**The impact of visa facilitation on international tourist flows in ASEAN member states.**

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**Abstract:** Tourism growth in ASEAN has been signifcant in recent years. In order to fully reap the benefts 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. At a time when many world leaders are looking for solutions for job creation and economic development, supporting visa facilitation can reap immense economic benefts with increased tourism demand, tourist spending and job creation. This report extends the joint research that the World Tourism Organization (UNWTO) and the World Travel & Tourism Council (WTTC), presented to the 4th T20 Ministers’ Meeting in May 2012 and assesses the potential impact of visa facilitation in the ASEAN member states. 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 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.

**Keywords:** International tourism, visa facilitaton, ASEAN member states, Southeast Asia.

**1. The functions of Visa**

The development of policies and procedures for visas, as well as for other important travel documents such as passports, is closely linked to the development of tourism. Visa policies are among the most important governmental formalities inﬂuencing international tourism.

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.

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.

**2. Visa facilitation**

Joint research by UNWTO and WTTC, presented to the 4th T20 Ministers’ Meeting in May 2012 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 identifed five important areas of opportunity for entry visa facilitation:

* 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 offcial 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, offcial documents, or certifcates, 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.

* Provide differentiated treatment for key market segments.

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 specifed geographical areas or ports of entry.

* Implement 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 ratifed for select members of the ASEAN region. These opportunities exist in the same form for the ASEAN member states and are explained in detail below.

**3. The impact of visa facilitation arrangements in ASEAN member states**

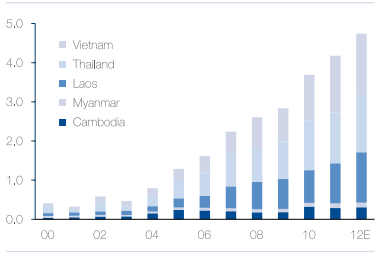
To understand why regional visas such as Schengen and ASEAN are so important, we need to recognize the value of the tourism industry for nations around the world, as well as realize how people’s travel patterns have evolved. In ASEAN, the travel and tourism industry currently accounts for 12.3% of GDP. That’s nearly 10% of global GDP. The region’s objective is to raise the industry’s share of GDP to 15% by 2025. So how can ASEAN increase its number of international tourist arrivals beyond the current 105 million tourists it welcomed in 2014? One answer stands out: by making it easier. Not many travellers today would be willing to queue at 10 different embassies to obtain 10 different visas. Processes such as these act as a deterrent to travel in the region.

According to research by the World Tourism Organization and World Tourism and Travel Council, ASEAN could have between 6 and 10 million additional international tourist arrivals as a result of improved travel facilitation. These receipts could amount to as much as $12 billion and the number of jobs created could range between 333,000 and 654,000. The implications are clear: with one common visa ASEAN would be more connected and tourism would grow. This in turn would create jobs, enable growth and reduce poverty.

“As ASEAN turns 50 it is an incredible opportunity for us to launch the whole idea that ASEAN is a single destination, not 10,” said Ramon Jimenez Jr, Philippines Tourism Secretary.

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.

**Chart 1. Intra-regional travel in SE Asia By source country, millions**



*(Source: Tourism Economics)*

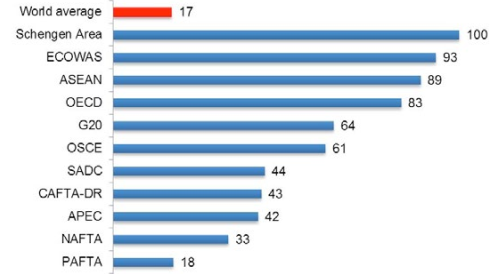
The programme goal is to facilitate tourism between the countries by reducing and streamlining applications and fees associated with visas. Travel between countries within the region is already growing but unevenly; the primary source countries are Vietnam, Thailand, and Laos, while outbound travel from 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 fve 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 fve 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 ineffciencies 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.

**4. Analyzing regional and economic blocs**

**Chart 2. Open reciprocity among members of selected ecomomic blocs, 2015(%)**



*(Source: UNWTO)*

In general, higher levels of reciprocal visa exemptions between the members of these economic blocs than the world average can be observed. Very high levels of open reciprocity continue to exist, for example, between the members of the Schengen Area (100% open reciprocity among the members), ECOWAS (93%), ASEAN (89%) as well as OECD (83%). Members of the G20 have, with 64% of policy pairs being reciprocally open, a high level of open reciprocity, which is nearly four times higher than the world average of 17%.

From all regional and economic blocs analyzed between 2014 and 2015, movements in both directions could be observed, with an increase and decrease of open reciprocity among members. While ECOWAS and PAFTA decreased their open reciprocity among members slightly, four blocs have increased their open reciprocity among members since 2014, with CAFTA-DR recording the highest change (29% in 2014 versus 43% in 2015). In ASEAN economies, open reciprocity grew by 5 percentage points compared to one percentage point in both blocs APEC and NAFTA. This demonstrates the fact that various economic blocs continue to push forward regional integration through policy changes, facilitating the free movement of people within their blocs.

Looking at facilitation measures of economic and regional blocs in detail, similar trends can be observed in differences between advanced and emerging economics across economic blocs. In the case of G20 economies, for example, although open reciprocity among members remained generally the same with 64% in 2015, the percentage of reciprocally open visapolicies between emerging G20 member economies increased from 32% to 38% between 2008 and 2015. In contrast, this percentage decreased slightly for advanced G20 economies from 90% to 85%. This observation can also be made within APEC, for example, where emerging economies increased their open reciprocity from 35% to 45%, while advanced economies decreased their mutually open visa policies from 61% to 58%

**5. The most competitive countries in South-East Asia**

With over 104 million international arrivals in 2015 and an average growth of 8%, South-East Asia’s travel and tourism industry has incredible potential to help generate growth, create jobs and enable regional development. Every year, we release the Travel and Tourism Competitiveness Report, which ranks countries based on a range of policies in place to enable the sustainable development of the sector. The report looks at factors such as how easy it is to do business in a country, specific travel and tourism policies, infrastructure, and natural and cultural resources.

**Table 1. South – East Asia’s most tourist-friendly countries**

|  |  |
| --- | --- |
| **No.** | **Country** |
| 1 | Singapore |
| 2 | Malaysia |
| 3 | Thailand |
| 4 | Indonesia |
| 5 | Vietnam |
| 6 | The Philippines |
| 7 | Lao PRD |
| 8 | Cambodia |

*(Source: Travel and Tourism Competitiveness Report)*

The majority of nations in the region rely on rich natural resources and good prices to appeal to tourists. They also tend to be internationally open, through their visa policies.

Vietnammade significant progress, rising eight places in the global rankings to reach 67th position. The country, which is already endowed with exceptional natural and cultural resources, has significantly benefited from improvements to its human resources and labour market. Vietnam has also made exceptional improvement to its ICT capacity and usage (up 17 positions).

Still, Vietnam could better seize the momentum by focusing more on its environmental sustainability policies. The lax regulations, high levels of emissions, deforestation and limited water treatment are depleting the environment and should be addressed, perhaps at a multilateral level, to build the foundation for a more sustainable development of the region.

**6. Conclusion**

ASEAN’s growth and stability have made it a top destination for investors and multinational companies alike. Its emerging middle class is also a draw: market research firm Nielsen forecasts that the number of people in the region’s middle-income bracket will reach 400 million by 2020. This is up from 190 million in 2012. By coming together, ASEAN’s 10 nations have deepened their political and economic alliances, improved cooperation and boosted economic growth and social progress. But while the creation of the ASEAN Economic Community has been on several counts a success, there’s still a lot to be done on the travel side when it comes to the secure and seamless movement of people. A move towards an ASEAN common visa for tourists and business travellers would require all 10 ASEAN states to implement joint policies and adopt common processes, as well as harmonize documents and data standards.

The Impact of Visa Facilitation in ASEAN Member States, shows that the region is one of the most open in the world in terms of tourist visa requirements. Collaboration between countries and recent advances across the region to facilitate visas, including progressive approaches to implement new visa policies, have proven very successful. This collaboration forms part of joint efforts to improve social integration within the region and to grow the national and regional travel and tourism sectors, resulting in increased investment in the sector and consequently job creation.

Presenting the report to the ATF 2014 National Tourism Organizations (NTOs), WTTC Vice-President of Government and Industry Affairs, Helen Marano, highlighted how the leaders at the 2011 ASEAN Summit in Jakarta, Indonesia, agreed to cooperate on an ASEAN Common Visa Initiative, engaging the Tourism and other appropriate ministries for accomplishing this aspiration. Despite the achievements, there are still areas for further improvement. According to the report, ASEAN stands to gain between 6 to 10 million additional international tourist arrivals by 2016 from improved visa facilitation. The additional receipts generated by these tourists could reach between US$7 and US$12 billion. Moreover, the total number of jobs created as a consequence of this increase is estimated to range from 333,000 to 654,000.

In spite of the great strides made in recent decades to facilitate tourist travel all over the world, there are still important areas of opportunity, namely considering the possibilities to maximize the use of information and communication technologies in improving visa procedures. Further opportunities include improving the delivery of information, facilitating current processes to obtain visas, differentiated treatment to facilitate tourist travel, instituting eVisa programmes and regional agreements for visa facilitation.

There is also a need to set up dedicated ASEAN immigration lanes at all international airports of member countries. While there have been early movers in this – the airports of Bangkok and Kuala Lumpur, for example – we need all other international airports in the region to follow suit.

We also need to take concrete steps to build the ASEAN brand. What does ASEAN stand for, and what is our unique selling point? Branding is central to attracting tourists, and we need to find ways to build a positive brand for ASEAN. Relatedly, it is imperative that we raise awareness about ASEAN. Perhaps we can start by ensuring that the ASEAN flag is displayed alongside the national flags at the embassies of ASEAN countries and in schools across the region. Or through cultural exchanges and intra-ASEAN internship programs that provide students and graduates regional work experience.

We must ensure that we raise awareness about ASEAN and the progress of integration through regionally-coordinated campaigns on multiple channels and through traditional and social media so that our message gets across to young people, households and businesses and perhaps spur them into action.

Plans for ASEAN would be difficult to effect if the very institutions tasked to oversee implementation are weak. The governments of ASEAN as well as the private sector need to support the strengthening of these ASEAN institutions through the creation of commissions, or working groups, of businesses that are committed to regional development – tourism included – and focus on issues and solutions. We need to strengthen the ASEAN Secretariat through increased funding that would allow it to, among others, attract the sharpest minds in the region and add to its currently overstretched staff.

To truly facilitate travel in ASEAN, all stakeholders in the region need to work together, to discuss and share views on how best to push forward the improvements that are so desperately needed. And we need to start now.

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