VISA FACILITATION

ENABLING TRAVEL & JOB CREATION THROUGH SECURE & SEAMLESS CROSS-BORDER TRAVEL

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COUNCIL

HIGHLIGHTS

- Visa policies are among the most important governmental policies influencing international Travel & Tourism, at a time when world leaders are looking for solutions to drive job creation, economic growth and investment promotion.

- Over the past decade, international travel has been supported by huge strides in travel facilitation, with the percentage of travellers required to obtain a traditional visa decreasing from 77% in 2008 to 53% in 2018.

- Research undertaken in 2012 by the World Travel & Tourism Council (WTTC) & the World Tourism Organisation (UNWTO) for G20 countries revealed that visa facilitation increased international tourist arrivals from 5-25% per annum. WTTC 2018 research shows that the actual gain in travel demand following a policy change is dependent on the type of policy change & destination attributes.

- WTTC identified the average impact from different policy changes, with a shift to visa-free travel leading to an 16.6% growth in travel demand, the introduction of new types of visas resulting in an 8.1% increase.

- Indonesia's shift in 2015 to a 30-day visa waiver for 169 countries led to a 24% uplift in inbound demand and the creation of 400,000 jobs. Similarly, India's implementation of its eVisa for over 40 countries in 2014-2015, led to a 21% uplift and the creation of 800,000 jobs. Mexico's implementation of third-party visa in 2010 and 2011 led to a 17% uplift to inbound demand and the creation of 190,000 jobs.

- As the public & private sector come together to ensure that visa policies are smart, they should review and reflect on current visa policies to understand their impact, optimise them and further strengthen collaboration.

- There is a need to move away from paper visas and visas on-arrival and opt for eVisas, third party visas, gateway visas and multilateral agreements so as to enhance security, while improving efficiency and passenger experience.

- As visa facilitation policies are implemented there is a need to educate travellers on policy changes and address any points of confusion. There is also a need to ensure clarity on nomenclature. In this context, a recommendation would be to rename the "visa waiver" to ensure the term reflects general understanding.

IN CONTEXT

Travel & Tourism is one of the most dynamic economic sectors in the world, representing 10.4% of global GDP, 1 in 10 jobs on the planet (319 million) and 6.5% of global exports in 2018. What's more, the sector accounted for 1 in 5 of all new jobs generated in the past five years. Yet, despite the sector's sustained growth, which exceeds that of the global economy; Travel & Tourism has historically been overlooked as a significant driver of international trade and job creation. In fact, international travel has grown by 5,500% between 1950 and 2018 to reach 1.4 billion international arrivals[1].

This growth is not expected to waiver over the coming years, with the rapidly expanding middle classes in emerging and developing economies as the leading driver. In fact, forecasts estimate international arrivals to reach 1.8 billion by 2030. To reach and surpass these projections, the sector will need to ensure that it has the necessary enabling conditions to thrive.

Over the past decade, international travel has been supported by huge strides in visa facilitation. The percentage of travellers required to obtain a traditional visa has decreased from 77% in 2008 to 53% in 2018[2] and reciprocal traditional visa restrictions have fallen from 57% to 22% in the same period. A shift has taken place from traditional visas (where one must apply in person at an embassy) to visa-on-arrival (from 6% to 16%), electronic, or e-visa (from 0% to 10%) and the removal of visas altogether (from 17% to 21%) between 2008 and 2018. To date, South East Asia, Oceania and East Africa are the most open destinations; whereas North America, Central Africa and North Africa remain the most restrictive regions.

Despite improvements, traditional visa policies remain an obstacle to both tourism and economic growth. In effect, to date, the fastest growing customer base for the sector, notably the emerging middle class in Asia, Africa, Latin America and the Middle East, is subject to high transaction costs which in turn limits the appeal of travel and hinders cross-border travel; with many potential travellers deterred by outdated visa application processes.

This barrier can become an opportunity for growth and job creation for destinations around the world through the implementation of progressive approaches to travel facilitation and new technologies to aid the implementation of new visa policies.
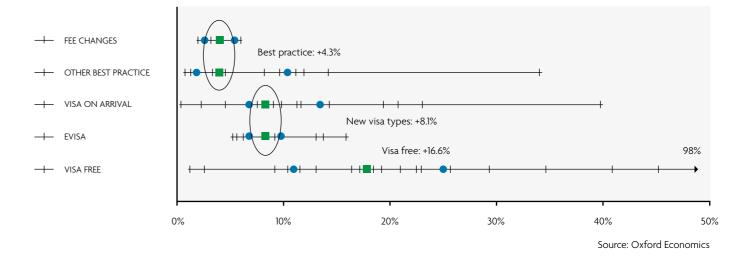
THE OPPORTUNITY

Visa policies are among the most important governmental policies influencing international Travel & Tourism. Indeed, visa facilitation is essential for destinations to reach their Travel & Tourism potential and is related to growing demand and the associated economic and social benefits.

While the benefits and significance of smart visa policies has been acknowledged, the ultimate decision as it relates to the entry of a foreign national into a sovereign territory rests with the state. In effect, states have the authority to determine access for foreign nationals, notably by means of visa policies; freely, unilaterally or in collaboration with other states. Visas serve important functions, specifically, security, immigration control, revenue generation & reciprocity and the safeguarding of a destination's capacity. While, the key functions of visas should not be diluted; facilitative policies that retain the necessary functions of visas, while further enabling travel, can and should be implemented.

WTTC's and UNWTO's research on the impact of visa facilitation policy impacts for G20 countries in 2012 revealed that visa facilitation has historically increased international tourist arrivals' growth for affected markets in the range of 5-25% per annum for the years following the implementation of policy changes. More recent analysis, undertaken in 2018, shows that the actual gain in travel demand following a policy change is dependent on the type of policy change as well as destination attributes, including destination attractiveness. WTTC identified the average impact (growth premium of international visitor arrivals) from different policy changes, with a shift to visa-free travel leading to a 16.6% growth in travel demand; the introduction of new types of visas resulting in a 8.1% increase in travel demand and the implementation of best practices enabling a 4.3% growth in travel demand (Figure 1).

Figure 1: Impact on Travel Demand by Policy Type

Dash = Estimated Growth Premium by Case Study
Square = Median Values for that policy type
Circles = Inter-quartile Range

Source: Oxford Economics

WTTC delved into recent G20 case studies, comparing the impact of their policy shifts to the average impact by policy type. Specifically, WTTC selected the following five G20 countries, which recorded improvements in their visa facilitation score in recent years, through shifts in their policies, quantified by the World Tourism Organization (UNWTO) and reported in the World Economic Forum's (WEF) Travel & Tourism Competitiveness Report:

- **Indonesia** (2015) introduced 30-day visa waiver for 169 countries
- **India** (2014-2015) introduced eVisa for over 40 countries to replace visa on arrival along with lower fees
- **Australia** (2015) extended its eVisa scheme to residents of China, India and Indonesia
- **Mexico** (2010-2011) leveraged third country visas
- **Turkey** (2013) introduced eVisa to replace its Visa on Arrival and extend validity & country coverage with lower fees
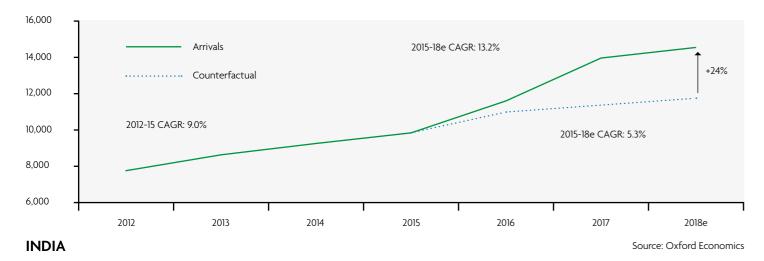
INDONESIA

In 2015, the Indonesian government introduced a 30-day visa waiver for the majority of source markets, mostly replacing its visa on-arrival. The resulting growth in annual visitor arrivals increased from 9.0% in the three years prior to 2015 to 15.5% in 2016 and an estimated 22% in 2017. Even with modest expected growth in 2018, annual average growth will be 13.2% over the 3-year period. This figure contrasts with the growth that was anticipated prior to the change (the counterfactual growth) of just 5.3%.

The policy effectively led to a 24% uplift (8% p.a.) in inbound demand which in turn is responsible for 6% of employment supported by Travel & Tourism or 400,000 jobs.

Figure 2: Indonesia: Visa Facilitation Impact on Arrivals

Arrivals (000s)
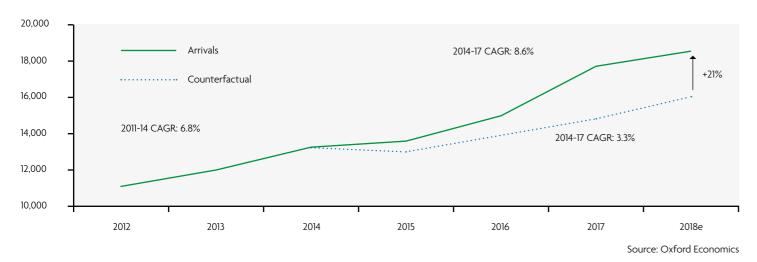

Source: Oxford Economics

INDIA

In 2014, the government of India introduced an eVisa for over 40 markets, which was then extended to cover the bulk of source markets in 2015. Following the change in visa policy, the growth in international arrivals accelerated from 5.8% in the three years prior to 2014 to 10% in 2016 and an estimated 15% in 2017. This figure contrasts with the counterfactual growth of 3.3% average growth should the policy not have been implemented

The policy essentially led to a 21% uplift in inbound demand which in turn is responsible for 2% of employment supported by Travel & Tourism or 800,000 jobs. The scale of the domestic market means that even a large impact on inbound travel has a diluted effect on total sector activity and employment. Still, a 2% uplift in employment accounts for approximately 20% of the growth seen in Indian Travel & Tourism over this period.

Figure 3: India: Visa Facilitation Impact on Arrivals

Arrivals (000s)

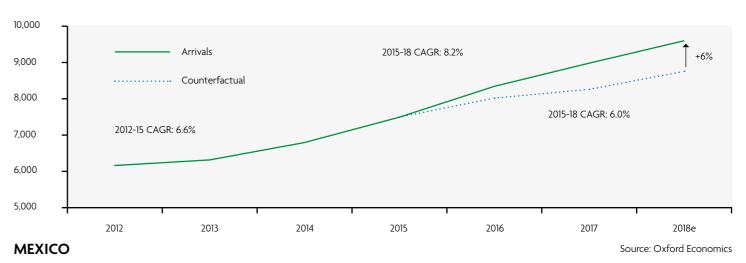Source: Oxford Economics

AUSTRALIA

Australia's eVisa scheme has been operating since 1996, however the scheme was extended in 2015, contributing to a moderate, but clear uplift in demand. Annual average arrivals growth amounted to 6.6% in the three years to 2015, increasing to 11% in 2016, with an average annual growth of 8.2% estimated for the three-year period since the policy change. The expected counterfactual growth driven by market developments over the same period was estimated at 6.0%. This relatively modest policy impact is consistent with a small change in adopting a best practice. The policies in place helped realise a lot of growth in developing the large inbound market.

The policy effectively led to a 6% uplift in inbound demand which in turn is responsible for 1% of employment supported by Travel & Tourism or 15,000 jobs. The modest 1% in employment growth can be attributed to the scale of the domestic Australian tourism market.

Figure 4: Australia: Visa Facilitation Impact on Arrivals

Arrivals (000s)

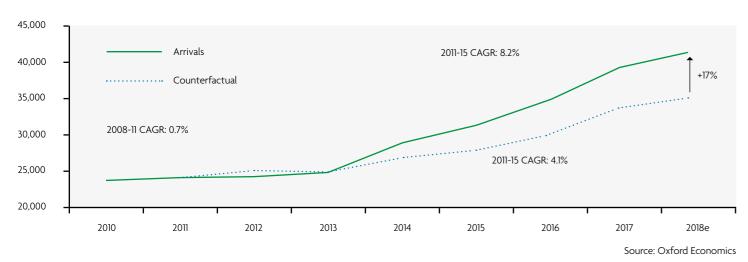Source: Oxford Economics

MEXICO

In May 2010, Mexico began implementing visa facilitation policies including an extensive visa waiver leveraging third country visas, notably the US visa (in 2010) and the Schengen visa (in 2011). What's more, new immigration policies enabled US citizens and residents to visit Mexico visa-free and a 24-hour online visa was implemented for Brazil, Russia and China. In 2012, Mexico also granted visa exemptions for nationals of Pacific Alliance countries, notably Chile, Peru and Colombia.

While inbound travel remained largely unchanged in the years prior to 2011, growth accelerated rapidly thereafter, with a 1.9 million increase in international arrivals in the period following the implementation of these policies. Mexico experienced an increase of arrivals from 143 nations, including a 51.1% increase from Brazil and 85.6% from Russia. Between 2010 and 2015, international arrivals grew by around 10 million, reaching 32.1 million in 2015.

The policy effectively led to a 17% uplift in inbound demand which in turn is responsible for 2% of employment supported by Travel & Tourism or 190,000 jobs. Given that inbound Travel & Tourism spending represents less than 20% of the total sector activity; even a large increase in inbound demand will result in a relatively modest percentage impact on total sector GDP and employment.

Figure 5: Mexico: Travel Facilitation Impact on Arrivals

Arrivals (000s)

2011-15 CAGR: 8.2%

+17%

2008-11 CAGR: 0.7%

2011-15 CAGR: 4.1%

— Arrivals

···· Counterfactual
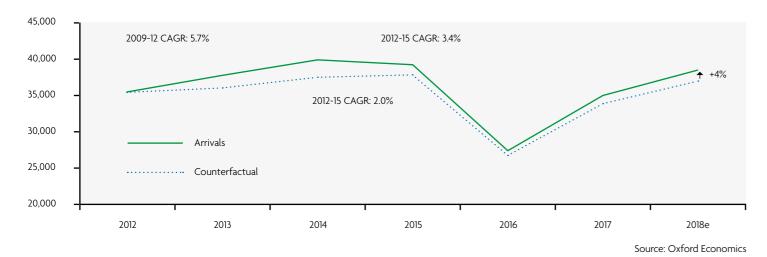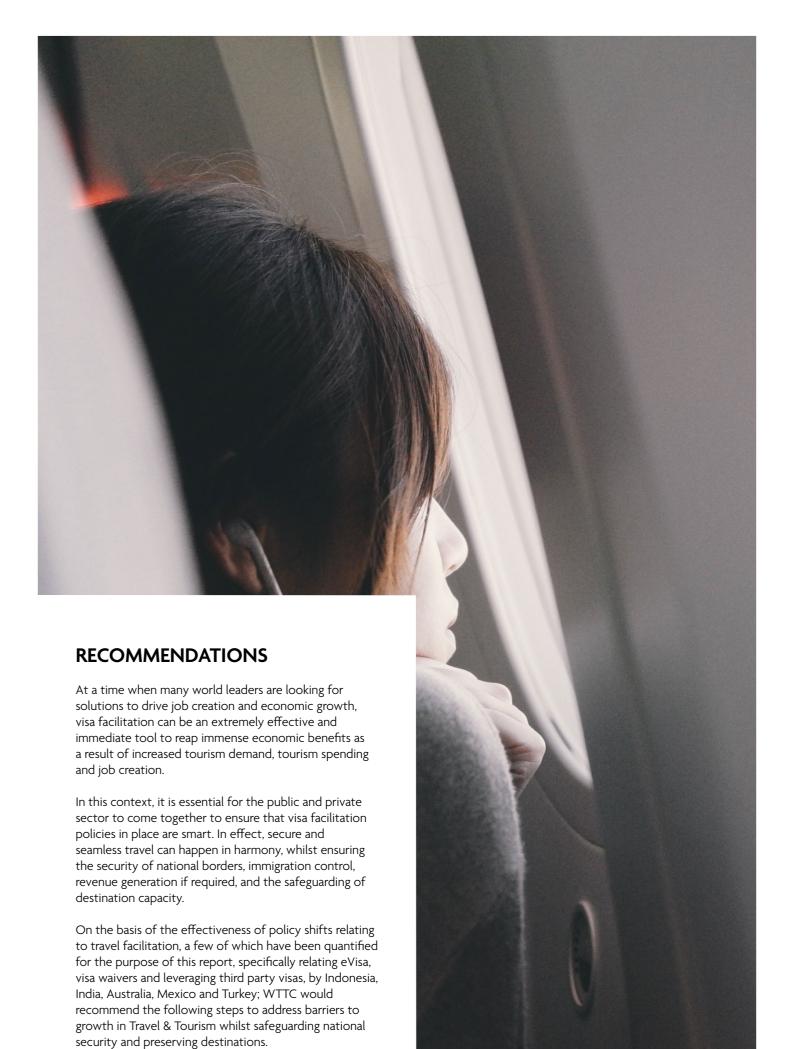
Source: Oxford Economics

TURKEY

In 2013, Turkey introduced an eVisa scheme to replace the prior visa on arrival, including some extensions of market coverage and validity. While the policy shift has been extremely positive, its impact has been limited as a result of recent volatility and the benefits already realized through the implementation of Turkey's visa on arrival. Growth in travel to Turkey between 2012 and 2015 averaged 3.4%, which is faster than the counterfactual growth suggested by the source market developments (2.0%). The subsequent declines in international arrivals, notably in 2016, were due to geopolitical factors, including a significant reduction in arrivals from Russia. By 2018, it is estimated that Turkish inbound travel is 4% higher than it would have been had the policy not been implemented.

The 4% uplift in inbound demand is responsible in turn for 2% of employment supported by Travel & Tourism or 35,000 jobs.

Figure 6: Turkey: Visa Facilitation Impact on Arrivals

Arrivals (000s)

2009-12 CAGR: 5.7%

2012-15 CAGR: 3.4%

2012-15 CAGR: 2.0%

+4%

— Arrivals

···· Counterfactual

Source: Oxford Economics

RECOMMENDATIONS

At a time when many world leaders are looking for solutions to drive job creation and economic growth, visa facilitation can be an extremely effective and immediate tool to reap immense economic benefits as a result of increased tourism demand, tourism spending and job creation.

In this context, it is essential for the public and private sector to come together to ensure that visa facilitation policies in place are smart. In effect, secure and seamless travel can happen in harmony, whilst ensuring the security of national borders, immigration control, revenue generation if required, and the safeguarding of destination capacity.

On the basis of the effectiveness of policy shifts relating to travel facilitation, a few of which have been quantified for the purpose of this report, specifically relating eVisa, visa waivers and leveraging third party visas, by Indonesia, India, Australia, Mexico and Turkey; WTTC would recommend the following steps to address barriers to growth in Travel & Tourism whilst safeguarding national security and preserving destinations.

1. REVIEW & REFLECT ON CURRENT VISA POLICY

Countries should undertake an assessment to better understand the impact of current visa policies on their Travel & Tourism sector and their broader economy; as well as the opportunities linked to potential policy shifts. In this context, governments should leverage the private sector as they evaluate options and develop strategies.

As governments delve into their current visa policies and processes, they should evaluate for instance, whether all the information fields requested in their visa forms remain necessary to ensure security or whether some could be removed to increase efficiency and improve the traveller's experience.

Cooperation between the public and private sector could be further strengthened to enable governments to start the authentication and verification process of travellers at the time of flight booking, such as through the use of Advanced Passenger Information (API). This should be done while respecting national and local information sharing and privacy legislation.

At the same time, collaboration within national governments could be enhanced, specifically to ensure that Tourism Ministries are part of conversations relating to travel and visa facilitation with the equivalent of the Home Office. In this context, Tourism Ministries should undertake an inventory of current source markets which require a visa to visit their country, considering their outbound tourism markets, GDP and stability, amongst other factors to assess whether a policy review would be valuable.

2. MOVE AWAY FROM PAPER VISAS & VISAS ON ARRIVAL

Despite the progress made, 53% of the world population still requires a paper visa and 16% requires a visa on arrival according to UNWTO. While these types of visas are widespread and declining in their use, they are not optimal both from a security and an efficiency perspective. Given the drawbacks of these visas, alternative solutions which are described in the following section would be recommended.

Paper-based visas, where individuals need to apply in-person at a consulate; contribute to significant inefficiencies without meaningfully improving security for low-risk countries, while imposing additional costs to travellers in turn deterring them from travelling. The costs are not merely financial, as visa applicants can be required to travel great distance to apply through a consulate of the country they wish to visit and often face long waiting periods before the visa is approved.

On the other hand, visas on arrival do not contribute to enhancing national security, given that travellers have already landed at the destination at the time they are being processed for their visa. To effectively authenticate international visas from a security perspective, a pre-travel check, through an eVisa for instance, would be required.

3. OPT FOR EVISAS, THIRD-PARTY VISAS, GATEWAY VISAS & MULTILATERAL AGREEMENTS

While ideally, the majority of nationals from across the world would not require visas to travel across international borders; it is acknowledged that for national security reasons this may not be feasible for all countries and travellers at present. As such, the second-best approach is one which enables security while achieving seamless travel, notably electronic Visas as well as bilateral and multilateral (regional) agreements for registered travellers, such as the APEC Business Travel Card.

Electronic Visas have emerged as one of the most innovative solutions in the cross-border movement of people in the past decade; with an increase from 0% to 10% of the global population being able to use eVisas. Electronic visas permit the management of the visa application process to occur exclusively in a virtual environment. Unlike paper-based visas, electronic visas can be obtained easily anywhere with an internet connection, saving time that would otherwise be spent in missions or embassies. The visa application and supporting documents are submitted online, the payment is made online and the decision of whether the authorisation has been granted is transmitted online. Australia has been a pioneer in the design and implementation of electronic visas. In effect, since the launch of its first eVisa scheme in 1996, which were subsequently enhanced and extended, international arrivals to Australia increased from 3.7 million to 8.8 million between 1995 and 2017. A further example is that of Moldova. Following a move from paper-based to electronic visas, the Moldovan embassies saved 20 to 24 working days in 2014, thanks to a reduction in administrative issues such as scheduling appointments, receiving applicant at the visa office, inputting data from visa applications into the visa system, scanning and saving supporting documents, printing visa stickers and returning passports to applicants. Given the ability of eVisas to ensure both secure and a seamless travel experience, it will be essential going forward to continue strengthening eVisa schemes.

Another pioneering solution is the **use of third-party visas** to enter a country. This solution requires full confidence in the security protocols and processes of the third party. This approach has been successfully trialled by Mexico, who in May 2010 began accepting foreign nationals, regardless of their nationality to visit Mexico without obtaining a Mexican visa if they held a valid visa or permanent residence from the United States. Given the success of the initiative, Mexico has since expanded their programme in 2016 to accept

travellers from those who hold visas for Canada, Japan, the United Kingdom as well as the Schengen area. This approach has not only led to a significant reduction in costs, but has also enabled, in this case Mexico, to significantly boost international arrivals from 23.4 million in 2010 to 29.1 million in 2014.

A number of countries and destinations are now using **transit visa exemptions** for travellers wishing to stop over for a specified time-period, with a valid plane ticket to another destination; effectively enabling the growth of tourism hub for gateway cities. Both the UAE and China have successfully used this solution to boost tourism by encouraging stopovers. Realising that more than two thirds of all passengers who passed through the UAE's airports in 2017 were in transit, the UAE cabinet opted to exempt transit passengers from all entry fees for the first 48 hours in 2018; as well as enabling them to extend their transit visa for up to 96 hours for just Dh50. Similarly, Chinese authorities have enabled foreign travellers transiting through China within 144 hours to reach another country of destination to benefit of the 144-hour Transit Visa Exemption. This Transit Visa Exemption was first introduced in Hangzhou, Shanghai and Nanjing, but as of December 2017 was expanding to including Beijing and Tianjin among other cities. The Visa exemption is available to citizens of the 53 countries that are eligible for the 72-hour Transit Visa Exemption, however, the number of participating cities is more limited.

Finally, regional, **multilateral or bilateral agreements** for registered travellers have also enabled a more seamless and secure experience; particularly for business travellers. On a bilateral level, the US Global Entry programme has been extremely successful in providing expedited clearance for pre-approved, low risk travellers upon their arrival to the United Stations. In April 2018, over five million individuals had already enrolled in the US Global Entry Programme, a 100% increase from FY2015. By streamlining the international arrivals process at airports for "trusted travellers", the Global Entry programme enables its participants to bypass traditional CBP inspection lines and use automated kiosks to complete admission to the US. In recent years, the programme has expanded the eligibility to foreign nationals from more than a dozen participating countries, with kiosks available to members at 70 airports worldwide. In addition, as an added benefit, Global Entry members are also eligible to participate in the TSA Pre-Check, an expedited screening programme in place in 200 airports with over 8 million participating travellers. According to TSA, in Q1 2019, more than 90% of travellers who used these pre-check lanes waited less than five minutes to get through checkpoints.

Similarly, the APEC Business Travel Card (ABTC) which comprises 21 economies, allows business and leisure travellers pre-cleared, facilitated short-term entry to participating member economies. The ABTC removes the need to apply for individual visas or entry permits, saving valuable cost and time, and allows multiple entries into participating economies during the three years during which the card is valid. Cardholders also benefit from faster immigration processing on arrival through fast-track entry and exit through special APEC lanes at major airports in participating economies. The ABTC enhances border integrity and security in participating economies as providing benefits to border agencies increases the number of low-risk travellers since each applicant is checked against 'watch lists' of other participating states. As such, the ABTC carries savings not only for business people, but also for governments.

4. EDUCATE TRAVELLERS AND THE TRADE OF POLICY CHANGES

As new policies relating to visa facilitation are implemented it is critical to inform travellers and the trade about the changes that have taken place and educate them on the new policies to ensure a seamless transition. A public-private approach should be taken in raising awareness about new policies, with relevant airlines and travel agents for instance, supporting the government by communicating relevant information to their passengers when they book their ticket.

This will be particularly important for instance as the European Union launches ETIAS (European Travel Information & Authorization System) in 2021. This completely electronic system, similar to ESTA in the United States and ETA in Canada; allows the European Union to keep track of visitors from countries that do not need a visa to enter the Schengen Zone.

5. RENAME THE "VISA WAIVER"

One misconception is that a visa waiver means that an individual does not require a visa or an authorisation to travel. A visa waiver, however, does require individuals to obtain an approved travel authorisation prior to their travel. In light of this recurring misunderstanding, it would be recommended for countries using this terminology to consider rebranding their programme so that common perception is aligned with the vision of the policy.

While eliminating visa requirements at the global level may be unrealistic in the short term, countries should take forward the visa facilitation process by strengthening the trusted relationships they already have, enhancing the ability to accurately authenticate and verify travellers, facilitating current processes and planning for the future.

TAKING THE CONVERSATION FORWARD

Travel & Tourism is only forecasted to keep growing over the coming decade. In fact, WTTC estimates that the sector's contribution to global GDP will increase from 10.4% to 11.5% by 2029. To ensure this growth and capitalise on the sector's ability to drive job creation, an enabling travel facilitation policy
is a must.

While significant strides have been made, more remains to be done. In effect, traditional visa policies remain an obstacle to tourism and economic growth. The goal of this body of work is to bring structure and quantifiable data to this important sectoral issue, showcasing the tangible benefits of different travel facilitation policies from the use of eVisas and third-party Visas to transit visas and multilateral agreements. These in turn offer a playbook of options for governments to replicate these successes.

To turn this barrier into an opportunity, it is essential to continue engaging meaningfully in this important dialogue; by reviewing and reflecting on existing visa policies and processes, evaluating more progressive approaches enabled by technology, whilst bringing relevant stakeholders to the table to ensure there is a common vision and understanding.

ACKNOWLEDGEMENTS

ENDNOTES

1   UNWTO (2019) Press Release International Tourist Arrivals Reach 1.4 billion Two Years Ahead of Forecasts, 21 January 2019
2   UNWTO (2018) Visa Openness Report 2018

About The World Travel & Tourism Council

The World Travel & Tourism Council is the global authority on the economic and social contribution of Travel & Tourism.

The World Travel & Tourism Council (WTTC) is the global authority on the economic and social contribution of Travel & Tourism. It promotes sustainable growth for the sector, working with governments and international institutions to create jobs, to drive exports and to generate prosperity.

Members are the Chairs, Presidents and Chief Executives of the world's leading, private sector Travel & Tourism businesses. These Members bring specialist knowledge to guide government policy and decision-making, rasing awareness of the importance of the sector as an economic generator of wealth.

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