COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

Implementation and development of the common visa policy to spur growth in the EU
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Implementation and development of the common visa policy to spur growth in the EU

Today, the Commission is invited to adopt two important texts in the area of visa policy:

- A proposal for a Regulation amending the lists of visa requiring and visa exempted third countries (Regulation 539/2001); and
- A report on the functioning of the Local Schengen Cooperation.

This is the occasion, in light of the Declaration of the 4th T20 meeting held in Mérida, Mexico, on 16 May 2012 and endorsed by G20 Ministers, to consider the economic impact of visa policy on the wider EU economy, and in particular on tourism, and to explore how this can be taken into account to ensure greater coherence with the growth objectives of the Europe2020 strategy.

A smarter visa policy should continue to provide security to our external borders and the good functioning of the Schengen area whilst at the same time facilitate travel opportunities for legitimate travellers, including tourists. A lot can be achieved already within the present legal framework of the Visa Code.

Given the current economic downturn we should strive to increase tourist flows to Europe. The US, for example, although very security sensitive has already recognised the potential economic gains from visa facilitation and has enacted recently a national strategy in this regard1. In the EU we have recently had calls from the Ministers of Tourism of Italy, Ireland2 as well as German authorities for visa facilitation measures to be undertaken.

This paper is meant to initiate such a debate at EU level. First, it identifies certain shortcomings in the implementation of current procedures and explores initiatives that could be envisaged to ensure an optimised implementation of the Visa Code. Second, it also suggests some ideas towards future amendments of the visa rules that should be further explored.

1. Impact of visa facilitation on EU tourism industry

Tourism has become one of the biggest generators of employment and earnings in the European Union and a key driver for economic growth and development. The total contribution of travel and tourism to employment is estimated at 18.8 million jobs in 2011 and is likely to rise to 20.4 million jobs by 2022. Foreign visitor spending amounted to USD 423 billion in 2011 and is expected to grow to USD 547 billion in 20223.

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1 Executive Order of President Obama of 19 January 2012. The "Visa Improvements to Stimulate International tourism to the United States of America Act" is currently being discussed in the US Congress.
2 Ireland does however not participate in the EU's common visa policy.
3 World Travel & Tourism Council, Travel & Tourism Economic Impact 2012, European Union.
However, there is a large untapped potential for growth from tourists from emerging markets. The number of tourists visiting Europe from Brazil and Russia has doubled in recent years and tourist flows from China and India are increasing rapidly too. This is also clear from the visa statistics: around 460 000 Schengen visas were issued in India in 2011; the number was 340 000 in 2007. In China, there is also a significant increase, from 560 000 visas issued in 2008 to 1 026 000 in 2011. In Russia around 5 152 000 visas were issued in 2011, against 3 500 000 in 2007. This is a world-wide trend. So far this year, the number of US visa applications from Chinese and Brazilian nationals in 2011 has increased by about 40%.

It is felt that more can be done. We should aim at substantially increasing tourism flows from those countries presenting a high tourist generating potential as well as a growing purchasing power from a greater segment of their populations. Yet market estimates indicate that 21% of potential tourists from emerging markets give up their travel plans to Europe due to visa requirements.

Research by Tourism Economics on the impacts of visa facilitation on job creation in the G20 economies (May 2012) reveals, by use of model data based on the benefits observed in historic policy changes in several countries, that visa facilitation has historically increased international tourist arrivals of affected markets by 5-25%. This generates income and has an immediate and direct effect on employment.

According to Tourism Economics estimates based on different scenario’s, the EU-Schengen area has the potential to gain between 8 and 46 million additional inbound international tourists by 2015 if the flexibility in the current visa rules is fully exploited, which could generate an additional income of between EUR 11-60 billion in international tourism receipts (exports) and create between 100 000 to 500 000 additional jobs directly in the tourism sector. According to these same Tourism Economics estimates, total job creation (including both indirect and induced impact) could reach between 200 000 and 1.1 million by 2015.

The cruise industry also represents a segment that merits consideration. Despite the economic slowdown, the total contribution of the global cruise industry to the European economy rose to a record EUR 36.7 billion in 2011 (from EUR 35.2 billion in 2010). An estimated 5.6 million passengers embarked in Europe alone (a 7.1% increase over the previous year). Cruise ships have also brought an estimated 14.3 million crew to European ports, of which an estimated 5.7 million disembarked and made purchases totalling an estimated EUR 120 million. It should be ensured that Member States continue to issue multiple entry visas to...

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4 Of these 4 emerging countries, Brazil is the only one whose citizens do not need a visa to enter the Schengen area at present. There are however visa facilitations already in place for Russian travellers, formalised in a Visa Facilitation Agreement which is currently being upgraded.
6 ETOA Origin Market Report 2010 “Europe: Open for Business?”.
7 Tourism Economics, Report on “The Impact of Visa Facilitation on Job Creation in the G20 Economies”, May 2012 (report prepared for the 4th T20 Tourism Ministers’ Meeting, Mexico, 15-16 May)
8 USA Visa Waiver Programme Expansion, Australia ETA Program, UK visa policy for Taiwan and South Africa, India visa on arrival program, Canada visa policy for Mexico, Republic of Korea's visa policy for China,
9 EU-Schengen = AT, BE, CZ, DE, DK, EE, EL. (GR), ES, FI, FR, HU, IT, LT, LU, LV, MT, NL, PL, PT, SE, SI, SK and 4 Non-EU associated countries: CH, NO, IS, LI.
cruise tourists and crew members so that their expenditure in European ports and the cruise industry's overall contribution to the European economy continues to grow.

Already in 2010, the Commission stated that it would examine the various possibilities and instruments under the policy on visas and external border crossings in order to make optimum use of them. The following year the EP invited the Commission to come up with a more coordinated and simplified visa procedure. The impact of visas policy on tourism flows has also been addressed by EU Tourism Ministers in Madrid in 2010 and in Krakow in 2011.

More recently, this subject was on the agenda of the Tourism Ministers meeting of the G20 (the so-called T-20) in Mérida, Mexico on 16 May. On that occasion, a declaration focusing on "Tourism as a means to job creation" was adopted. It recognises that visa facilitation processes could lead to an additional USD 206 billion in revenue while creating 5.1 million new jobs in G20 countries. Therefore, the T-20 Declaration asks, inter alia, for bilateral, regional and international cooperation on visa and other travel facilitation arrangements to allow international visitors to move more freely and efficiently. This is indeed something that the Schengen area is already contributing to and should further improve in order to boost economic activity and job creation.

Visa facilitation will not only bring economic benefits but it will also make it easier for EU citizens to be joined by their non-EU family members and travel within the EU.

It is now the time to explore how the EU can push forward with concrete action in this regard.

2. Visa facilitation improvements under the Visa Code

Compared with the situation before its adoption, the Visa Code represents a fundamental progress in that it greatly improves the visa procedures.

The more substantial improvements include: clear time limits for the main steps, the harmonisation of procedures, the regulation of outsourcing to external service providers, the possibility of establishing common application centres, the determination of cases when multiple entry visas should be issued, the motivation of visa refusals and the possibility to appeal such decisions, the requirement to provide application forms in the language of the host country, and the legal obligation to establish local Schengen cooperation.

If correctly implemented, the Visa Code greatly modernises and standardises the visa procedures. There is, however, room for improvement, as the optimal implementation of the Visa Code has not yet been achieved across the board.

The EU tourism industry identified the following measures, related to provisions of the Visa Code, to facilitate visa issuing procedures. Most of these obstacles can be removed by a correct implementation by Member States' consulates of the Visa Code to be monitored by the Commission:

1) **Time limit for granting an appointment**

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11 COM (2010) 352 final "Europe, the world's No 1 tourist destination – a new political framework for tourism in Europe", section 5.4.

→ Enforce the 15 days deadline for granting an appointment in accordance with Art. 9 (2) of
the Visa Code;

2) **Applications by commercial intermediaries**

→ Make better use of the possibility to introduce visa applications through commercial
intermediaries (travel agents, for example, if they are trustworthy), without prejudice to the
Visa Information System (VIS)\(^{13}\), in accordance with Article 9 (4) of the Visa Code.

3) **Time limit for a decision**

→ Enforce the 15 days deadline for a decision on the visa application in accordance with
Article 23 of the Visa Code also before peak holiday periods;

4) **Availability of the required forms in the required languages**

→ Ensure that in all consulates application forms are available in the language of the host
country in accordance with Article 11 (3) of the Visa Code;

5) **Supporting documents**

→ Assess the need for a common reduced list of supporting documents in Local Schengen
Cooperation;

6) **Validity and multiple entry visas (MEVs)**

Since the entry into force of the Visa Code, there has been an important increase in the
number of MEVs issued (34% in 2010, almost 39% in 2011). However, there is room for
further improvement of the mandatory issuing of MEVs with a long period of validity
(between 6 months and 5 years) under the conditions defined by Article 24(2)(a) and (b) of
the Visa Code and of the issuing of visas with a shorter period of validity but with multiple
entries under Article 24(1).

7) **Treatment of visitors**

→ Improve accessibility of the offices by the public, in particular in terms of improved
consular presence through the territory of the third country concerned. In this respect, the
establishment of new Visa Common Application Centres should be encouraged.

Some Member States and several third countries already have introduced visa facilitation
measures to facilitate the issuance of visas (see Annex).

In this context, **Local Schengen Cooperation (LSC)** is essential for the harmonised
implementation of the common EU visa policy and the EU Delegations' involvement is
indispensable to ensure coherence and continuity in the area of mobility which is of
increasing importance in the overall external relations.

\(^{13}\) Such intermediaries cannot collect biometric identifiers, so first-time applications under the VIS would
need to appear in person at a consulate or an external service provider authorised to collect the
biometric identifiers of the visa applicants on behalf of Member States' consulates.
The first report on the LSC, adopted by the College simultaneously with the discussion of this document, contains recommendations to all actors (Member States' central authorities and their consular staff; EU Delegations and Commission) in view of optimising the LSC.

3. Possible changes of the visa rules in the future

The Commission's report on the implementation of the Visa Code during its first three years, to be issued in 2013, will offer an additional opportunity to further explore ways to improve and facilitate procedures for bona fide travellers while continuing to allow to address the risks posed for irregular migration or security by some travellers:

- streamlining and shortening the procedures (reconsidering all steps of the procedure including lodging of the visa application by intermediaries/travel agencies, and prior consultation),
- clarifying the definition of the competent consulate for processing the visa application,
- simplifying the application form,
- simplifying the supporting documents requirements,
- clarifying the rules on visa fee waivers,
- clarifying the rules on the issuing of multiple entry visas,
- in order to enhance consular coverage, improving consular organisation and cooperation, e.g. by redefining the legal framework for Common Application Centres, facilitating the establishment of such centres and their functioning,
- enhance Local Schengen Cooperation in order to make it more efficient,

When exploring such improvements, the benefits flowing both for consulates and applicants from the implementation of the VIS should be duly taken into account.

The most effective visa facilitation, of course, is the waiving of the visa requirement for citizens of a third country by transferring third countries from the negative list into the positive list attached to Reg. 539/2001.

With regard to the revision of the lists of countries of Regulation 539/2001 at its initiative, the Commission has traditionally made a case-by-case assessment of a variety of criteria relating inter alia to irregular immigration, public policy and security, and to the European Union's external relations with third countries, consideration also being given to the implications of regional coherence and reciprocity. Although this list of criteria is not exhaustive, the economic impact of visa policy has not really been taken into account in the past. This trend needs to be reversed if the EU is to benefit from an increase in tourism flows from emerging economies. For this reason, a methodology will be developed by the Commission so that the next revision of the lists of countries (planned for 2013) takes into account in a better way economic considerations. At the end, however, a balance needs to be found which also meets the requirements of the common visa policy as an instrument to ensure the good functioning of the Schengen area without internal borders.
For many third countries, visa liberalisation will be the ultimate objective requiring a high level of commitment and with high political impact – it is the ending point of a long process. In case a visa waiver is not immediately feasible, it is also worth noting the benefits of visa facilitation agreements, while recognising the need to review their structure and content in order to make them tailor-made to the circumstances of the third country concerned and more effective for their intended beneficiaries. It must be noted that a proposal amending Regulation 539/2001 which is currently being discussed by the co-legislators, foresees a new visa suspension mechanism allowing the temporary suspension of the visa waiver for a third country whose nationals are exempted from the visa obligation in case of an emergency situation, where an urgent response needs to be given to solve difficulties faced by one or more Member States arising from the abuse of the visa-free travel regime.

Additionally, technological developments should also be taken into account in the visa policy. For example, the UN World Tourism Organization considers that an electronic visa system has demonstrated considerable advantages from the perspectives of both security and facilitation, when robustly applied. The developments of technological specifications in that area could have a significant potential, as recognised in the T20 meeting declaration.

Footnote

ANNEX

Current good practices on visa issuance in Member States and third countries

The Italian Example

In February 2011 ENIT (National Tourism Board) and the Italian Ministry of Foreign Affairs signed a cooperation agreement to increase tourist flows towards Italy by strengthening the capacity of diplomatic missions and consular posts to respond rapidly and efficiently to visa demands. The priority locations included Moscow, Beijing and New Delhi, St. Petersburg, Guangzhou, Shanghai and Mumbai.

According to an ANSA press release of October 2011, in the period 1 January to 31 August 2011, visa issued in China increased by 100% when compared to the same period in the previous year, further to the efforts deployed in simplifying procedures and waiting time.

According to the Italian National Tourist Observatory (elaborating data from Banca d'Italia), this positive trend is confirmed by the following provisional estimates:

# travellers (in 000): 2010: 149 2011: 225
# nights spent in accommodation (in 000): 2010: 1,768 2011: 1,971

Change (% 2010/2011) Travellers: 51%
Nights: 11.5%
Expenditures: 25.1%

The Polish example

An example of simplification, to be further analysed in order to fully understand the concrete benefits it brought, is the 'fast track procedure' put in place by the Polish authorities for the European Football Championship, which was hosted by both Poland and Ukraine in June/July 2012.

Both Ukrainian and Russian participants in the tournament (players, referees, doctors, activists, FIFA, UEFA and the national federations) and UEFA accredited received a visa covering the period of the tournament with the right of multiple entry. Visas were issued according to a simplified procedure, without the obligation to appear in person at the Consulate and no consular fees.

Both Ukrainian and Russian supporters received visas on the basis of the original valid ticket for the matches, or a document confirming their right to receive a ticket at the entrance to the stadium. They had the opportunity to submit their visa applications electronically on an official website and obtain a faster appointment at the consulate. Those who did not manage to obtain an appointment online, benefitted from priority "green corridors" set in order to minimize the waiting period (sources: official website of the Polish Government and the Ministry of Foreign Affairs – Russian Desk).
The "Approved Destination Status China" system

The Approved Destination Status (ADS) scheme is a bilateral tourism arrangement between the Chinese National Tourism Administration and a foreign destination. Chinese people travelling to EU can apply for visa in group through approved Travel Agents who lodge the visa applications for a group of clients. The agreement between CNTA and the EC was signed in 2004.

The latest figures as collected by the EU delegation to China show that the number of ADS visas issued in China by Schengen bodies are steadily increasing.

ADS visas issued in 2009 were 96 093, and became 209 981 in 2010. By September 2011, MS had issued 170 141 ADS visas, meaning that over 80% of the previous year's total had already been reached.

Over the past years the refusal rate has remained consistently low (a rate of approximately 5% was recorded across all Member States).

Spain and France organised specific courses for ADS Travel Agents in 2010 in Beijing aided by the EU Delegation, which has contributed to speeding up of procedures.

The Australian example

Australia offers a variety of visa types, depending on the precise purpose/length of the stay. For potential tourists three types of e-visa exist:

(1) Electronic Travel Authorisation or ETA
(2) E-visitor;
(3) E-676

Type 1 costs AUD 20, allows multiple entry for periods no longer than three months each, and is valid for one year. Also airlines and travel agents can provide customers with this e-visa, together with their plane tickets. EU nationals apart some new Member States can apply.

Type 2 is exactly the same as type 1, the only difference is that all EU nationals can apply for it, and it is for free. The reason why a EU national who is entitled to apply for Type 2 would apply for type 1 is because all available information on the website is only in English, and not everybody is able to apply/join scanned documents in English.

Type 3 is meant for non-Europeans or Europeans willing to stay longer than three months in one go, or Europeans over 75, or people having a criminal record.

All three types can be asked for and obtained online; the process can take from a few minutes up to 10 days.

The US example

On 19 January 2012, Mr Obama signed an Executive Order establishing a new Task Force on travel and Competitiveness, charged with developing a national Travel and Tourism strategy, describing actions to be undertaken, among other things, to increase non-immigrant visa processing capacity in China and Brazil by 40 per cent over the coming year.
With this Strategy, which has just been released, the US aims at improving the travel and tourism to and within the United States to encourage travellers to choose America as the world's premier tourism destination.

The Tourism Strategy states that in 2011, 1.1 million more visa applications were processed. For China and Brazil the increase was respectively 46 % and 34 %. And compared to 2011, the first six months of 2012 this growth was 46 % and 59 % again.

The visa issuing capacity is being extended by increasing the adjudication staff by 50% in China and more than 100 % in Brazil in 2012. The opening of new consulates is also planned. Improvements have already led to elimination of the backlog in both China and Brazil and wait times have come down to 10 days and below at many posts.

Some bills aimed at making improvements in the visa process are currently being discussed in the US Congress. The "Visa Improvements to Stimulate International Tourism to the United States of America", or the VISIT USA Act, proposes the following key directives:

(a) Five-Year Multiple-Entry Visas for Chinese Nationals;
(b) Premium Visa Process created to allow travellers the option of paying a much higher visa processing fee in order to receive a visa interview within three business days. This applies to both tourist and business travel visas. The fee assessed for premium visa processing would pay for additional staff, but can also be used to pay for innovative approaches such as videoconferencing technology and mobile interview teams to meet market demand in any country;
(c) Visa Waiver Program Expansion to be extended to additional countries (allowing travelling to the U.S. under the Electronic System for Travel Authorization (ESTA) program, rather than going through the traditional U.S. tourist visa application process).
(d) Videoconference Pilot Program authorising a videoconferencing pilot program for visa interviews, thus maintaining the visa interview requirement, while allowing for greater access to conduct the interview via videoconferencing technology.

Other draft bills are the "Welcoming Business Travellers and Tourists to America Act of 2011" and the "International Tourism Facilitation Act". The first is aiming at reducing barriers in the U.S. visa system, setting a standard that requires the State Department to process visas within 12 days, and implementing a program that utilizes videoconferencing technology for conducting visa interviews. The latter calls on the State Department to use its consular resources more effectively to better respond to the rising international travel demand.

The US wants to accelerate the on-going revision procedures and continue "…to innovate and make improvements in processes, technologies, staffing, and infrastructure to streamline the visa applications process and entry into the country through border crossings and ports of entry, for legitimate travellers."