

# Travel Facilitation in the Member Countries:

## Current Situation, Main Challenges, Recommendations and Prospects



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# **Section A:**

# **Benefits of Travel Facilitation**

# Travel Facilitation is critically important

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- Economic benefits:
  - Promotes ease of travel
  - Improves the destination's attractiveness
  - Allows the destination to compete successfully in global travel markets
  - Increased tourism visitation and spending
- There is considerable opportunity for OIC member countries to increase their travel facilitation.

# Scope of Research

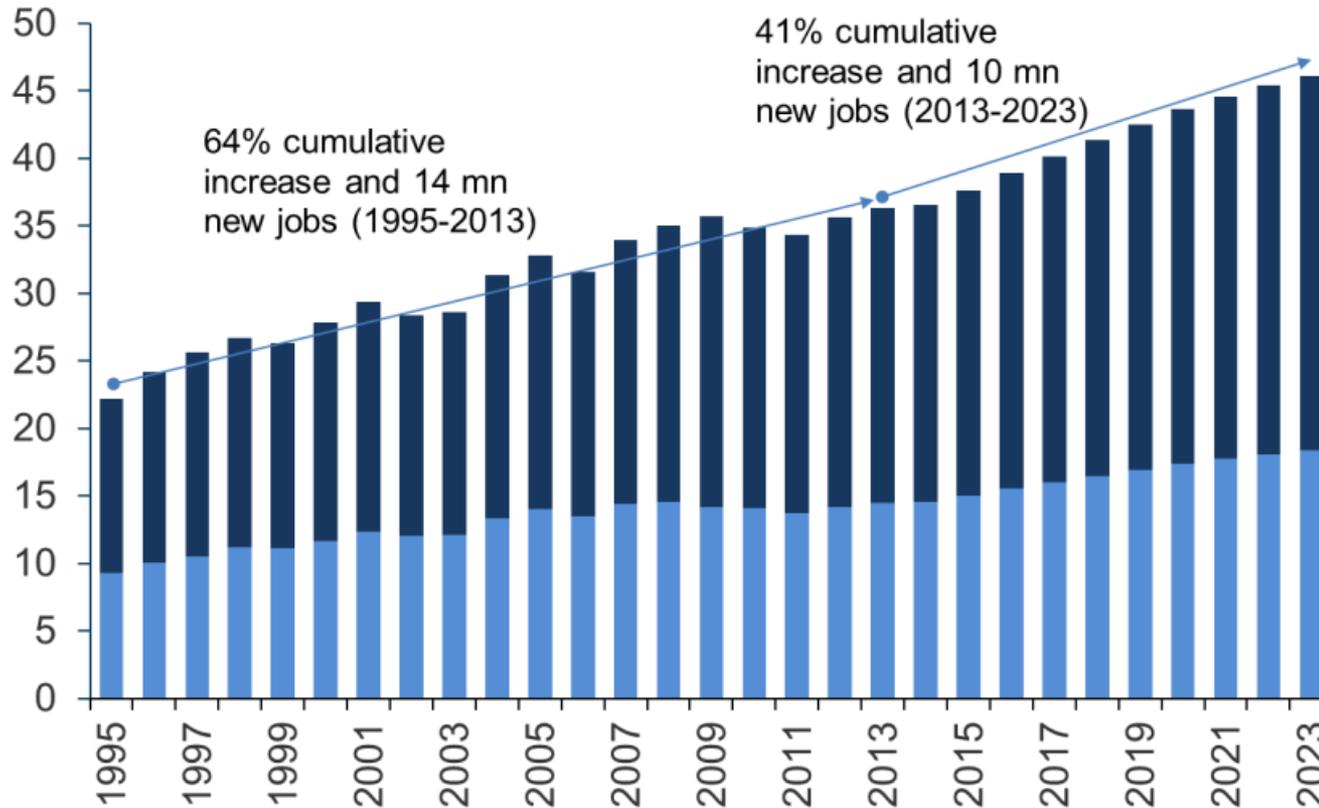
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- Assess current state of OIC travel facilitation
- Identify opportunities and potential benefits
- Analyze successful case studies
- Identify potential challenges
- Recommendations

# OIC Tourism = Job Creation

## OIC Member Total T&T Employment Impact

Millions

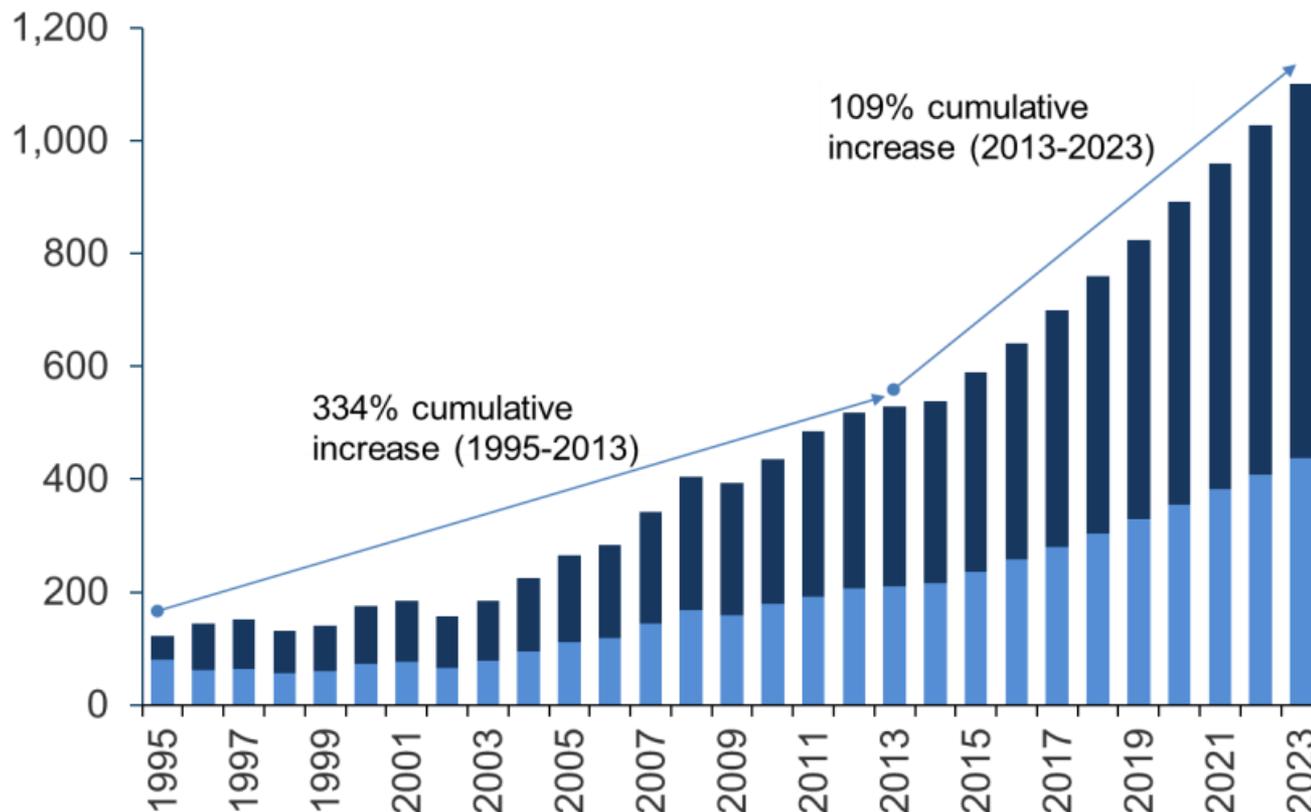


Source: Oxford Economics, WTTC

# OIC Tourism = Economic Growth

## OIC Member Total T&T GDP Impact

Billion \$US



Source: Oxford Economics, WTTC

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## **Section B:**

# **Levers of Travel Facilitation**

# The 3 Levers of Travel Facilitation

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- Visa policy liberalization
- Aviation development
- Destination marketing

# Lever 1: Visa policy liberalization

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- Traditional visa
  - Single-entry visa
  - Multiple-entry visa
- Electronic (eVisa)
- Visa on arrival (VoA)
- Joint visa
  - Multilateral visa agreement
  - Visa validity region
- Visa waiver

Most Restrictive

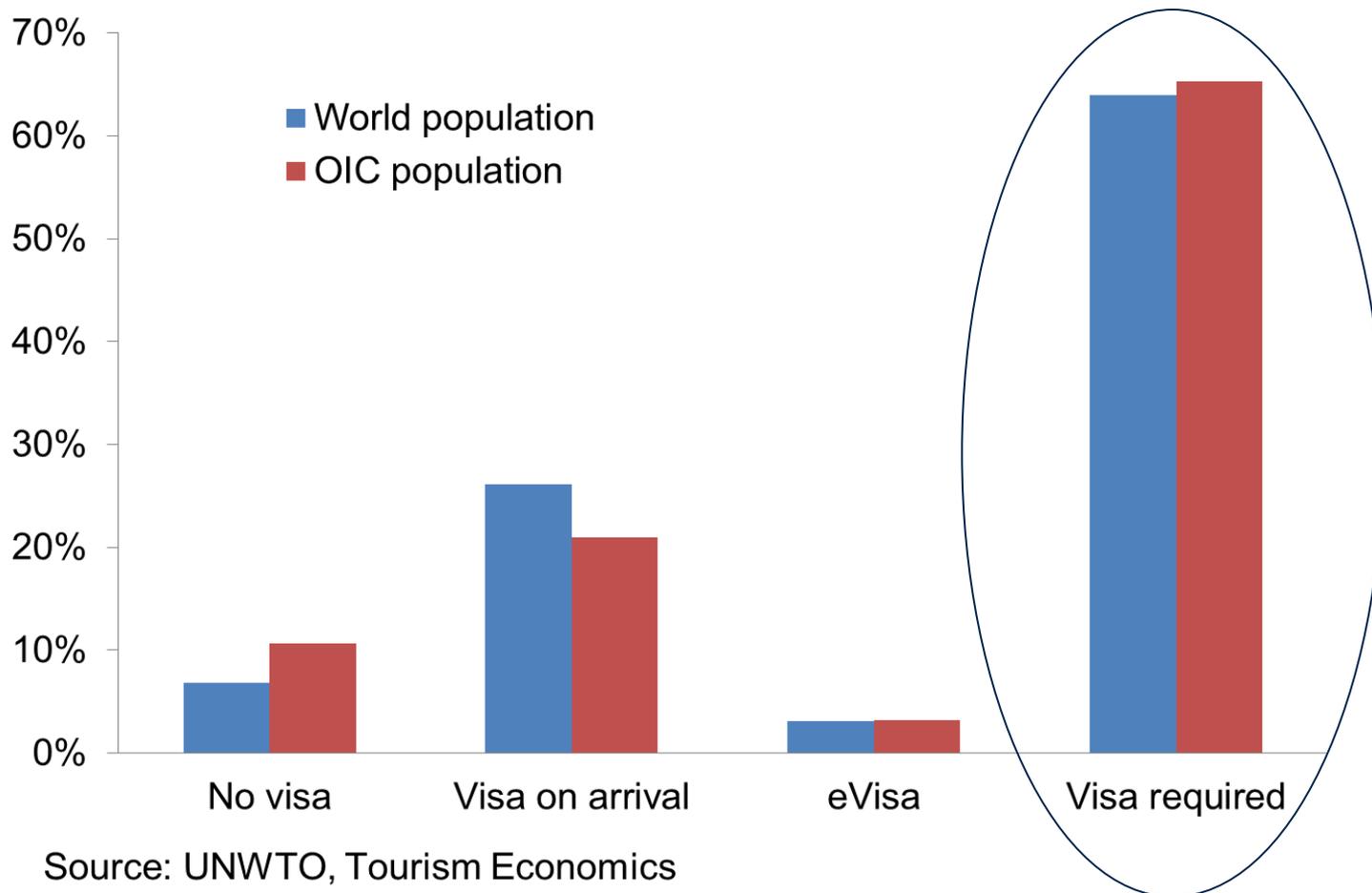


Least Restrictive

# Visa policies of OIC members remain restrictive

## OIC member countries favor traditional visas

Share of population affected by OIC member visa policies, 2014

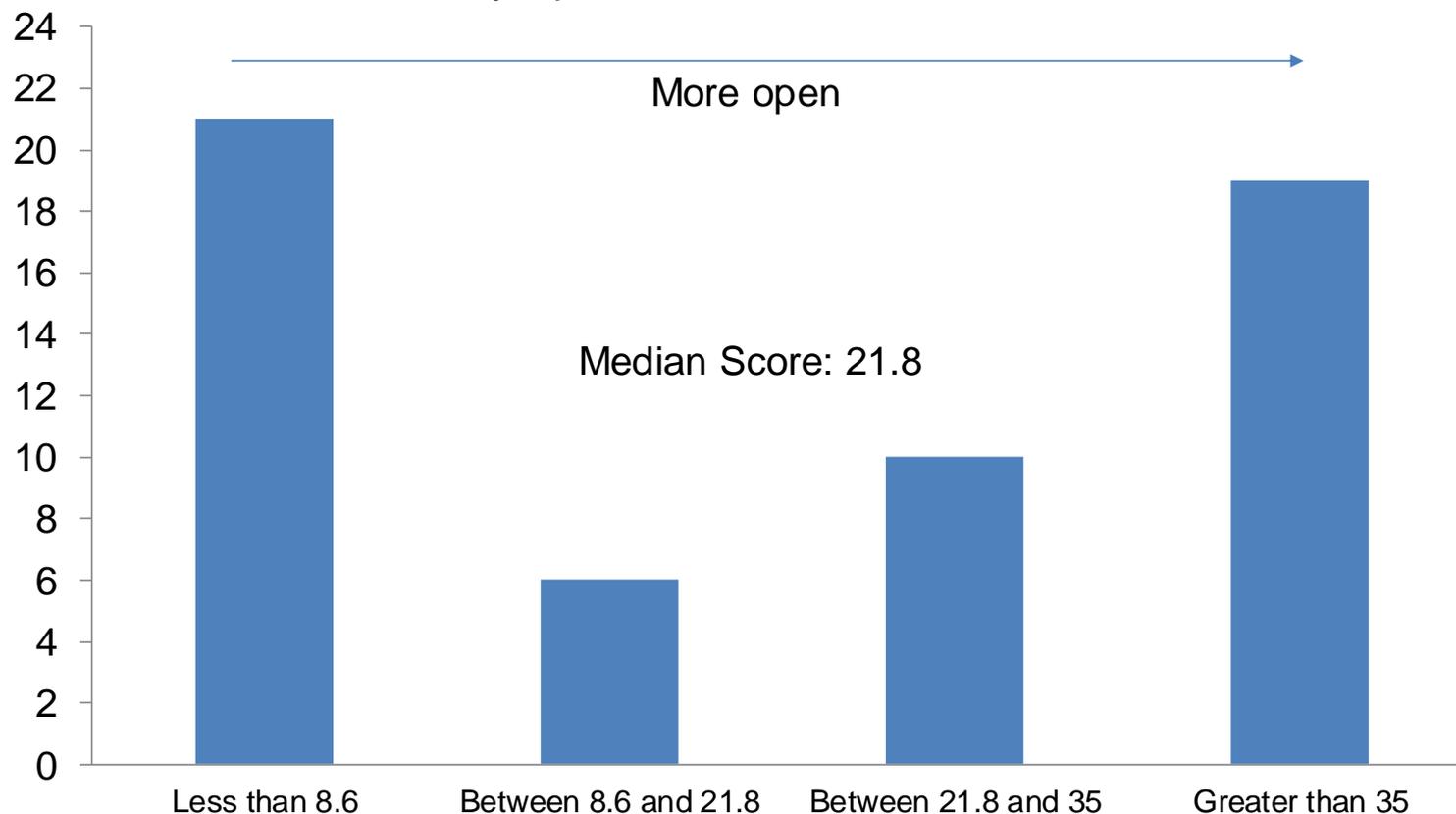


Source: UNWTO, Tourism Economics

# Diversity in Openness scores across OIC

## Openness of OIC Destinations to World Population

Count of OIC destinations by Openness Index Score, 2014

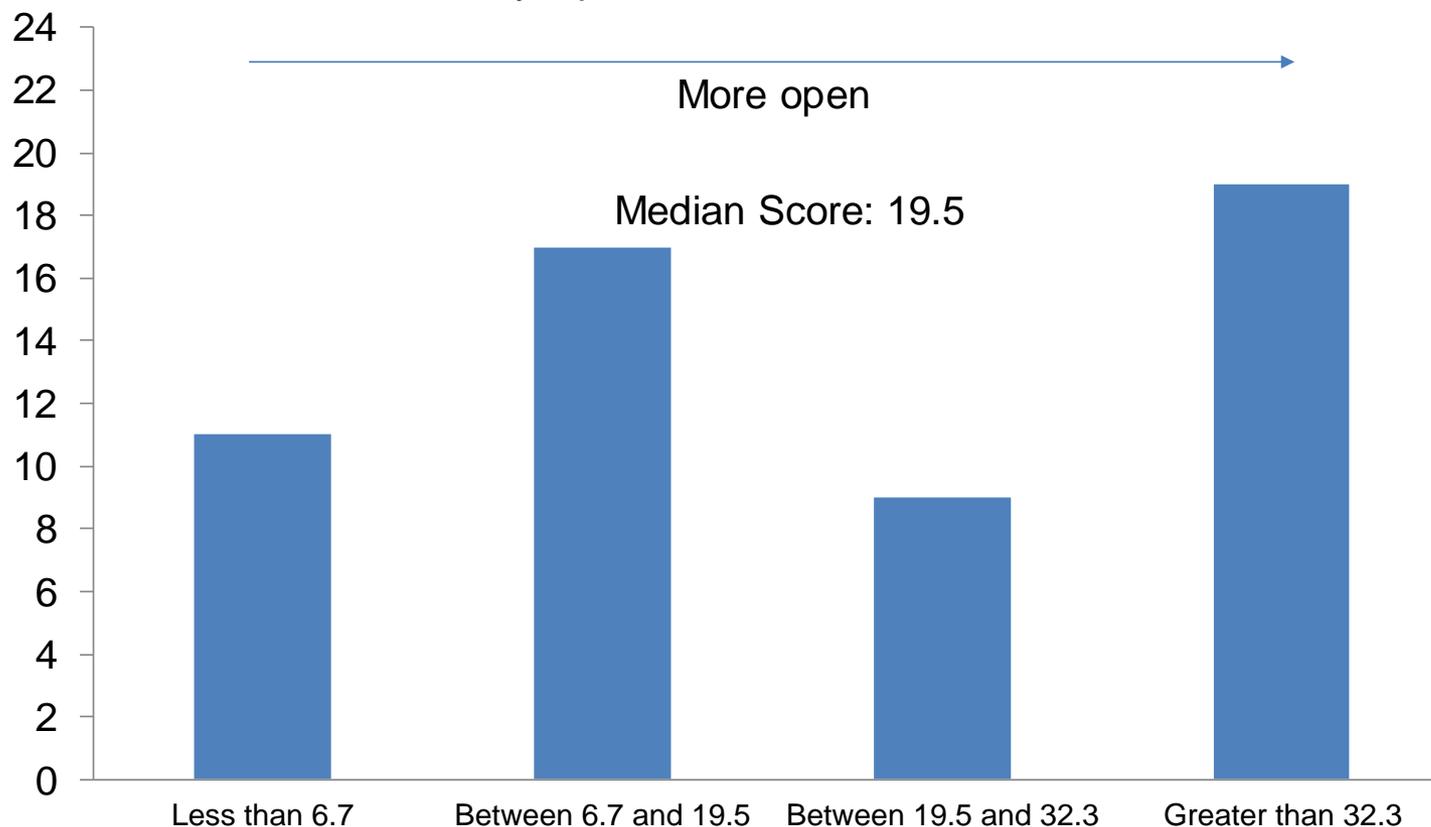


Source: UNWTO, Tourism Economics

# Openness towards OIC source markets also varies

## Openness of OIC Destinations to OIC Population

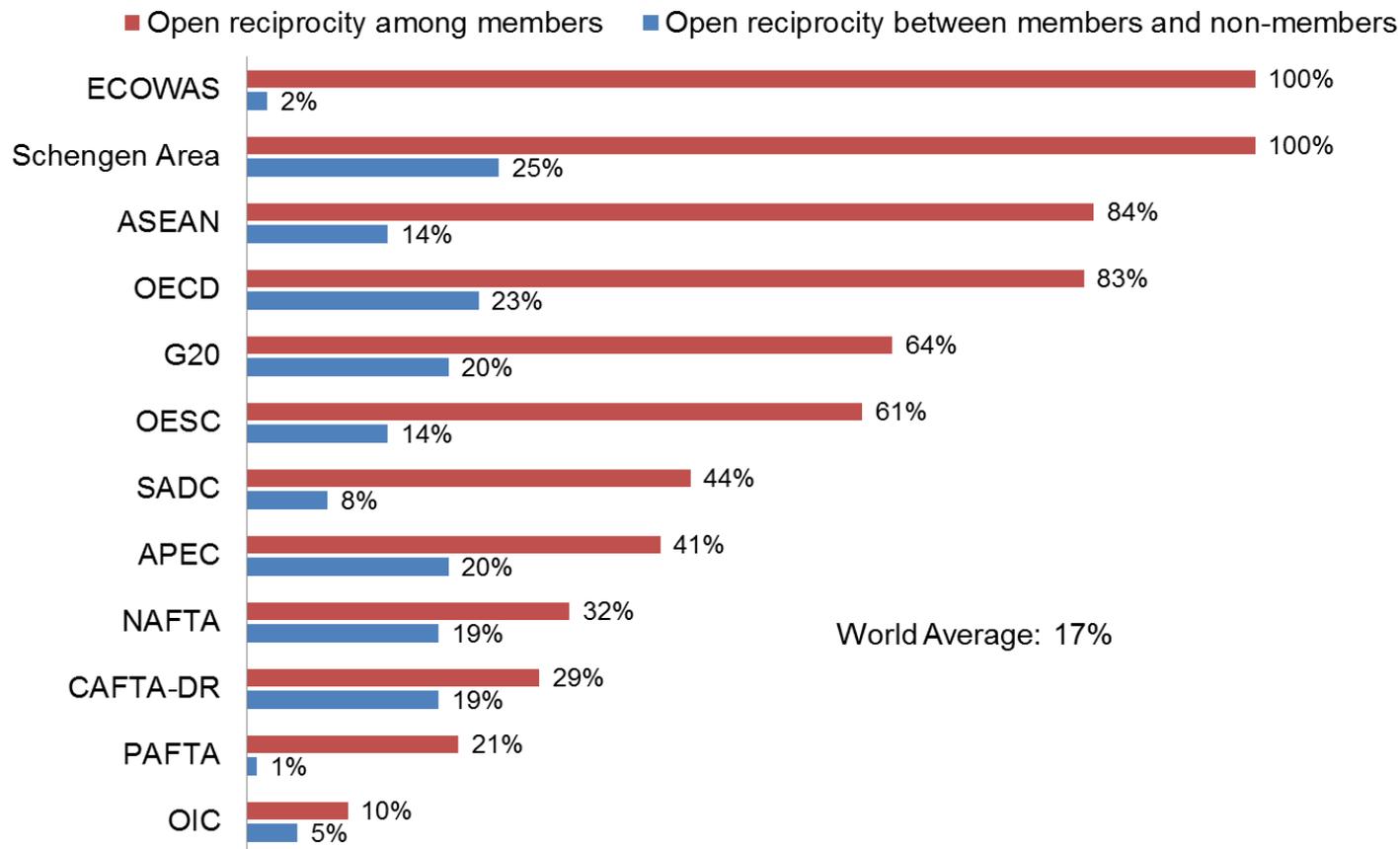
Count of OIC destinations by Openness Index Score, 2014



Source: UNWTO, Tourism Economics

# Travel between OIC members is relatively closed

## Open reciprocity between members and non-members of regional and economic blocs, 2014



Source: World Tourism Organization (UNWTO)©

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# Visa Policy Liberalization: Impacts

# Calculating the impacts of visa facilitation

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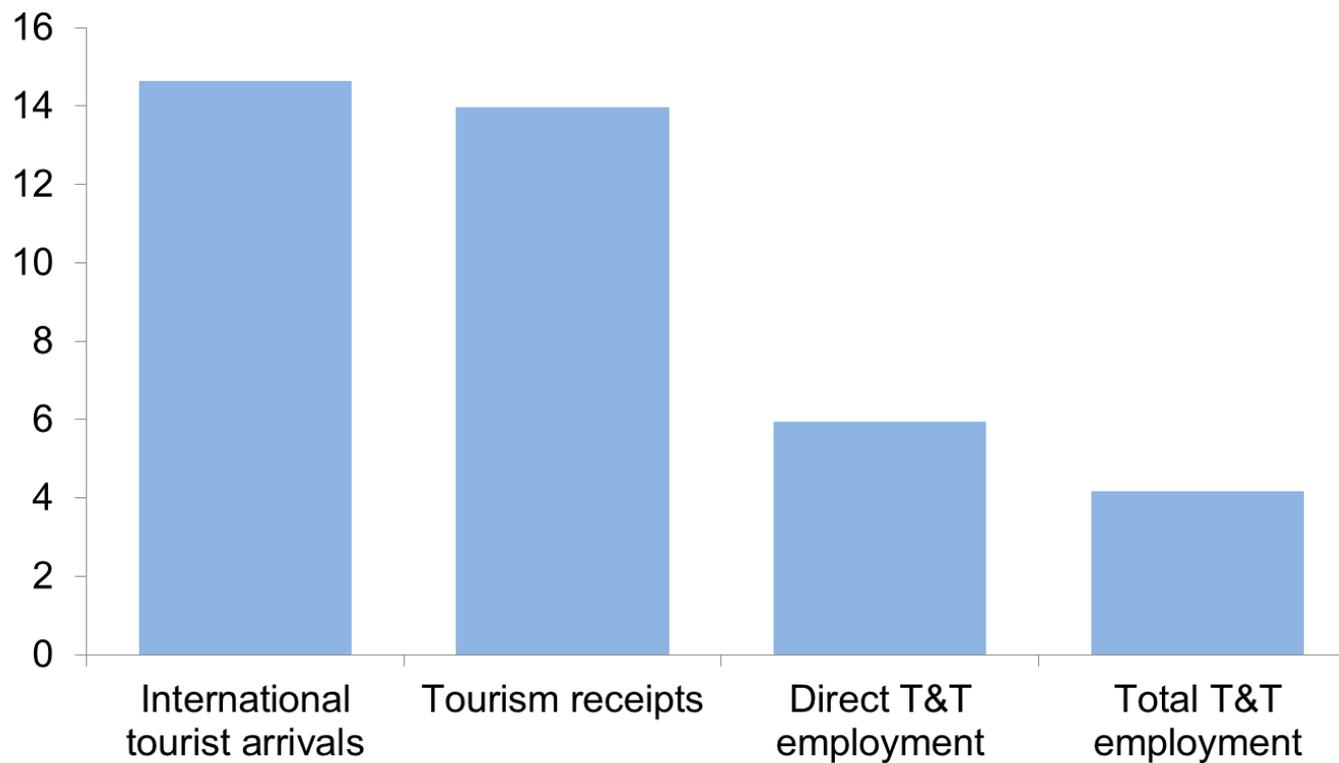
- The model is based on nearly 30 instances of visa reforms implemented by OIC members
- The visa policy effect represents the growth premium in tourist arrivals to a destination country over its respective geographical region
- Using this research, an alternative forecast scenario was constructed in which all OIC members facilitate travel for visitors currently requiring traditional visas (the addressable market) in 2015

# Potential gains from visa policy liberalization

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## Impact of visa facilitation in OIC countries

% increase above current policy scenario forecast, 2015-2020

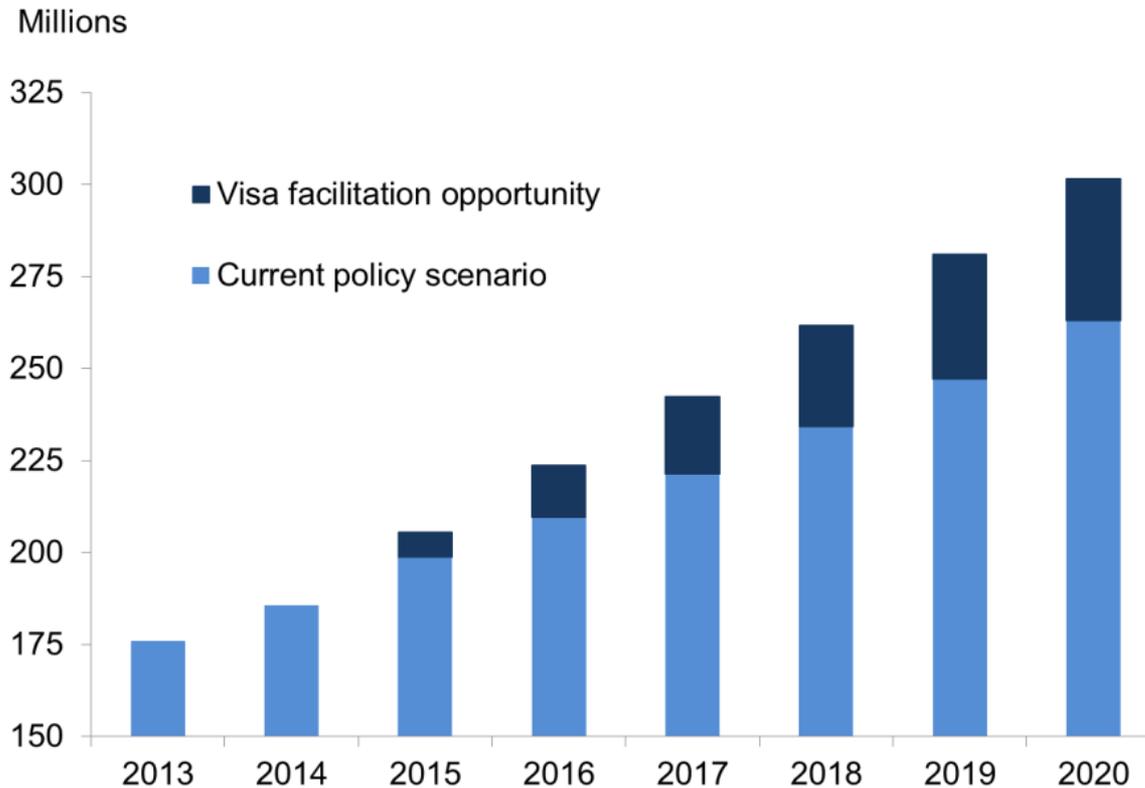


Source: Tourism Economics

# Arrivals benefits of OIC visa facilitation

- 38 million tourist arrivals impact by 2020
- 14.6% gain above baseline forecast

## OIC international tourist arrivals

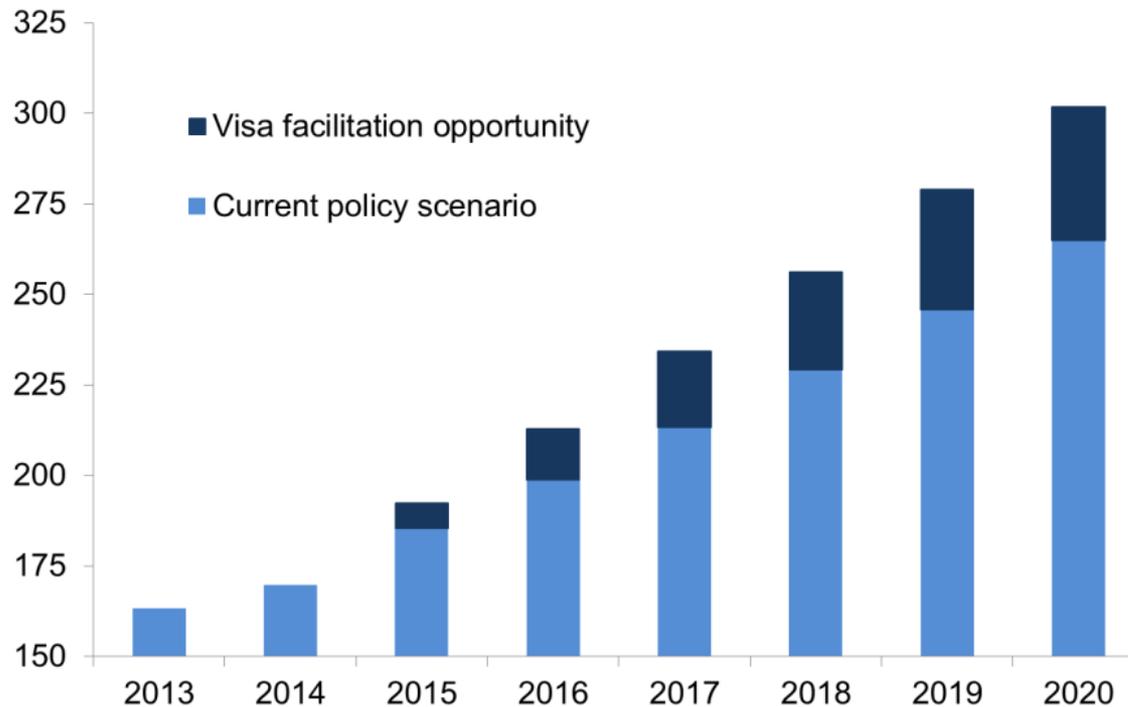


# Spending benefits of OIC visa facilitation

- \$37 billion impact by 2020
- 14% above the baseline forecast

## OIC international tourism receipts

US\$, billions

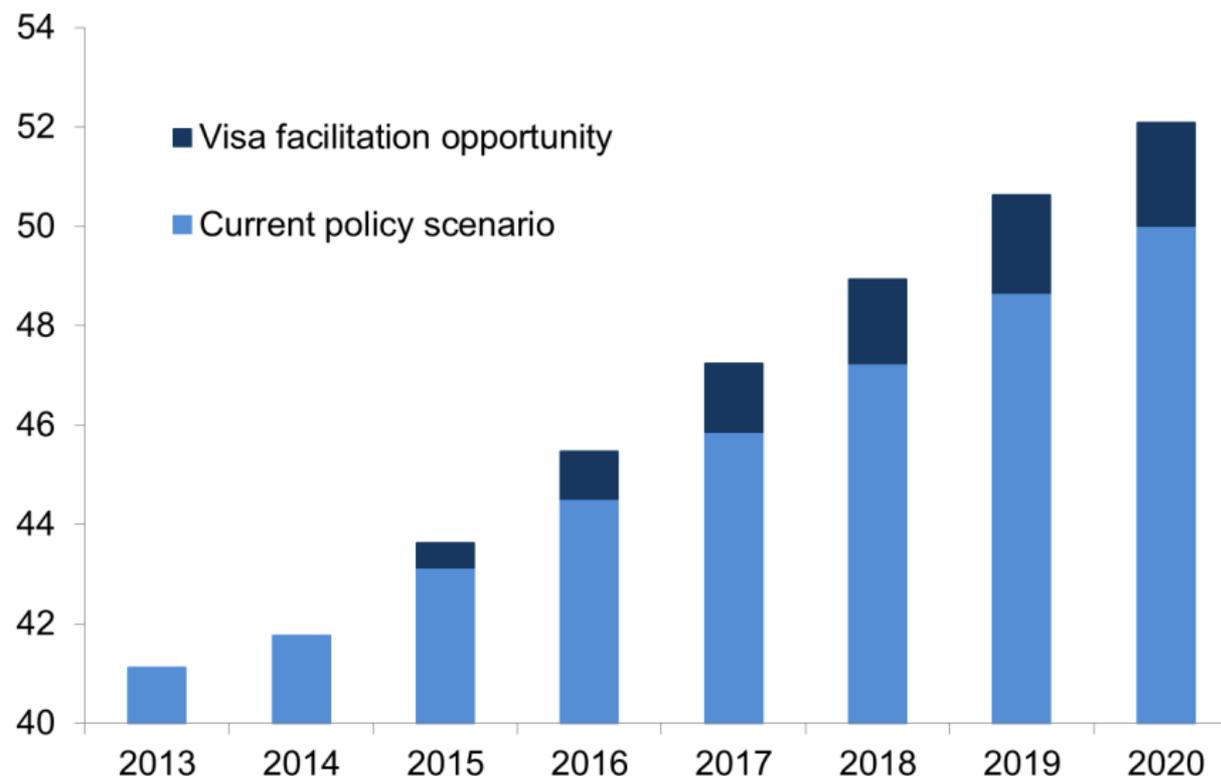


# Employment benefits of OIC visa facilitation

- 2.1 million additional T&T jobs by 2020 including direct, indirect, and induced.

## OIC total travel & tourism employment

Millions



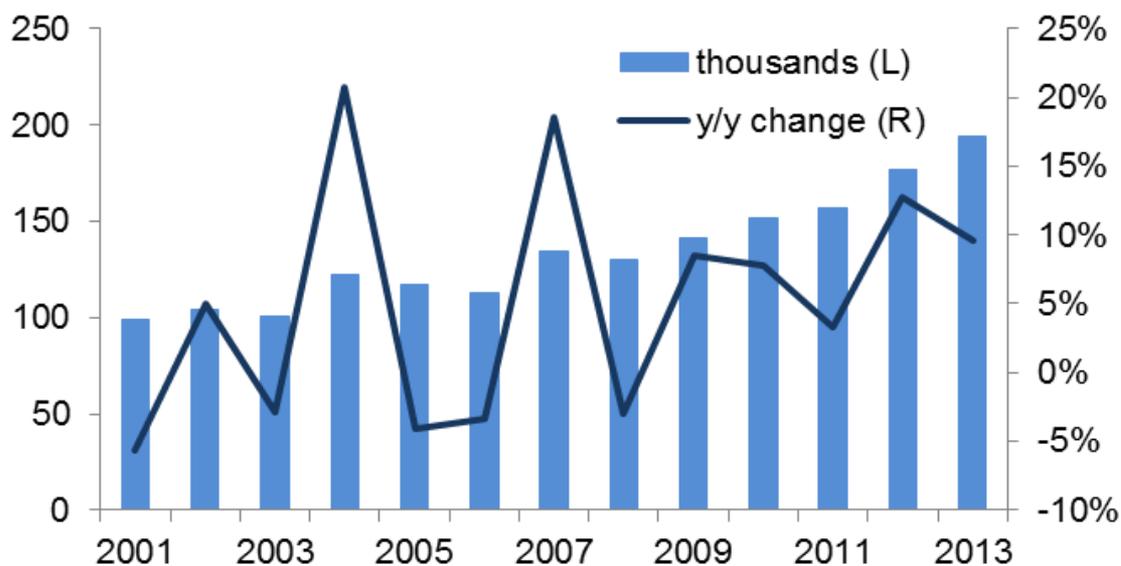
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# Visa Policy Liberalization: OIC Case Studies

# Guyana visa on arrival scheme

- Applied to all visitors in 2012
- Overnight visits grew by 13% that year
- **Lesson: Visa facilitation can enhance visibility of destinations**

## Total inbound tourism arrivals to Guyana



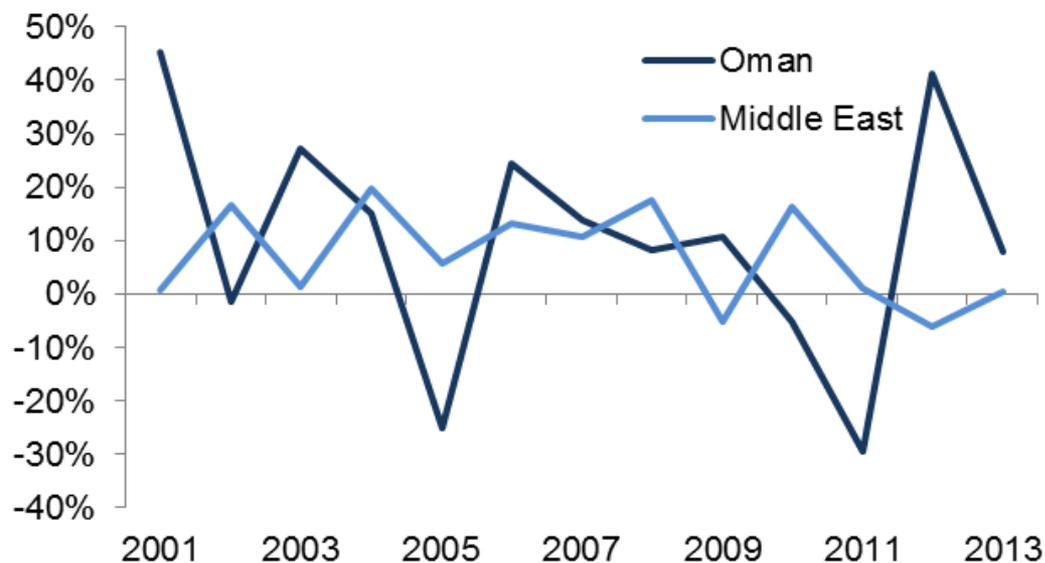
Source: UNWTO, Tourism Economics

Arrivals CAGR (09-14)  
Guyana: 4.8%  
South America: 5.6%

# Oman visa fee reduction

- Oman lowered visas fees by 75% in 2012, after fall in openness. Arrivals jumped 41%, following poor performance
- **Lesson: Lowering visa costs entices travellers to visit**
- **Lesson: Reducing openness hits market share**

## Growth in total inbound tourism arrivals



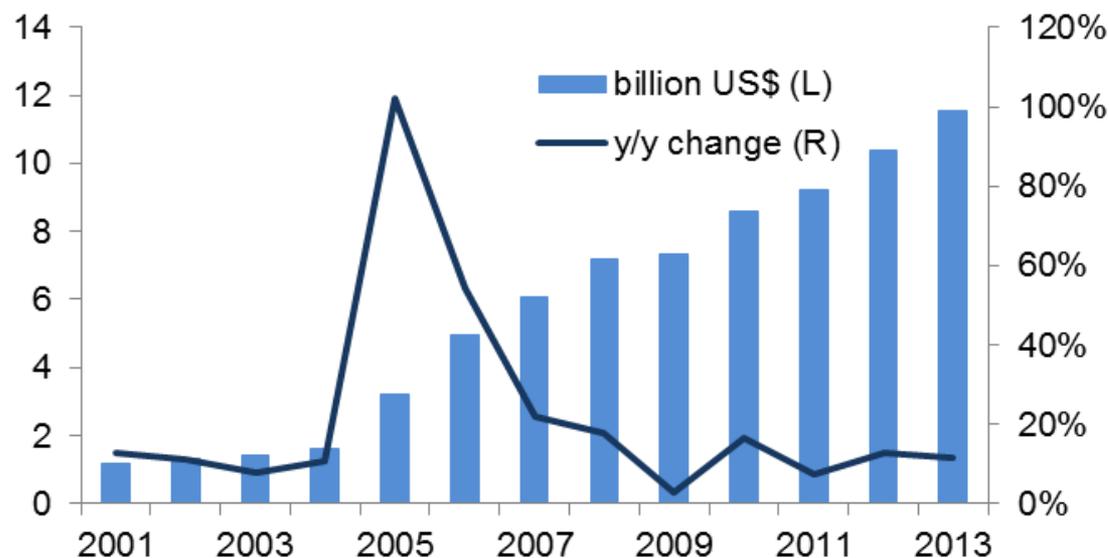
Arrivals CAGR (09-14)  
Oman: 5.9%  
Middle East: 3.2%

Source: UNWTO, Tourism Economics

# UAE multiple-entry visa scheme

- In 2012, extended visa validity for cruise tourists and businessmen
- Spending by tourists grew by 13% in 2012 and 11% in 2013
- **Lesson: Openness can induce private sector investment**

## Total inbound tourism spending to UAE



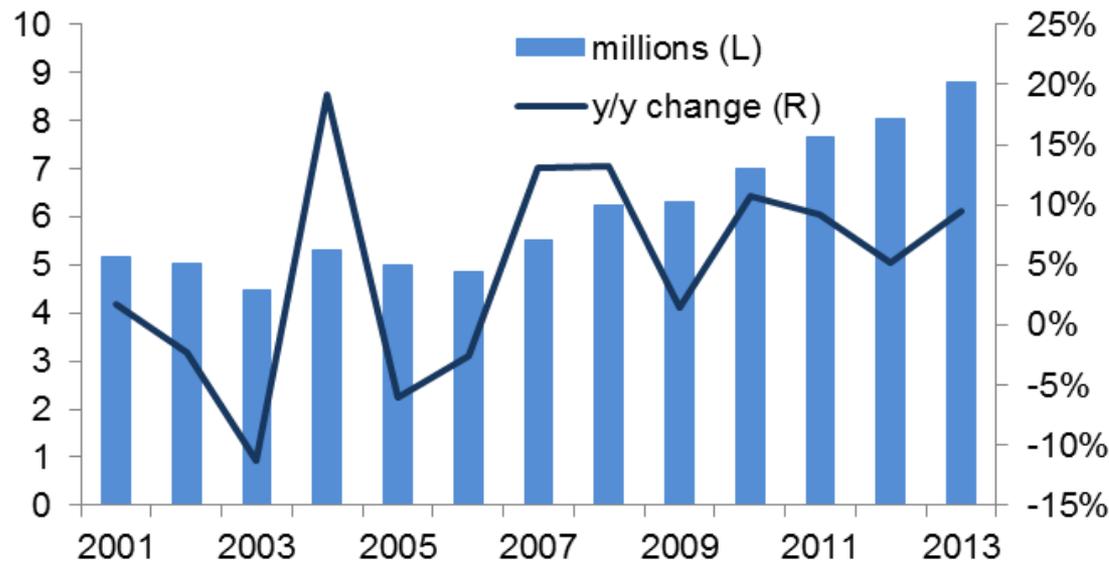
Source: UNWTO, Tourism Economics

Arrivals CAGR (09-14)  
UAE: 10.1%  
Middle East: 3.2%

# Indonesia visa on arrival scheme adjustment

- In 2010, reduced frequency of visa renewals to lengthen visitor stays
- Overnight tourist arrivals to Indonesia grew by 11% in 2010
- **Lesson: Simpler visa processes make visits easier for travellers**

## Total inbound tourism arrivals to Indonesia



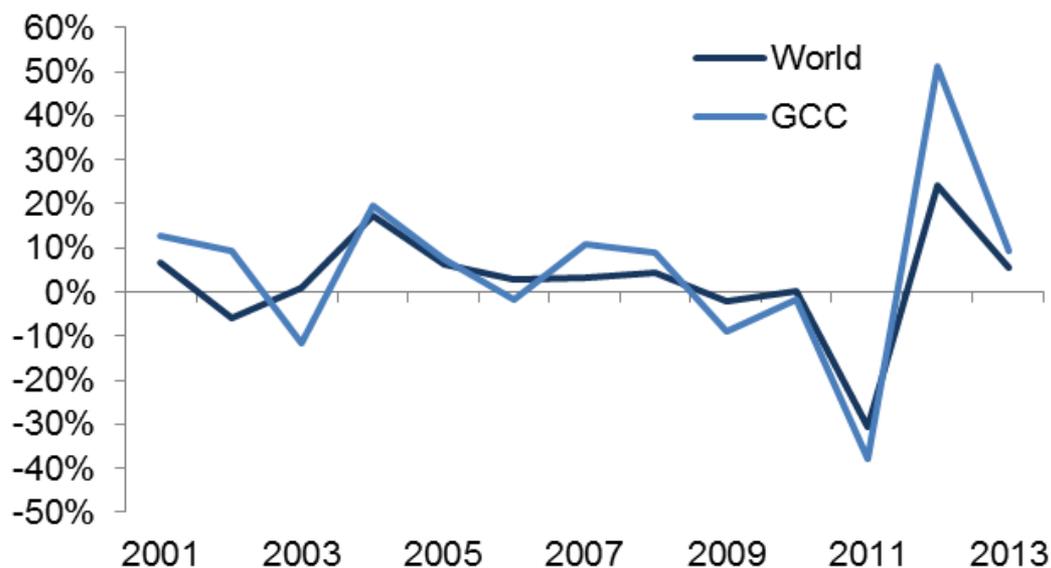
Source: UNWTO, Tourism Economics

Arrivals CAGR (09-14)  
Indonesia: 8.2%  
Southeast Asia: 8.8%

# Tunisia visa waivers for GCC nationals

- Lifted visa requirements for GCC nationals in 2012
- Inbound travel from GCC members has since outpaced rest of world
- **Lesson: Visa facilitation can enhance competitive advantage**

Tunisia tourism arrivals growth by origin



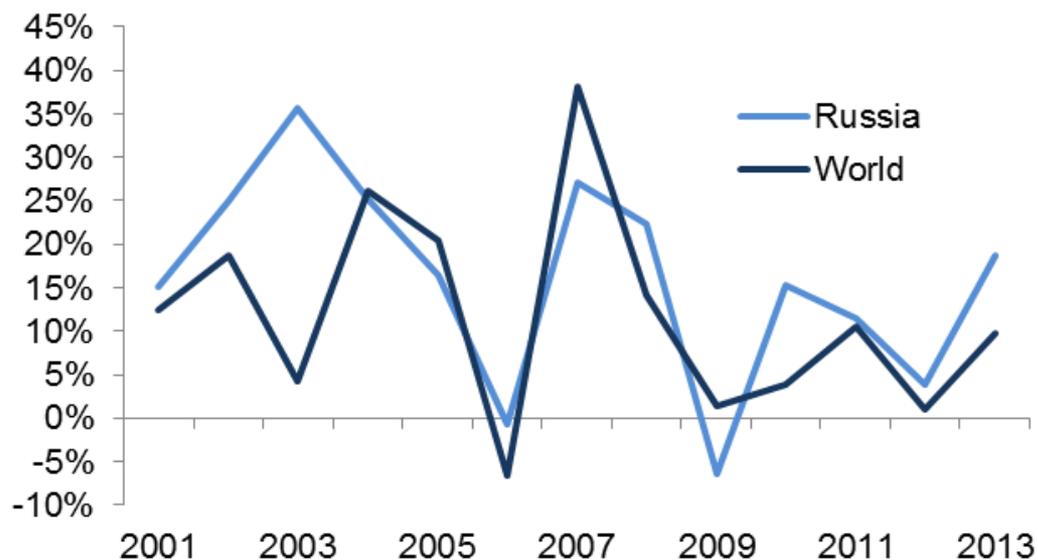
Arrivals CAGR (09-14)  
Tunisia: 3.3%  
North Africa: -1.6%

Source: UNWTO, Tourism Economics

# Turkey-Russia joint visa exemption

- Joint visa-free travel agreement reached with Russia in 2011
- Arrivals from Russia have since outpaced other top source markets
- **Lesson: Open visa reciprocity encourages bilateral travel**

**Growth in tourism arrivals to Turkey by origin**



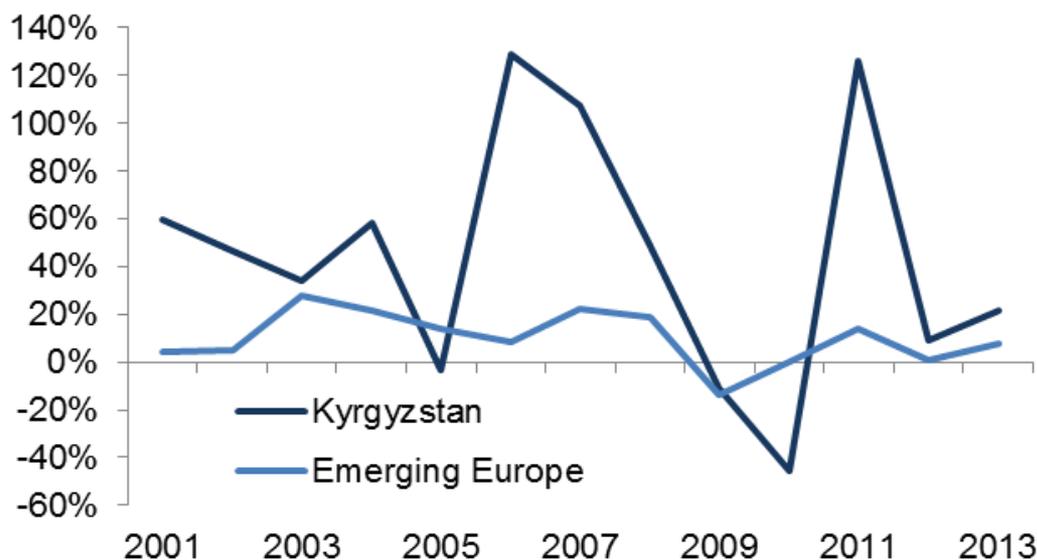
Source: UNWTO, Tourism Economics

Arrivals CAGR (09-14)  
Turkey: 6.8%  
Emerging Europe: 6.0%

# Kyrgyzstan visa exemption expansion

- Granted visa exemptions to 44 new countries in 2012
- Tourism growth has since kept pace with Emerging Europe
- **Lesson: Visa facilitation is a recovery tool**

## Growth in total inbound tourism spending



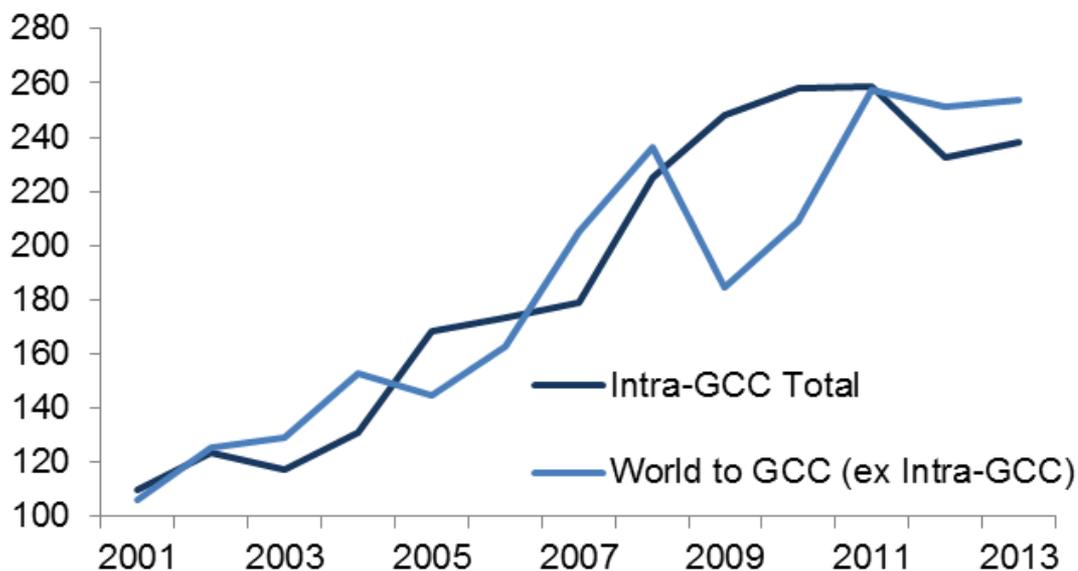
Source: IMF, Tourism Economics

Arrivals CAGR (09-14)  
Kyrgyzstan: 11.0%  
Emerging Europe: 6.0%

# GCC visa facilitation arrangements

- GCC nationals can travel visa-free between GCC destinations
- Intra-GCC travel has grown by 7.1% over the past decade
- **Lesson: Economic and regional blocs benefit from visa cooperation**

**Inbound tourism arrivals (2000=100)**



Source: UNWTO, Tourism Economics

## Lever 2: Aviation development

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- Expanding air capacity is critical in developing a destination's tourism sector and improving its connectedness with global travel networks.
- Air travel is an increasingly vital aspect of global tourism
  - In 2013, 48% of total international arrivals were by air
  - In 1995, just over 36% were by air
- The key methods of expanding air capacity are:
  - Improving aviation infrastructure
  - Creating new air routes between destinations
  - Establishing air service agreements (ASAs)

# Examples of aviation as Travel Facilitation

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- Dubai

- 1930s Open Skies policy made Dubai a key stopping point in the region
- Emirates Airlines emerged as Dubai's primary carrier, bolstering destination's brand with reputation as a premier airline
- The aviation sector represents roughly 14.7% of the UAE's economy, and air passenger traffic has doubled in the last five years

- Abu Dhabi

- Etihad Airlines is developing routes connecting Abu Dhabi with the US, Europe, and Asia, while increasing connections and infrastructure
- Aided by bi-lateral air service agreements (ASAs) and partnerships between Etihad and other airlines

- Turkey

- Turkish Airlines more than doubled number of serviced destinations, supporting rapid arrivals growth at Istanbul Ataturk airport between 2005 and 2014

# Lever 3: Destination marketing

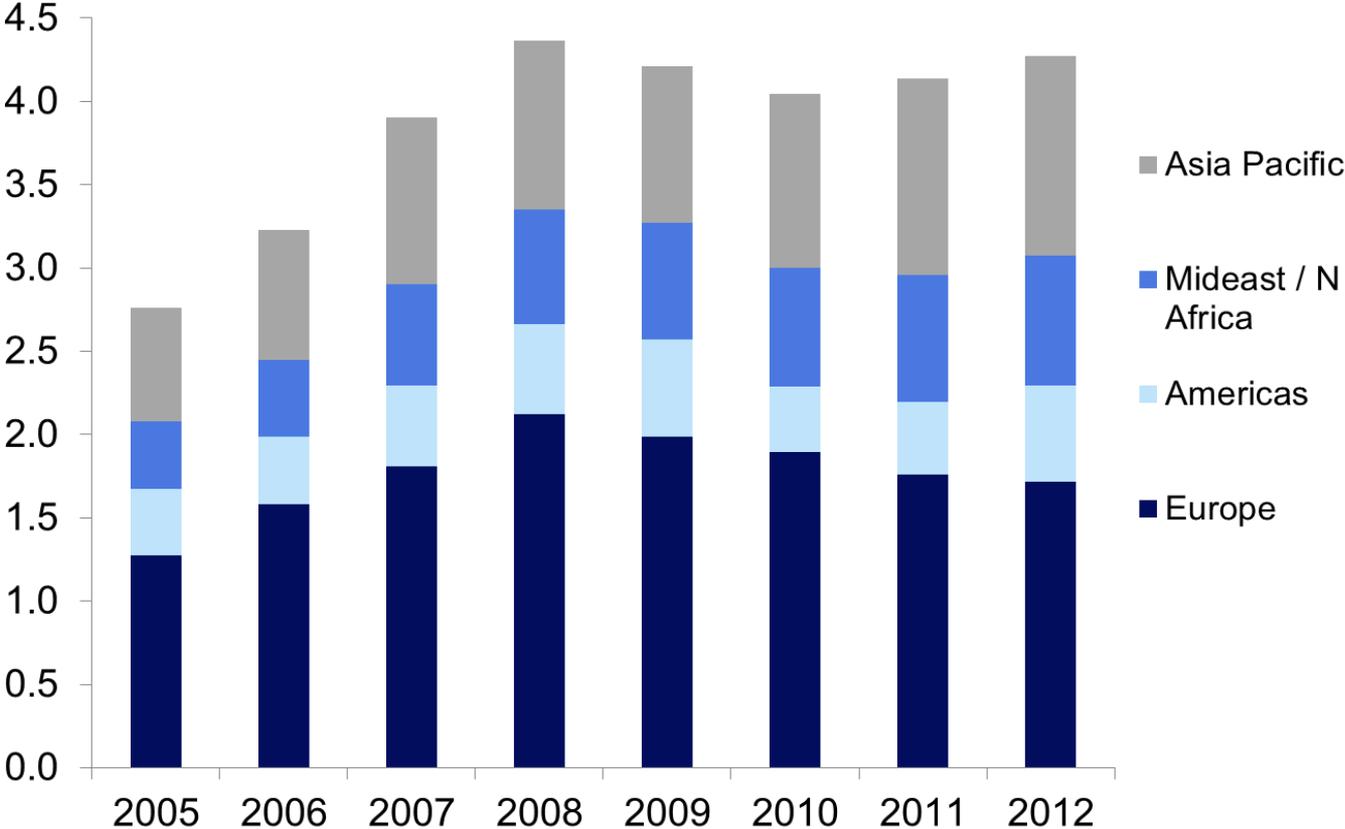
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- The development and marketing of a destination's brand are essential in competing for new visitors and increasing tourism exports.
- Destination marketing is vital for the following reasons:
  - The tourism sector is fragmented
  - Efficiencies of scale are difficult to achieve
  - The essence of the tourism product is complex and multi-faceted
  - Global competition demands destination marketing
  - There is a sizable global travel market opportunity
  - Destination marketing has been historically effective
  - The impacts of destination marketing are catalytic

# Destinations value tourism promotion...

## Global Spend on National Tourism Promotion

\$ billion



Source: Oxford Economics

# ...because tourism promotion works

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- Examples of destination marketing effectiveness:
  - Australia's 'A Different Light' campaign: 64:1 ROI
  - VisitBritain's FY2012/13 marketing efforts: 8:1 ROI
  - Canada's marketing campaigns by market:
    - 13:1 ROI for the United Kingdom
    - 24:1 ROI for Germany
    - 23:1 ROI for the United States
    - 35:1 ROI for domestic Canada visitor markets

# Catalytic impacts of destination promotion

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## Section C:

# Challenges of Travel Facilitation

# Global challenges of facilitating travel

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- Government inefficiency
- Security concerns
- Poor infrastructure
- Restrictive visa reciprocity
- Lack of available funds for destination marketing

# Challenges faced by OIC Member Countries

- Weak global competitiveness
  - OIC members score lower than global average on every pillar of World Economic Forum's Global Competitiveness Index (GCI)

<b>Table 7: Global Competitiveness Index (GCI)</b>		
<b>GCI Pillars*, 2014-2015</b>	<b>World</b>	<b>OIC**</b>
<b>Global Competitiveness Index</b>	<b>4.21</b>	<b>3.89</b>
1st Pillar: Institutions	3.98	3.71
1. Property rights	4.08	3.70
2. Ethics and corruption	3.58	3.27
3. Undue influence	3.54	3.27
4. Government efficiency	3.57	3.51
5. Security	4.62	4.30
2nd Pillar: Infrastructure	4.00	3.41
3rd Pillar: Macroeconomic environment	4.76	4.71
4th Pillar: Health and primary education	5.48	4.90
5th Pillar: Higher education and training	4.20	3.61
6th Pillar: Goods market efficiency	4.35	4.18
7th Pillar: Labor market efficiency	4.19	4.00
8th Pillar: Financial market development	4.02	3.68
9th Pillar: Technological readiness	3.96	3.31
10th Pillar: Market size	3.79	3.56
11th Pillar: Business sophistication	4.06	3.78
12th Pillar: Innovation	3.45	3.08

# Key Challenges for OIC Member Countries

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- Government efficiency
  - Frequent visa policy changes & inconsistent enforcement
  - Long visa approval processes
- Security
  - Travel restrictions & advisories
- Infrastructure
  - Geographical characteristics
  - Lagging development of transportation, utilities, and telecomm
- Restrictive visa reciprocity
  - Visa restrictions put in place to reciprocate those of origin markets

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# Section D: Recommendations

# Facilitate travel through improved visa policies

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- Improve the communication of visa requirements to travellers
- Increase the efficiency of visa application processes
- Facilitate travel for tourists who currently require traditional visas
- Promote reciprocally open visa policies
- Grant visa-free travel between OIC member countries
- Foster cooperative global travel facilitation and create a joint-OIC visa

# Engage in destination marketing

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- Build transportation infrastructure and connections to new markets
- Invest in targeted destination marketing campaigns
- Develop a destination profile
- Promote the tourism product to new and existing markets

# Create new air routes & increase airline capacity

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- Develop new air routes
- Promote more liberal ASAs among OIC member countries
- Partner with airlines to expand access to visitor markets
- Incorporate airlines into the destination's tourism profile
- Increase airport capacity
- Utilize Public-Private Partnership (PPP) solutions



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