



Date: September 11, 2014

To: Deputy Prime Minister Vu Duc Dam
Head of National Tourism Steering Committee
Ministry of Culture, Sports and Tourism
Ministry of Transportation
Vietnam National Administration of Tourism

Re: Recommendations on Visa Policy to Promote Visitors to Vietnam

We understand that recently the Ministry of Transportation (MOT) recommended to extend visa waivers to several additional countries, in a letter No. 8375/BGTVT-HTQT, dated 11 July 2014 and that the Ministry of Culture, Sports, and Tourism made a similar recommendation in a letter No. 2616/BVHTTDL-TCDL, dated 6 August 2014. The objective is to increase business and leisure visitors from a number of promising source markets, and to promote air transportation and business and leisure travel in the current situation, where arrivals from some important markets may have decreased.

We in AmCham would like to offer our support for the recommendations made by the Ministry of Transport and the Ministry of Culture, Sports, and Tourism.

As we understand it, Vietnam's current visa waiver system is applied to (1) citizens of ASEAN member countries, who are exempt from visas for stays of up to 30 days; and also to (2) citizens of Denmark, Norway, Finland, Sweden, Japan, South Korea, and Russia, who are exempt from visas for stays of up to 15 days.

We believe that Vietnam's current visa waiver policy has been successful. Through July 2014, international arrivals to Vietnam have increased by 15.6% over the same period in 2013, reaching about 4.9 million visitors. Of these, 41% are under Vietnam's current visa waiver program. The arrivals from Norway and Denmark both increased by 12% year-to-date through July 2014. South Korea and Japan have also sustained their dominance in Vietnam's travel market and remain the top two origins for foreign travellers.

According to reports published by the World Tourism Organization (UNWTO) and the World Travel & Tourism Council (WTTC), 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 will choose an alternate destination with less hassle.

The report recommended that countries extend visa facilitation and move to a visa on arrival system, which could help generate between 6 to 10 million additional international tourist arrivals for ASEAN Members States by 2016. These extra arrivals would bring in between USD7-12 billion in additional international tourism receipts and create between 333,000 to 654,000 new jobs by 2016.

The report also highlighted that Vietnam could potentially increase tourism arrivals by 8-18% by 2016, if it were to move to a program of visa waivers and visa facilitation (i.e. visa-on-arrival).

Many ASEAN countries that are key destinations already apply broad visa waiver / exemption systems. **Thailand welcomed 26.7 million international arrivals** in 2013 and waives visa requirements for citizens from 61 countries, including 49 cases of unilateral exemption. **Malaysia received 25.72 million international arrivals** in 2013 and waives visas for citizens from 155 countries, including 85 cases of unilateral exemption. **Singapore received 15.6 million international arrivals** in 2013 and waives visas for citizens of 150 countries, including 82 cases of unilateral exemption.

In 2013, Vietnam received approximately 7.6 million international visitors. While this is a 10% increase year-over-year, the number is far below our regional peers. The key rationale for broadening Vietnam's visa waiver system is to increase the country's competitiveness as a travel destination and to grow the industry's contribution to economic and social development in Vietnam.

In Vietnam, the average spend for tourists ranges from USD1,200 to USD2,500, depending on origin and type of visitor. The increase of international travellers will lead to a direct economic benefit much greater than the visa fee itself. Additionally, spending by international tourists benefits both private and public sectors via direct revenue and tax collections, respectively, but also contributes to an increase in demand for complementary products and services (e.g. transportation, food and beverage, arts and crafts, etc.), greater levels of employment, attraction of foreign direct investment (FDI), and positive social benefits for the larger community.

AmCham welcomes and highly evaluates the initiative by the Ministry of Transport and the Ministry of Culture, Sports, and Tourism. We also would like to recommend that the Government consider extending the visa waiver policy to facilitate business as well as leisure travel.

The recommendations regarding expanding Vietnam's visa waiver policy will certainly aid the government to achieve its objectives for the industry, as identified in the *Vietnam Tourism Development Strategy to 2020, Vision 2030*.

We believe that Vietnam's visa policies are key criteria for the industry's success and would welcome an opportunity to meet with the MOFA, MOT MCST and VNAT to further discuss its proposal for extending visa exemptions to several source markets. Our members are experienced industry practitioners and are eager to assist Vietnam's government and business in strengthening the industry.

Respectfully yours,

/signed and sealed/

Gaurav Gupta
Chairman, AmCham Vietnam
Hanoi Chapter

/signed and sealed/

Marc Townsend
Chairman, AmCham Vietnam
HCM City Chapter

cc Government Office
Ministry of Foreign Affairs
Tourism Advisory Board
Tourism Working Group of the Vietnam Business Forum
Vietnam Chamber of Commerce & Industry (VCCI)
Vietnam Tourism Association
Chairman, People's Committee of HCM City
Chairman, People's Committee of Binh Duong
Chairman, People's Committee of Dong Nai
Chairman, People's Committee of Ba Ria – Vung Tau
Chargé d'Affaires of the United States to Vietnam
Consul General of the United States to Vietnam