from countries that have no diplomatic representation of the Gambia in their respective home countries, on the other hand, can obtain visa on arrival without having to meet those regulations.

Leveraging third country visas

In the case of **Turkey** visitors from some African and South Asian countries can obtain a visa on arrival for a maximum of 30 days at the Istanbul Ataturk Airport provided that they meet the following requirement: the traveler has to hold a visa issued by the UK, the USA or a Schengen Member State. Furthermore, the visitor should have a return ticket and should be travelling with Turkish Airlines. Additionally the tourist is required to hold a passport that is valid for six months and pay a fee of US\$20. This technique improves the accessibility of Turkey to tourists, especially when visiting several countries at a time or when going on a round trip to Europe.

Another case is **Croatia** where holders of a double/multiple entry C visa issued by a Schengen Member State can access Croatia without applying for a separate visa. The double/multiple entry Schengen C visa is valid for 90 days in any half-year from the date of first entry and allows the traveler to return to the Schengen country that issued the visa after his/her stay in Croatia.

Further on, a similar case of visa facilitation applies for **Costa Rica**. In this instance certain nationalities such as Russia, Lebanon, Malaysia, Afghanistan or Algeria that would normally require a visa when travelling to Costa Rica can enter freely when holding a valid visa issued by an EU Member State, the USA, Canada, Japan or the Republic of Korea. This rule is restricted for a maximum stay of 90 days and the visa issued by the third country has to be valid for at least three month beyond the date of arrival in Costa Rica. In this way, citizens in one of the countries listed above for study or business purposes can make use of this facilitation provided that they hold a visa that is valid for a sufficient period of time (at least three months), which exceeds the general tourist visas that are normally restricted to a maximum of 90 days.

Tourist Cards and Visitor Permits

In **Panama**, nationals of countries who do not require consulate issued stamped visas are required to obtain

a 'Tourist Card'. 'Tourist Cards' can be obtained in a Panamanian embassy or upon arrival at the airport. The Tourist Card is good for 30 days and there are provisions that apply for a 60-day extension at the sole discretion of the immigration authorities. More than 30 countries are eligible to purchase the 30-day tourist card and among them are Panama's major outbound source markets.

Similarly, **Cuba** requires travellers to obtain a 'Tourist Card' prior to arrival. This card is only valid for tourism purposes and can be issued to foreigners on leisure trips to Cuba who have contracted a tourist program or have made their hotel reservations (with a minimum of 2 days) through travel agencies officially recognized by the Cuban Tourism Enterprise. The card can also be purchased from a tour operator, travel agency or any airline authorized to sell tourist trips to Cuba or from the Cuban embassies or consulates. It can only be used for one entry within 180 days following the date of issue and authorizes travellers to stay in Cuba for 30 days, for the time covered by the hotel reservation or tourist program. The card costs US\$50 and must be bought in the country where the trip to Cuba has been arranged. However, if a passport already contains a stamped visa for Cuba, a tourist card is not required.

In the case of the **Dominican Republic**, certain nationalities require a 'Tourist Card'. This card allows the tourist to stay in the country for a maximum stay of 30 days and must be purchased for a fee of US\$10. The tourist card can be obtained upon arrival at the airport or from the diplomatic representation of the tourist's home country. Some embassies (e.g. UK) offer the possibility to order the tourist card online and can be paid

by credit card. Furthermore, certain tour operators include the tourist card in their touristic offers or packages. This facilitation is also possible for travellers that require visas but are currently holding a visa of the USA, Canada or any European country.

Visitors to **Seychelles** are to obtain a 'Visitor's Permit' which is issued on arrival. It allows the tourist to stay in the country for a month but can be extended to a maximum of 12 months provided that the person meets the criteria of a *bona fide* visitor. It is issued free of charge for the first three months but after which there is a fee of US\$70 for extension covering each period of three months or any part thereof. Visitors are required to hold a return/onward ticket, proof of accommodation including contact details and sufficient funds for the duration of the stay.

Annex B: Methodology

The methodology employed to determine the scenario impacts is summarized in the graphic below. The impacts on tourist arrivals were calculated by applying the policy effects calculated in Section 4 to Tourism Economics' forecasts for the addressable tourist market set out in Section 3 for each G20 economy. The impacts were calculated over a three-year period from 2013-2015 to allow for stabilisation in the policy effects. Tourism spending (international tourism receipts) was calculated by applying average spending per tourist to the arrivals results. The resulting spending drives the calculations of the job impacts using tourism sales per employee in each G20 economy. Country-level calculations were aggregated to the total G20 results presented in this report.



An average of 694 million international tourists per year is forecast to visit G20 countries in the years 2013-2015. Of these visitors, nearly 119 million international tourists, or 17%, would require paper visas under current visa requirements – the addressable market.

The addressable market for each G20 economy was calculated as the number of tourists from countries that are required to obtain a visa prior to travel based on current policy. Due to multiple entry visas and other exceptions, this number can differ from the number of visas issued. In other words, the addressable market is equal to the number of tourists requiring visas divided by the total number of tourists. For example, if a country is forecast to have 1000 tourist arrivals and 100 of those tourists require a visa, then the addressable market is 10% ($=100/1000$). Tourists from countries which are eligible to obtain visas on arrival, eVisas or electronic authorisations are not included in the addressable market as these policies are already deemed facilitative.

Tourism demand impacts were calculated for each country in the G20 by applying the low impact (5.4%) and high impact growth (24.8%) premium estimated from the case studies to the addressable market growth (visa restricted tourists) from the baseline forecast. Continuing the example above, the low impact scenario would generate five ($100 * 0.05$) additional tourist arrivals and the high impact scenario would generate 25 ($100 * 0.25$) additional tourist arrivals.

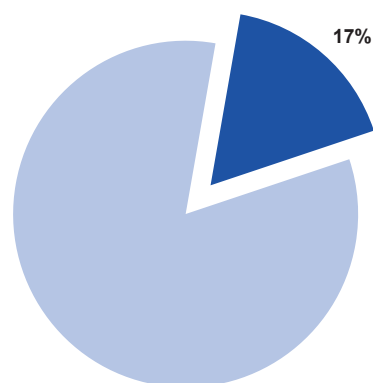
Tourism spending for each scenario was calculated by adding the spending that would be created by the additional tourist arrivals (calculated in the previous step) to the baseline spending forecast. The additional spending was calculated as the number of (additional) tourists times the average spending per tourist, for each G20 country. Average spending per tourist was derived from total tourist spending and total tourist arrivals in the baseline scenario. Given the low impact scenario example above, if average spending per tourist were US\$500, then the additional tourism receipts would be US\$2,500 ($\$500 * 5$).

The job impacts were calculated as a function of sales per tourism-related employee for each G20 economy. That is, the number of additional jobs created is equal to the additional tourism spending in the economy divided by the sales per employee. Sales per employee were derived from WTTC's research on internal tourism consumption

and direct tourism employment (for direct impacts) and total tourism demand and total travel & tourism employment impacts (for total impact, including direct, indirect and induced). This approach, however necessary given the scope of the report, has some limitations as it treats sales per employee as a linear relationship. It is more likely that the relationship is discontinuous or non-linear through certain thresholds (and varies on a country by country basis). The above methodology is applied to each G20 country independently. That is the addressable market, average spending per tourist, and sales per employee are calculated from Tourism Economics' forecasts of each G20 country. The results presented as the G20 total in the report are the aggregation of each G20 country.

Tourists requiring a visa to visit G20 countries

% of international tourist arrivals, 2013-15 average



Case study and policy effect methodology

The case studies presented in the report were selected based on identifiable dates of policy change and availability of international arrivals data for the countries examined. Additionally, data for at least two years (and preferably three) beyond the implementation of the policy change were required for a case to qualify for the analysis. In each case, the effect of the policy change on travel flows in subsequent years was estimated. Actual growth has been compared to a “counterfactual” growth rate (what the growth rate would have been in the absence of the change in visa policy) with the difference being the policy effect. The counterfactual growth rates were derived from outbound growth of the origin market to similar destinations and inbound growth of the destination from similar source markets. This method helps to control for drivers of tourism other than visa policy, e.g. the economy and destination preferences. Changes in visa policy by other countries, however, are not controlled for but any dilution effects are captured by the analysis (see the case study for the UK and Taiwan (pr. of China) above).

The range of estimated effects provides a lower bound (referred to as low impact) and upper bound (high impact) on source market growth responses to policy change. Typically three-years of data are required to capture the full effects following a change in policy. However there is some variation across case studies in the total time period considered, partly because for some recent examples data for the full three years following a change in policy is not available. Results are summarised at annual rates to enable comparison of impacts. These provide inputs into the impact model covered in Section 5. The estimated effects fall across a broad range and caution is required in interpreting the initial results as benchmarks. As such, the estimated range of effects that are applied to G20 countries excludes some of the especially strong impacts. It should also be noted that if multiple G20 countries change visa policies simultaneously, then actual impacts may be closer to the lower impact estimate. There is some evidence that multiple countries introducing new policies at the same time can dilute policy effects as they compete for the same source markets. However, observed benefits are not solely confined to a redistribution of global tourism demand, but also tap into growing international demand that is currently constrained.

The case studies define a range of impacts that varies based on the type of policy change and the markets involved (46 bilateral pairs). The low impact and high impact bounds reflect the (compound) annual growth rate over the three year period following a policy change to allow for stabilisation. The median policy effect on international tourist arrivals in the case studies was 16% per year. That is, half of the case studies exhibited (policy affected) arrivals growth below 16% and the other half above 16%. The average policy effect rate of the case studies was 24%.

To determine the potential visitor gains used in the analysis, the lower and upper bounds were calculated from two distinct clusters of observations which emerged from the case study results. These clusters provide the parameters of the low impact and high impact scenarios.

Outliers (observations greater than 40%, the point at which the distance between successive observations increased) were removed from the calculation. This provides a more conservative estimate of the policy effect by discounting some of the weight of the stronger responses.

The lower and upper bounds were calculated as the average of the respective clusters, yielding a low impact growth premium of 5.4% and a high impact growth premium of 24.8% applicable to visa restricted travellers.



The World Tourism Organization, a United Nations specialized agency, is the leading international organization with the decisive and central role in promoting the development of responsible, sustainable and universally accessible tourism. It serves as a global forum for tourism policy issues and a practical source of tourism know-how. Its membership includes 155 countries, 7 territories, 2 permanent observers and over 400 Affiliate Members.



The World Travel & Tourism Council (WTTTC) is the forum for business leaders in the Travel & Tourism industry. With Chairs and Chief Executives of some one hundred of the world's leading Travel & Tourism companies as its Members, WTTTC has a unique mandate and overview on all matters related to Travel & Tourism.

WTTTC works to raise awareness of Travel & Tourism as one of the world's largest industries, supporting 255 million jobs and generating 9 per cent of world GDP.