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The Impact of **Visa Facilitation** in APEC Economies

Report prepared for the
APEC High Level Policy Dialogue
on Travel Facilitation
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The Impact of Visa Facilitation in APEC Economies

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Foreword

Tourism has over the years become one of the most dynamic economic sectors in the world. Today, it represents 9% of the world's GDP, 30% of service exports and one in every 11 jobs.

In 2012, an historic milestone for international tourism was reached when over one billion international travellers in a single year. This number is expected to rise to 1.8 billion tourists by the year 2030.

Much of global tourism's growth comes from the Asia-Pacific region, and many factors have been influential in this stellar performance. The region's growing economy, rising middle class and technological innovation all contribute to this upward trajectory. Asia-Pacific is also one of the most open regions in terms of tourist visa requirements, according to UNWTO research. This is a clear testimony of how policies that are supportive of tourism, such as improving visa facilitation, can drive up tourism demand.

Yet, despite the great strides made to facilitate tourist travel in the region, there remain areas calling for improvement. While the visa policies of the Asia-Pacific Economic Cooperation (APEC) economies require an average of 63% of the world population to obtain a visa, research indicates that out of the 355 million tourists travelling to APEC destinations in 2013, an estimated 20% needs to obtain a visa.

This new research, jointly commissioned by UNWTO and WTTC for the APEC High Level Policy Dialogue on Travel Facilitation in Bali, Indonesia (1-2 October 2013), is a positive

step in quantifying the possible impact of visa facilitation in the APEC economies. It will surely support the advocacy efforts of APEC economies in advancing visa facilitation as a powerful instrument of regional integration and development.

According to the report, APEC stands to gain between 38 and 57 million additional international tourist arrivals by 2016 from visa facilitation. The inflow of additional international tourism receipts generated by these additional arrivals could reach between US\$ 62 and US\$ 89 billion. Moreover, the total number of jobs created as a consequence of this increase is estimated to range from 1.8 to 2.6 million.

At a time when many world leaders are looking for solutions to address a fragile economic situation and widespread unemployment, travel and tourism offers concrete measures. As this report confirms, supporting visa facilitation can reap immense economic benefits with increased tourism demand, tourist spending and job creation.

We would like to express our deepest gratitude to H.E. Dr. Mari Elka Pangestu, the Minister of Tourism and Creative Economy of Indonesia, for her tireless efforts and support in bringing this immense opportunity to the attention of the APEC community and look forward to continue working with APEC to make visa facilitation a driver of its regional integration goals and future economic growth.

Taleb Rifai

Secretary-General
World Tourism Organization (UNWTO)

David Scowsill

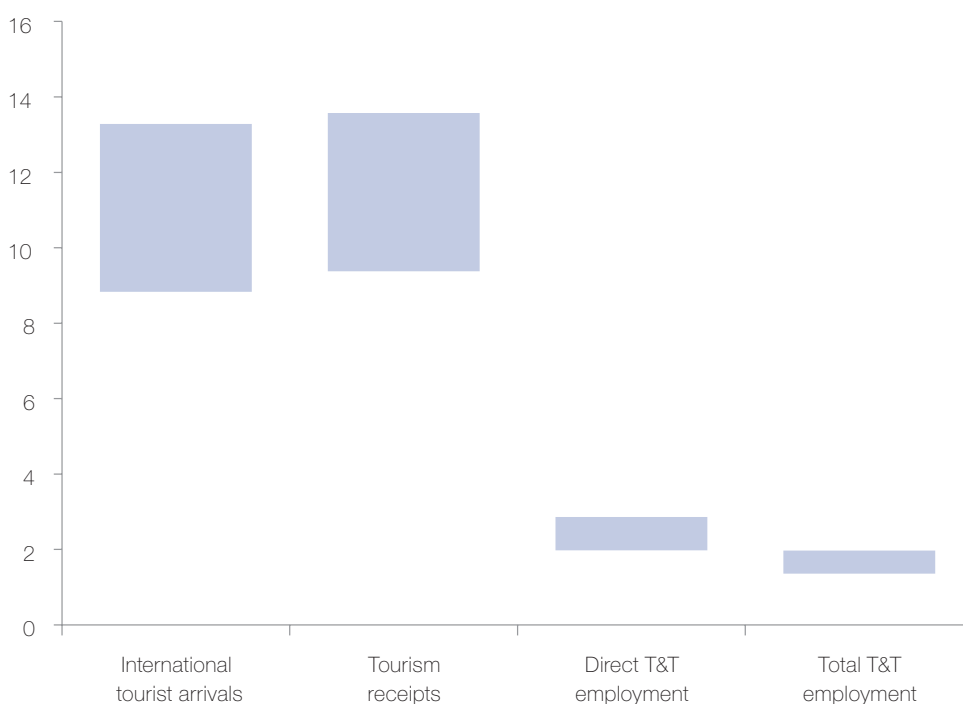
President & CEO
World Travel & Tourism Council (WTTC)

Executive Summary

- While the visa policies of the Asia-Pacific Economic Cooperation (APEC) economies require an average of 63% of the world population to obtain a visa, research indicates that out of the 355 million tourists expected to travel to APEC destinations in 2013, an estimated 20% would need to obtain a traditional visa.
- Case studies show substantial, and in some cases very significant, increases in visitation when visa related policies and processes are improved.
- Furthermore, recent case studies show that there has been successful collaboration among different governmental branches within each country and across the APEC region to facilitate visas including progressive approaches to implement new visa policies.
- However, under current visa policies, the proportion of international tourist arrivals that would be required to obtain a traditional visa prior to travel to APEC destination is forecast to rise to 21%, on average, over the years 2014-2016.
- By implementing facilitative policies and raising awareness of this new openness, growth in arrivals could rise between 12% and 18% per year on average above the current forecast for a period of three years, making a lasting impact on tourism in the region.
- From improvements in visa facilitation, the APEC region stands to gain 38 to 57 million international tourist arrivals by 2016, between 9% and 13% above the baseline forecast under current visa policies.
- The inflow of additional international tourism receipts generated by these arrivals could reach between US\$ 62 and US\$ 89 billion dollars, an increase of 9% to 14%.
- The number of jobs directly created in the travel and tourism sector from the additional tourism receipts would range from 1.0 to 1.4 million new jobs, gaining between 2% and 3% more jobs than the baseline forecast by 2016. Total job creation (including indirect and induced impacts) from the additional tourism spending in the APEC economies could reach between 1.8 and 2.6 million jobs by 2016.

Impact of visa facilitation in APEC economies

% increase above current policy scenario forecast, 2016



Introduction

In order to fully reap the benefits international tourism can bring to an economy, it is necessary to put in place conditions that make the country easy to visit as well as attractive to develop, and to facilitate investment in its Travel & Tourism (T&T) sector. This report extends the joint research¹ that the World Tourism Organization (UNWTO) and the World Travel & Tourism Council (WTTC), presented to the 4th T20 Ministers' Meeting² in May 2012 and assesses the potential impact of visa facilitation in the APEC member economies.

This report addresses the functions of visas and presents the areas of opportunity through visa facilitation which were identified in the previous research. The current state of visa policies in the APEC economies is explored across the dimensions of openness and reciprocity.

The potential impacts of visa facilitation on APEC member economies are built up from the current state of visa policies in the region. The previous research is extended to account for differences in visa policy change effects on tourist arrivals across countries based on the type of reform and destination competitiveness. The impacts of policy change follow on from the impact on international tourist arrivals and tourism receipts to the impact on job creation for each country in the region. Section 5 presents steps through the analysis from determining the impact on international tourist arrivals to the jobs created from visa facilitation. As an introduction:

- The effect of visa policy changes on international tourist arrivals is informed by over 50 historical case studies. This policy effect premium is estimated from the observed impacts of the case studies, the type of policies implemented and the destinations' competitiveness.
- The addressable market (the portion of international tourist arrivals needing a visa to travel to a given destination) for each APEC economy is aggregated using UNWTO's global analysis of visa policies, which includes current visa policies between APEC economies and all origin markets as well as Tourism Economics' forecasts of international tourist arrivals by origin market.
- The estimated visa policy effect premium is added to Tourism Economics' forecast of international tourist arrivals for the addressable market to determine the increase in international tourist arrivals for each APEC economy and then aggregated to a total for the region.

- These additional tourists will generate additional spending in each of the economies. International tourism receipts are calculated from the increased tourist arrivals estimated in the prior step and Tourism Economics' forecast of average spending per tourist for each APEC economy and then aggregated to a regional total.
- These additional tourism receipts are spent within the tourism sector, producing additional jobs in the industry. The direct travel & tourism (T&T) jobs created through increased tourism spending are calculated from tourism sales per employee using WTTC's research on internal tourism consumption and direct T&T employment. Total T&T employment, including indirect and induced effects, are calculated in the same manner using WTTC's research on total tourism demand and total T&T employment. The results for each APEC economy are aggregated to a regional total.

The report concludes with a presentation of case studies of visa policy changes from the region. The case studies include a sample of historical case studies used to develop the analysis and provide examples of recent efforts within the region to facilitate travel through changes to visa policy.

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 visa 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) programme in the USA.

APEC Member Economies

Australia	New Zealand
Brunei Darussalam	Papua New Guinea
Canada	Peru
Chile	Philippines
China	Russian Federation
Hong Kong, China	Singapore
Indonesia	Taiwan, Province of China
Japan	Thailand
Republic of Korea	United States of America
Malaysia	Vietnam
Mexico	

¹ World Tourism Organization and World Travel & Tourism Council (2012), *The Impact of Visa Facilitation on Job Creation in the G20 Economies*, UNWTO and WTTC, Madrid and London.

² The T20 Ministers refers to the Tourism Ministers of the G20 economies.

The functions of visas

Visa policies are among the most important governmental policies influencing international tourism. The development of standards and procedures for visas, as well as for other important travel documents such as passports, is closely linked to the development of tourism. With the swift growth of international tourism over the last six decades, the quality, reliability, and functionality of visas and other travel documents has evolved. Half a century ago, travel was heavily constrained by customs regulations, currency exchange limitations, and visa formalities. A great deal of progress has been made in travel facilitation, which contributes to the remarkable growth of the tourism sector. Especially noteworthy are the multilateral agreements that mutually exempt all or certain categories of travellers from the visa requirement. However, despite the progress made, current visa policies are still regularly mentioned as inadequate and inefficient, and are thus acknowledged to be an obstacle to both tourism and economic growth.

Visas perform several important functions:

- They serve to ensure security;
- they control immigration and limit the entry, duration of stay, or activities of travellers;
- they generate revenue and apply measures of reciprocity; and
- they safeguard a destination's carrying capacity by controlling tourism demand.

Although “security” is commonly stated to be the most important reason to impose a visa requirement, in practice, all the above functions exist as reasons for the introduction or maintenance of visa requirements.

Travellers see visas mainly as a formality that imposes a cost. If the cost of obtaining a visa - either the direct monetary cost imposed in the form of fees or the indirect costs, which can include distance, time spent waiting in lines, and the complexity of the process - exceeds a threshold, potential travellers are simply deterred from making a particular journey or choose an alternative destination with less hassle. This finding is not new. It is interesting in this context to note that, in 1963, the delegates of 87 states agreed, at the United Nations Conference on International Travel & Tourism in Rome, that “Governments should extend to the maximum number of countries the practice of abolishing, through bilateral agreements or by unilateral decision, the requirement of entry visas for temporary visitors.”³

³ United Nations Conference on International Travel and Tourism (1964), *Recommendations on International Travel and Tourism*, 21 August - 5 September, 1963, Rome.

Visa facilitation

Areas of opportunity

Joint research by UNWTO and WTTC, presented to the 4th T20 Ministers' Meeting in May 2012⁴, demonstrates that improving visa processes could generate an additional US\$ 206 billion in tourism receipts and create as many as 5.1 million jobs by 2015 in the G20 economies. The analysis also identified five important areas of opportunity for entry visa facilitation:

- Improve the delivery of information;
- facilitate current processes;
- provide differentiated treatment for key market segments;
- implement eVisa programmes;
- Establish regional agreements.

These opportunities exist in the same form for the APEC economies and are explained in detail below.

Improve the delivery of information

The availability and reliability of the information on entry formalities - especially visa requirements and procedures - that destinations provide are among the simplest areas of opportunity to address. This information - especially the elements of entry formalities of importance to the traveller - should also be available in multiple languages, have simple instructions, and be reliably available through a clear and official web site.

Facilitate current processes needed to obtain visas

A major opportunity for improvement is the way visa requests for temporary visitors are processed in general, as well as the requirements linked to this process. Whether these requirements are personal interviews, official documents, or certificates, they usually produce at least temporary bottlenecks as well as uncertainty and long wait times. Among the techniques suitable for improving these processes are the better use of modern information technology by service providers and the consideration of visas on arrival.

Differentiate treatment to facilitate tourist travel

The technique of facilitating the visa process for certain types of visitors is widely used among economies, especially for temporary visitors who are visiting for tourism purposes. The form this facilitation takes can range from easing restrictions depending on the means of transportation - for example, cruise passengers can be allowed to disembark from the ship without a tourist visa or to arrive by charter planes - to special treatment for specified geographical areas or ports of entry.

Institute eVisa programmes

Currently, the most widely discussed opportunity is the use of eVisa. If an entry visa cannot be avoided, eVisa is the option preferred over the traditional, paper visa. It can be more easily obtained and requires neither the physical presence of the applicant nor the presence of the passport. These considerations are especially important for destinations without a widespread network of embassies and consulates.

Establish regional agreements

There are already a number of regional agreements in place that allow travellers from a third country to move freely between member countries once admitted by one of the participating countries. Such an agreement has already been ratified for select members of the ASEAN region.

⁴ World Tourism Organization and World Travel & Tourism Council (2012), *The Impact of Visa Facilitation on Job Creation in the G20 Economies*, UNWTO and WTTC, Madrid and London.

Current visa policy in the APEC member economies

4.1 Global openness

As a positive outcome of the UNWTO and WTTC report on the impact of visa facilitation on the G20 economies, G20 leaders recognized, at their June 2012 Summit, the role of tourism as “a vehicle for job creation, economic growth and development”.⁵ Furthermore, they committed to “work towards developing travel facilitation initiatives in support of job creation, quality work, poverty reduction and global growth”.⁶

This position and other measures taken by regional blocs and individual countries to facilitate tourism visas are much welcome news; yet despite these many strides, visa requirements still affect global tourism significantly. In 2013, destinations around the world requested, on average, that 64% of the world's population obtain a visa before initiating an international journey. Another 3% of the population was at least allowed to apply for an eVisa, while 15% would be able to apply for a visa on arrival. Only 18% of the world's population would not require a visa at all when travelling for tourism purposes.⁷

As a bloc, the APEC member economies request on average 62% of the world's population to obtain a visa to travel to APEC destinations. EVisas are available to 6% of the world's population and 8% may obtain a visa on arrival in APEC economies. 25% of the world's population may travel to APEC destinations without a visa.⁸ (See table 1 on page 12)

However, visa requirements vary greatly depending on the destination within the APEC region. More than 80% of the world's population requires a visa when travelling to six of the twenty-one APEC economies, while 80% or more of the world's population could travel to only two APEC destinations without a visa. EVisas are most prevalent to Australia and Singapore while visas on arrival in Indonesia are available to a majority of the world's population. All APEC economies, excepting Australia, allow at least some portion of the world population to enter with no visa ranging from 1% (United States of America) to 84% (Philippines) of the world's population.

⁵ World Tourism Organization and World Travel & Tourism Council (2012), *The Impact of Visa Facilitation on Job Creation in the G20 Economies*, UNWTO and WTTC, Madrid and London.

⁶ G20 (2012), *The G20 Los Cabos Summit Leaders' Declaration* (Online), available: <http://www.g20.org/Declaration> (19/06/2012).

⁷ World Tourism Organization (2013), *Tourism Visa Openness Report: Visa Facilitation as Means to Stimulate Tourism Growth*, UNWTO, Madrid.

⁸ World Tourism Organization (2013), *Tourism Visa Openness Report: Visa Facilitation as Means to Stimulate Tourism Growth*, UNWTO, Madrid.

4.2 Openness within APEC

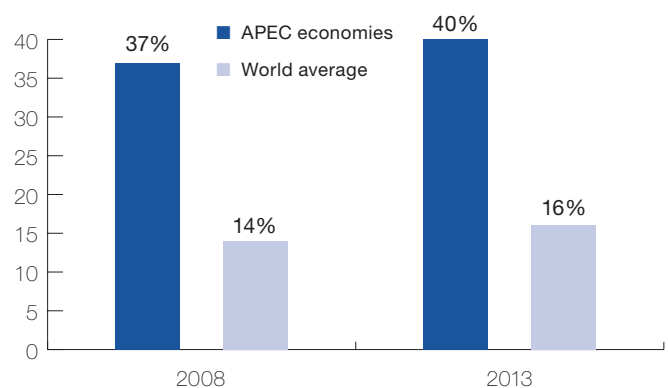
For source markets within the APEC region, visa policy is proportionately less restrictive. However 49% of the region's population is still required to obtain a visa in order to travel to destinations within the economic cooperation. This requirement is shared equally among the advanced and emerging APEC economies. Overall, 7% of the APEC population can apply for eVisas within the region and 12% may obtain a visa on arrival.

(See table 2 on page 13)

Advanced economies offer eVisas to a greater percentage of the APEC population (16%) than emerging economies (1%), but visas on arrival are more readily available in emerging economies than the advanced economies (with 16% of the population being able to obtain a visa on arrival in emerging economies compared to just 6% in the advanced economies). Travel with no visa is possible for 32% of the population within the region. Emerging economies are more open than advanced economies on this basis—travel without a visa is extended to 35% of the population to emerging economies compared to 29% to advanced economies.

4.3 Reciprocity

Open visa policy reciprocity (%)



The visa requirements between two countries are known as policy pairs. In 2013, 40% of all visa policy pairs within APEC are mutually open, meaning that both the tourist generating country and the destination do not require a visa from each other's citizens. Only 16% of the policies are mutually closed with both countries requiring visas while the remaining 43%

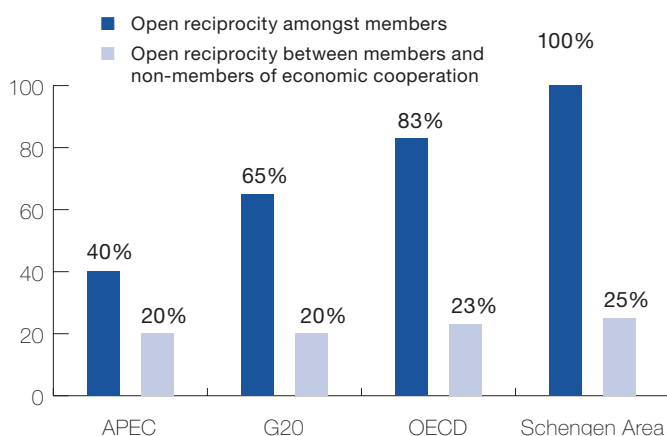
of policy pairs are non-reciprocal combinations.⁹ In terms of open reciprocity, APEC is significantly above the world average of 16%, confirming that the member economies are already ahead of other regions in opening up to each other.

Analysing the trend over time, it can also be observed that open reciprocity among APEC economies is increasing, having risen from 37% to 40% between 2008 and 2013. At the same time global reciprocal openness advanced from 14% to 16%. This progress of APEC was mainly due to economies matching other economies' openness by also removing visa requirements.

Looking at the improvements of APEC economies in detail, it becomes clear that advances in open reciprocity have been made especially by emerging economies of APEC. From 2008 to 2013, emerging economies have increased their open reciprocity from 35% to 45%, while in the same period, open reciprocity between advanced APEC economies has actually decreased from 61% to 58%.

Comparing the advanced APEC economies against the world average, 58% of policy pairs are reciprocally open in 2013, whereas the global average is 89%. Between emerging APEC economies, 45% of policy pairs are reciprocally open, with the global average of emerging economies being 10%.

Open reciprocity among members in economic cooperation and between members and non-members of economic cooperation (%)



While no reciprocally closed visa policy pairs exist between advanced economies within APEC, 24% of reciprocal policy pairs among emerging economies are still closed. Although this percentage has already decreased by 12 percentage points since 2008, it indicates a key area of possible improvements.

At 20%, APEC's open reciprocity to non-member economies is still above the world average of 16%. This indicates that improvements and benefits reach beyond just the APEC economies. A similar observation can be made for the G20 (with 20% open reciprocity between members and non-members), OECD (23%) and the Schengen Area (25%), indicating that priority actions within regional or economic cooperation blocs also positively impact the relationship with other economies.

Looking at outbound travel for APEC citizens, considerable differences exist among visa policies affecting the mobility of citizens among APEC economies. Citizens of Singapore, Japan and the Republic of Korea are the least affected by visa policies of other APEC economies and enjoy the highest mobility within APEC.¹⁰

When comparing advances in visa facilitation measures within APEC between 2008 and 2013, Russian citizens benefitted most from the gained mobility, followed by Taiwan, Province of China; Hong Kong, China; Chile and Thailand.¹¹

There is still great potential for future facilitation measures that could be achieved within APEC. Overall, the APEC economies are already ahead of the global average in terms of visa reciprocity. Compared to other regional or economic blocs, however, the APEC economies are lagging behind. This is demonstrated, for example, by comparing the open reciprocity among bloc members. The open reciprocity of 40% among APEC economies is significantly below that of the G20 (65%), OECD (83%) and Schengen Area (100%).

⁹ For a comparison with world data, please see: World Tourism Organization (2013), *Tourism Visa Openness Report: Visa Facilitation as Means to Stimulate Tourism Growth*, UNWTO, Madrid.

¹⁰ Mobility indicates to what extent citizens within APEC are affected by visa policies. The higher the score, the better. It is calculated by summing travel visa policies required of each country's citizens with weights of 1 for no visa required, 0.7 for visa on arrival, 0.5 for eVisa and 0 for traditional visa. Out of a possible score of 21, citizens of Singapore have a mobility score of 17.7; citizens of Japan have a score of 17.4; citizens of Republic of Korea have a score of 16.4.

¹¹ From 2008 to 2013, the mobility score of citizens from the Russian Federation increased from 3,1 to 8,7; Taiwan, Province of China from 7,1 to 12,8; Hong Kong, China from 13,4 to 15,9; Chile from 10,7 to 13,2; Thailand from 9,7 to 12,2.

World population affected by APEC visa policies, 2013 (%)

	Openness ^a	No visa	Visa on arrival	eVisa	Visa required ^b
APEC	33	25%	8%	6%	62%
Advanced economies ^c (APEC)	32	24%	2%	13%	61%
Emerging economies ^c (APEC)	34	25%	12%	1%	62%
World	30	18%	15%	3%	64%
Advanced economies ^c (World)	26	24%	1%	3%	72%
Emerging economies ^c (World)	31	17%	19%	3%	62%
APEC economies					
Australia	29	0%	0%	57%	43%
Brunei Darussalam	25	24%	1%	0%	75%
Canada	15	15%	0%	0%	85%
Chile	33	33%	0%	0%	67%
China	3	3%	0%	0%	97%
Hong Kong, China	80	80%	0%	0%	20%
Indonesia	54	7%	67%	0%	26%
Japan	19	19%	0%	0%	81%
Republic of Korea	33	33%	0%	0%	67%
Malaysia	48	48%	0%	0%	52%
Mexico	22	19%	0%	6%	75%
New Zealand	23	23%	0%	0%	77%
Papua New Guinea	19	0%	27%	0%	73%
Peru	33	33%	0%	0%	67%
Philippines	84	84%	0%	0%	16%
Russian Federation	10	10%	0%	0%	90%
Singapore	67	45%	0%	44%	11%
Taiwan, Province of China	33	16%	20%	7%	57%
Thailand	59	30%	41%	0%	29%
United States of America	6	1%	0%	10%	89%
Vietnam	12	12%	0%	0%	88%

Source: UNWTO based on information of national official institutions.

^a Scores range from 100 to 0; the higher the score, the better. Openness indicates to what extent a destination is facilitating tourism. It is calculated by summing the percentage of the world population exempt from obtaining a visa with the percentages of visa on arrival weighted by 0.7 and eVisa by 0.5. For the different economic groups, the percentages of the four different visa categories and the resulting openness score represent the averages of economies in that group (where destination economies are weighted by natural logarithm of the population size (i.e. In ((1,000 population))) in order to take into account differences in destination size).

^b Visa required means that a visa has to be obtained prior to departure and is not an electronic visa (eVisa).

^c Advanced economies and emerging economies classifications are based on the International Monetary Fund (IMF); see the Statistical Annex of the IMF's World Economic Outlook of April 2012, p. 177, at www.imf.org/external/pubs/ft/weo/2012/01.

APEC population affected by APEC visa policies, 2013 (%)

	Openness ^a	No visa	Visa on arrival	eVisa	Visa required ^b
APEC	44	32%	12%	7%	49%
Advanced economies ^c (APEC)	41	29%	6%	16%	49%
Emerging economies ^c (APEC)	46	35%	16%	1%	49%
World	30	18%	15%	3%	64%
Advanced economies ^c (World)	26	24%	1%	3%	72%
Emerging economies ^c (World)	31	17%	19%	3%	62%
APEC economies					
Australia	36	0%	0%	71%	29%
Brunei Darussalam	41	40%	2%	0%	59%
Canada	20	20%	0%	0%	80%
Chile	43	43%	0%	0%	57%
China	11	11%	0%	0%	89%
Hong Kong, China	97	97%	0%	0%	3%
Indonesia	74	13%	86%	0%	0%
Japan	22	22%	0%	0%	78%
Republic of Korea	38	38%	0%	0%	62%
Malaysia	51	51%	0%	0%	49%
Mexico	27	24%	0%	5%	71%
New Zealand	27	27%	0%	0%	73%
Papua New Guinea	30	0%	43%	0%	57%
Peru	47	47%	0%	0%	53%
Philippines	99	99%	0%	0%	1%
Russian Federation	5	5%	0%	0%	95%
Singapore	73	46%	0%	54%	0%
Taiwan, Province of China	65	21%	49%	18%	11%
Thailand	80	45%	51%	0%	4%
United States of America	6	1%	0%	9%	89%
Vietnam	28	28%	0%	0%	72%

Source: UNWTO based on information of national official institutions.

^a Scores range from 100 to 0; the higher the score, the better. Openness indicates to what extent a destination is facilitating tourism. It is calculated by summing the percentage of the APEC population exempt from obtaining a visa with the percentages of visa on arrival weighted by 0.7 and eVisa by 0.5. For the different economic groups, the percentages of the four different visa categories and the resulting openness score represent the averages of economies in that group (where destination economies are weighted by natural logarithm of the population size (i.e. In ((1,000 population)) in order to take into account differences in destination size).

^b Visa required means that a visa has to be obtained prior to departure and is not an electronic visa (eVisa).

^c Advanced economies and emerging economies classifications are based on the International Monetary Fund (IMF); see the Statistical Annex of the IMF's World Economic Outlook of April 2012, p. 177, at www.imf.org/external/pubs/ft/weo/2012/01.

Potential impact of visa reforms for APEC

The benefits of visa reforms can be historically observed in the form of observable increases in visitation after a reform is implemented (and, conversely, declines in visitation after more restrictive policies were implemented). Section 6 describes some recent examples which have been added to a repository of some 46 case studies collected for the 2012 study¹² where a visa reform was enacted and a response in visitor activity was quantifiable. Tourism Economics used these historically-observed benefits to develop a model of potential impacts which could be realized by the APEC region if certain reforms were enacted.

The first step in determining the impacts of visa facilitation is to estimate the effect visa policy changes have on tourism arrivals. This “policy effect” is informed by more than 50 case studies including those collected for the T20 study as well as additional case studies specific to the APEC economies. The policy effect varies by the type of policy implemented (visa-free travel versus other facilitative policies such as visa on arrival or eVisa) and the relative competitiveness of each destination. The policy effect is applied to the “addressable market” of each country, i.e. the portion of each of the APEC economies’ tourist arrivals which is currently required to obtain a visa (that is, only origin markets which are “visa required” – “visa on arrival” and “eVisa” are treated as visa-facilitated markets). Note that unlike the openness measure discussed previously (which is based on population measures) the addressable market is based on the distribution of international tourist arrivals to each country.¹³

The impacts on tourist arrivals are calculated by applying the policy effects to the forecasts for the addressable tourist market for each country. The impacts are calculated over a three-year period from 2014-2016 to allow for stabilisation in the policy effects. The increase in international tourist arrivals then generates an increase in tourism expenditures (international tourism receipts) which is calculated from forecasts of average expenditures per tourist for each country.

Tourism employment is then calculated based on the increase in tourism expenditures and tourism sales per employee for each country. Tourism sales per employee are derived from WTTC’s research on internal tourism consumption and direct travel & tourism (T&T) employment for direct job impacts and

total tourism demand and total T&T employment for the total job impact (including direct, indirect and induced impacts).

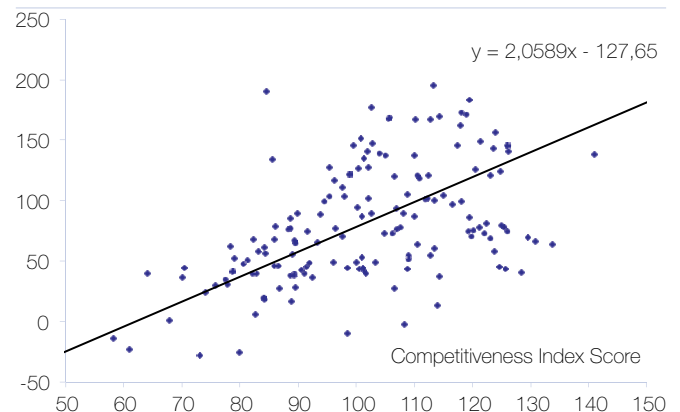
5.1 Visa policy effect

In the joint research conducted by UNWTO and WTTC presented to the 4th T20 Ministers’ Meeting in May 2012 a series of case studies (case studies of 46 bilateral pair changes) were analysed to estimate the effects of changes in visa policy on tourist arrivals, controlling for non-visa related drivers of tourism, e.g. economic and political factors (some of these cases are presented in the following section). This research concluded that facilitative visa policy changes increased tourist arrivals from the affected market in a range of 5% to 25% per year on average over a three-year period.

The range of policy effects from that research was relatively wide because it presented the impact as an average and was constant across countries. However, there is evidence that the policy effect varies across destinations.

Impact of visa facilitation in APEC economies

% growth in inbound spending (US\$) 2002-2007



Source: Tourism Economics.

The research presented here refines the previous analysis by explicitly accounting for variation across destinations. The driver of this variation is derived from the World Economic Forum’s Destination Competitiveness Index which measures the relative attractiveness of a destination in tourism. Tourism Economics has reweighted and rescaled the pillars of this index based on a regression model which places a greater

¹² World Tourism Organization and World Travel & Tourism Council (2012), *The Impact of Visa Facilitation on Job Creation in the G20 Economies*, UNWTO and WTTC, Madrid and London.

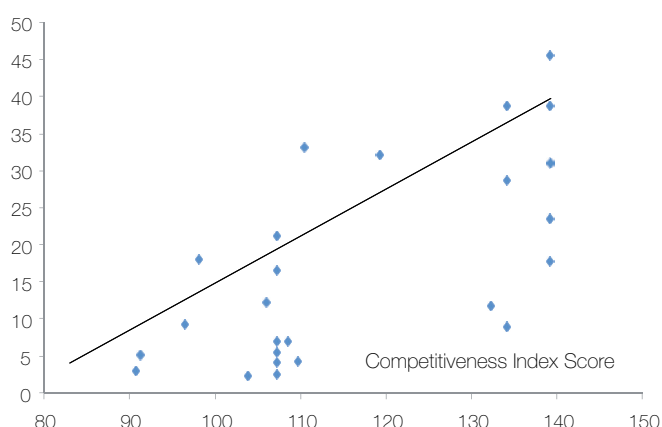
¹³ Forecasts for the addressable market are derived from Tourism Economics’ forecasts of bilateral tourist arrivals and tourism receipts for each country.

weight on the pillars that most affect tourism demand for a destination (that is, those pillars relating to the tourism product of the destination as opposed to the regulatory framework). This model produces a relative index across all countries ranging from 50 to 150. There is a clear, positive relationship between tourism growth and the attractiveness of a destination (the chart to the right shows the positive relationship between inbound tourism spending and the destination competitiveness index).

This relationship is also evident in the case study sample data which show a positive relationship between destination attractiveness and tourism growth arising from visa policy changes. That is, the more attractive the destination, the higher the policy impact. For example, case studies for the US and UK, both with competitive index scores above 130, show that arrivals resulting from visa facilitation outperformed less competitive destinations.

International tourist arrivals and attractiveness

% growth attributable to visa facilitation



Source: Tourism Economics.

The data also show that the type of policy change does have a small but noticeable effect. All else being equal, a visa waiver (no visa requirement) policy tends to result in a higher growth response than eVisa or visa on arrival programmes. The case studies show a difference of 5.3 percentage points in the median arrivals growth resulting from visa facilitation by eliminating visa requirements relative to all other forms of visa facilitation. Thus, the policy effect can be viewed as two scenarios, a low impact and a high impact scenario, which vary by country based on the type of policy implemented.

The policy effect is a premium to the forecast growth rate of the origin markets which are required to obtain visas. The results from the case study analysis applied to APEC economies yield an average annual increase of international tourist arrivals from affected markets in a range of 12.1% to 17.8% across the APEC economies. The resulting policy effects vary by country

and range from 4.1% to 27.3% based on the competitiveness of the destination and type of policy implemented.

Table 3 ▼

Visa policy effect premium^a per annum, over 3 years

	Competi- tiveness score ^b	Scenario (%)	
		Low impact	High impact
Australia	130	18,5	24,2
Brunei Darussalam	100	5,9	11,6
Canada	133	19,8	25,5
Chile	103	7,4	13,1
China	114	11,8	17,5
Hong Kong, China	125	16,4	22,1
Indonesia	102	7,0	12,7
Japan	128	17,7	23,5
Republic of Korea	123	15,4	21,1
Malaysia	119	13,7	19,4
Mexico	114	11,9	17,7
New Zealand	125	16,3	22,0
Papua New Guinea	100	6,0	11,7
Peru	101	6,5	12,2
Philippines	95	4,1	9,8
Russian Federation	104	7,6	13,4
Singapore	127	17,0	22,7
Taiwan, Province of China	114	11,8	17,5
Thailand	113	11,5	17,2
United States of America	138	21,6	27,3
Vietnam	98	5,4	11,1
APEC average	115	12,0	17,2

^a The visa policy effect premium is the compound annual growth rate which is added to the baseline forecast growth rate of the addressable market to calculate the increase in international tourist arrivals of a given country over a three-year period. The policy effect varies based on the destinations' competitiveness score and the type of visa facilitation implemented (represented by the low impact and high impact scenarios).

^b Competitiveness index score for the years 2014-2016. The competitiveness index score of the destination is derived from the WEF Destination Competitiveness Index. Tourism Economics has reweighted the pillars of this index based on a regression model which places greater weight on pillars which most affect tourism demand for a destination (those pillars which most reflect the tourism product as opposed to regulatory framework) and rescaled the index. A higher score represents a more competitive destination.

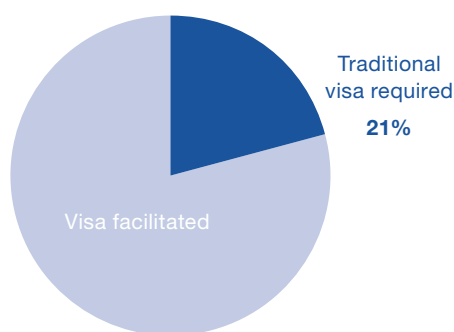
5.2 Tourist arrivals impact

To determine the effects on tourist arrivals, the policy effect is added to the forecast growth rate of the international tourist arrivals from countries which currently require a visa to travel to a given APEC destination. The UNWTO collected data from country sources on the visa requirements for each origin country in the beginning of 2013 which indicate whether a tourist from an origin country can enter the destination country with no visa, a visa on arrival, an eVisa, or if a traditional paper visa is required. For the purpose of analysis, only those tourists from countries that require a traditional visa are considered. That is, visa on arrival and eVisa eligible countries of origin are treated as “visa facilitated” (although some improvements in tourism arrivals are likely to be observed by moving to a no visa regime). It is important to note that this policy matrix is updated from the May 2012 report¹⁴ and reflects the current situation.

An estimated 355 million international tourists will visit APEC countries in 2013. Over 20% (72 million) of these tourists will be required to obtain a traditional visa for their travels to the region. Over the years 2014-2016, the period under analysis, more than 1.2 billion international tourists (cumulatively) are forecasted to visit destinations in the APEC member economies, an average of about 404 million international tourists per year. Under the current status of visa policies in the region, it is forecasted that 21% (255 million) of these tourists would be required to obtain a traditional visa.¹⁵

Tourists requiring a visa to visit APEC economies

% of international tourist arrivals, 2014-2016 average



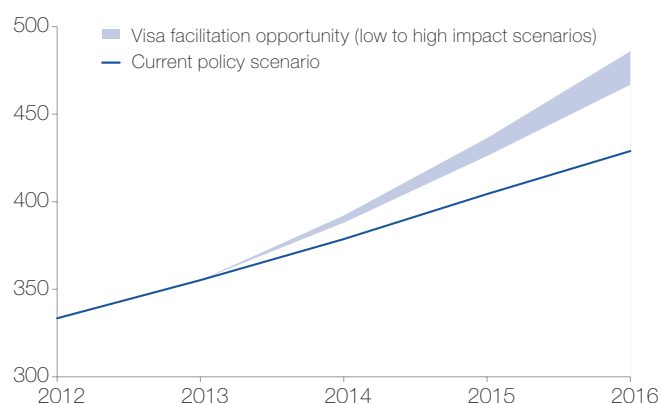
¹⁴ World Tourism Organization and World Travel & Tourism Council (2012), *The Impact of Visa Facilitation on Job Creation in the G20 Economies*, UNWTO and WTTC, Madrid and London.

¹⁵ For the purpose of this analysis, arrivals from Hong Kong, China to China and arrivals from Mexico to the United States of America were excluded from the addressable market. Given the proclivity of travel from these markets to their respective destinations and the border crossing controls in place, the impact of visa facilitation from the source markets and on the destinations is unclear and would likely be smaller than that suggested by the analysis. The relative size of the source markets is also large enough to produce large differences in the aggregate results for the APEC economies. These exclusions result in a more conservative analysis for China, the United States of America, and the APEC economies in aggregate.

By enacting visa facilitation policies, and depending on the facilitation measures introduced, the potential gain in international tourism arrivals for APEC economies is between 38 million (low impact scenario) and 57 million (high impact) tourists by 2016. This represents an increase in arrivals of international tourists between 8.8% and 13.3% above the baseline forecast under current visa policies.

APEC international tourist arrivals

million



Growth in international tourist arrivals varies considerably by country. The two factors, which most affect the variation, are the relative size of the addressable market and the destination's competitiveness. A smaller addressable market, in relative terms, limits the potential tourist arrivals which can be attracted through visa facilitation. On the other hand, the more competitive the destination is, the larger the potential gains, all else being equal. This also raises the point that a destination can attract greater potential growth through both visa facilitation and tourism investment. (See table 4 on next page)

International tourist arrivals forecast, 2016

	Addressable market (%) ^a	Arrivals by scenario (x 1,000)			% above baseline ^d	
		Baseline ^b	Low impact ^c	High impact ^c	Low impact	High impact
Australia	11,2	7.104	7.598	7.784	6,9	9,6
Brunei Darussalam	37,5	306	327	349	6,6	13,8
Canada	9,6	19.115	20.362	20.802	6,5	8,8
Chile	1,3	4.095	4.106	4.116	0,3	0,5
China	44,9	72.062	84.045	90.771	16,6	26,0
Hong Kong, China	0,8	36.274	36.421	36.483	0,4	0,6
Indonesia	4,9	10.755	10.864	10.964	1,0	1,9
Japan	29,4	12.314	14.378	15.177	16,8	23,2
Republic of Korea	40,0	15.136	18.053	19.334	19,3	27,7
Malaysia	10,7	34.419	35.979	36.740	4,5	6,7
Mexico	4,4	26.552	27.007	27.262	1,7	2,7
New Zealand	17,3	3.250	3.546	3.670	9,1	12,9
Papua New Guinea	13,0	190	195	200	2,4	5,0
Peru	2,4	3.517	3.533	3.549	0,5	0,9
Philippines	7,5	5.299	5.347	5.421	0,9	2,3
Russian Federation	48,2	39.071	43.320	46.878	10,9	20,0
Singapore	4,6	13.583	13.940	14.086	2,6	3,7
Taiwan, Province of China	2,4	9.902	9.991	10.041	0,9	1,4
Thailand	4,2	28.912	29.351	29.604	1,5	2,4
United States of America	18,0	79.733	90.494	94.025	13,5	17,9
Vietnam	54,3	7.352	7.956	8.658	8,2	17,8
APEC	21,1	428.942	466.814	485.914	8,8	13,3

^a Percent of international tourist arrivals from countries which are required to obtain a visa before travel assuming current visa policies. Addressable market average for 2014-2016. A larger addressable market (%) and inbound market size (baseline arrivals) leads to larger potential impacts on arrivals from visa facilitation.

^b Tourism Economics' forecast of international tourist arrivals assuming current visa policies.

^c The low impact and high impact scenarios of potential international tourist arrivals resulting from visa facilitation.

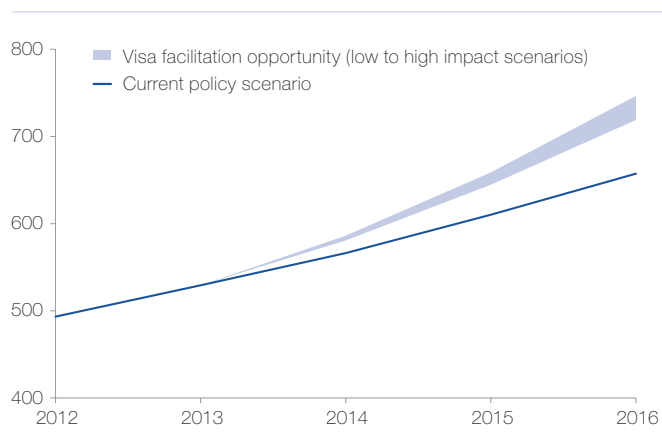
^d The % decrease in international tourism arrivals in 2016 for each visa facilitation scenario above the (baseline) forecast under current visa policies.

5.3 International tourism receipts impact

The increase in tourism receipts resulting from visa facilitation is the product of the increased international tourist arrivals and the average spending per tourist derived from Tourism Economics' forecast of international tourism arrivals and receipts in each APEC economy. The additional 38 million to 57 million tourist arrivals would generate between US\$62 billion and US\$89 billion in additional international tourism receipts in the APEC economies. International tourism receipts would rise between 9.4% and 13.6% above the US\$657 billion forecast for 2016 under the current policy regimes.

APEC international tourism receipts

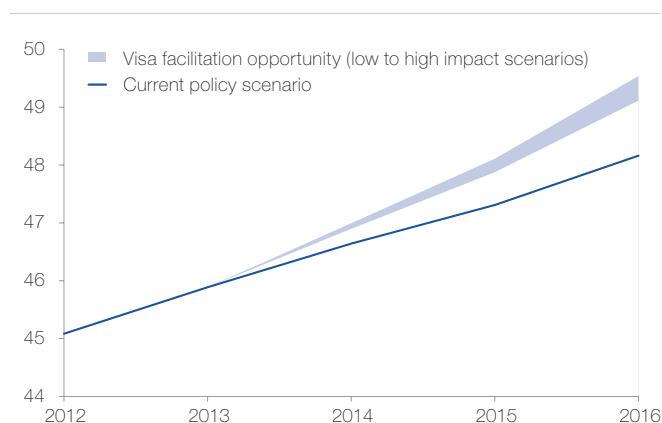
US\$, billion



5.4 Employment impacts

Job creation in the travel and tourism (T&T) sector is fuelled by tourism spending. The spending of the additional tourists resulting from visa facilitation in APEC destinations directly supports jobs in tourism industries, including hotels, restaurants, retail stores, transportation, entertainment and recreation. These direct T&T jobs can be calculated from tourist receipts using WTTC research on internal tourism consumption and direct travel & tourism (T&T) employment for each APEC economy. Tourism sales per employee (direct T&T) is calculated as the ratio of internal tourism consumption to direct T&T employment. Dividing the additional tourism receipts generated by visa facilitation by the (direct) tourism sales per employee yields the estimated impact on direct T&T employment. The additional visitor spending generated by visa facilitation would create between 1.0 and 1.4 million additional jobs directly in the tourism sectors of APEC economies by 2016.

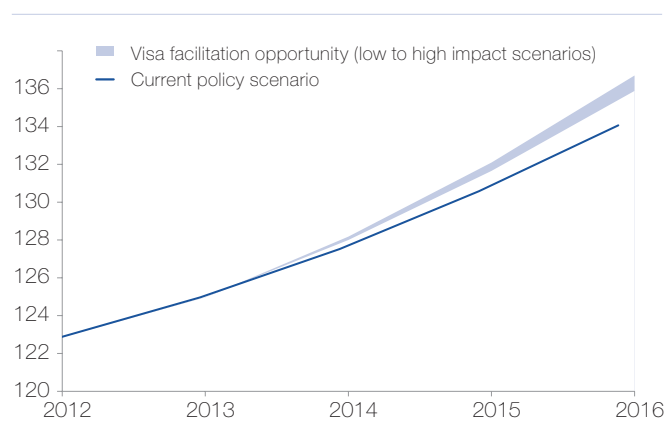
APEC direct travel & tourism employment million



The 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. The total T&T employment impacts are derived from WTTC research on total tourism demand and total T&T employment in each APEC economy. The ratio of total tourism demand to total T&T employment defines total tourism sales per employee. The increased tourism receipts are divided by the total tourism sales per employee for each economy to calculate the total T&T employment impact of visa facilitation.

Total job creation (including indirect and induced impacts) from the additional tourism spending in the APEC economies could reach between 1.8 and 2.6 million jobs by 2016.

APEC total travel & tourism employment million



5.5 Summary of visa facilitation impacts on APEC economies

The table below presents the net visa facilitation impacts for the APEC member economies. The net impacts are presented as the levels over and above the baseline forecast. The main driver of the differences across countries is international tourist arrivals which, in turn, are driven again by the (relative) size of the addressable market and the destination competitiveness for each country. Tourism receipts are differentiated across markets as well, and depend on the average spending per tourist in each country. The impact on jobs (both direct and total) varies based on the (direct and total) sales per employee in each economy. (See tables 5 and 6 on pages 19 and 20)

The analysis and results presented here assume that visa policy changes are made independently on a destination basis. The individual gains would likely be smaller if all APEC economies moved together in reference to the same origin markets.

Total visa facilitation impact for APEC countries, 2016^a

	Addressable market ^b %, 2014-2016	Low impact				High impact			
		International tourist arrivals	International tourism receipt	Direct T&T employment	Total T&T employment	International tourist arrivals	International tourism receipt	Direct T&T employment	Total T&T employment
Australia	11,2	493	1.668	7,8	14,3	679	2.297	10,7	19,8
Brunei Darussalam	37,5	20	30	0,2	0,4	42	63	0,4	0,8
Canada	9,6	1.247	1.252	6,9	13,9	1.687	1.694	9,3	18,8
Chile	1,3	12	12	0,1	0,3	22	22	0,2	0,5
China	44,9	11.984	14.375	361,5	732,5	18.709	22.443	564,5	1.143,6
Hong Kong, China	0,8	147	181	1,0	1,8	209	257	1,4	2,5
Indonesia	4,9	109	190	9,0	15,7	209	364	17,2	31,0
Japan	29,4	2.064	2.959	17,7	36,6	2.863	4.104	24,6	50,8
Republic of Korea	40,0	2.916	5.208	41,2	99,4	4.198	7.496	59,3	143,1
Malaysia	10,7	1.561	1.392	25,3	41,6	2.321	2.071	37,7	61,9
Mexico	4,4	455	271	6,7	9,8	709	422	10,4	15,3
New Zealand	17,3	296	766	5,3	12,4	420	1.086	7,5	17,6
Papua New Guinea	13,0	5	8	0,5	1,2	9	16	1,0	2,4
Peru	2,4	16	20	0,5	1,0	32	39	0,9	2,0
Philippines	7,5	48	68	3,8	8,7	122	171	9,6	22,0
Russian Federation	48,2	4.248	3.106	28,2	77,7	7.807	5.708	51,9	142,8
Singapore	4,6	358	605	3,1	5,1	504	851	4,4	7,2
Taiwan, Province of China	2,4	89	159	1,2	3,5	139	249	1,9	5,4
Thailand	4,2	439	698	26,8	49,6	692	1.102	42,3	78,3
United States of America	18,0	10.761	27.862	148,0	254,4	14.292	37.007	196,5	338,0
Vietnam	54,3	604	809	100,1	177,0	1.306	1.750	216,3	382,7
APEC	21,1	37.872	61.641	951,3	1.822,7	56.972	89.216	1.376,8	2.638,0

^a The difference in levels between the visa facilitation scenario (low impact and high impact) and Tourism Economics' baseline forecast assuming current visa policies in the year 2016.

^b Addressable market average 2014-2016. The addressable market is the percent of international tourist arrivals from countries which are required to obtain a visa before travel.

% above baseline forecast under current visa policies, 2016^a

	Low impact				High impact			
	International tourist arrivals	International tourism receipt	Direct T&T employment	Total T&T employment	International tourist arrivals	International tourism receipt	Direct T&T employment	Total T&T employment
Australia	6,9	6,9	1,5	1,0	9,6	9,6	2,1	1,4
Brunei Darussalam	6,6	6,0	3,4	2,9	13,8	12,5	7,0	6,0
Canada	6,5	6,4	2,0	1,4	8,8	8,7	2,7	1,8
Chile	0,3	0,3	0,0	0,0	0,5	0,5	0,1	0,1
China	16,6	15,8	1,5	1,0	26,0	24,7	2,4	1,6
Hong Kong, China	0,4	0,4	0,3	0,3	0,6	0,6	0,5	0,4
Indonesia	1,0	1,0	0,3	0,2	1,9	1,9	0,5	0,3
Japan	16,8	16,8	1,4	1,0	23,2	23,2	2,0	1,3
Republic of Korea	19,3	19,3	6,5	6,3	27,7	27,7	9,3	9,1
Malaysia	4,5	4,5	2,5	2,0	6,7	6,6	3,7	2,9
Mexico	1,7	1,4	0,2	0,1	2,7	2,3	0,3	0,2
New Zealand	9,1	9,1	3,9	2,8	12,9	12,9	5,5	3,9
Papua New Guinea	2,4	1,5	1,5	1,5	5,0	3,1	3,1	3,0
Peru	0,5	0,5	0,1	0,1	0,9	0,9	0,2	0,2
Philippines	0,9	0,9	0,4	0,3	2,3	2,3	1,1	0,7
Russian Federation	10,9	10,8	2,7	1,9	20,0	19,9	4,9	3,4
Singapore	2,6	2,6	1,8	1,6	3,7	3,7	2,6	2,2
Taiwan, Province of China	0,9	0,9	0,4	0,5	1,4	1,4	0,6	0,8
Thailand	1,5	1,5	1,0	0,8	2,4	2,4	1,7	1,3
United States of America	13,5	13,1	2,7	1,7	17,9	17,4	3,5	2,3
Vietnam	8,2	8,1	4,5	3,9	17,8	17,6	7,9	8,5
APEC	8,8	9,4	2,0	1,4	13,3	13,6	2,9	2,0

^a The percentage difference between the visa facilitation scenario (low impact and high impact) and Tourism Economics' baseline forecast assuming current visa policies in the year 2016.

Regional case studies on visa facilitation

6.1 Republic of Korea's policy for visitors from 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 July 2006, China was added to the Republic of Korea's visa waiver programme for Jeju Island, the Republic of Korea's largest island and an important tourism destination. By 2009, Chinese arrivals to the Republic of Korea grew 64.5% above 2005 levels. The easing of the visa policy is estimated to have promoted a 67.2% increase in Chinese arrivals to the Republic of Korea over the same period, or 18.9% annually. That is, Chinese arrivals to the Republic of Korea were otherwise expected to fall during this period.

This policy has served as a springboard for more facilitative policy between the Republic of Korea and China. In 2010, The Republic of Korea ranked as China's most popular overseas destination with more than 2 million mainland Chinese visitors – a 53% 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 select 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.

6.2 Australia's ETA programme (1996)

Australia began implementation of the Electronic Travel Authority (ETA) programme 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 ETA is in essence an electronic visa, however the traveller receives no stamp or sticker in his 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.

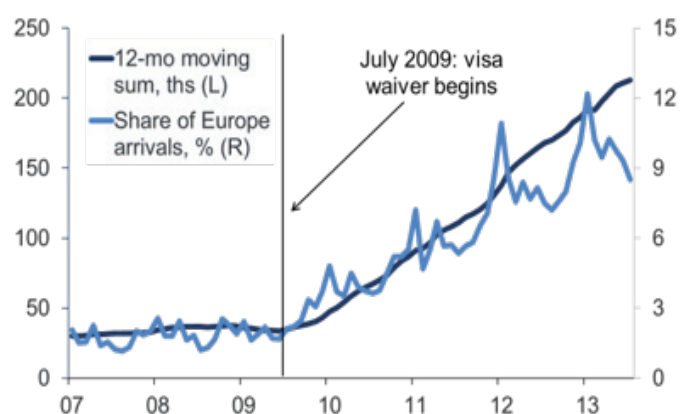
The ETA programme was rolled out to qualifying origin markets over several years beginning in 1996. 21 origin markets for which data were available were examined and the expected outcomes were observed over the three year period after ETA was rolled out for each origin market. Actual arrivals averaged

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

6.3 Russian Federation and Hong Kong, China visa waiver for short trips (2009)

In July of 2009, the Russian Federation and Hong Kong, China implemented a bilateral agreement to waive visa requirements for short duration visits for both leisure and business trips. According to the Russian Foreign Ministry, the abolishment of visa requirements was expected to facilitate tourism between the Russian Federation and Hong Kong, China. From Hong Kong, China's perspective, the agreement offered convenience to its residents and facilitated access to one of the largest countries in the world with abundant natural resources, a rapidly growing economy, and rich cultural heritage. Visitors from both destinations were allowed to enter the other without any visa for a stay of up to 14 days.

Arrivals to Hong Kong, China from the Russian Federation

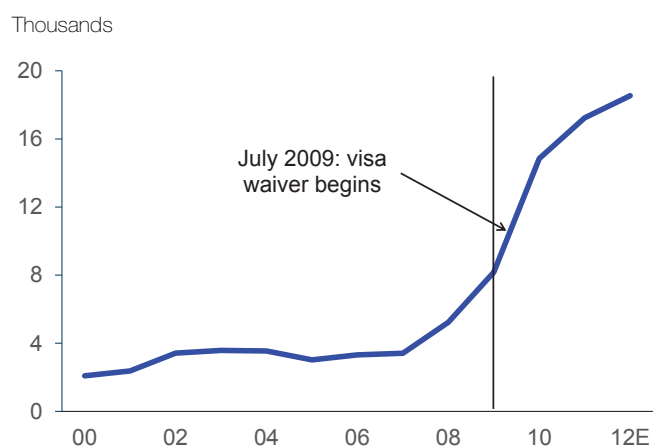


Sources: Hong Kong Tourism Board and Tourism Economics.

The impact of the waiver was evident immediately in both destinations. In Hong Kong, China, arrivals of Russian visitors began to increase sharply by the end of 2010. Arrivals from the Russian Federation increased 133% from 2008 to 2010, and have continued to increase in the years since. The volume

of arrivals to the Russian Federation from Hong Kong, China jumped 184% from 2008 to 2010. Growth in visitors to the Russian Federation far outpaced overall growth in visitors from Hong Kong, China to other destinations. The removal of visa requirements clearly boosted bilateral travel in both directions.

Arrivals to the Russian Federation from Hong Kong, China



Source: Tourism Economics.

6.4 United States of America waives visa requirements for visitors from Taiwan, Province of China

In October 2012, the US Department of Homeland Security announced Taiwan, Province of China's inclusion in its visa waiver programme. The exemption allows visitors to stay in the United States of America up to 90 days with no visa. The DHS introduced the addition of Taiwan, into its list of eligible countries citing longstanding economic and political relations and that country's compliance with strict security measures. Taiwan, Province of China was the 37th country to be included in the US waiver programme that accounted for more than 18 million visitors and more than 60% of air arrivals in its fiscal year 2011.¹⁶

According to the latest data available, US arrivals from Taiwan, Province of China were up 10% in the fourth quarter of 2012 and 20% in the first quarter of 2013 versus a year earlier. However, anecdotal evidence suggests growth in arrivals will be even stronger once additional data comes in. One travel agency estimated demand for travel to the US from Taiwan, Province of China was up by a factor of two to three times versus a year ago.¹⁷

¹⁶ U.S. Department of Homeland Security (2012), DHS Announces Taiwan's Designation into the Visa Waiver Program (Press Release) (Online), available: <http://www.dhs.gov/news/2012/10/02/dhs-announces-taiwan%E2%80%99s-designation-visa-waiver-program> (27-09-2013).

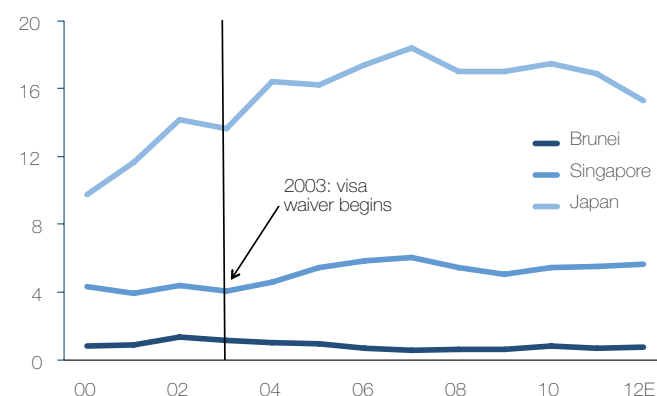
¹⁷ eTravel Business News (2012), Threefold rise in Taiwanese tourism to US (Press Release) (Online), available: <http://america.etbnews.com/24374/threefold-rise-in-taiwanese-tourism-to-us/> (27-09-2013).

6.5 China waives visa requirements for visitors from Brunei Darussalam, Singapore, and Japan

Starting in 2003, China granted visitors from Brunei Darussalam, Singapore, and Japan exemptions from visa requirements for stays of less than 15 days. The policy change appears to have had an impact on outbound travel from Japan and Singapore initially, but no clear effect on visitation from Brunei Darussalam. However, data also show that visa policy is but one of many factors that likely affect travel decisions. Travel to China accounted for 14.1% of total outbound from Japan in 2002 and increased to 18.4% in 2007. Since 2007, China has accounted for a diminishing share of Japan's outbound travel, likely brought on by weak economic conditions in Japan and the aftermath of the earthquake in early 2011. Travel to China accounted for just over 4% of Singapore's total outbound in 2002 and since the visa waiver in 2003, China's share has remained steady at about 5.5%. While other factors beyond visa policy certainly play a role in international travel flows, it is likely that China's policy change at least eliminated a barrier to visitation from these three countries.

Outbound to China as shares

As a share of total outbound, by source country, %



Source: Tourism Economics.

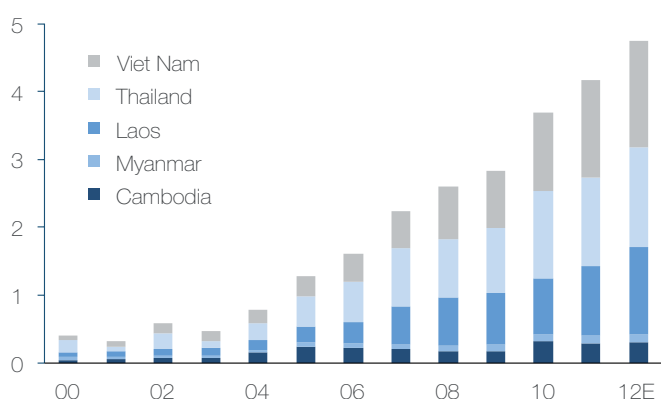
6.6 Visa facilitation arrangements in ASEAN nations

Thailand and Cambodia plan to implement a bilateral agreement allowing visitors from each country into the other without a visa. The programme is intended as a test for a wider agreement between five Southeast Asian nations - Thailand, Cambodia, Vietnam, Laos, and Myanmar. The agreement was initially signed in 2007 but actual implementation is still in progress, due to security concerns of the respective countries and varying current visa policies. Myanmar for example, has the strictest entry policy and requires visas for all entrants.

The programme goal is to facilitate tourism between the countries by reducing and streamlining applications and fees associated with visas. Travel between countries within the region is already growing but unevenly; the primary source countries are Vietnam, Thailand, and Laos, while outbound travel from Cambodia and Myanmar has been stagnant. If visa facilitation is achieved in the region, outbound travel from Cambodia and Myanmar could be a new tourism growth driver within the region.

Intra-regional travel in SE Asia

By source country, millions



Source: Tourism Economics.

The programme also seeks to boost international tourism from source markets outside of Southeast Asia. According to pilot agreement between Thailand and Cambodia, international tourists will be able to enter both countries with one visa. If the pilot programme is successful and Laos, Myanmar, and Vietnam sign on as well, tourists would be able to enter all five countries on one visa. Tourism ministers from the respective countries met in September 2012 in Vietnam and announced their expectations that once fully implemented across the region by 2015, with a goal to generate up to 25 million new tourist visits, from both intra-regional and other international markets. The projection is ambitious and would be nearly a doubling of estimated visitation to the region from 2012 levels.

Building on these collaborative efforts in Southeast Asia, additional visa facilitation steps are underway that include a broader range of countries. Four of the five countries mentioned above (Thailand is the exception), have signed a letter of intent with Indonesia and the Philippines to develop a common “Smart Visa” system, modelled after the Schengen visa in Europe. The goal would be to enhance economic integration and connectivity between the countries, share the costs of having an expensive digital visa system, and improve on current inefficiencies in the respective visa systems. The visa would be a digital, paperless permission to enter the

countries and could be obtained from a travel agent or airline while making a reservation.

6.7 USA Visa Waiver Programme expansion (2008)

In November 2008, the USA expanded its visa waiver programme 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 programme. 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).

6.8 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

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, 20% of which is estimated to result from the lifting of 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, all 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% of Mexican arrivals growth.



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 156 countries, 6 territories, 2 permanent observers and over 400 Affiliate Members.



The World Travel & Tourism Council (WTTC) 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, WTTC has a unique mandate and overview on all matters related to Travel & Tourism.

WTTC 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.