



WORLD  
TRAVEL &  
TOURISM  
COUNCIL

# The Impact of Visa Facilitation in **ASEAN** Member States

January 2014



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# Foreword

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

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

This report on visa facilitation in the Association of Southeast Asian Nations (ASEAN) extends previous research conducted by the World Tourism Organization (UNWTO) and the World Travel & Tourism Council (WTTC) with the support of the Government of Indonesia on The Impact of Visa Facilitation on the APEC Economies, and presented to the APEC High Level Dialogue on Travel Facilitation, held in Bali (Indonesia on 1-2 October 2013).

Tourism growth in ASEAN has been significant in recent years. The region's growing economy, rising middle class and technological innovation are important drivers of this progress. It is also one of the most open regions in the world in terms of tourist visa requirements, according to UNWTO research, and significant progress has been made in facilitating visas and introducing progressive approaches and new technologies to aid the implementation of new visa policies.

**Taleb Rifai**

*Secretary-General*  
World Tourism Organization (UNWTO)

The ASEAN Ministers of Tourism have agreed to work towards an ASEAN Common Visa as called upon by their leaders at the 2011 ASEAN Summit in Jakarta, Indonesia. This collaboration forms part of the efforts to improve social integration within the region and grow the national and regional Travel & Tourism sectors resulting in increased investment in Travel & Tourism and job creation.

Despite the important achievements made so far, there are still areas for further improvement. According to the current report, visa facilitation can generate between 6 to 10 million additional international tourist arrivals for ASEAN Members States by 2016. These extra arrivals would bring in between US\$7 and US\$12 billion in additional international tourism receipts and create between 333,000 to 654,000 new jobs by 2016.

At a time when many world leaders are looking for solutions for job creation and economic development, supporting visa facilitation can reap immense economic benefits with increased tourism demand, tourist spending and job creation.

We trust that this new research by UNWTO and WTTC is a positive step in quantifying the possible impact of visa facilitation in the ASEAN economies and that it will support the efforts of further advancing visa facilitation as a powerful instrument of regional integration and socio-economic development.

**David Scowsill**

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# Acknowledgements

The Impact of Visa Facilitation in ASEAN Member States was prepared by the World Tourism Organization (UNWTO), the World Travel & Tourism Council (WTTC) and Tourism Economics.

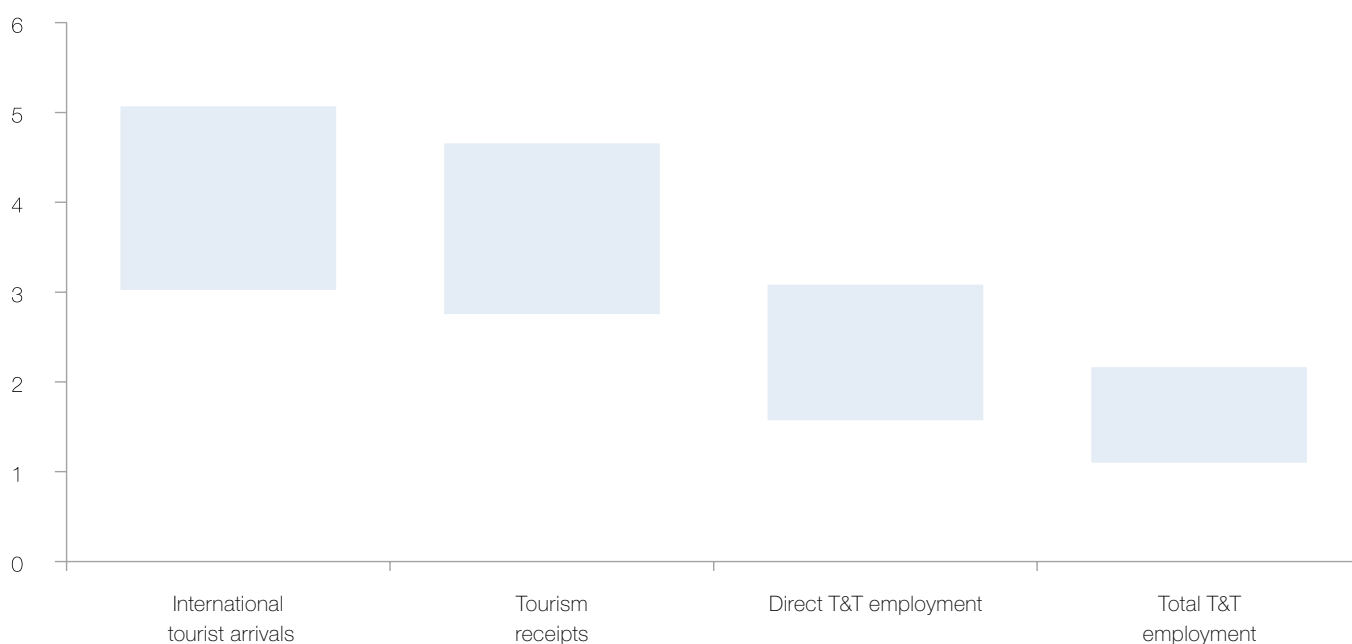
Valuable input was provided by Dr. Dirk Glaesser, Acting Director, Sustainable Development of Tourism at UNWTO, Rochelle Turner, Head of Research at WTTC and Helen Marano, Vice-President of Government & Industry Affairs at WTTC.

We would like to also express our appreciation to Birka Valentin, Lorna Hartantyo, Gordon Clark and Gaith Saqqa of the Sustainable Development of Tourism Programme of UNWTO who assisted in data management, modelling and analysis for this study and Evelyne Freiermuth, Policy and Research Analyst of WTTC for valuable comments.

# Executive summary

- Based on the current visa policies of the Association of Southeast Asian Nations (ASEAN) member states, research indicates that out of the 89 million tourists expected to travel to ASEAN destinations in 2013, 9.7% 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.
- Recent case studies show that there has been successful collaboration among different governmental branches within each country and across the ASEAN 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 ASEAN destination is forecast to rise to over 10.4%, on average, over the years 2014-2016.
- By implementing facilitative policies and raising awareness of this new openness, growth in arrivals from these global markets now requiring a traditional visa could rise between 8.5% and 13.7% per year on average above the current forecast for a period of three years, making a lasting impact on tourism in the region.
- The ASEAN region stands to gain 6 to 10 million international tourist arrivals by 2016, between 3.0% and 5.1% above the baseline forecast (under current visa policies) of total international tourist arrivals, from improvements in visa facilitation.
- The inflow of additional international tourism receipts generated by these arrivals could reach between US\$ 7 and US\$ 12 billion, an increase of 2.8% to 4.7%.
- The number of jobs directly created in the Travel & Tourism sector from the additional tourism receipts would range from 187,000 to 367,000, gaining between 1.6% and 3.1% more jobs than the baseline forecast by 2016. Total job creation (including indirect and induced impacts) from the additional tourism spending could reach between 333,000 and 654,000 jobs by 2016.

Impact of visa facilitation in ASEAN member states  
% 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 research<sup>1</sup> that the World Tourism Organization (UNWTO) and the World Travel & Tourism Council (WTTC), presented to the 4th T20 Ministers' Meeting<sup>2</sup> in May 2012 and assesses the potential impact of visa facilitation in the ASEAN member states.

This report addresses the functions of visas and presents the areas of opportunity through visa facilitation which were identified in the previous research.

The potential impacts of visa facilitation in the ASEAN member states 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 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 ASEAN member state is aggregated using UNWTO's global analysis of visa policies, which includes current visa policies between ASEAN member states and all origin markets, and 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 ASEAN member state 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 ASEAN member state 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 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 ASEAN member state 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.

## ASEAN Member States

Brunei Darussalam	Myanmar
Cambodia	Philippines
Indonesia	Singapore
Lao People's Democratic Republic	Thailand
Malaysia	Vietnam

<sup>1</sup> 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.

<sup>2</sup> 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 visa and other travel documents have 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.”<sup>3</sup>

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<sup>3</sup> 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 2012<sup>4</sup>, 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 ASEAN member states 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.

<sup>4</sup> 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.

### 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 eVisas. 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.

# Potential impact of visa reforms for ASEAN member states

The benefits of visa reforms can be seen historically 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 5 describes some recent examples where a visa reform was enacted and a response in visitor activity was quantifiable, which have been added to a repository of some 46 case studies collected for the 2012 study. Tourism Economics used these historically-observed benefits to develop a model of potential impacts which could be realised by the ASEAN 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 ASEAN member states. 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 ASEAN member states’ 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).

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<sup>5</sup>.

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 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).

<sup>5</sup> Forecasts for the addressable market are derived from Tourism Economics’ forecasts of bilateral tourist arrivals and tourism receipts for each country.

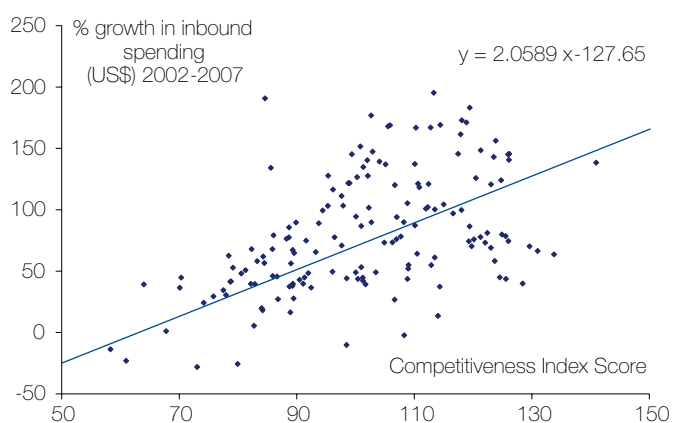
## 4.1 Visa policy effect

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.

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 Travel & Tourism 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 weight on the pillars which 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 below the positive relationship between inbound tourism spending and the destination competitiveness index.)

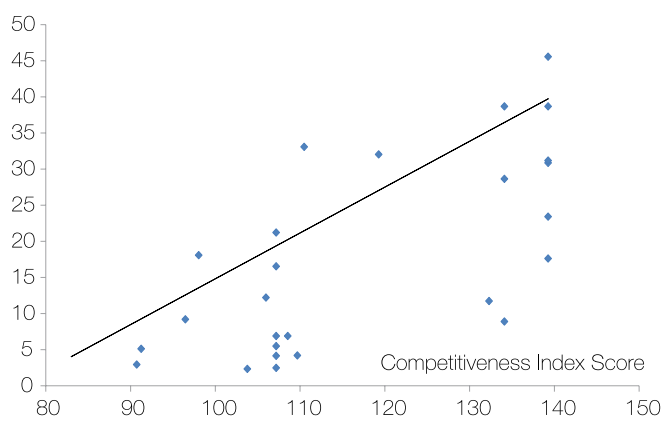
### Inbound spend and attractiveness



Source: Tourism Economics

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 competitiveness 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 of the model from the case study analysis applied to ASEAN member states yield an average annual increase of international tourist arrivals from affected markets in a range of 8.5% to 13.7% across the ASEAN member states for a period of three years. The policy effect varies by country and ranges from 0.7% to 22.7% per annum based on the competitiveness of the destination and type of policy implemented.

Table 1 ▼

#### Visa policy effect premium<sup>a</sup> per annum, over 3 years

	Competi- tiveness score <sup>b</sup>	Scenario (%)	
		Low impact	High impact
Brunei Darussalam	100	5.9	11.6
Cambodia	87	0.7	6.5
Indonesia	102	7.0	12.7
Lao People's Democratic Republic	100	6.0	11.7
Malaysia	119	13.7	19.4
Myanmar	100	6.0	11.7
Philippines	95	4.1	9.8
Singapore	127	17.0	22.7
Thailand	113	11.5	17.2
Vietnam	98	5.4	11.1
<b>ASEAN average</b>	<b>112</b>	<b>8.5</b>	<b>13.7</b>

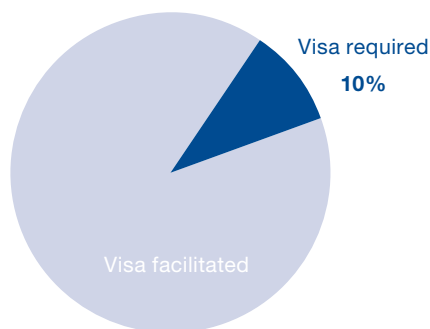
<sup>a</sup> The visa policy effect premium is the compound annual growth rate which is added to the baseline forecast growth rate of the addressable market to calculate the increase in international tourist arrivals of a given country over a three-year period. The policy effect varies based on the destinations'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

<sup>b</sup> 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.

#### 4.2 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 ASEAN 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 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 report and reflects the current situation.

Tourists requiring a visa to visit ASEAN countries  
% of international tourist arrivals, 2014-2016 average

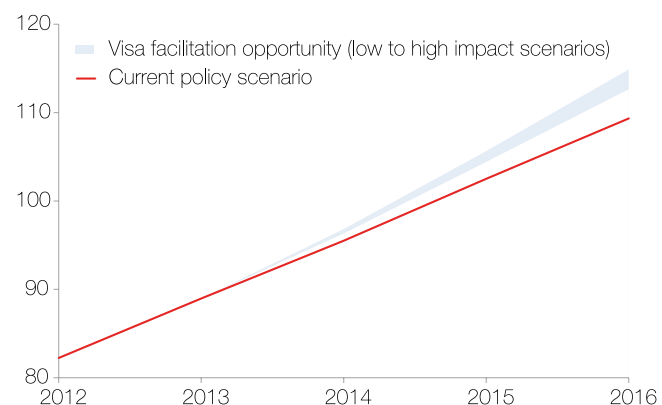


An estimated 89 million international tourists will visit ASEAN member states in 2013. Nearly 10% (8.7 million) of these tourists will be required to obtain a traditional visa for their travels to the region. Over the years 2014-2016, the period under analysis, more than 307 million international tourists (cumulatively) are forecast to visit destinations in the ASEAN member states, an average of about 102 million international tourists per year. Under the current status of visa policies in the region, it is forecast that 10.4% (32 million) of these tourists would be required to obtain a traditional visa.

By enacting visa facilitation policies, and depending on the facilitation measures introduced, the potential gain in international tourism arrivals for ASEAN member states is between 6 million (low impact scenario) and 10 million (high

impact) tourists by 2016. This represents an increase in total arrivals of international tourists between 3.0% and 5.1% above the baseline forecast under current visa policies.

ASEAN 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.

Table 2 ▼

International tourist arrivals forecast, 2016						
	Addressable market (%) <sup>a</sup>	Arrivals by scenario (x 1,000)			% above baseline <sup>d</sup>	
		Baseline <sup>b</sup>	Low impact <sup>c</sup>	High impact <sup>c</sup>	Low impact	High impact
Brunei Darussalam	37.5	306	327	349	6.6	13.8
Cambodia	0.0	5,333	5,333	5,333	0.0	0.0
Indonesia	4.9	10,755	10,864	10,964	1.0	1.9
Lao People's Democratic Republic	0.3	2,393	2,394	2,396	0.1	0.1
Malaysia	10.7	34,419	35,979	36,740	4.5	6.7
Myanmar	100.0	991	1,158	1,334	16.9	34.6
Philippines	7.5	5,299	5,347	5,421	0.9	2.3
Singapore	4.6	13,583	13,940	14,086	2.6	3.7
Thailand	4.2	28,912	29,351	29,604	1.5	2.4
Vietnam	54.3	7,352	7,956	8,658	8.2	17.8
<b>ASEAN</b>	<b>10.4</b>	<b>109,342</b>	<b>112,649</b>	<b>114,884</b>	<b>3.0</b>	<b>5.1</b>

<sup>a</sup> The percent of international tourist arrivals from countries which are required to obtain a traditional visa before travel assuming current visa policies. The addressable market is average over 2014-2016 for presentation. A larger addressable market (%) and inbound market size (baseline arrivals) leads to larger potential impacts on arrivals from visa facilitation.

<sup>b</sup> Tourism Economics' forecast of international tourist arrivals assuming current visa policies.

<sup>c</sup> The low impact and high impact scenarios of potential international tourist arrivals resulting from visa facilitation.

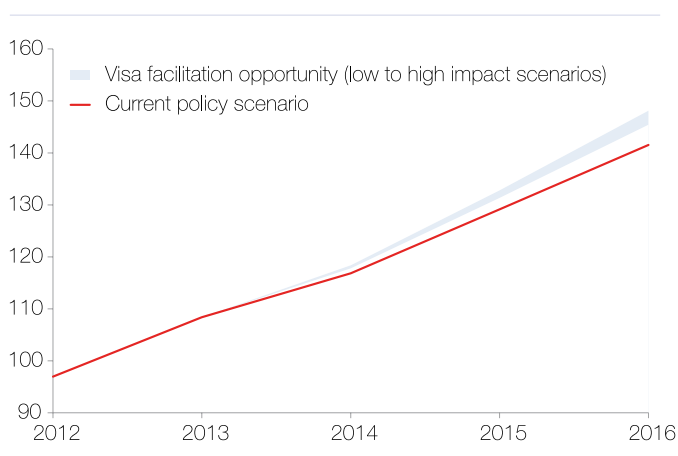
<sup>d</sup> The % decrease in international tourism arrivals in 2016 for each visa facilitation scenario above the (baseline) forecast under current visa policies.

### 4.3 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 ASEAN member state. The additional 6 million to 10 million tourist arrivals would generate between \$7 billion and \$12 billion in additional international tourism receipts in ASEAN member states. International tourism receipts would rise between 2.8% and 4.7% above the \$169 billion forecast for 2016 under the current policy regimes.

#### ASEAN international tourism receipts

US\$, billion



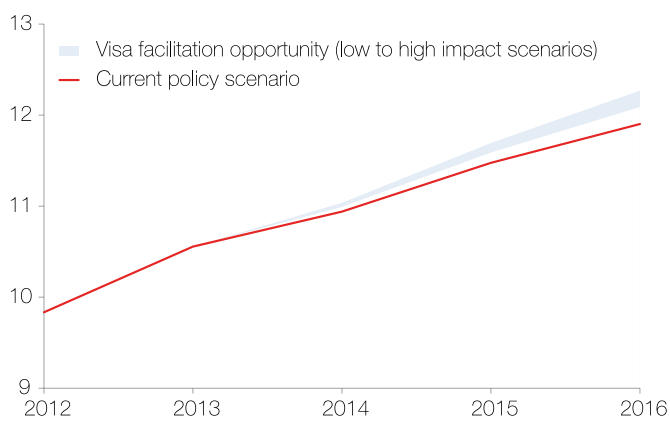
### 4.4 Employment impacts

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 ASEAN 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 T&T employment for each ASEAN member state. Tourism sales per employee (direct T&T) are 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 187,000 and 367,000 additional jobs directly in the tourism sectors of ASEAN member states by 2016.

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

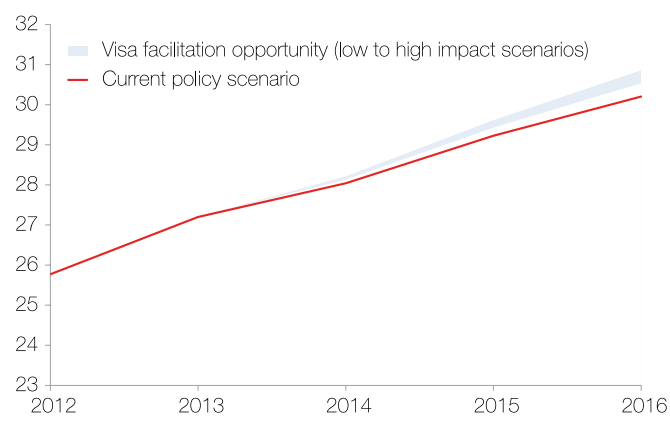
tourism demand and total T&T employment in each ASEAN member state. The ratio of total tourism demand to total T&T employment defines total tourism sales per employee. The increased tourism receipts are divided by the total tourism sales per employee for each economy to calculate the total T&T employment impact of visa facilitation.

#### ASEAN direct travel and tourism employment million



Total job creation (including indirect and induced impacts) from the additional tourism spending in the ASEAN member states could reach between 333,000 and 654,000 jobs by 2016.

#### Tourists requiring a visa to visit ASEAN countries % of international tourist arrivals, 2014-2016 average



### 4.5 Summary of visa facilitation impacts on ASEAN member states

The table below presents the net visa facilitation impacts for the ASEAN member states. 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.

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 ASEAN member states moved together in reference to the same origin markets.

Table 3 ▼

Net visa facilitation for ASEAN member states, 2016 <sup>a</sup>									
	Addressable market (%) <sup>b</sup>	Low impact				High impact			
		International tourist arrivals (×1,000)	International tourism receipts \$ mn	Direct T&T employment (×1,000)	Total T&T employment (×1,000)	Arrivals (×1,000)	Receipts \$ mn	Direct T&T employment (×1,000)	Total T&T employment (×1,000)
Brunei Darussalam	37.5	20	30	0.2	0.4	42	63	0.4	0.8
Cambodia	0.0	0	0	0.0	0.0	0	0	0.0	0.0
Indonesia	4.9	109	190	9.0	15.7	209	364	17.2	30.1
Lao People's Democratic Republic	0.3	1	0	0.0	0.1	3	1	0.1	0.2
Malaysia	10.7	1,561	1,392	25.3	41.6	2,321	2,071	37.7	61.9
Myanmar	100.0	167	106	18.9	34.3	343	217	38.9	70.3
Philippines	7.5	48	68	3.8	8.7	122	171	9.6	22.0
Singapore	4.6	358	605	3.1	5.1	504	851	4.4	7.2
Thailand	4.2	439	698	26.8	49.6	692	1,102	42.3	78.3
Vietnam	54.3	604	809	100.1	177.0	1,306	1,750	216.3	382.7
<b>ASEAN</b>	<b>10.4</b>	<b>3,308</b>	<b>3,900</b>	<b>187.3</b>	<b>332.6</b>	<b>5,542</b>	<b>6,591</b>	<b>366.9</b>	<b>653.6</b>
% above baseline forecast under current visa policies, 2016 <sup>c</sup>									
		Low impact				High impact			
		International tourist arrivals	International tourism receipts	Direct T&T employment	Total T&T employment	International tourism arrivals	International tourism receipts	Direct T&T employment	Total T&T employment
Brunei Darussalam		6.6	6.0	3.4	2.9	13.8	12.5	7.0	6.0
Cambodia		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia		1.0	1.0	0.3	0.2	1.9	1.9	0.5	0.3
Lao People's Democratic Republic		0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.0
Malaysia		4.5	4.5	2.5	2.0	6.7	6.6	3.7	2.9
Myanmar		16.9	15.6	4.5	3.4	34.6	32.1	9.3	7.0
Philippines		0.9	0.9	0.4	0.3	2.3	2.3	1.1	0.7
Singapore		2.6	2.6	1.8	1.6	3.7	3.7	2.6	2.2
Thailand		1.5	1.5	1.0	0.8	2.4	2.4	1.7	1.3
Vietnam		8.2	8.1	4.5	3.9	17.8	17.6	9.7	8.5
<b>ASEAN</b>		<b>3.0</b>	<b>2.8</b>	<b>1.6</b>	<b>1.1</b>	<b>5.1</b>	<b>4.7</b>	<b>3.1</b>	<b>2.2</b>

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

c 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.

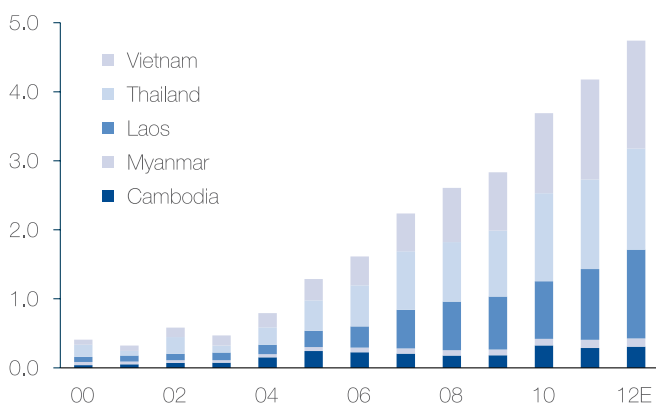
# Case studies on visa facilitation

## 5.1 Visa facilitation arrangements in ASEAN member states

Thailand and Cambodia have implemented 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.

### Intra-regional travel in SE Asia

By source country, millions



Source: Tourism Economics.

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.

The programme also seeks to boost international tourism from source markets outside of Southeast Asia. According to the pilot agreement between Thailand and Cambodia, international tourists can 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 to have the programme 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.

## 5.2 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. At the same time, 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. In July 2013 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.

### 5.3 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.

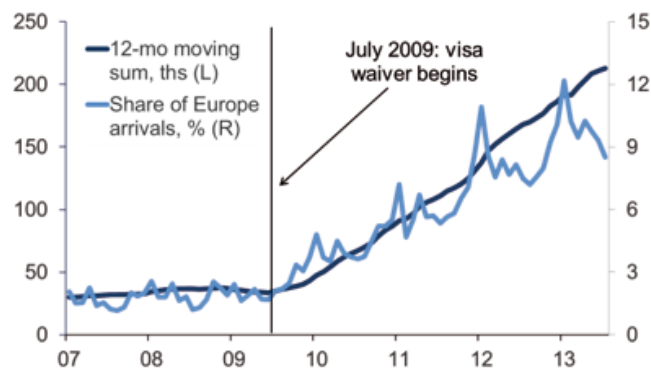
### 5.4 Russian Federation and Hong Kong, China visa waiver for short trips (2009)

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.

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

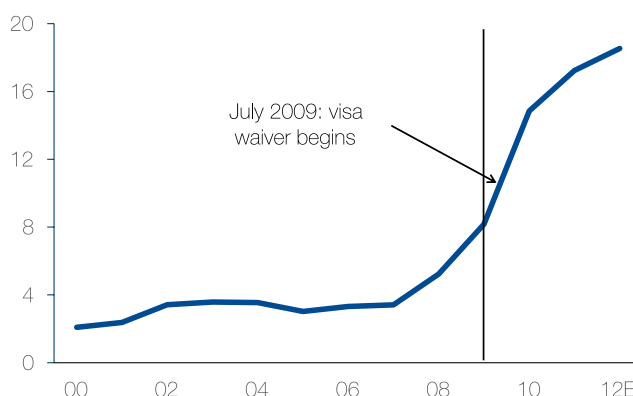
of arrivals to the Russian Federation from Hong Kong, China jumped 184% from 2008 to 2010. Growth in visitors to the Russian Federation far outpaced overall growth in visitors from Hong Kong, China to other destinations. The removal of visa requirements clearly boosted bilateral travel in both directions.

#### Arrivals to Hong Kong, China from the Russian Federation



Source: Hong Kong Tourism Board, Tourism Economics.

#### Arrivals to the Russian Federation from Hong Kong, China Thousands



Source: Tourism Economics

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

In October 2012, the US Department of Homeland Security (DHS) 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



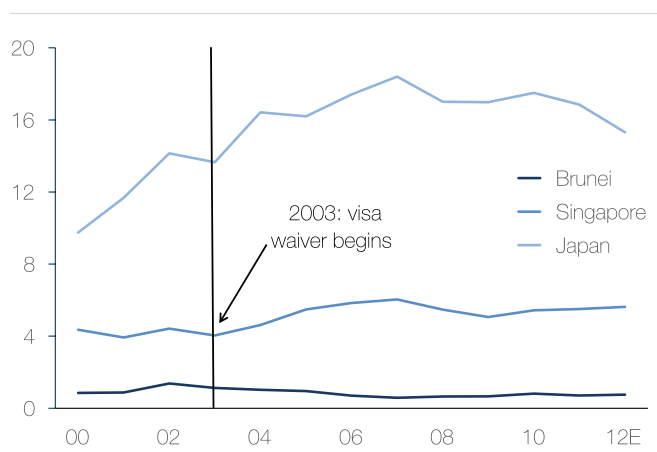
18 million visitors and more than 60% of air arrivals in its fiscal year 2011.<sup>6</sup>

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.<sup>7</sup>

### 5.6 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: Hong Kong Tourism Board, Tourism Economics.

<sup>6</sup> DHS press release: <http://www.dhs.gov/news/2012/10/02/dhs-announces-taiwan%E2%80%99s-designation-visa-waiver-program>

<sup>7</sup> Press report: <http://america.etbnews.com/24374/threefold-rise-in-taiwanese-tourism-to-us/>

### 5.7 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).

### 5.8 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% off Mexican arrivals growth.



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