

Vietnam's short-term business and tourist visa regime is not competitive

Background: Visa validity between countries is based on the concept of reciprocity. Currently, Vietnamese short-term business travelers and tourists (visa category B1/B2) are accorded 12-month, multiple entry visas to enter the United States, while the maximum validity for similar visas for U.S. travelers to Vietnam is three months, multiple entries. Vietnam's new immigration law, which took effect on January 1, 2015, did not extend visa validities for short-term business travelers and tourists beyond three months. Vietnam has also not included the United States from a limited visa waiver program under which it admits visitors for 15 days without a visa. In addition to the ASEAN countries, citizens from Denmark, Finland, Japan, Norway, Russia, the Republic of Korea, and Sweden benefit from this program. We understand that Vietnam is currently considering approving additional countries for the program, but the United States is not among them. The United States and Vietnam are working to conclude Trans-Pacific Partnership (TPP) negotiations in 2015. Of the other 11 TPP countries, however, only Vietnam requires visas of U.S. short-term business travelers and tourists (see chart).

A simplified visa regime would help Vietnam reach its tourism potential

- Tourism supports approximately 8% of Vietnam's workforce
- The World Travel and Tourism Council (WTTC) ranked Vietnam 16 out of 184 countries in the potential for long-term growth in the tourism sector
- Tourism to the ASEAN countries of Thailand and Cambodia with well-established visa on arrival procedures has increased at a greater rate than that of Vietnam
- Foreign independent travelers, primarily those from North America and Europe, spend more per person
- In 2012, Americans tourists spent nearly \$127 billion overseas
- A report by the World Tourism Organization and the WTTC estimated that Vietnam could increase the number of tourist arrivals by 8-18% by simplifying its visa regime
- In 2014, 443,776 U.S. citizens visited Vietnam, the fourth highest country, and spent approximately over \$500 million in Vietnam.
- Arrivals from countries with visa waiver have increased more than those from countries requiring a visa:

	<u>2013 over 2012</u>	<u>Increase in 4 months 2014 over 2013</u>
<u>Visa Waiver:</u>		
Japan	4.8%	8.5%
Korea	6.8%	6.7%
Russia	71.1%	37.4%
 <u>Non Visa Waiver</u>		
Germany	-6%	-8.4%
France	+4%	-4.4%
Holland	+2%	+3%
Australia	0%	+10%
USA	0%	-2.6%

A simplified visa regime could bring more investment

- The U.S. has 712 operational investment projects in Vietnam with the total registered capital of nearly US\$11 billion, and is Vietnam's largest single export market with \$28.5 billion exported to U.S. in 2014, up 19.6% over 2013. Visa restrictions run counter to increasing this bilateral trade and investment.
- The reduction of visa validities is counter to enhancing U.S. – Vietnam economic ties, and could impact future FDI projects.
- The United States is the largest investor in ASEAN. In Vietnam, where Americans require visas, the United States is only the seventh largest investor.
- Potential for more executives from companies invested in the region to look at opportunities in Vietnam if they could make quick and easy trips.

Sources: VBF 2013, 2014; World Bank;