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**COMMISSION STAFF WORKING DOCUMENT**

**IMPACT ASSESSMENT**

*Accompanying the document*

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE  
COUNCIL**

**on the Union Code on Visas (Visa Code) (recast)**

{COM(2014) 164 final}  
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<b>Executive Summary Sheet</b>
<b>Impact assessment on the proposal for a Regulation of the European Parliament and of the Council on a Union Code on Visas (Visa Code) (recast)</b>
<b>A. Need for action</b>
<b>Why? What is the problem being addressed?</b>
<p>Visa applicants and several interest and advocacy groups claim that the Schengen visa application process deters third-country nationals from travelling to the Schengen area, which ultimately leads to considerable economic loss for Schengen States. Further analysis of this claim led to the identification of two main problem areas: (1) the overall length and cost as well as the cumbersome nature of the procedure (2) the lack of access to consulates (or external service providers) to lodge the visa application because the competent Schengen visa issuing entity is not present in the third country poses a costly and time-consuming barrier. Finally, a third and specific problem has also been identified and dealt with in the Impact Assessment (IA): lack of authorisation for third-country nationals (TCNs) – whether visa requiring or visa exempted - who have a legitimate reason and need for travelling in the Schengen area for more than 90 days in any 180-day period without being considered as "immigrants".</p>
<b>What is this initiative expected to achieve?</b>
<p>The general policy objectives of the proposal are: to foster economic growth in the EU; to ensure more coherence with other EU policies and to maintain the security of the Schengen area. The specific objectives are: to move towards a truly harmonised, genuinely common visa policy; to tailor visa procedures more to the needs of legitimate travellers; and to make the visa procedure more efficient by streamlining the rules. The operational objectives are: to provide mandatory procedural facilitations for "well-known" travellers by making use of the possibilities offered by the Visa Information System (VIS); to increase and rationalise the visa collecting/processing presence in third countries; - to provide the possibility of stays exceeding 90 days in a 180-day period in the Schengen area.</p>
<b>What is the value added of action at the EU level?</b>
<p>The problems described in the IA are unlikely to disappear in the future and they have a negative impact on the EU. Some progress can be achieved by enforcing correct implementation of the Visa Code. However, introducing procedural facilitations in a harmonised manner for travellers with the aim of fostering economic growth and achieving more coherence with other EU policies as well as reaching considerable progress in increasing the geographical coverage in visa processing requires EU action, i.e. a review of the Visa Code. As regards establishing a new authorisation the need and value added for intervention at EU level is equally clear: any authorisation which would be valid in all of the Schengen States can only be introduced at EU level.</p>
<b>B. Solutions</b>
<b>What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why?</b>
<p>Both non-regulatory and regulatory options have been considered for all three problem areas. The non-regulatory package envisages guidelines and best practices regarding problem areas 1 and 2. Problem area 3 cannot be tackled with non-regulatory measures, since the problem driver is a legislative gap. The regulatory options were organised into three different packages – minimum, intermediate and maximum - according to the level of ambition/feasibility of the options. As regards problem area 1, the underlying logic of the proposals in all regulatory packages is to distinguish - on the basis of objective criteria - between unknown applicants and those with a positive visa record in the VIS and to make the issuing of multiple-entry visas (MEVs) with a long period of validity and procedural facilitations mandatory for the second category. The IA is inconclusive with regard to whether the proposal in the intermediate package or in the maximum package should be the preferred option. This is because the very high potential economic impact of the proposal in the maximum package is associated with a potentially higher security risk. The proposal in the intermediate package is associated with a low security risk, but its potential economic impact is also estimated to be less. With regard to problem areas 2 and 3 the options identified in the intermediate package are the preferred ones: introduction of the concept of the "Schengen Visa Centre" plus "mandatory" representation and the establishment of a new legal framework authorising stays for a period longer than 90 days for all TCNs.</p>
<b>Who supports which option?</b>
<p>Many Schengen States are looking in principle favourably upon harmonising procedural facilitations and agree</p>

that boosting the issuing of MEVs with long(er) validity is good for both the applicants and Schengen States. However, the larger the scope of facilitations and beneficiaries, the lower their support. Their support for the options which seek to address the issue of geographical coverage appears not to be high, but they do support the revision of the definition of co-location and common application centres. Finally, regarding the introduction of a new type of authorisation, the majority of them are not convinced of the need to act given the limited group of applicants it would concern. Visa applicants, NGOs, interest groups, business and professional organisations support the mandatory issuing of MEVs with long(er) validity and the introduction of procedural facilitations. The broader the beneficiaries and scope are defined, the better for these stakeholders. They are in favour of any measure which leads to better geographical coverage in visa collecting/processing and they welcome the introduction of a new type of authorisation.

### **C. Impacts of the preferred option**

#### **What are the benefits of the preferred option (if any, otherwise main ones)?**

Irrespective of the fact that there is no preferred option regarding problem area 1, it is clear that the procedural facilitations and in particular increasing the issuing of MEVs with long validity has the potential to lessen the administrative burden of consulates and at the same they provide a very important facilitation to travellers. By making the Schengen area an even more attractive destination, the options would increase the overall number of trips of visa-obliged TCNs whose spending would have a positive impact on the EU economy. As regards problem area 2, the concept of "mandatory representation" would considerably increase the visa issuing presence in third countries. It would secure consular coverage in any third country where there is at least one consulate processing visa applications. This concerns some 900 'blanks spots' and could have a positive impact on some 100 000 applicants who would be able to lodge the applications in their country of residence instead of having to travel to a country where the competent Schengen State is present or represented. Finally, the introduction of a new authorisation for stays for a period exceeding 90 days for all TCNs would affect some 120 000 travellers, which at most could lead to an estimated EUR 1 billion additional income to the Schengen area.

#### **What are the costs of the preferred option (if any, otherwise main ones)?**

In principle, neither the preferred policy options nor the ones about the issuing of MEVs with long(er) validity have considerable cost implications. In fact, one of the driving forces behind these options is to generate savings for both the Schengen States/consulates and the visa applicants. Schengen States can be expected to lose some money on visa revenues (fees) due to the declining number of visa applications generated by the issuing of MEVs with long validity, but this would also lower the costs as less visa applications would need to be processed. The financial impact of the "mandatory representation" and the introduction of the new type of authorisation are expected not to be significant.

#### **How will businesses, SMEs and micro-enterprises be affected?**

Businesses, in particular in the tourism and hospitality sector, will be affected due to the increase of international travellers/trips of TCNs. A large part of the expenditure of the visitors generated by the measures to be introduced will be used to purchase accommodation, food, drink and transport services. Some European companies, SMEs, etc. having visa-obliged TCN business partners could be positively affected, as their business partners would have an easier and facilitated access to the Schengen area.

#### **Will there be significant impacts on national budgets and administrations?**

No. (Cf. the reply to the costs.)

#### **Will there be other significant impacts?**

Increasing people-to-people contacts have a positive impact on socio-economic and political relations with third countries; it promotes mutual understanding and strengthens civil society. None of the policy options have an impact on fundamental rights.

### **D. Follow up**

#### **When will the policy be reviewed?**

Three years after the entry into force of the revised Visa Code, the Commission will present an evaluation report.

## **1. BACKGROUND AND POLICY CONTEXT**

### **1.1. Legal context**

The abolition of checks at internal borders of the states forming part of the Schengen area<sup>1</sup> (hereinafter: Schengen States<sup>2</sup>) is one of the most valued achievements of EU integration and the common visa policy for short-stay (so-called Schengen) visas<sup>3</sup> - up to 90 days in any 180-day period - was a fundamental pre-condition for the creation of this common area. It has been developed as one of the "**flanking measures**" (together with e.g. a harmonisation of the external border controls, enhanced cross-border police cooperation, and the creation of the Schengen Information System) that should counter-balance risks that might flow from the establishment of an area without internal borders.

The visa policy **serves various objectives, in particular preventing irregular immigration as well as safeguarding public order and security**. Until now, it is generally accepted – both by Schengen States and citizens - that as a result of these flanking measures a high level of security is ensured in the Schengen area.

In general, a **visa requirement** is accepted worldwide as a tool for States or groups of States such as the EU, to tackle different kinds of security threats. That is also the reason why the EU, as long as it is a destination for irregular migrants and subject to security threats, will maintain a visa requirement for citizens of a series of third countries.

The harmonised rules governing the common visa policy (i.e. Regulation 539/2001 establishing the common "visa lists"<sup>4</sup>; Regulation 810/2009, the Visa Code establishing the procedures and conditions for issuing short-stay visas<sup>5</sup> /hereinafter: the Visa Code/; Regulation 1683/95 laying down a uniform format for the visa sticker<sup>6</sup> and Regulation 767/2008 establishing the Visa Information System<sup>7</sup>) allow the Schengen States to mutually recognise visas issued by other Schengen States. The decision to issue a visa is a decision taken by national authorities however taking into account the interest not only of the Schengen State in question but of all Schengen States who have abolished internal border control. Therefore, the holder of a visa issued by Schengen States' individual consulates, as a general rule, is entitled to circulate in the entire Schengen area.

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<sup>1</sup> [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/borders-and-visas/schengen/index\\_en.htm](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/borders-and-visas/schengen/index_en.htm)

<sup>2</sup> Throughout this report, unless otherwise specified "Schengen States" refers to EU Member States applying the common visa policy in full (all EU Member States with the exception of Bulgaria, Croatia, Cyprus, Ireland, Romania and the United Kingdom), as well as the Schengen associated members, Iceland, Liechtenstein, Norway and Switzerland.

<sup>3</sup> Throughout this report "visa" refers to short-stay visa (so-called Schengen visa) - as defined in Article 2 (2) (a) of Regulation (EC) No 810/2009 (Visa Code) - unless otherwise specified.

<sup>4</sup> The consolidated version is available at:  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2001R0539:20110111:EN:PDF>

<sup>5</sup> The consolidated version is available at:  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2009R0810:20120320:EN:PDF>

<sup>6</sup> The consolidated version is available at:  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1995R1683:20080922:EN:PDF>

<sup>7</sup> The consolidated version is available at:  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2008R0767:20100405:EN:PDF>

**In other words, the *visa acquis*<sup>8</sup> has not introduced a "truly" EU/Schengen visa *per se*, which would be issued by EU/Schengen visa offices, but mutual recognition of each other's visas.** In general, the conditions for issuing visas are based on the entry conditions set out in Article 5 of Regulation (EC) No 562/2006<sup>9</sup> (hereinafter: Schengen Borders Code). Annex 2 provides a glossary regarding the main components and instruments of the common visa policy.

**The Visa Code<sup>10</sup> is a core element of the common visa policy:** it establishes harmonised procedures and conditions for processing visa applications and issuing visas. It entered into force on 5 April 2010, with **the overarching objectives of facilitating legitimate travel and tackling irregular immigration** as well as reinforcing the coherence of the common visa policy, enhancing transparency and legal certainty, strengthening procedural guarantees and reinforcing equal treatment of visa applicants.

The Visa Code (Article 57) requires the Commission to send the European Parliament and the Council an evaluation of its application two years after all the provisions of the Regulation have become applicable<sup>11</sup>. On the basis of the evaluation, the Commission may submit, if necessary, appropriate proposals with a view to amending the Visa Code. The present Impact Assessment (hereinafter: IA) is based on that evaluation report.<sup>12</sup> It further examines certain key problem areas and identifies appropriate policy options and assesses their impacts with a view to a proposal amending the Visa Code.

## **1.2. Broader context / contextual drivers of the review**

The number of third-country nationals (hereinafter: TCNs) – including TCNs from countries whose nationals must be in possession of a visa - who can afford and wish or need to travel to the Schengen area is increasing: the number of travellers from Russia for instance has more than doubled in recent years and traveller flows from China and India are increasing rapidly, too.

This can be clearly seen from the visa statistics. The number of Schengen visas applied for has increased steadily over the last years: from ca. 10 million visas applied for in 2009 to more than 15 million applications in 2012 which represents an increase of 50% and makes the Schengen area the world's biggest visa processing "entity". Detailed statistics can be found in Annex 3. The increasing number of applications would require an increase in the visa processing capacity of consulates. However, given the pressure to restrain public expenditure, Schengen States reported that in many third countries they are not able to increase their visa processing capacity proportionally to the increase of the number of applications.

The World Travel Market Ministers' Summit in London noted in November 2012 that visa procedures still present barriers to travel, while research by Tourism Economics reveals that "visa facilitation"<sup>13</sup> has historically increased international tourist arrivals of affected markets

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<sup>8</sup> [http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/borders-and-visas/visa-policy/index\\_en.htm](http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/borders-and-visas/visa-policy/index_en.htm)

<sup>9</sup> The consolidated version is available at:  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006R0562:20100405:EN:PDF>

<sup>10</sup> The Impact Assessment of the original Visa Code proposal is available at:  
[http://ec.europa.eu/governance/impact/ia\\_carried\\_out/docs/ia\\_2006/sec\\_2006\\_0957\\_fr.pdf](http://ec.europa.eu/governance/impact/ia_carried_out/docs/ia_2006/sec_2006_0957_fr.pdf)

<sup>11</sup> The provisions on notification of a visa refusal and its grounds and on providing an appeal procedure against a visa refusal became applicable on 5 April 2011.

<sup>12</sup> SWD(2014) 101, 19.3.2014

<sup>13</sup> The notion of "visa facilitation" can cover a broad range of procedural facilitations, such as reducing the number of the supporting documents, visa fee waiver, issuing of multiple-entry visas with long(er) validity, e-visas/e-applications, issuing visas at the border, etc.

by 5-25% following the implementation of policy changes<sup>14</sup>. Tourism generates income and has an immediate and direct effect on employment. Therefore, when considering any changes in the common visa policy, **it is important to keep in mind the economic interests of the EU** and the growth objectives of the Europe 2020 strategy.

Facilitating people-to-people contacts by introducing procedural facilitations for travellers would result in achieving **more coherence between the visa policy and the EU policies in other areas such as tourism, trade, external relations, education and culture**<sup>15</sup>. Increasing mobility is an important component of strengthening ties with the neighbours of the EU and strategic partners; the revised European Neighbourhood Policy explicitly foresees increased mobility and underlines that "mobility and people-to-people contacts are fundamental to promoting mutual understanding and economic development"<sup>16</sup>.

Important economic benefits derive, for example, from the numerous European festivals and from flagship European initiatives like the European Capitals of Culture that, as a rule, include TCNs in their programmes. These events raise the international profile of European cities and boost tourism. Visa processing delays or difficulties sometimes result in the cancellation of performances and severe financial losses for the artists themselves and for the European inviting organisations/venues.

In conclusion, **the common visa policy can foster economic growth by making the Schengen area an even more attractive destination** for TCNs by facilitating their travel while maintaining the high level of security of the area. The full roll-out of the Visa Information System (hereinafter: VIS), meaning collection and storage of visa applicants' data, including fingerprints, and the setting up of the Entry/Exit System proposed by the Commission in February 2013<sup>17</sup> (hereinafter: EES) will provide an additional layer of security, while the proposed Registered Traveller Programme<sup>18</sup> (hereinafter: RTP) once implemented will contribute to making the Schengen area a more open, visitor-friendly destination by facilitating the crossing of external borders.

The revision of the Visa Code should also contribute to these objectives by translating them into concrete legislative measures.

### **1.3. Procedural issues and consultation of interested parties**

#### *1.3.1. Consultation and expertise*

The IA is based on a **series of studies, reports, consultations and workshops** of which only the most relevant ones are highlighted below.

An **on-line public consultation** on the implementation of the Visa Code seen from the applicants' point of view ran for 12 weeks<sup>19</sup>. Interest groups, advocacy groups and professional organisations were invited to send their contributions while individual travellers were invited to respond to a detailed questionnaire. In total, 1084 responses were received to the questionnaire and almost 40 contributions from a wide range of stakeholders, such as

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<sup>14</sup> <http://www.wttc.org/research/special-research/visa-facilitation/>

<sup>15</sup> COM(2007) 242 final, 10.5.2007; COM(2012) 537 final, 26.9.2012

<sup>16</sup> COM(2011) 303 final, 25.5.2011

<sup>17</sup> COM(2013) 95 final, 28.2.2013

<sup>18</sup> COM(2013) 97 final, 28.2.2013

<sup>19</sup> 25 March 2013-17 June 2013. In order to bring it to the attention of TCNs, EU Delegations were requested to put a link to the public consultation to their websites.



artists, youth, seafarers, business associations and academics<sup>20</sup>. The main results of the consultation are summarised in Annex 4.

**External studies** were also carried out, one of which was specifically commissioned for the purposes of the review of the Visa Code (hereinafter: IA Study<sup>21</sup>). A summary of the stakeholder consultation carried out in this framework is provided in Annex 5. DG Enterprise ordered a study focusing on the economic impact of visa facilitation on the tourism industry and on the economies of Schengen States (hereinafter: Economic Impact Study<sup>22</sup>). Finally, a separate study has been looking at the provision to providing information to the general public on visa application procedure.

Account has also been taken of **several discussions with Schengen States' delegates** in the Council Visa Working Party and in the Visa Committee as well as of findings of experts in the Schengen evaluation missions. Consulates of the Schengen States in third countries were also consulted via EU Delegations.

A thematic seminar on artists' mobility and visas organised by DG Education and Culture under the Council Work Plan for Culture 2011-2014 was held on 23 April 2013 in Brussels. Account has also been taken of the findings of surveys carried out by the OECD on the impact of visa facilitations on tourist flows. In the framework of the Joint Committees set up under the various Visa Facilitation Agreements between the EU and third countries (hereinafter: VFAs) the third countries concerned have expressed their views also on the implementation of the Visa Code. In general, third countries have also used various meetings with the EU/the Commission to raise issues with regard to the visa application process, e.g. in the context of the ACP-EU framework or in JLS Subcommittees with regard to ENP partner countries.

Finally, an **Inter-Service Steering Group** was convened involving 15 Services<sup>23</sup> of the Commission and the European External Action Service in view of contributing to the IA. Meetings took place on 19 February, 19 April, 17 June and 8 July 2013. The feedback received from the services involved has been taken into account during the preparation of the report.

### *1.3.2. The Impact Assessment Board*

The Commission's Impact Assessment Board (IAB) was consulted on the draft final IA report and issued its opinion on 9 September 2013.<sup>24</sup> The IAB issued a positive opinion but also formulated a number of recommendations, which have been taken into account in this report. The main recommendations were: (1) recall the overall objective of the visa policy and further specify and substantiate the concrete problems; (2) strengthen the baseline scenario by outlining how security and economic growth will develop in case of no further action, including a robust outlook of the effects of on-going policy developments such as VIS, EES or the RTP; (3) better justify discarding potentially feasible policy options from the outset (e.g. increasing visa application fees or the introduction of a fast-track premium system); (4) better explain the methodology underpinning the comparison of options and the underlying calculations of economic benefits; (5) more clearly indicate the views of Member States and stakeholders.

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<sup>20</sup> [http://ec.europa.eu/dgs/home-affairs/what-is-new/public-consultation/2013/consulting\\_0025\\_en.htm](http://ec.europa.eu/dgs/home-affairs/what-is-new/public-consultation/2013/consulting_0025_en.htm)

<sup>21</sup> [http://ec.europa.eu/dgs/home-affairs/e-library/documents/categories/studies/index\\_en.htm](http://ec.europa.eu/dgs/home-affairs/e-library/documents/categories/studies/index_en.htm)

<sup>22</sup> [http://ec.europa.eu/enterprise/sectors/tourism/international/index\\_en.htm](http://ec.europa.eu/enterprise/sectors/tourism/international/index_en.htm)

<sup>23</sup> Secretariat General, Legal Service, DG DEVCO, EAC, ECHO, ELARG, ENTR, HOME, JUST, MARE, MOVE, REGIO, RTD, SANCO, TRADE

<sup>24</sup> [http://ec.europa.eu/governance/impact/ia\\_carried\\_out/cia\\_2013\\_en.htm#home](http://ec.europa.eu/governance/impact/ia_carried_out/cia_2013_en.htm#home)

#### 1.4. Disclaimer on the data used by the IA

Serious efforts have been made in order to collect hard data, facts and figures in order to build a robust baseline as well as to quantify the volume of the problems and potential impacts of the policy options. It must be acknowledged however that data are missing with regard to many issues. Even basic ones that might be assumed to be easily available are not, such as how many visas were applied for different travel purposes (e.g. tourism, business, family visits), statistics based on the nationality of the applicants or the length of validity of multiple-entry visas (hereinafter: MEVs). With regard to the issues of costs and length of the procedure and on the subject of administrative burdens for the Schengen States, even less reliable data is available. The Visa Code does not require Schengen States to collect such data and many of them do not have them easily available.

There are several reasons behind the **lack of reliable data**, one of which is that until recently the security related objectives were the focus of the legislative procedure, i.e. fight against irregular immigration by harmonising the conditions and procedures of processing visas. Before the economic crisis, the financial and economic impacts of the initiatives, the issue of costs and administrative burden were considered secondary. Even for security, the legislation in force does not foresee appropriate indicators to be collected from the Schengen States or from other sources. It is internationally acknowledged that it is very difficult to determine quantifiable indicators in this area. Many times, common sense and instincts should apply.

It must be noted that there are 26 Schengen States having more than 2000 Schengen visa issuing consulates in approx. 170 countries. **Operating costs** differ from Schengen State to Schengen State, third country to third country and consulate to consulate. The most important cost components relate to the premises, personnel, operating and security-related equipment. It is very difficult to separate the visa processing from other tasks carried out by embassies/consulates. The visa section is usually located in the building of the embassy/consulate general; even if it is physically separate, the personnel carries out many other tasks not related to Schengen visa processing, such as consular assistance, classical administrative services for own nationals, processing of long-stay (D-type) visas, residence permits, etc. At smaller missions, consular staff also carries out diplomatic duties. Similarly, the equipment is not only used for issuing visas but also for managing other tasks, reception of own nationals, issuing of passports. The data gathered are not representative and vary considerably between Schengen States which means that the method of cost calculation (if any) also varies between Schengen States. A similar explanation applies to the costs on the applicants' side, which also depends on many factors such as the place of residence (i.e. distance to the competent consulate), the purpose and length of the intended trip, the visa history of the applicant, etc.

That is why **it is rather difficult, if not impossible, to set "Schengen averages"** regarding the overall length of the procedure, the cost of processing a visa for the Schengen States, or the "average" indirect costs to be borne by applicants. Most Schengen States do not even have specific statistics, only estimations regarding the revenues from the visa fee.

Finally, although **the visa requirement and the additional "burdens" (whether real or perceived) of the visa process can indeed influence travel flows**, providing quantifiable evidence to what extent there is such an impact is even more challenging than calculating the above mentioned "averages". There are many other factors influencing the destination choice, such as travelling costs, security and safety issues, available services in the country to be

visited, exchange rates, etc.<sup>25</sup> Recent studies and researches only revealed **little empirical evidence on this issue**. Therefore it has been difficult to reliably estimate and quantify the scale of effects of certain proposals (particularly the economic and financial impacts).

## 2. PROBLEM DEFINITION

### 2.1. Outcome of the evaluation

The main and overarching objectives of the Visa Code are facilitating legitimate travel and tackling irregular immigration (i.e. ensuring a high level of security in the Schengen area) through further harmonisation of the rules on processing visas. These objectives shall remain entirely valid today.

During the stakeholder consultation none of the stakeholders claimed that the level of security should be increased, let alone brought up evidence which would suggest that the current provisions of the Visa Code or their implementation induce security problems. Therefore, the IA does not analyse how to improve security and does not envisage policy options in this regard. The real issue at stake is to make sure that the current level of security – even if it is hardly possible to quantify it - is maintained when proposing any further actions.

As regards **facilitating legitimate travel**, while the increasing number of visa applications cannot be (solely) attributed to the changes brought by the Visa Code, it is fair to say that despite diverging practices and criticism, the situation is better now than before 2010. This has been confirmed by the Communication from the Commission to the Council and the European Parliament on the Implementation and development of the common visa policy to spur growth in the EU<sup>26</sup>.

The evaluation report of the Visa Code concludes that the Visa Code clarifies and simplifies the legal framework for the common visa policy. It has greatly modernised and standardised the visa procedures and contains, if correctly implemented, the means to address many problems. However, the implementation of the legal provisions has not been optimal. This can be largely explained by the fact that in most cases the flexibilities are formulated as options ("may" clauses) rather than mandatory rules.

Whereas the provisions of the Visa Code that aimed at preserving the security of the external borders have proven to be consistent and effective and are still relevant, the provisions intended to offer procedural facilitations to specific categories of persons, and in the end would also ease the administrative burden for Schengen States' consulates, have not had the expected impact. The result is unsatisfactory not only for legitimate travellers but also for the Schengen States, and has impacted negatively on the general image of the common visa policy.

The Visa Code applies universally and its provisions apply to all persons who are nationals of countries subject to the visa requirement. Therefore, adaptation of certain provisions to match local circumstances is essential but the legal framework has never really been embraced at local level and only in very few locations has sustainable and continued cooperation been created, whereas in others certain legal obligations have sometimes simply been ignored. Despite the "common" visa policy, Schengen States still seem reluctant to cooperate and still seem to lack mutual trust.

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<sup>25</sup> This has been confirmed by a survey conducted with travel agents in the framework of the Economic Impact Study (26 travel agents were consulted in China, India, Russia, Saudi Arabia, South Africa and Ukraine).

<sup>26</sup> COM(2012) 649 final, 7.11.2012

For the purpose of the IA the main issues identified by the evaluation report can be grouped as follows:

- (1) the overall length and costs as well as the cumbersome nature of the procedures;**
- (2) insufficient geographical coverage in visa processing;**
- (3) lack of visa or other authorisation allowing travellers to stay more than 90 days in any 180-day period in the Schengen area.**

Stakeholder consultations and researches that were carried out during the preparatory works of the IA confirmed the relevance of these issues and have not revealed others which would require changes that would have measurable and considerable social, economic, administrative, etc. impact.

The evaluation report suggests that **a number of minor and rather technical and/or editorial issues should also be addressed in a revision of the Visa Code**. These concern several articles where adjustments are needed to ensure legal clarity and harmonised application taking account of the experience gained over the past three years. **The IA does not cover these issues because the envisaged changes are not going to have considerable budgetary, social, economic, etc. implications;** most of the initiatives shall only clarify or adjust/complement certain provisions without altering their essential elements. Nevertheless, several of these changes go in the direction of providing facilitations/clarifications for applicants, including "first time" applicants with no record in the VIS. Examples of this are lack of precise information to the public on the visa application procedure (including on procedures for appealing negative decisions) and unclear rules on the determination of the competent Schengen State.

## **2.2. Problem drivers**

The most important driver of the costly, lengthy and cumbersome nature of the visa procedure, both for the applicant and for the consulates, is the fact that the same procedures are applied to all applicants, irrespective of their country of origin or of their individual situation. While putting even more emphasis on the presumption of risk associated with the applicant's nationality does not seem to be the way forward (cf. the opposite political signal in the Stockholm Programme<sup>27</sup> in particular), the Visa Code already provides a legal basis to apply procedural facilitations for applicants known by the consulates. However **Schengen States do not make sufficient distinction between unknown applicants and those who have a positive visa record.**

According to the Visa Code applicants known to the consulates for their 'integrity' and 'reliability' may benefit from certain procedural facilitations (waiving of the requirement to lodge the application in person and to submit certain/all supporting documents) and shall be issued MEVs (with a validity of up to 5 years), provided in the latter case that they also prove their need or intention to travel frequently and/or regularly.

Due to the extensive use of cooperation with external service providers<sup>28</sup> (hereinafter: ESPs) in many places the possibility of putting such distinction into practice is simply impossible because assessing the applicant's situation against rather vague notions such as 'integrity' and 'reliability' which cannot be done by ESPs. Even for the consulates, these provisions lack clarity and give too much margin of appreciation.

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<sup>27</sup> "[...] examine to what degree an assessment of individual risk could supplement the presumption of risk associated with the applicant's nationality" (OJ C 115, 4.5.2010, p. 27)

<sup>28</sup> The cooperation with ESPs is also referred as "outsourcing" in the jargon and in this IA.

**The provisions with regard to procedural facilitations are rarely applied by the consulates and their implementation is hardly enforceable.** According to the result of the public consultation, **91% of frequent travellers claimed that they never have been offered any facilitation.**

As regards the issuance of MEVs although there is a growing number of MEVs (42% of the visas issued in 2012), but the **length of validity of the MEVs usually remains 6 months/1 year; practices are very restrictive when it comes to issuing MEVs for longer than that**<sup>29</sup>. The outcome of the public consultation shows that the last visa received by ca. 65% of respondents was a MEV, 84% of these visas had validity shorter than 1 year (and 43% – shorter than 6 months). Less than 5% of MEVs issued exceeded the validity of 2 years.

***Excerpt from a complaint letter received by the Commission:***

*"As an example, below is a listing of my Schengen Visas over the past 10 years:*

*[...]*

*Ten visas over a period of ten years are far too many. [...] I fail to see the logic and value of issuing short term visas, if one repeatedly demonstrates that he/she has a stable life in his/her home country, has the means to cover travel expenses, has returned home within the stipulated duration, and in no way poses a security risk. [...] I also applied to UK and USA visas in 2006 and 2010 respectively; and in both cases was issued 10 year multiple entry visas, as apparently I was able to satisfy whatever criteria these two countries were looking for. So I don't have to worry about applying again for 10 years and this is what I would also expect in the case of Schengen States."*

In addition to the regulatory problem mentioned above (cooperation with ESPs *versus* subjective conditions), granting of the procedural facilitations remains optional for the consulates ('may' clause) as far as the waiver of the requirement to lodge the application in person and the waiver of providing certain supporting documents is concerned. In particular, regular and frequent travellers are considered as the primary "victims" of the rare application of procedural facilitations.

**Diverging interpretations and implementation by consulates** exist regarding the above mentioned issues, even though clarification is already provided in the (legally non-binding) Handbook for the processing of visa applications<sup>30</sup> (hereinafter: Visa Code Handbook). Diverging implementation is a particular problem in relation to the documentary requirements, too. E.g. a survey of applicants in Ukraine<sup>31</sup> indicated that there are large differences between the number of supporting documents required by each consulate for the same purpose of travel (from 9-16 different documents).

Providing accurate and up to date information on the procedure can considerably facilitate the life of the applicants and consulates while the **lack of easily accessible, precise information** is a deterrent from the outset for potential travellers and create additional workload for consulates that should respond to many individual queries. The evaluation report shows that in general, precise and complete information regarding the procedure and in particular the supporting documents required by the consulates and the possibility for the applicants to apply for MEVs are rarely available.

<sup>29</sup> A website of one Schengen consulates for instance explicitly states: "Any visa beyond one-year validity with a maximum validity of five years can only be granted on an exceptional basis. The rules applying to these visas are very restrictive."

<sup>30</sup> [http://ec.europa.eu/home-affairs/policies/borders/docs/c\\_2010\\_1620\\_en.pdf](http://ec.europa.eu/home-affairs/policies/borders/docs/c_2010_1620_en.pdf)

<sup>31</sup> The EU visa policy in Ukraine, Independent Monitoring Findings 2012, Monitoring paper by Iryna Sushko, Olga Suprunenko, Oleksandr Sushko and Maryana Kuzio

## 2.3. What are the main issues that may require action?

### 2.3.1. *Problem area 1: The overall length and costs (direct and indirect) as well as the cumbersome nature of the procedures*

The issues related to the overall length, cost and the cumbersome nature of the procedure have been considered as one problem block as there is a considerable degree of overlap between them and certain policy options can have a positive effect on more than one of them.

#### 2.3.1.1. The overall length of the procedure

When **applicants claim that the visa application process is too lengthy**, in the first place, they do not refer to the 15 calendar days deadline for taking a decision by the consulate but rather to the overall length of the application, including the preparation of the application file, the waiting time for receiving an appointment for lodging the application, the time for submission of the missing supporting documents (if there is a request from the consulate in this regard), the time for taking a decision as well as the time lapse between the decision and the receipt of the passport with or without the visa. The result of the public consultation shows that **the time that lapsed between the first contact with the consulate/ESP and the moment the applicants could collect their passport** was more than 10 days in 42% of the cases and **exceeded 1 month in the case of almost one-fifth of the respondents**.

More and more tourists tend to be late-bookers<sup>32</sup> which means that they apply for a visa just shortly before the intended trip. In addition, more and more travellers would like to go on several shorter trips rather than a long yearly holiday. According to travel agencies and tour operators many trips have to be cancelled because visas are not issued in time<sup>33</sup>. That is why it is not a surprise that the overall length of the procedure is considered one of the most important obstacles and subject of much criticism by visa applicants.

The survey carried out in the framework of the Economic Impact Study and the result of the public consultation show that the majority of the travellers (over 60%) considered the length of the procedure a problem to some or to a high degree. Certain groups (artists and culture professionals, business people<sup>34</sup>) referring to their "specific" situation (e.g. last minute invitations, replacements due to accidents or illness, as is frequently the case for touring artists) claim fast-track and/or urgency procedures. Despite the reasonable progress made by the Visa Code and the VFAs by setting deadlines<sup>35</sup>, **applicants prefer even shorter deadlines, while the Schengen States already find the existing ones very tight enough and have problems respecting them**.

**Peak seasons** in visa applications present an additional challenge for several consulates as well as for visa applicants.

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<sup>32</sup> As part of this study a panel survey with travellers has been carried out in China, India, Russia, Saudi Arabia, South Africa and Ukraine which covered ca. 300 travellers in each country. These countries represent more than 60% of the visa applications (2012). The majority of travellers originating from the six countries that were subject of the Economic Impact Study prefer to book a trip no more than 30 days in advance.

<sup>33</sup> The results of the available surveys have to be treated with care. The Economic Impact Study estimates a 4% cancellation rate in the six target countries, while a survey carried out by the European Tour Operators Association in 2010 estimated a very high, 21% cancellation rate due to the slow processing of visa applications.

<sup>34</sup> Throughout this report "business people" refers to those applicants who wish to attend meetings, conferences or other events (e.g. exhibitions) connected with trade, industry or work (e.g. truck drivers).

<sup>35</sup> See Annex 2 (Glossary) regarding the length of the application procedure.

The length of the procedure depends to a high degree on the capacity of the consulates. In the first place it means personnel capacity but sometimes also the capacity of premises. According to Article 38(1) of the Visa Code, Schengen States shall deploy appropriate staff in sufficient numbers to carry out the tasks relating to examining applications, in such a way as to ensure reasonable and harmonised quality of service to the public. In times of budgetary constraints **only few Schengen States are able to increase the consular staff proportionally to the increase of the number of applications** and indeed are often compelled to cut personnel or even close consulates. In Germany for instance, while the number of visa applications increased by ca. 14 % between 2009 and 2012, there was a 6% decrease of consular staff processing visa applications<sup>36</sup>. While data is not available from other Schengen States, it is reasonable to assume similar trends.

Although, according to the Economic Impact Study, 86% of the 101 consulates interviewed process the application in compliance with the deadlines set in the Visa Code (**in the majority of cases a decision is taken within 7 working days**<sup>37</sup>), **this does not exclude whatsoever that the overall length of the procedure on the applicants' side is considerably longer**. Particularly the two weeks deadline for providing an appointment is a problem at several consulates. Almost 30% of the respondents to the public consultation noted that they did not get an appointment within that deadline.

During the stakeholder consultations carried out in the framework of the IA Study<sup>38</sup>, all **stakeholders** acknowledged that probably the main problem of visa processing relates to the lengthiness of the procedure. NGOs, interest groups, business and professional organisations argued that applicants experience difficulties in getting an **appointment** to lodge a visa application, whilst Schengen States/consulates underlined that the examination and decision-making process is time-consuming and incurs high administrative costs. In this respect, both referred to external factors as well as internal (organisational) challenges. Externally, Schengen States/consulates are confronted with **financial constraints** following the economic crisis, which pose internal organisational challenges in relation to hiring (sufficient) staff resources. They acknowledge that inherently time-consuming procedures, a lack of sufficient staff and an increasing number of applications, contribute to lengthy visa processing procedures. The gravity of the problem differs from Schengen State to Schengen State since the number of visa applications do differ, too (cf. Annex 3).

#### 2.3.1.2. The cumbersome nature of the procedure

Almost 60% of the respondents to the public consultation spent at least 5 days in total on applying for their latest visa. Bearing in mind that the majority of the respondents consider themselves frequent travellers, 5 days seem to be a lot and is a clear illustration of the cumbersome nature of the procedure. The most important time components are the time needed to collect the necessary supporting documents and the travelling time to the consulate/ESP to lodge the application in person.

As regards the **documentary requirements**, the Visa Code introduced new provisions for the harmonisation of documents to be submitted when lodging an application, and the

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<sup>36</sup> <http://dip21.bundestag.de/dip21/btd/17/082/1708221.pdf>

<sup>37</sup> This is in line with the data received from some Schengen States (PL: 2-3 days; BE, DE: 3-4 days; AT, MT: 3-5 days; LT, NL, PT: 5 days; ES: 4-6 days; LV: 7 days; SK: 10 days).

<sup>38</sup> This stakeholder consultation covered the Ministries of Foreign Affairs and the Ministries of Interior of the Schengen States, 45 consulates in China, India, Morocco, Russia, Turkey and Ukraine, as well as 31 different business associations, interest groups, NGOs, international organisations in these third countries and in some Schengen States. A total of 107 interviews have been held.

Commission has already adopted several implementing decisions<sup>39</sup> establishing the harmonised lists of supporting documents to be presented by visa applicants in various third countries. Moreover, according to Article 14(6) of the Visa Code, consulates may waive one or more supporting documents in the case of an applicant known to them for his 'integrity' and 'reliability', in particular based on the lawful use of previous visas, if there is no doubt that he will fulfil the entry conditions. As mentioned earlier, in particular, due to the widespread use of outsourcing and cooperation with commercial intermediaries, the implementation of this provision is practically impossible in many places.

The survey carried out in the framework of the Economic Impact Study and the result of the public consultation confirms that **the current requirements are still very burdensome**. 45% of the respondents to the public consultation considered that they have been asked for a supporting document which seemed irrelevant or unnecessary for the purpose of assessing the application. Although it is not for the applicant to make a final judgment on this issue, sometimes even the consulates have difficulties in explaining why they request a specific document ("because it must be in the file"). In addition, only 9,4% of respondents considering themselves as frequent travellers have experienced facilitations regarding documentary evidence.

The **lack of information** on the precise list of supporting documents to be submitted has also been criticised by applicants. Should there be some missing documents, the consulate is not obliged by the Visa Code to call the applicant to submit them. In such cases, since one or more of the entry conditions were not met, a visa can be refused.

**Some stakeholders in particular frequent and regular travellers, not only call into question the necessity of a specific document, but also the need and/or added value to pre-check all the time the accommodation, the purpose of the journey or even the will to return in general.** This is particularly the case when a MEV is applied for by well-known applicants and the decisive factor is often the lawful use of previous visas and the stable socio-economic situation in the country of residence.

The **requirement to lodge the application in person**<sup>40</sup> – which further complicates the life of applicants according to several stakeholders - is also a problem. Approx. 70% of the respondents to the public consultation considered this obligation as a burden. For many of them, reaching the nearest consulate/ESP requires a considerable amount of time and/or money. This issue is therefore closely linked to the issue of cost as well as the problem of consular coverage and is further discussed under section 2.3.2.

All **stakeholders** agreed that the supporting documentary requirements present significant problems, contributing to the lengthiness of visa applications and processing. NGOs, interest groups, business and professional organisations underline that applicants complain about the extensive list of supporting documents, the collection of which requires a lot of time. Interest groups, but also some consulates argue that some of these documents are considered unnecessary (e.g. hotel and flight reservations), whereas others present particular problems (proof of sufficient means of subsistence for artists for instance). More than 20% of the consulates covered in the Economic Impact Study have pointed at the issue of supporting

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<sup>39</sup> [http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/borders-and-visas/visa-policy/index\\_en.htm](http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/borders-and-visas/visa-policy/index_en.htm)

<sup>40</sup> This requirement may be waived for applicants whose fingerprints have been entered in the VIS less than 59 months before and known to the consulates for their integrity and reliability. However, first time applicants must appear in person to have their fingerprints collected for the first time, either by the consulates, ESPs or honorary consuls where the VIS is already in place.



documents as an area where rules could indeed be simplified. All stakeholders acknowledged that there is still a lack of harmonisation concerning documentary requirements between consulates. Moreover, different rules apply to the acceptance of supporting documents, copies/faxes, and translation. Interest and advocacy groups confirmed that the problems presented by the heavy documentary requirements and lack of harmonisation are exacerbated by the lack of information provided to the general public.

### 2.3.1.3. The overall cost of the visa procedure for applicants and consulates

According to the public consultation and the results of the Economic Impact Study **the cost of the visa procedure is also considered a problem by the majority (70%) of the applicants.**

When applicants claim that the visa application process is too expensive they do not refer to the visa fee as such but rather to the **overall costs** related to the application (including the costs related to travelling to the consulate/ESP, the supporting documents, the service fee to be paid to the ESP, etc.). Most **stakeholders** agree that the indirect costs for visa applications present greater problems than the direct costs (visa fee). Business associations and other interest groups criticised that the visa fee and accompanying indirect costs are not refundable in case the visa is refused. Certain categories of applicants (e.g. business people) would be willing to pay a higher visa fee, provided that the application would be processed faster, while most respondents to the public consultation (73%) consider that the visa fee is already high enough. In fact, the EUR 60 (general) Schengen visa fee can be considered rather low in international comparison to the tourist/visitor visa fees applied by Australia, US or UK<sup>41</sup>, not to mention the fee reductions and waivers introduced by the Visa Code and VFAs. At the same time, the IA Study estimates the "average" indirect costs at approx. EUR 150 per visa application which is considerable knowing the average salaries in those countries where Schengen consulates receive most of the applications (e.g. Ukraine, India or even Turkey or Russia).

**Schengen States, on their side, claim that processing visa applications in a speedy, client-friendly manner and fully in line with the provisions of the Visa Code** (and in particular the deadlines imposed) **would in many places require additional investments** (in particular staffing). This is not only due to the costs of the establishment of the VIS and the "loss" of visa revenues linked to the mandatory visa fee waiver under the Visa Code and the general visa fee reduction (EUR 35 instead of 60) provided in nearly all VFAs<sup>42</sup> but mainly the increasing number of applications. However, as mentioned earlier, in times of budgetary constraints **most Schengen States are not able to invest more in visa processing.** This causes bottlenecks in the visa processing, e.g. keeping the 2 weeks deadline of providing an appointment for the lodging of an application. Moreover, during the stakeholder consultation some Schengen States (e.g. AT, BE, DK, SWI)<sup>43</sup> affirmed that their administrative costs of processing visa applications are not covered by the current visa fees.

Schengen States/consulates emphasized that visa processing also presents significant costs for consulates. Some of them stated that a direct link between work conducted by consulates and

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<sup>41</sup> AUS visitor visa: AUD 115 (EUR 93,67); UK general visitor visa: GBP 80 (EUR 93,55); US B-2 visitor visa: USD 160 (EUR 125,35)

<sup>42</sup> The fee reduction provided by the VFAs cover +/- 50% of all visa applicants.

<sup>43</sup> DK indicated that it charges its own citizens about DKK 925 (around EUR 124) for a service hour and as such does not see the standard EUR 60 visa fee as sufficient to cover costs as an application is generally thought to take more than one service hour and is calculated at EUR 174. AT estimates the average cost of processing Schengen visas at EUR 90, BE at EUR 80-90 and SWI at EUR 80-85. At the same time, some Schengen States also noted that ensuring full cost recovery should not necessarily be an objective, because it may also result in diminishing tourism.

visa revenues does not always exist as revenues go straight to either the Ministry of Foreign Affairs budget or the treasury. Other factors contributing to high costs mentioned by Schengen States relate to staff; usually (expatriate) civil servants, who need to be extensively trained; infrastructure, tools (VIS or other IT systems), and other issues (e.g. visa stickers, stamps, paperwork, etc.).

### 2.3.2. *Problem area 2: Insufficient geographical coverage in visa processing*

According to the Visa Code, each Schengen State shall be responsible for organising the procedures relating to applications. Schengen States shall notify to the Commission how they intend to organise the procedures relating to applications in each consular location. It is then made available to the general public. Annex 28 of the Visa Code Handbook<sup>44</sup> provides an overview of the geographical coverage in collecting/processing of visa applications. The Commission is not empowered to deal with organisational matters: Schengen States decide on their own to open or close a visa section, conclude representation arrangements, set up a common application centre (hereinafter: CAC) or to cooperate with ESPs. The Visa Code "only" requires *cooperation* (and not "actions") from the Schengen States to prevent a situation in which an application cannot be examined and decided on because the Schengen State that is competent<sup>45</sup> for processing the application is neither present nor represented in the third country where the applicant resides (cf. Article 5(4)).

Acknowledging that in the past years there has been progress in increasing the geographical coverage in collecting/processing of visa applications (mostly by concluding representation arrangements and cooperating with ESPs), but also the fact that travelling to the consulates/ESPs to lodge the visa application can be rather costly and can require a lot of time for the applicants, **there is still a considerable room for increasing the geographical coverage**. It should be also borne in mind that as a consequence of the roll-out of the VIS there are more and more "first time" applicants whose fingerprints should be taken (which requires appearance in person at the consulate or ESP). In particular the number of cases **when applicants have to travel abroad** to lodge the application because the competent Schengen State does not have a consulate or is not represented in the applicant's country of residence should be reduced. There are some **900 "blank spots"** like that. E.g. Hungary is neither present nor represented in Cambodia, so the TCN whose sole/main destination is Hungary should go to the Hungarian consulate in Bangkok or Hanoi for instance to lodge his/her application<sup>46</sup>.

#### ***Excerpt from a response to the public consultation:***

*"Me and my relatives find very complicated and bureaucratic process to apply for Schengen visa to Denmark. So, some of my relatives reside in Uzbekistan and some reside in Denmark. There is no way to apply for Schengen visa for them in Uzbekistan, there is no any embassies in Uzbekistan responsible for DK. Yes, it was possible 3 years ago, via German embassy in Tashkent. But now, all*

<sup>44</sup> [http://ec.europa.eu/home-affairs/doc\\_centre/borders/docs/Annex%2028\\_SCHENGEN\\_STATE%27%20CONSULAR%20REPRESENTATION\\_16%20%2004%202012\\_EN%20CL.pdf#zoom=100](http://ec.europa.eu/home-affairs/doc_centre/borders/docs/Annex%2028_SCHENGEN_STATE%27%20CONSULAR%20REPRESENTATION_16%20%2004%202012_EN%20CL.pdf#zoom=100)

<sup>45</sup> In principle, the Schengen State whose territory constitutes the sole or main destination of the visit(s) (Article 5 of the Visa Code).

<sup>46</sup> The situation of TCN visa applicants should not be mixed up with the situation of EU citizens in the area of consular protection. Any EU citizen in a non-EU country where his/her own country has no representation is entitled to protection by the diplomatic or consular authorities of any other EU state. TCN visa applicants do not have a similar right when the Schengen State competent for examining the application is not present and neither represented by another Schengen State in accordance with Article 8 of the Visa Code.

*have to travel first to Moscow, apply there for Schengen visa in Danish embassy, wait for couple of weeks there."*

Access to the consulate/ESP can be also challenging, costly and time consuming in third countries where all or most of the Schengen States are present in the capital but many applicants still need to travel long distances to reach them. This is the case **in the emerging tourism market countries such as Russia, China and India**. Both representation arrangements and cooperation with ESPs is already widespread in these countries. However, the "visa collecting presence"<sup>47</sup> is concentrated in the capitals and few big cities only.

In Russia, China and India both representation arrangements and cooperation with ESPs is already widespread. Still, in Russia, 53% of the total "visa collecting presence" is concentrated in two cities and 82% in five cities (out of the eleven cities where there are consulates and/or ESPs present). In China, similarly, although all Schengen States are present or represented in Beijing, there are several consulates out of the capital, some representation arrangements and several outsourcing arrangements (in total: 104), they cover nine cities "only". 91 are concentrated in just four cities (87.5%). Out of these nine cities, four are on the south-east coast, three in the centre-east and two in the north-east, while none are in the centre or west of the country. Finally, in India the number of "visa collecting presence" is 83 in a total of eight cities. 46 (55%) are in two cities and 66 in four cities (79.5%). It must be also seen that in many places Schengen States use outsourcing for the purpose of reducing the workload of their consulates rather than increasing their "visa collecting presence" (i.e. when the cooperation with ESPs is taking place in cities where the Schengen State is having a consulate, e.g. in Algiers, Moscow or Kiev).

Finally, **there are still some third countries**<sup>48</sup> whose nationals are subject to the visa obligation **where no Schengen States are present** for the purpose of collecting/processing visa applications. It would be highly desirable to ensure visa issuing presence in their capitals.

With a view to increasing geographical coverage in processing visas in a cost efficient way, Article 41 of the Visa Code envisages certain forms of cooperation between Schengen States, such as co-location and CAC. These forms of cooperation are hardly used, although the Commission has actively promoted the setting up of CACs in particular. Millions of euros have been made available for developing consular cooperation projects under the Community Actions of the External Borders Fund (EBF)<sup>49</sup>. Yet, there are only two projects funded from the EBF Community Actions: the "Schengen House" in Kinshasa, Democratic Republic of Congo and the "*Centro Comum de Vistos*" in Praia, Cape Verde. Other projects having the "CAC" label (e.g. the "CAC" in Chisinau, Moldova), in legal terms do not correspond to the definition of CAC set out in Article 41 of the Visa Code. They should be considered as representation since they do not only receive the applications but also examine and decide on them.

One of the main reasons for not having more "common centres" is that Schengen States consider representation arrangements and outsourcing as the cheapest and most easy form of

<sup>47</sup> For the purpose of this section this notion covers consulates, Schengen States represented but not present, outsourcing arrangements (ESP) and cooperation with honorary consuls.

<sup>48</sup> Belize, Bhutan, Guyana, Lesotho, Liberia, Maldives, Sierra Leone, Somalia, Swaziland

<sup>49</sup> Under the EBF Community Actions 2007-2009, ca. EUR 10 million were dedicated for consular cooperation projects. As from 2011, in the call for proposals it is not specified how much money is allocated for this particular activity; in 2011 the overall budget was EUR 2,4 million, while the latest 2012 Community Action foresees ca. EUR 11 million in total. Up till now only EUR 4,7 million were actually used for consular cooperation projects.

cooperation, but it can be also noted that outsourcing allows Schengen States to retain sole responsibility for the procedure which still seems to be important for some of them. However, there is a **regulatory problem** as well. Schengen States rightly claim that co-location and CAC as defined in Article 41 of the Visa Code **do not provide the necessary flexibility for establishing operational structures on the spot**, but, in principle, these forms are the ones that are eligible for EU funding.

As the evaluation report noted, no information on co-location has been communicated to the Commission. Nevertheless, the setting up of such cooperation is considered cumbersome by the Schengen States in particular if the purpose is only to collect applications while maintaining consular premises equipped fully to carry out the examination of visa applications, which includes connection to central databases. The costs potentially saved by sharing facilities to receive applicants and equipment to collect biometric data are likely to be spent on additional costs linked to transferral of data, files and staff from the "co-location" to the "back office".

In legal terms, the CAC for instance is a form of cooperation where staff of the consulates of two or more Schengen States is pooled in one building (other than their own) in order for applicants to lodge applications. As its name suggests, it is 'just' an application centre; the decision on the applications should be made by the consulates of the respective Schengen States. Practice shows that it is much easier to have another Schengen State carry out the entire procedure (full representation) than just a certain part of it. In the case of a CAC, the secure and speedy transfer of the application files from the CAC to the decision making consulate should be ensured. This takes time, money and requires personnel. Moreover, the definition implies that the building to be used should not be the consulate of one of the participating Schengen States (otherwise, in legal terms the project should be rather considered as co-location). The definition also requires that project partners should deploy their own consular staff to the CAC, which Schengen States will not do unless the volume of the number of "their own" visa application would be high enough. Finally, a CAC also requires a "lead" State to manage and run the centre and Schengen States are reluctant to volunteer to take that lead. With these in mind, **Schengen States claim that the legal and financial framework should be flexible enough to allow establishing and financing the most appropriate cooperation structures in light of local circumstances.**

As regards the **stakeholders'** position, in general, it can be noted that Schengen States/consulates do not see this issue as a very big problem. They reported progress by greater use of representation agreements and outsourcing and confirmed that more flexible definitions would be needed regarding co-location arrangements and CACs. Overall, the number of consulates seems to have decreased resulting in limited geographical coverage posing problems to applicants as emphasized by NGOs, interest groups and even some Schengen States/consulates. All stakeholders confirmed that consulates increasingly make use of ESPs. Opinions of stakeholders are generally positive towards the use of ESPs, although some of them (business and artists associations) also highlight certain problems such as waiting time to get an appointment and inefficient working methods. The advantages mentioned include proximity to applicants, comprehensive list of services, faster procedures, use of on-line appointment system.

### *2.3.3. Problem area 3: Lack of visa or other authorisation allowing travellers to stay more than 90 days in any 180-day period in the Schengen area*

**The Commission has been receiving many complaints from visa requiring and even more visa exempted TCNs who have a legitimate reason and need for travelling in the**

**Schengen area for more than 90 days in a given 180-day period without being considered as "immigrants". The current legal framework does not provide an authorisation that would correspond to these travellers' needs/itinerary** (as the complainants often say, "long-stay Schengen visa"). The problems of these categories of visa applicants cannot be addressed by MEVs with a validity of up to five years, because such visas are still short-stay visas (i.e. entitle its holder to stay no more than 90 days in any given 180-day in the whole Schengen area). Finally, many of the TCNs who wish or need to circulate in the Schengen area for longer than 90 days are in fact visa-free (e.g. US citizens).

The main characteristic of these travellers is that they "tour around" Europe/the Schengen area. They intend to stay longer than 90 days (in any 180 days) in the Schengen area, therefore in by legislation – should they be nationals of third-countries under visa obligation - they cannot apply for a short-stay, Schengen visa. Similarly, visa-free TCNs, as a general rule, irrespective of the fact that they have all the necessary financial means to stay longer than 90 days, are not entitled to do so. At the same time, in very many cases, they do not intend to stay for more than 90 days in any Schengen State; therefore they are not eligible for a "national" long-stay (D) visa, or residence permit.

In particular, associations and interest groups of **live performing artists** emphasise that they often experience difficulties in organising tours in Europe due to the 'limitation' of stay described above. Touring companies are frequently unable to meet the residency requirements to be able to obtain national long-stay visas for artists/specialty staff/families. As the staff of artists groups are often highly specialised and trained, it is not always possible to replace an entire cast, as this would be costly, highly disruptive or simply impossible.

Travel agencies and several queries addressed to the Commission indicate that **"individual" travellers** (students, researchers, trainees, young people participating in youth exchanges, artists and culture professionals, pensioners, business people) also have a strong interest in being allowed to stay longer than 90 days in any 180-day period.

***Excerpt from a complaint letter received by the Commission:***

*"We have worked and saved a lifetime to travel Europe when we retired in a motorhome. Now we find out we only have 90 days, then have to leave for 90 days because of the Schengen laws, hardly enough time to begin to see the Continent. We have our own finances, health and travel insurance, etc. Is there any exception or special visa for people like us who just want to travel, pumping money into the local economies?"*

This legal gap between the Schengen acquis and the rules on admission of TCNs to individual Schengen States equally leads to considerable economic loss for Schengen States and companies. According to examples provided by the European Circus Association (ECA) the loss of revenue per engagement (i.e. per city where a well-known group performs) was ca. EUR 380,000 in one example and ca. EUR 920,000 in another one (local employment for ushers, concession, cleaning teams, etc., arena/site rental, taxes and fees, local suppliers, printers, marketing, services, hotel/restaurant, local transport services, wages/salaries paid in each city). The ECA also reported cases when a company had to substitute/rotate cast and crew in order to comply with the 'limitation' of stay. In one case the replacement of 36 staff members cost ca. EUR 110,000 for the company. According to the Performing Arts Employers Associations League Europe (Pearle\*), the lack of an "alternative" authorization represents, an estimated economic loss of between EUR 500 million and 1 billion. The Commission has received similar examples, but it is not possible to estimate the potential loss to the EU economy as a result of the legal gap in a reliable manner.

According to the IA Study, the number of TCNs affected by this problem is limited, ca. 120 thousand per year. This is a rather small number bearing in mind that there were more than 15

million "Schengen" visa applications in 2012 and the number of applications is constantly rising. At the same time, these travellers are considered to be 'big spenders', not least because they stay long(er) in the Schengen area.

In addition, the legal gap can also encourage making use of certain legal instruments which are not designed for "extending" the authorized stay in the Schengen area in cases discussed under this point (making use of Article 20<sup>50</sup> of the Convention Implementing the Schengen Agreement<sup>51</sup> or issuing of limited territorial validity visas (hereinafter: LTV visas) by using Article 25(1)(b) of the Visa Code<sup>52</sup>). Further information is provided in Annex 7 about these practices.

Whereas **interest groups** – in particular artists associations – confirm that the gap in the current legal framework is a problem, the majority of the Schengen States do not see the necessity to act in view of the limited group of applicants it would concern, and also state that national legal frameworks would be more appropriate to offer solutions for such categories of travellers.

#### **2.4. Main consequences of the problems**

Although from the legal point of view, the Visa Code has streamlined the rules and conditions for issuing visas and established important procedural safeguards for applicants, the public consultation carried out by the Commission shows a **lack of satisfaction of visa applicants** with the procedure which in several third countries can considerably affect the EU's positive and welcoming image and possibly the travel flows. 45% of the frequent traveller respondents to the public consultation have not experienced any changes in the procedure in the past years and what is even more worrying is that 37% of them considered that the situation has got even worse. Almost 50% of the respondents noted that their experience may deter them from travelling to the Schengen area again. It may lead to a detrimental effect on the EU economy. However it is extremely difficult to estimate the **possible economic loss** linked to the above mentioned issues.

According to the Economic Impact Study the majority of the travellers responded to the survey stated that they would travel more or even a lot more to the Schengen area if visa facilitations would be in place. The survey among travel agents also confirmed this. However, travel agents' assessments of how much more TCNs would travel to the Schengen area and accordingly how many more trips travel agents would sell if certain facilitations would be in place differ considerably<sup>53</sup>. As far as the six countries under the scope of that study is concerned (China, India, Saudi Arabia, South Africa, Russia and Ukraine, "representing"

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<sup>50</sup> "Aliens not subject to a visa requirement may move freely within the territories of the Contracting Parties for a maximum period of three months during the six months following the date of first entry, [...]. Paragraph 1 shall not affect each Contracting Party's right to extend beyond three months an alien's stay in its territory in exceptional circumstances or in accordance with a bilateral agreement concluded before the entry into force of this Convention."

<sup>51</sup> OJ L 239, 22.09.2000, p. 19-62

<sup>52</sup> "A visa with limited territorial validity shall be issued exceptionally, in the following cases: [...] (b) when for reasons deemed justified by the consulate, a new visa is issued for a stay during the same six-month period to an applicant who, over this six-month period, has already used a uniform visa or a visa with limited territorial validity allowing for a stay of three months."

<sup>53</sup> Almost 44%, of all respondents assumed that they would sell more than 50% more trips if, for instance, their customers would be issued MEVs, while 16% of the travel agents thought that the number of trips sold would increase by 21-50% and almost one fourth of all respondents said that this facilitation measure would increase the sold trips by up to 20%. Four surveyed travel agents mentioned that there would not be a change at all. Since the conditions for obtaining MEVs and the validity of the MEVs were not specified, these results should be treated with utmost care.

more than 60% of the visa applications in 2012) the total number of "lost" travellers<sup>54</sup> is 6,6 million per year. Based on average spending figures, according to that Study, this means that the tourism industry in the Schengen area loses out on a potential EUR 5.5 billion in direct contribution to GDP every year, adding up to approximately 113 thousand jobs in the tourism industry and related sectors.

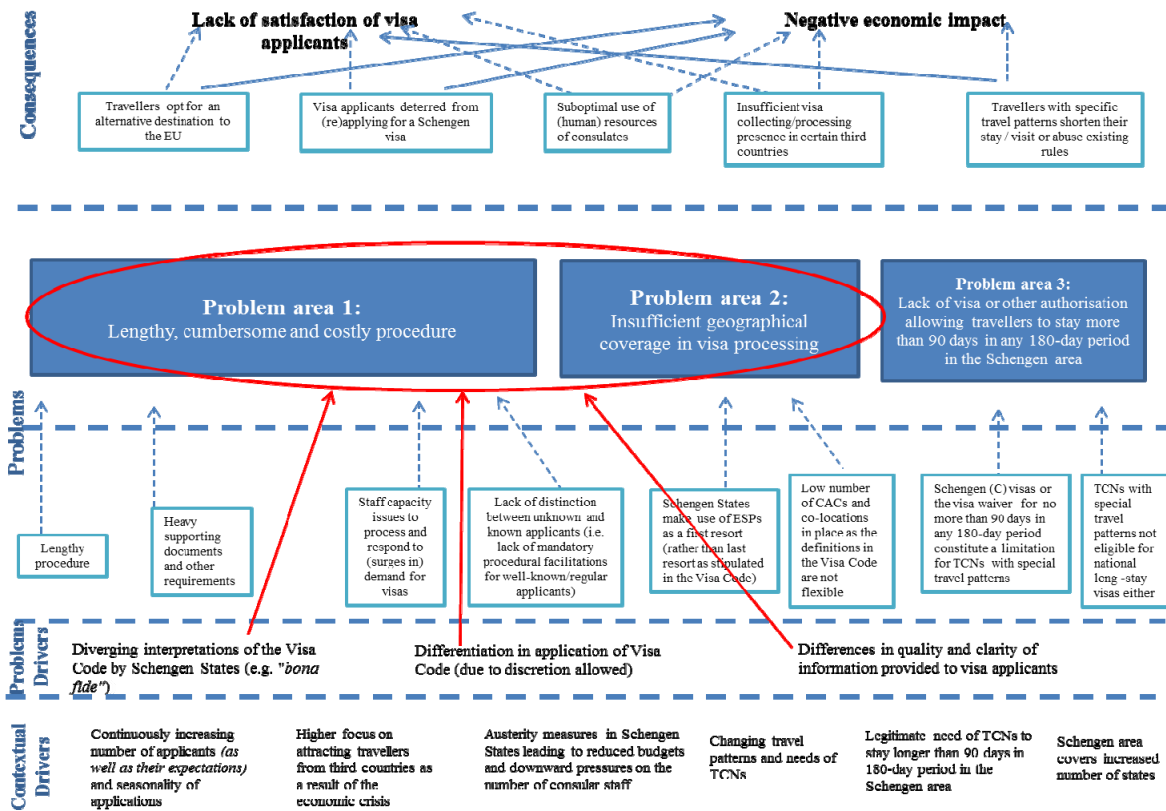
The **stakeholder consultation** confirmed these findings. NGOs, interest groups, business and professional organisations stated that a feeling predominates amongst travellers that the EU is unfriendly and unwelcoming. Business associations and international organisations emphasized that travellers wanting to make last-minute reservations are prevented from travelling and some travellers who do not receive their visa on time have to cancel their trip. Other interest groups emphasized the loss of business and financial revenues for the Schengen area due to a loss of potential travellers who are deterred from applying for a visa. Reliable estimations were not made available though. Schengen States acknowledge that visa and entry procedures have an impact on travel flows, but in the first place they underline the need to maintaining the high level of security and in addition they question the reliability of the existing assessments that quantify the impact of procedural facilitations.

## **2.5. The problem tree**

The problem tree below illustrates the main drivers, problems and their consequences as introduced in the previous sections in a schematic way.

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<sup>54</sup> Travellers lost due to current visa practices is the combined number of travellers who responded that they would travel more to the Schengen area if there was visa-free entry and potential new travellers who are deterred from travelling to Schengen under the current visa regime.





## 2.6. Who is affected?

**Persons applying for a visa** (and regarding the last problem, a considerable number of visa-free TCNs) and the **authorities of Schengen States in charge of processing visas** are directly affected.

**Visa applicants** need greater clarity and transparency about the application procedures and many of them call for procedural facilitations, e.g. issuing MEVs, waiving the requirement of appearing in person to lodge the application, limiting the number of supporting documents, fast-track procedures, etc.

- As far as problem area no 1 is concerned, **regular and frequent travellers** have been identified as a specific category of applicants, who find it particularly difficult to understand why they should always undergo the same, stringent checks with all their implications to the time and money spent for the visa during each application.
- As to problem area 2 and 3, **"first time" applicants** are equally concerned as frequent/regular travellers. Therefore, they are also within the scope of the envisaged policy proposals, directly or indirectly (with regard to problem area 1).

The **visa issuing authorities** need a clear set of rules to work with, allowing them to work more efficiently so that they can cope with the increasing number of applications without compromising the security of the Schengen area.

Facilitated visa procedures are important for **many sectors, e.g. trade, tourism industry, cruise industry, business, research, education, cultural sector, etc.** There is a strong competition in these areas between the EU and other regions in the world and in order to remain attractive in these fields, the EU needs to provide a welcoming environment for TCNs to travel to and stay in the EU also for short stays. For that sake, some of these sectors ask for sector specific initiatives in the field of visa policy. Nevertheless, the result of the evaluation of the Visa Code and the stakeholder consultation show that the "clients" of the above mentioned sectors, are in fact facing rather similar if not identical problems (last minute invitations, long list of supporting documents, etc.).

Indirectly, individual **EU citizens** are also affected because they want it to be easier for their visa-obliged non-EU family members, friends, business partners, etc. to visit the EU.

## 2.7. International outlook

The Commission closely follows the development of the visa policies of certain non-Schengen countries, e.g. Australia, Canada, the United Kingdom or the United States. In the context of this IA, information has been collected regarding several aspects of their visa procedures. Some of these countries, such as Canada, the UK and the US are also reviewing their visa policies in order to introduce facilitations to boost tourism and economic growth.

It is difficult to draw a general conclusion whether the existing EU rules are "competitive" or not in comparison to non-Schengen states' visa policies. There are no international benchmarks in this regard. E.g. the visa fee is higher for a US "tourist" visa, and conducting an interview is a general practice by them, but the validity of their visas issued is quite often much longer than the validity of the Schengen MEVs.

A short overview of the certain provisions and practices of Australia, Canada, Japan, the UK or the US, such as the maximum length of the validity of the visa, the visa fee(s), processing times, etc. is provided in Annex 6.

It is worth to mention that some of these countries are also facing challenges described in point 1.4 (Disclaimer on the data used by the IA) in assessing the various impacts of visa processing. For instance, a recently conducted evaluation<sup>55</sup> of the Canadian Visitor Visa Program recommends that the Citizenship and Immigration Canada "should develop strategy and assessment tools to measure the impact of the various facilitative mechanisms, in terms of their objectives and effectiveness in managing processing demands". They should also "explore other, more effective methods of collecting data on irregular migration, such as overstays, to better inform policy-makers [...]".

## **2.8. How would the problems evolve without any action? (The baseline scenario)**

The baseline scenario below largely follows the structure of the problem tree under section 2.5. and links the expected results of the proposed instruments and on-going initiatives (VFAs, VIS, EES, RTP, etc.) to the corresponding element(s) of the problem tree.

The VIS and the RTP have the potential to facilitate travel of third-country nationals by speeding up the visa issuance and the border crossings, but at the same time, they also generate some additional "burden" for the applicants and/or for the consulates. If no EU action is taken which aims at reducing the already existing heavy workload of the consulates, the additional work related to the VIS and RTP would pose problems for several consulates/Schengen States. It is safe to say, that operating these systems does not substitute the actions identified in the IA. In fact, if no EU action is taken, for instance, the inherent positive impact of the VIS on the applicants would not be utilised to the full.

Expectations should not be high as regards the on-going (and any future) modification of the **Visa Code Handbook** either. The scope of the current modification is limited to rather technical issues, among others, it is necessary to align the Handbook to the latest amendment of the Schengen Borders Code. It should also be reminded that the Handbook is a legally non-binding instrument, and the evaluation report pointed out that the knowledge at operational level (consulates) of the Handbook is not satisfactory.

### *2.8.1. Drivers*

The costs of **international travel**, though likely to increase in real terms (from their recent low levels), **will be affordable for larger numbers of TCNs**. Outbound travel from emerging tourism markets such as China, India, Russia or the Middle East will continue to grow at a fast pace.

The numbers of visitors to the Schengen area are anticipated to increase. There will be an **increase in the number of visa applicants**. Taking into account the trends in the past years, according to a rather conservative estimation by the IA Study, the number of visa applications will be around 18 million in 2015. **Visa liberalisation dialogues**<sup>56</sup> aiming at (reciprocal) visa waiver will continue to be carried out with a growing number of third countries. The speed of these processes depends on the attitude of the third countries concerned as well as the time needed for the co-legislators to take the necessary decisions.

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<sup>55</sup> <http://www.cic.gc.ca/english/pdf/pub/visitor-visa.pdf>

<sup>56</sup> At the time of drafting the IA visa liberalisation dialogues are under way with Georgia, Kosovo under UNSCR 1244/99, Moldova, Russia and Ukraine.

The **economic motivation for the Schengen States to encourage visitors** for leisure, business, educational, research and cultural purposes is currently **high** and likely to remain so for the foreseeable future. For leisure travel, in particular, there is and will be increasingly, **global** (and intra-EU) **competition to attract visitors**. There will be an increasing political demand to position the Schengen area as a welcoming, open place for legitimate travellers.

**Budgetary constraints** will make Schengen States less likely to allocate additional resources to consulates to process visas in a faster, more client-friendly manner. From 2019 the processing of RTP applications will be a new task of the consulates, which can noticeably increase their workload in several third countries<sup>57</sup>. At the same time, the external borders and visa component of the **Internal Security Fund** (hereinafter: ISF)<sup>58</sup> will support actions related to infrastructure, buildings and operating equipment (including the maintenance of the VIS) required for the processing of visa applications and training. More importantly, under the operating support of the ISF, staffing of consulates will be also eligible for financing which will be a very important new element in EU funding in this area.

The **expectations of visa applicants** towards a fast, client-friendly procedure and the tendency that there are more and more travellers preferring several shorter trips rather than a long yearly holiday, late bookers and travellers, e.g. business people or artists and cultural professionals with a need to get the visa speedily are likely to grow. Once implemented, all TCNs would be eligible to apply for access to the **RTP** and after a vetting and pre-screening process would be able to benefit from using automated border control systems (i.e. automated gates) at major border crossing points such as airports. As a result, border checks of registered travellers would be much faster than nowadays. This might further increase the expectations regarding the visa procedure.

**Visa facilitation agreements** with an increasing number of third countries will continue to provide important procedural facilitations for many visa applicants (e.g. reduction of the visa fee, reduction of documents to be presented to prove the purpose of stay, shorter processing times and mandatory issuance of MEVs with long validity). Nevertheless tourists for instance, in principle will not benefit from the agreements<sup>59</sup>. **The application of procedural facilitations provided by the Visa Code should therefore continue to play an important role and it is likely that consulates will make increasingly use of these facilitations<sup>60</sup>**, but in terms of the numbers of applicants affected **their application would still remain low** and uneven across Schengen States.

The non-harmonised application of the facilitations might increasingly lead to cases when applicants choose one of the faster and more generous consulates<sup>61</sup>, contrary to the provisions of the Visa Code, according to which the Schengen State whose territory constitutes the sole/main destination of the visit shall examine and decide on an application. Consular

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<sup>57</sup> According to the IA report of the RTP, the costs for examining the applications amount to EUR 73.1 million per year for the Member States and it was estimated that maximum of 5 million new applications for the RTP would be submitted by third-country nationals every year either at the consulates or border crossing points.

<sup>58</sup> The Fund will be established in the framework of the 2014-2020 Multiannual Financial Framework and will replace the current EBF. At the time of drafting the IA, this proposal is still under negotiation (COM(2011) 750 final, 15.11.2011).

<sup>59</sup> With the exception of the general facilitations such as the visa fee reduction and shorter processing time of the applications, but not MEV issuance.

<sup>60</sup> Schengen States will continue to put in place facilitation schemes (e.g. fast track procedure) for *bona fide* travellers, such as employees of pre-identified companies.

<sup>61</sup> This phenomenon is often called "visa shopping".

officials will spend considerable efforts to tackle this phenomenon instead of devoting their capacities to speed up the procedure and focus on difficult applications.

### 2.8.2. *Problems*

In any case, the main elements of the identified problem blocks will remain. There will not be reductions in the **length** of time taken to process visa applications: indeed, the contrary is most likely. The rising number of applicants will increase the workload and unless the number of consular staff is increased proportionally, the procedure will slow down. This will be partly counterbalanced by the fully rolled-out VIS which has the potential to speed up the processing of applications since the visa history of an increasing number of applicants can be retrieved easily from the system. The EES, once implemented, will facilitate the verification of the entry conditions and in particular the lawful use of previous visas at the consulates as well.

The situation regarding the harmonisation of the required supporting documents will be slightly better: in more and more third countries Commission implementing decisions will establish the harmonised list of supporting documents to be presented by visa applicants<sup>62</sup>, so applicants in the same jurisdiction will be requested to present the same set of documents irrespectively of which consulate is responsible for processing the application. However the number of documents required will likely remain the same. **The majority of visa applicants would continue to be confronted with heavy requirements for supporting documents**<sup>63</sup>.

The high indirect **costs** for those TCNs not living close to a consulate and having to attend in person to lodge the application will continue to exist, but the VFAs will increase the number of applicants who can benefit from fee waivers or reduction. This is obviously a loss of revenue on the Schengen States' side. Still, the **direct processing unit costs for consulates are anticipated to remain broadly at current levels**, though the full roll-out of VIS may increase costs (in particular personnel and reorganisation of visa sections) before efficiency gains accrue.

Under the specific actions provision of the ISF, Schengen States can get top-up money, in addition to their national allocations, for **consular cooperation**<sup>64</sup>. If the projects submitted by Schengen States are retained, they will be co-financed at 90% of the total cost. However, the budgetary pressures and the increasing number of applications and not least the requirement of capturing the fingerprints of "first time" applicants will be the main driving force of enhancing consular cooperation. Representation will still be used as a main form of cooperation and Schengen States are likely to make an **even greater use of ESPs** which means that applicants pay a service fee on top of the visa fee. The use of the other forms of cooperation (co-location, **CAC**) will remain dependent on the lead of Schengen States and the **number of new centres is expected to remain very small**. In any case the overall situation

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<sup>62</sup> [http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/borders-and-visas/visa-policy/index\\_en.htm](http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/borders-and-visas/visa-policy/index_en.htm)

<sup>63</sup> There will be more Commission Implementing Decisions setting up a uniform list of supporting documents to be requested from applicants in a certain jurisdictions. However "harmonisation of the list of supporting documents" – as required by the Visa Code – does not equal to "reduction of the list". The purpose of the Visa Code on this point is to ensure a harmonisation of the list, as divergences between consulates in the same third country lead to confusion for the applicants. The result of the harmonisation is that certain consulates should require more documents than they had required before, other consulates should require less documents then before.

<sup>64</sup> This issue is not related to security and only indirectly linked to generating economic growth, but to provide a better service for visa applicants and a good legal framework for Schengen States to rationalise their resources.

in terms of "visa collecting presence" will be slightly better, but Schengen States are not expected to focus on those 900 "blank spots" mentioned in point 2.3.2.

The **90 days in any 180-day period 'limitation'** will continue to make travel arrangements for individuals and 'touring groups' problematic. Travellers will continue to look for "alternative solutions" to stay longer in the Schengen area<sup>65</sup>.

In conclusion, **the application of the Visa Code will continue to be perceived as incoherent by visa applicants** and the proportion of visa applicants considering the visa process as a fast, client-friendly procedure is likely to remain low and declining.

### 2.8.3. *On the security and economic growth*

By the time of the entry into force of the revised Visa Code, **the VIS** is expected to be up and running in all third-countries. The gradual roll-out will be finished and the system **will strengthen the security of the Schengen area**. It enables border guards to verify that a person presenting a visa is its rightful holder and to identify persons found in the Schengen area with no or fraudulent documents. Using biometric data to confirm a visa holder's identity allows for **faster, more accurate and more secure checks**. It helps in fighting and preventing fraudulent behaviors, such as "visa shopping". In addition, the VIS makes it easier to determine which State is responsible for examining an asylum application. As from September 2013, VIS data are available to Europol and national law enforcement authorities for preventing, detecting and investigating terrorist offences and other serious criminal offences<sup>66</sup>.

The new 'smart borders' systems, EES and RTP are likely to start operations in 2019. The **EES** will record the time and place of entry and exit of TCNs travelling to the Schengen area. The system will calculate electronically the length of the authorised short-stay and issue an alert to national authorities when there is no exit record by the expiry time. In general, the EES will enhance border control, prevent irregular immigration and facilitate the management of migration flows, and it will also be of crucial assistance in addressing the issue of people overstaying their visa. Until the start of operations of the system the lawful use of previous visas can only be determined on the basis of the entry and exit stamps in the passport. The EES – once implemented – will considerably facilitate this check. As such, it will be an important tool for consulates when they assess visa applications, and in particular implement any of the envisaged policy option related to problem area no 1 (cf. point 4.3. in particular).

It is to be noted that the **IT systems are not intended to generate economic growth** although the RTP has the potential to generate more trips and thus increased revenues. As regards the identified problems, and as far as the **VIS, EES and RTP** are concerned, it can be said that the **(full) implementation of these systems will not solve the identified problems**. It can also be seen that actions taken at national level would not lead to the reduction of economic loss/generating economic growth.

**In conclusion, it is to be expected that the security of the Schengen area will not only be maintained but will be increased; nevertheless the potential economic loss ascribed to the current visa procedures will not be reduced.**

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<sup>65</sup> Annex 7 provides an explanation regarding this.

<sup>66</sup> Council Decision 2008/633/JHA of 23 June 2008 concerning access for consultation of the Visa Information System (VIS) by designated authorities of Member States and by Europol for the purposes of the prevention, detection and investigation of terrorist offences and of other serious criminal offences

## 2.9. Does the EU have the power to act? (Legal basis and the principle of subsidiarity)

The abolition of checks at internal borders requires, among other things, a common policy on visas. Common visa lists (of countries whose nationals require visas and of those whose nationals are exempted from the visa requirement), and uniform conditions and harmonised procedures for issuing visas are pre-conditions for enabling mutual recognition of visas which allows TCNs legally present in one Schengen State to travel to the other Schengen State without requiring checks at internal borders. No one calls in question this principle and similarly no one calls in question the need of visas *per se* to regulate flows of TCNs and to maintain the security of the Schengen area.

Under **Article 77(2)(a) of the TFEU**, the EU has the power – and even the obligation - to adopt measures relating to the common policy on visas and other short-stay residence permits. The rules for processing short-stay visas are already regulated by a regulation that is directly applicable, i.e. the Visa Code.

The problems elaborated in the previous sections are unlikely to disappear in the near future and they are directly related to the current provisions of the Visa Code. By enforcement of the correct implementation progress can be achieved with regard to several issues, such as the time limit for granting an appointment, correct implementation of the provisions on supporting documents, information provided to the general public, etc. However, as explained in the previous sections there are **several 'may' clauses and provisions leaving a considerable margin for appreciation for the consulates**, in particular with regard to providing procedural facilitations for well-known/regular travellers. In addition, due to the widespread use of ESPs and commercial intermediaries, these provisions simply cannot be put in practice in many places. The issue of organising the visa collecting/processing network (geographical coverage) is the responsibility of the Schengen States; the Visa Code calls for "cooperation" between Schengen States (e.g. Article 5(4) which is introduced in section 2.3.2.) but the provisions in this area are **not enforceable**.

As described under the baseline scenario, the continuation of the application of the current legal framework and the already envisaged initiatives is not going to lead to resolving these problems.

Introducing procedural facilitations in a harmonised manner for travellers with the aim of further developing the common visa policy in order to foster economic growth and to achieve more coherence between the visa policy and other EU policies can only be taken at EU level.

As regards the issue of stays exceeding 90 days in a given 180-day period (creation of a new type of authorisation) it must be noted that the **TFEU** – contrary to Article 62(3) of the Treaty establishing the European Community which was the legal basis for the visa policy before the entry into force of the Lisbon Treaty - **no longer limits the "short-stay" to 3 months; it does not specify its duration**. According to Article 77(2) of the TFEU, the European Parliament and the Council, among others, shall adopt measures concerning the common policy on visas and other short-stay residence permits and the conditions under which nationals of third countries shall have the freedom to travel within the Union for a short period. Article 77 of the TFEU could therefore serve as a legal basis, provided that situations falling under Article 79 (admission for more than 3 months to the territory of an EU Member State) are clearly excluded<sup>67</sup>.

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<sup>67</sup> In any case, as Article 77 of the TFEU empowers the EU to act on "short-stay" in the Schengen area (to ensure the absence of any controls on persons at internal borders) and Article 79 of the TFEU

### 3. OBJECTIVES

This section lists the general, specific and operational policy objectives meant to address the problems faced by visa applicants and consulates with regard to the implementation of the Visa Code. The revision of the Visa Code needs to address the following:

#### General policy objectives:

1. To foster economic growth in the EU.
2. To ensure more coherence with other EU policies such as trade, tourism, external relations education, research, youth and culture.
3. To maintain the security of the Schengen area.

#### Specific objectives:

1. To move towards a truly harmonised, genuinely common visa policy.
2. To tailor visa procedures more to the needs of legitimate travellers.
3. To make the visa procedure more efficient by streamlining the rules.

#### Operational objectives:

1. To provide mandatory procedural facilitations for "well-known" travellers by making use of the possibilities offered by the VIS.
2. To increase and rationalise the visa collecting/processing presence in third countries.
3. To provide the possibility of stays exceeding 90 days in a 180-day period in the Schengen area.

### 4. POLICY OPTIONS

#### 4.1. Discarded options

The scope of the review is intended to remain within the scope of the Visa Code which defines the procedures and conditions for issuing visas. Obviously the most effective 'facilitation', is the **waiving of the visa requirement** by transferring third countries from the so-called "negative list" (visa required countries) to the so-called "positive list" (visa exempted countries) attached to Regulation 539/2001. Such transfer has traditionally been based on 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. In the future, the economic impact of visa policy has to be taken into account as well. The review of the list takes place on a regular basis. Moreover, so-called visa liberalisation dialogues have been launched or will be launched with certain third countries. The Commission attaches utmost importance to the methodology of the modification of Regulation 539/2001 as well as to the visa liberalisation dialogues and considers those processes very distinct to the review of the Visa Code. Therefore, the visa waiver for one or more third countries was not considered as a valid policy option while working on this IA. As

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empowers the EU to act on visas and residence permits in the context of legal residence in EU Member States (i.e. for stays beyond 3 months in an EU Member State), the EU shall also have competence to introduce an authorisation for stays exceeding 90 days in any 180-day period in the overall Schengen area.

long as there are risks for irregular immigration or security threats for the Schengen area, a "negative visa list" – even if shortened – will continue to exist. However, for the citizens of the third countries remaining on this negative list, the present exercise is fully justified, i.e. the visa application process should be facilitated in order to promote their mobility.

**Visa issuance at the border** is often described as a feasible and useful facilitation for travellers and it is in place in several third countries, e.g. Indonesia, Thailand and until recently Turkey. According to the current Schengen acquis, visa issuance at the border is possible only in exceptional cases<sup>68</sup>. The reason why issuing visas at the borders shall not be a general rule is that **consulates** in the country of residence of the applicant **are better placed to assess possible risks posed by the applicant for irregular immigration and for security**, primarily because there is lot more time during the visa processing to verify the conditions and consular officials have more means to assess the socio-economic situation of the applicants. Shifting the visa issuance from the consulates to the border would imply weakening the possibility to assess possible risks. Moreover, even an instantaneous and automatic visa issuance at the border on the basis of a valid passport and without in-depth verification of entry conditions would pose a great challenge for the border guards and would require serious preparations, reinforcement of staff, IT developments, etc. Bearing in mind the fundamental objectives/reasons of having a visa requirement in place for nationals of certain third countries, issuance at the border, as a general rule, can never be a valid alternative in the current Schengen framework.

**Increasing or decreasing the general – EUR 60 - visa fee** has been also discarded from the outset. One of the main reasons is that visa applicants and Schengen States have conflicting interests in this regard: problems had been identified with regard to costs both for visa applicants (overall costs are already too high) and Schengen States (for some of them the visa revenues do not cover the processing costs). Therefore, it was considered desirable to leave aside certain options from which only the applicants or Schengen States would benefit, as long as more appropriate win-win solutions seem to be available.

Certain stakeholders (in particular business associations) indicated that some applicants would be willing to pay more in order to get the visa faster (**fast-track, premium service**). At the same time, the results of the public consultation also showed that 73% of the respondents already find the visa procedure too expensive. Ensuring equal treatment of the applicants is an important principle and it does not seem desirable to provide a premium procedure for the rich. In addition, it is reasonable to assume that those applicants who would be willing to pay more for a "premium" service are already beneficiaries of certain facilitations due to their frequent/regular travels. They either have MEVs or a fast-track service is provided for them without an extra charge because the consulate is aware that the speedy "access" of these (mostly) business people to the Schengen visas is also important for the business partners in the Schengen States. Against this backdrop, this idea has been discarded, too.

Finally, with regard to the issue of consular coverage it can be recalled that the establishment of "**common EU visa issuing offices**" was already mentioned in the Tampere Programme in 1999. The Stockholm Programme adopted 10 years later also envisages some sort of "common European issuing mechanism for short term visas". Establishing common offices which would issue truly common visas (i.e. switching from the mutual recognition of "national" Schengen visas issued by Schengen States' consulates to "real" Schengen visas issued by a "Schengen authority") in the first place requires a fully harmonised and integrated procedure. The review of the Visa Code will be an important step in this regard not only by

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<sup>68</sup> Article 35-36 of the Visa Code



responding to the problems identified during the IA process, but also by fine-tuning several provisions identified in the evaluation report. The second and much more difficult phase would be the transfer of the decision making power from the Schengen States (consulates) to an EU body. Although almost 15 years have passed since Tampere, none of the Schengen States have raised this as a valid option during the discussions on the issue of consular cooperation/coverage. Other stakeholders do not insist either on the creation of a truly common visa issuing authority, but on the need to improve accessibility to the visa procedure by ensuring a better geographical coverage.

#### 4.2. Presentation of the policy options

The policy packages are summarised below. They are made from building blocks, it being understood that the preferred package could be a mix of policy options in different packages.

- **Policy package 0 - Status quo:** Under the status quo, the existing legal framework would remain unchanged and on-going activities will continue. The Commission would continue monitoring the implementation of the Visa Code.
- **Policy package A: Non-regulatory measures:** A range of 'soft law measures' aiming to better implement the Visa Code, in particular through adding additional guidelines and good practices to the Visa Code Handbook.
- **Policy package B-D: Reviewing the Visa Code:** These options require EU level regulatory action to amend the Visa Code. **The policy options are grouped according to their level of ambition (political feasibility) in three packages, minimum, intermediate and maximum.**
  - **Policy package B (minimum)** would introduce mandatory procedural facilitations and mandatory issuance of MEVs valid for at least 1 year and subsequently for 3 years for *frequent* travellers. It would provide a more realistic, more flexible definition with regard to certain forms of consular cooperation and it would introduce a new type of authorisation allowing *certain categories of applicants* for stays more than 90 days in any 180-day period.
  - **Policy package C (intermediate)** would introduce mandatory procedural facilitations and mandatory issuance of MEVs valid for at least 3 years and subsequently for 5 years for *regular* travellers. It would introduce an obligation to represent Schengen States that are not present or represented by virtue of a representation arrangement in third countries ("*mandatory representation*"). It would also introduce a new type of authorisation allowing *all applicants* fulfilling specific conditions to stay for more than 90 days in any 180-day period in the Schengen area.
  - **Policy package D (maximum)** would extend mandatory procedural facilitations and mandatory issuance of MEVs immediately for 5 years to the *majority* of applicants by requiring only one lawfully used visa (within the previous 12 months prior to the date of the application) that is registered in the VIS. In order to ensure adequate visa collecting/processing coverage *Commission* implementing decisions *would define what the Schengen visa collecting network in third countries should look like* in terms of representation arrangements,

cooperation with ESPs, pooling resources by other means. It would introduce the same type of authorisation as in the intermediate package.

- All of these options require synergies with the EES and RTP proposals and account should be taken of the possibilities offered by the use of the internet (e.g. electronic submission of visa applications) as requested by several stakeholders.
- Separate assessment tables can be found in Annex I of the IA Study with regard to each individual option. They served as a basis of drawing up the assessment tables for the policy packages in the IA.
- The table below provides a description of the options and maps them against the main problem blocks that they address.

Problem Area / Policy packages	Problem area 1: Lengthy, cumbersome and costly procedure	Problem area 2: Insufficient geographical coverage in visa processing	Problem area 3: Lack of authorisation allowing TCNs to stay more than 90 days in any 180-day period in the Schengen area
Non regulatory package (A)	<p><u>A.1</u></p> <p>Providing further explanations, <b>examples and recommended best practices for consulates in the Visa Code Handbook</b> in order to make more use in individual cases of the existing (optional) procedural facilitations with regard to the waiver of the requirement to appear in person to lodge the application and to the waiver of certain supporting documents. The supporting documents to be waived would be specified; in addition, best practice examples would be provided to encourage Schengen States to issue MEVs with long(er) validity for "bona fide" applicants whose categories are already specified in the Handbook to a great extent. Best practice examples would also be added regarding online visa applications.</p>	<p><u>A.2</u></p> <p><b>Further promotion of the available ISF funding</b>, including the specific actions, in order to encourage Schengen States to set up consular cooperation projects. The new elements (e.g. less red tape, longer duration of projects to be financed) would be regularly recalled in all appropriate fora.</p>	<p><i>Since the problem driver is a legal gap between the Schengen acquis on short-stay in the Schengen area and the legislation on admission of TCNs for longer than 90 days the territory of a Schengen State, a non-regulatory option was not developed.</i></p>
Minimum regulatory package (B)	<p><u>B.1</u></p> <p>According to this option for "<b>frequent travellers</b>" who have previously lawfully used at least <b>3 visas</b> (within 12 months prior to the date of the application) that are registered in the VIS, <b>consulates would be obliged to:</b></p> <p>(a) <b>issue MEVs valid for at least one year</b> and, when a person has been granted two MEVs valid for one year and these MEVs have been used lawfully, to subsequently issue a MEV valid for at least three years<sup>69</sup>;</p> <p>(b) apply the following <b>procedural facilitations</b>: waive the requirement to lodge the application in person (allowing e.g. online applications) and to provide</p>	<p><u>B.2</u></p> <p><b>Article 41 of the Visa Code (co-location, CAC) would be repealed and a general notion/concept of "Schengen Visa Centre" would be introduced.</b> That could be any cooperation structure between two or more Schengen States – including representation - aiming at moving towards a more harmonised, more common visa procedure, increasing geographical coverage, reducing costs on the side of the Schengen States, increasing the visibility of the EU and leading to a better</p>	<p><u>B.3</u></p> <p><b>A new type of authorisation would be introduced</b> with a view to an intended stay in the Schengen area of a duration of more than 90 days but no more than 360 days, provided that the applicant does not intend to stay for more than 90 days (in any 180-day period) in the territory of the same Schengen State. The authorisation would allow multiple entry during its period of validity. Under this policy option the beneficiaries of the authorisation (<b>eligible applicants</b>) <b>would be limited</b> to artists (and sportsmen) and their crew</p>

<sup>69</sup> This gradual approach was inspired by the existing VFAs.

Problem Area / Policy packages	Problem area 1: Lengthy, cumbersome and costly procedure	Problem area 2: Insufficient geographical coverage in visa processing	Problem area 3: Lack of authorisation allowing TCNs to stay more than 90 days in any 180-day period in the Schengen area
	supporting documents waiver relating to the accommodation, the proof of sufficient financial means and the proof of will to return.	service for visa applicants. Any project proposals aiming at these objectives should be eligible for ISF funding, including representation.	members (having special knowledge, experience and technical expertise) employed by reliable and acknowledged live performing companies/organisations and core family members (spouse, child, parents) travelling along the performing groups. This special category of visa requiring and visa exempted TCNs seem to be the number one victims of the existing legislative gap.
<b>Intermediate regulatory package (C)</b>	<p><u>C.1</u> According to this option, in the case of applicants who have previously lawfully used at least <b>2 visas</b> (within 12 months prior to the date of the application) that are registered in the VIS ("<b>regular travellers</b>"), <b>consulates would be obliged to: issue MEVs valid for at least 3 years</b> and, when a person has been granted such MEV <b>and</b> has used it lawfully, to <b>subsequently issue a MEV valid for 5 years</b>. Same procedural facilitations would apply as in the case of B.1.</p>	<p><u>C.2</u> <b>B.2 + "mandatory representation"</b>. In addition to the introduction of the notion of "Schengen Visa Centre", this option would also introduce the concept of representation without an arrangement between Schengen States (that is why the notion "mandatory"), i.e. when a Schengen State competent to process the visa application in accordance with Article 5 of the Visa Code is not present nor represented in a certain third country, any other Schengen State present in that country would be obliged to process visa applications on their behalf.</p>	<p><u>C.3</u> <b>Same authorisation</b> would be introduced but not only for the specific category of TCNs mentioned under B.3, but for all TCNs (i.e. "individuals" as well). <b>All TCNs</b> who can demonstrate a legitimate interest for circulation for a period longer than 90 days in the Schengen area <b>would be eligible to apply</b>, but of course to get the authorisation, a very stable socio-economic situation in the country of residence would be required, and the existence of sufficient means of subsistence for the whole period of intended stay should be proved.</p>
<b>Maximum regulatory package (D)</b>	<p><u>D.1</u> According to this option, in the case of applicants who have previously lawfully used at least <b>1 visa</b> (within 12 months prior to the date of the application) that are registered in the VIS ("<b>VIS registered applicants</b>"), <b>consulates would be obliged to issue MEVs valid for 5</b></p>	<p><u>D.2</u> In visa-obliged third countries <b>Commission implementing decisions would define how the Schengen visa collecting network should look like</b> in terms of representation</p>	<p><u>D.3</u> Same as C.3. (<i>Maximalist option has not been developed with regard to the introduction of a new type of authorisation as anything more ambitious than the intermediate option - for instance, a</i></p>

Problem Area / Policy packages	Problem area 1: Lengthy, cumbersome and costly procedure	Problem area 2: Insufficient geographical coverage in visa processing	Problem area 3: Lack of authorisation allowing TCNs to stay more than 90 days in any 180-day period in the Schengen area
<p><b>years.</b> Same procedural facilitations would apply as in the case of B.1 and C.1.</p>	<p>arrangements, cooperation with ESPs, pooling resources by other means, etc., taking into account several aspects (visa statistics, existing consular network, ESPs, size of the country, political considerations at national and EU level, etc.). In many third countries these decisions would eventually oblige Schengen States to cooperate: among others, mandatory representation, mandatory use of ESPs, mandatory participation in CACs can be envisaged in this regard. This option implies that the Commission will be in the lead and the EU should bear all or most of the costs. A country-by-country "mapping exercise" should be the first step in determining how the visa collecting/processing network should look like.</p>	<p><i>general prolongation for all travellers of the authorised short-stay in the Schengen area to 180 days instead of 90 days - was not considered proportional to the nature and volume of the problem. In addition, the aliens' law of the Schengen States are traditionally based on the 3 months 'limitation' as far as short stay/visit is concerned. For the vast majority of the travellers this limitation does not pose any problem whatsoever. Switching to 180 days per 1 year as a general rule, or doing away the distinction of short-stay and long-stay would have a serious impact on the immigration/admission acquis. It would require changing the scope of the sectorial directives (as they all apply to envisaged stays of more than 3 months), and subsequently changing the national laws, too. This would go far beyond the scope of the Visa Code.)</i></p>	

### 4.3. Further explanation of the policy options related to problem area 1

Out of the policy options, in particular, the rather complex options related to problem area 1 (overall length, cost and cumbersome nature of the procedure) require additional explanation and justification.

Since the problems are the overall length, costs and burdensomeness of the procedure, by changing some of the specific elements of the procedure, e.g. increasing or reducing the visa fee or increasing or decreasing the time for processing the applications, it would not be possible to tackle these issues both for the benefit of the applicants and the consulates. **While drawing up the policy options, the issuance of MEVs with long validity was considered the only win-win solution for both sides. It has the potential to lessen the administrative burden of consulates and at the same time, it would be considered as a very important facilitation for certain groups of travellers.** In practice it would be equivalent to a visa waiver within the period of validity of the MEV, resulting in **significant savings and efficiency gains both for visa applicants (time and costs) and consulates (time).**

The **underlying logic** of the related policy proposals is to distinguish - on the basis of objective criteria - between unknown applicants and those with a positive visa record and to make the granting of MEVs with a long period of validity and procedural facilitations mandatory for the second category. While the same procedural facilitations are introduced under the three regulatory policy packages, the eligibility criteria for benefiting from these facilitations as well as the length of validity of the MEV to be issued vary under each package. By requiring, 3, 2 or 1 visas (in the previous 12 months prior to the new application) registered in the VIS, an objective condition would be established, which is a pre-requisite of introducing mandatory provisions. In the minimum package the mandatory MEV issuance follow a gradual approach, inspired by the existing VFAs: two MEVs for minimum 1 year, to be followed by a MEV for minimum 3 years. In this regard, there is a step change between the minimum and the intermediate regulatory package: the latter one envisages the issuance of MEVs for minimum 3 years and subsequently for 5 years<sup>70</sup> for "regular travellers" (defined as applicants who have previously lawfully used at least 2 visas within the previous year that are registered in the VIS). Following the above mentioned logic leads to the maximum option which envisages the issuance of MEVs for 5 years right after one visa registered in the VIS.

Concerning the procedural facilitations, it can be noted that the **waiver of lodging the application in person** can only apply if the applicants' fingerprints have been entered in the VIS less than 59 months before. The applicant would be asked to indicate in the application form that the required number of visas has been issued to him within the last 12 month-period and that his fingerprints have been collected less than 59 months before. If the application is lodged with an ESP, the consulate would subsequently check in the VIS that both conditions for benefiting from the simplified regime are fulfilled. If it appears at this stage that it was not the case the applicant would be required to appear in person at the consulate or at the premises of the ESP to complete the application.

Regarding the **waiver of the requirement to provide supporting documents**, it must be noted that the proof of accommodation in a given Schengen State does not have a significant added value in case of MEV issuance. As for the waiving of the requirement to prove the will to return and the sufficient financial means, it is justified by the fact that it can be assumed that the applicant does not intend to immigrate irregularly based on his positive visa record in the VIS. It is furthermore unlikely that the applicant's situation would have changed

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<sup>70</sup> This is the maximum length of validity of an MEV according to the Visa Code.

dramatically within a 12-month period. However, applicants would still be required to provide documents relating to the purpose of the first journey under the MEV, in order to determine the Schengen State competent for processing the application.

The introduction of one of these options would basically leave intact the existing provisions on supporting documents, and lodging the application in person for "first time"/"unknown" applicants, who should undergo an in-depth verification. At the same time, it should not prevent consulates from having the discretion to also grant similar facilitations to **first time applicants owing to their "social status"**<sup>71</sup>, **those whose previous visas are not registered in the VIS**, or for instance had a MEV for 6 months instead of two or three visas in the past year: in these cases consulates may waive the requirement to provide certain supporting documents and they may issue MEVs according to the current rules. The requirement to lodge the application in person already after the first application registered in the VIS may be also waived.

## 5. ANALYSIS OF THE IMPACTS OF THE POLICY OPTIONS

The four (A, B, C, D) policy packages have each been assessed as follows (on a 4 point scale<sup>72</sup>):

- The extent to which the proposal contributes to meeting the operational objectives;
- Impacts on the applicants (including costs);
- Impacts on the Schengen States (including administrative costs);
- Impacts on the security of the Schengen area as well as consistency with other EU policies;
- Impacts on the Commission (and EU Delegations);
- The economic benefits and growth that may accrue (economic impact);
- Considerations on the political, legal and practical feasibility, in particular in view of the likely position of stakeholders and the co-legislator.

It must be noted that while TCNs do not have a right to be issued with a visa, their **fundamental rights** must be respected during the processing of visa applications. The Visa Code in this regard already states that consular staff shall, in the performance of their duties, fully respect human dignity and shall not discriminate against persons on grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Processing of visa applications should be conducted in a professional and respectful manner and be proportionate to the objectives pursued. Applicants who have been refused a visa shall have the right to appeal. **None of the policy options have an impact on these important provisions.** Although the Commission regularly receives complaints about treatment by consular staff and a third of respondents in the public consultation rated consular staff as "not

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<sup>71</sup> E.g. manager of a well-known company, famous artist, sportsman, member of the diplomatic corps, etc.  
<sup>72</sup> 0: no impact; 0-1: small impact, if any; 2: medium impact; 3: high impact; 4: very significant impact. The rating is negative (-) if the impact is negative. The ratings are developed on the basis of the examination of the policy options against the different assessment criteria in the impact assessment tables. The outcome of the examination is explained, as usual, under the motivation of the rating. The reason to use a different classification for the feasibility assessment (poor, reasonable, good) is purely linguistic.

friendly", neither the complaints nor the stakeholder consultation revealed any fundamental rights-related problems, such as discrimination.

The **impact on third countries** in principle will be proportionate to the impact on its nationals (visa applicants). Increasing people-to-people contacts have a positive impact on socio-economic and political relations with third countries; it promotes mutual understanding and strengthens the civil society.

Explanation of the **nature of economic benefits** likely to arise and the approach to the estimates of financial and economic impacts of the policy options is presented in Annex 8 of the IA and an even more detailed explanation is provided in Annex 2 and 3 of the IA Study. The assessment of **economic and financial impact** of the different proposals had to be based on different data, different calculations as the nature of the options are also different (e.g. MEV-proposal and "mandatory representation").

### 5.1. Status quo (0)

Since the Visa Code Handbook already contains guidelines and good practices the likely impacts of the non-regulatory package (as described in section 5.2.) can be considered (almost) equivalent to the impacts of maintaining the status quo. Therefore, in order to avoid repetition, separate assessment table were not drawn up for the status quo. Additional information can also be found under the baseline scenario (section 2.8).

### 5.2. Non-regulatory package (A)

Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
Mandatory procedural facilitations for certain categories of travellers	1	Mandatory facilitations cannot be introduced by non-legislative measures; nevertheless by adding more examples in the Visa Code Handbook consulates might feel more confident to apply the existing optional facilitations and issue more MEVs with long(er) validity.
Increased and rationalised visa collecting/processing presence in third countries	1	Only a very limited rationalisation and increase of consular cooperation projects can be expected due to the action envisaged. COM has been already promoting the use of the available EU funding; efforts can be doubled in this regard highlighting the new elements of the future ISF, yet any positive impacts of this option will solely depend on the willingness of Schengen States to take the lead. The consular presence would possibly increase as it is described under the baseline, but that should not be attributed to the envisaged soft law measure <i>per se</i> .
Possibility of stays exceeding 90 days in a 180-day period in the Schengen area	0	The 90 days in any 180-day period 'limitation' will continue to make travel arrangements for individuals and "groups" problematic. Travellers will have to continue to look for "alternative" solutions.
Impact on the applicants (including costs)	1	Applicants would continue to encounter basically the same problems when applying for a visa, including high indirect costs and (increasingly) lengthy and cumbersome procedures. Due to the further guidance consulates might be more inclined to make use of the existing flexibilities of the Visa Code, in which case minor positive impacts can be envisaged (more applicants would get MEVs with long(er) validity or benefit from the waiver of certain supporting documents, etc.).
Impact on the Schengen States (including	1	Consulates will still have to cope with a growing number of visa applicants and possibly increasing cuts in consular budgets. By making



Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
administrative costs)		more use of the existing flexibilities consulates can slightly reduce their workload. Funding under the ISF (in particular staffing) might bring some positive changes, but this cannot be attributed to the envisaged soft law measures.
Impact on the Commission (and EU Delegations)	0	There would be no impact on the Commission/EU Delegations.
Impact on the security of the Schengen area	0	There would be no impact on the security of the Schengen area.
Impact on the EU economy	0/1	Minor positive impacts, if consulates make better use of the existing facilitations of the Visa Code. Nevertheless if the facilitations are not implemented in a coherent, harmonised manner, the applicants' dissatisfaction with the process will remain, which may discourage TCNs from applying for visa in the future. The economic loss due to the continued implementation of the current provisions of the Visa Code (enforced them with additional guidelines/best practices) is not possible to estimate in a reliable manner.
Consistency with other EU policies	0	TCNs will still face limitations as to their possibility to enjoy more travel opportunities and further engage in economic and cultural activities in the Schengen area.
Implementation feasibility (potential obstacles)	Good	<p>There are no major issues related to the feasibility of this package.</p> <p>Concerning political feasibility, on the one hand, Schengen States would not be much in favour of these initiatives as the foreseen positive impacts associated with these non-legislative interventions seem to be minimal; on the other hand, they may prefer this package as it is much less prescriptive than the other ones so that their consulates would keep their discretionary power.</p> <p>NGOs, interest groups, business and professional associations were more in favour of legally binding provisions than guidelines and best practices. Nevertheless they also welcomed them as supplementary measures.</p> <p>The co-legislator (European Parliament) might not find this policy package ambitious enough.</p>

### 5.3. Minimum regulatory package (B)

Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
Mandatory procedural facilitations for certain categories of travellers	2	Some positive impact due to the various facilitations introduced; however, these would only apply to a rather limited group of "frequent" travellers such as business people; it would not apply to tourists. The proposal would lead to a reduction in visas processed by about 1 million applications (per year), and potentially also increase the overall number of trips by approx. 500 thousand per year.
Increased and rationalised visa collecting/processing presence in third countries	2	Limited rationalisation and increase of geographical coverage if Schengen States would be inclined to set up "Schengen Visa Centres" thanks to the more flexible notion provided by the Visa Code and the wider eligibility for ISF support. As such it would also encourage Schengen States not to think in terms of rigid structures but they could consider "mixed-solutions" that would seem to be the most appropriate

Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
Possibility of stays exceeding 90 days in a 180-day period in the Schengen area	2	<p>in light of the local circumstances. The main forms to increase consular coverage would still remain representation arrangements and cooperation with ESPs.</p> <p>Positive impact for the eligible applicants (e.g. artists and culture professionals, sportsmen, their crew members employed by reliable (live performing) companies or organisations etc.). The estimated number of affected travellers would be ca. 60 thousand<sup>73</sup>.</p>
Impact on the applicants (including cost)	2	<p>The policy package would facilitate access to the Schengen area for applicants with a record of "frequent" travels in the VIS. Quite likely that these visitors already benefit from certain procedural facilitations, but the mandatory issuance of MEVs with the validity of minimum 1 years and subsequently for minimum 3 years would increase the frequency and probably the propensity of TCNs to travel. Satisfaction levels with the visa application process are also expected to slightly increase as far as "frequent" travellers are concerned. This policy package would reduce the costs of visa applications (due to the procedural facilitations and in particular the MEV issuance). The IA study estimates a saving of ca. EUR 120 million per year due to the increasing number of MEVs issued. Live performing companies and related businesses will no longer face major obstacles regarding the 'limitation' of the authorised length of stay. The estimated impact on this category of applicants is approx. EUR 13 million in savings on direct and indirect costs per year.</p>
Impact on the Schengen States (including administrative costs)	1	<p>The facilitations will reduce the workload of consulates, though only to a limited extent (vis-à-vis "frequent" travellers). It is estimated that there will be a potential loss of ca. EUR 1 million on visa revenues because of the declining number of visa applications, accompanied however also by lower costs as less visa applications would need to be processed. In case of increased consular cooperation, there would be some minor economies of scale. The costs of processing the new type of authorisation is not going to be significant due to the expected number of applications and the fee to be introduced. Trainings would be needed, but the related cost is considered insignificant, too.</p>
Impact on the Commission (and EU Delegations)	0	<p>There would be no impact on the Commission/EU Delegations.</p>
Impact on the security of the Schengen area	0	<p>No measurable impact. The 4<sup>th</sup> application (registered in the VIS) would trigger the facilitations under option B.1 and it is very unlikely that these TCNs would intend to do wrongdoing (overstay, crime, etc.) which could have been done during their first three visits. Similarly, the beneficiaries of the new authorisation under option B.3 should be employed by reliable companies or organisations; this group of TCNs would not pose any security threat.</p>

<sup>73</sup> Estimation based on the information received from relevant interest groups (e.g. PEARLE\*, European Circus Association).

Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
Impact on the EU economy	1	There would be an increase in the number of trips by ca. 500 thousand and the possibly longer duration of stay of some categories of visa applicants are expected to bring some positive economic benefits as well. The proposal concerning MEV is anticipated to have an economic impact estimated at ca. EUR 300 million after a period of four years sufficient to support ca. 8000 FTE <sup>74</sup> . Wider economic benefits are also expected due to the introduction of the new type of authorisation which could at most lead to an estimated ca. EUR 500 million <sup>75</sup> additional income to the Schengen area per year sufficient to support ca. 13,000 FTE jobs.
Consistency with other EU policies	1	The issuance of more MEVs with long validity is in line with the interests in the area of tourism, trade, culture and external relations. Moreover, the introduction of the new type of authorisation could boost cultural activities. However, the potential number of beneficiaries would be rather limited.
Implementation feasibility (potential obstacles)	Good	<p>There are no major issues related to the practical feasibility of this package.</p> <p>Many stakeholders, including Schengen States are looking favourably upon harmonising procedural facilitations and agree that the boosting of the issuance of MEVs with long(er) validity is a win-win solution for the applicants and Schengen States. However, the mandatory issuance of MEVs for minimum 1 year/3 years is expected to be subject of discussions, although the potential beneficiaries are rather limited. In addition Schengen States raised concerns regarding the introduction of a new type of authorisation; many of them already questioned the proposed legal basis, referring that long-stays should fall under Article 79 of the TFEU.</p> <p>NGOs, interest groups, business and professional associations do welcome the introduction of a new type of authorisation and they are in favour of any measure which leads to better geographical coverage in visa collecting/processing.</p> <p>The European Parliament is expected to be in favour of the suggested options.</p> <p>Overall, the political feasibility is expected to be reasonable.</p>

#### 5.4. Intermediate regulatory package (C)

Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
Mandatory procedural facilitations for certain categories of travellers	3	Positive impact, due to the facilitations being applied to a wider target group (now only requiring 2 visas recorded in VIS in the past 12 months), i.e. "regular travellers" and due to the issuance of MEV for 3 years right away, instead of the two min. 1-year MEV suggested in the minimum option. This proposal would lead to a reduction in visas processed by ca. 4 million applications and increase the overall number of trips by approx. 2 million.

<sup>74</sup> Full time equivalent (1 FTE means that the person is equivalent to a full-time worker.)

<sup>75</sup> This high number is due to the fact that in case of long-stays, the average spending is estimated high; EUR 8,550 per long-stay. The estimated ca. EUR 500 million is in line with PEARLE\*'s conservative estimation.

Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
Increased and rationalised visa collecting/processing presence in third countries	4	On top of the positive impact of the repeal of Article 41 of the Visa Code and the introduction of the flexible notion of "Common Visa Centres", the introduction of the concept of "mandatory representation" would considerably increase the visa issuing presence in third countries. Consular coverage will be secured in any third country where there is at least one consulate processing visa applications. This concerns ca. 900 "blanks spots" and can have a positive impact on ca. 100 thousand applicants who would be able to lodge the application in their country of residence instead of travelling abroad to a country where the competent Schengen State is present/represented.
Possibility of stays exceeding 90 days in a 180-day period in the Schengen area	4	The IA Study estimated that the number of affected travellers would be around 120 thousand per year.
Impact on the applicants (including cost)	3	The policy package would facilitate access to the Schengen area for applicants with a record of "regular" travel in the VIS, which is a considerably broader group than "frequent" travellers covered by the minimum option. The facilitations are expected to both increase the frequency and the propensity of this broader group of TCNs to travel. The IA Study estimates a saving for travellers on indirect costs of almost EUR 500 million per year due to the increased number of MEVs issued. The status of "regular" traveller will be obtained fairly quickly, based on objective criteria; "first time applicants" can swiftly become regular. In addition, due to the decreasing administrative burden on consulates, "first time applicants" will be indirect beneficiaries in a sense that they will get an appointment to lodge the application quicker and consulates will be in the position to process their applications faster. Ensuring almost full consular coverage would also increase applicants' satisfaction; reduce indirect costs and would probably generate more trips to the Schengen area. Live performing companies will no longer face major obstacles related to the authorised length of stay and individuals with a very stable socio-economic background would be also allowed to travel around the Schengen area for more than 90 days in any 180-days. The maximum estimated impact on this category of applicants is approx. EUR 25 million per year in savings on direct and indirect costs.
Impact on the Schengen States (including administrative costs)	3	The facilitations will further reduce the workload of consulates (although as the trend shows, they are likely to receive more applications, too). It is estimated that there would be a potential loss of ca. EUR 5 million on visa revenues because of the declining number of visa applications, accompanied however also by lower costs as less visa applications would need to be processed. The "mandatory representation" requirement would increase the workload of processing visas on behalf of other Schengen States especially for Schengen States having a broad consular network (e.g. FR, DE, ES, IT, NL). However, this additional burden is expected not to be significant for individual consulates as in principle, in case there is a high number of visa applications in a given third country addressed to a Schengen State, that state will already now have ensured consular presence/being represented. The "additional" visa fee should cover most of the costs and ISF funding will be also available, if needed. Overall, the "mandatory representation" would cover ca. 100 thousand visa applications per year.

Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
Impact on the Commission (and EU Delegations)	0	There would be no impact on the Commission/EU Delegations.
Impact on the security of the Schengen area	-0,5	Slight negative impact (if any), due to the waiver of applying in person and the waiver of certain supporting documents, plus the increasing number of MEVs issued with an even longer validity already after the second visa registered in the VIS. However, similarly to the minimum option it still unlikely that the TCN would intend to do wrongdoing (e.g. overstay, crime, etc.) which could have been done during his first or second visit. Should the applicants fail to fulfil one or more of the entry and visa issuing conditions, the application should be refused anyway. In addition, the VIS and the future EES will increase security in the Schengen area. The new type of authorisation which could be also obtained by "individuals" represents a specific, non-measurable risk: some of their holders might seek to find employment on the black market (e.g. students running out of money while travelling) though this is a speculation.
Impact on the EU economy	3	Economic benefits are expected due to the higher number of visits. The proposal concerning MEV is anticipated to have a good economic impact estimated at more than EUR 1 billion, sufficient to support ca. 30 thousand FTEs. "Mandatory representation" might generate an estimated EUR 13 million additional income per year to the EU; sufficient to support ca. 400 FTE jobs. This is due to the limited number of "new" travellers this policy option might generate. Wider economic benefits are also expected due to the introduction of the new type of authorisation which at most could lead to an estimated EUR 1 billion additional income to the Schengen area; sufficient to support ca. 27,000 FTE jobs.
Consistency with other EU policies	3	In particular the issuance of even more MEVs with even longer validity is in line with the interests in the area of tourism, trade, culture, education, external relations, etc. The introduction of the new type of authorisation can boost cultural, business and also tourism activities.
Implementation feasibility (potential obstacles)	<b>Reasonable</b>	<p>The practical feasibility of the package is expected to be good. Schengen States would need to adapt their visa procedures, but the changes to be made should not pose considerable challenges.</p> <p>To a certain extent all options in this package may be subject of criticism and the potential economic benefits should be emphasized to make the case. Some Schengen States would already consider this option as "lowering" of requirements related to MEVs and would refer to potential security/migratory threats. Schengen States with a broad consular network would not receive positively the proposal on "mandatory representation". Some Schengen States consider that consular presence is a matter of national sovereignty. Concerns were also raised regarding the introduction of the new type of authorisation especially for "individuals"; Schengen States already questioned the proposed legal basis, referring that long-stays should fall under Article 79 of the TFEU.</p> <p>As already noted under the minimum package, NGOs, interest groups, business and professional associations do welcome the mandatory issuance of MEVs with long(er) validity as well as the envisaged procedural facilitations. The broader the beneficiaries are defined, the better for these stakeholders. Their support regarding the introduction of a new type of authorisation and the measures which leads to better</p>

Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
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geographical coverage has been already noted earlier.

The European Parliament is expected to be in favour of the suggested options.

Overall, the political feasibility still seems to be reasonable.

### 5.5. Maximum regulatory package (D)

Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
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Mandatory procedural facilitations for certain categories of travellers	4	Very positive impact, due to the facilitations being applied to an even wider target group (now only requiring 1 visa recorded in VIS in the past 12 months), i.e. "VIS registered applicants". In addition in order to gain the best possible economic impacts, the MEV would be immediately issued with a validity of 5 years. This proposal would dramatically reduce the number of visa applications to be processed by more than 7 million per year and has the potential to increase the overall number of trips by 3,5 million per year.
Increased and rationalised visa collecting/processing presence in third countries	4	Determining at EU level the modalities of organisation of the visa collecting/processing "network" in third countries in terms of representation agreements, cooperation with ESPs, etc. would substantially rationalise and increase the presence in the countries concerned.
Possibility of stays exceeding 90 days in a 180-day period in the Schengen area	4	The IA Study estimated that the number of affected travellers would be around 120 thousand per year.
Impact on the applicants (including cost)	4	<p>Visa applicants' satisfaction would further increase in particular due to the application of procedural facilitations and issuance of MEVs to a much expanded group and with 5 years validity. Both direct and indirect costs (for collecting supporting documents, travelling to the consulates, etc.) would be strongly reduced. It is estimated that there would be more than EUR 900 million saving on the applicants' side. Indirectly, "first time" applicants will also be the beneficiaries of the package as the reduction of the workload of consulates would have a spill over effect: applications of "first time" applicants would be processed faster. Moreover, "first time" applicants can swiftly become "VIS registered" and thus benefit from the facilitations.</p> <p>Live performing and other related businesses will no longer face major obstacles related to the authorised length of stay and individuals with a very stable socio-economic background would be also allowed to travel around the Schengen area for more than 90 days in any 180-days. The maximum estimated impact on this category of applicants is approx. EUR 25 million per year in savings on direct and indirect costs.</p>
Impact on the Schengen States (including administrative costs)	3	The MEV issuance will lead to a reduction in the number of applications which will be higher than the number of "new", first time applicants, therefore considerable efficiency gains would occur. The number of consular staff could be reduced in many third-countries. The rationalised visa collecting/processing network could also generate important economies of scale in the long run, but its quantification



Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
		would not go beyond speculations (unless a detailed third country to third country mapping exercise would be carried out).
Impact on the Commission (and EU Delegations)	<b>-2</b>	The sub-option related to the visa processing coverage (D.2) would have a serious impact on the Commission and EU Delegations in terms of administrative and financial burden. Mapping the third countries and determining the structure of the visa processing network would be a time consuming, expensive exercise. Should there be a conclusion that more visa processing presence is needed (ESP, CAC, representation arrangements, etc.) the costs should logically be covered from EU budget. Cost estimations are not worth to make in this regard as they would not go beyond speculations.
Impact on the security of the Schengen area	<b>-2</b>	Negative impact. This is due to the mandatory issuance of MEVs for 5 years and the application of the procedural facilitations under option D.1 already after the first application registered in the VIS. It could be expected that consulates seek to reduce the possible security risks by carrying out a higher number of interviews and that there could be a higher refusal rate. The new authorisation which could be also applied by "individuals" represents a risk as mentioned earlier.
Impact on the EU economy	<b>4</b>	Very strong economic benefits are expected due to the even higher number of potential visitors and the frequency of their visits. The proposal concerning MEV is anticipated to have a very strong economic impact estimated at ca. EUR 2 billion sufficient to support almost 60,000 FTE. As in policy proposal C.3, wider economic benefits are also expected due to the introduction of the new type of authorisation which at most could lead to an estimated EUR 1 billion additional income per year to the Schengen area; sufficient to support almost 30,000 FTE jobs.
Consistency with other EU policies	<b>4</b>	In particular the issuance of even more MEVs with long validity is in line with the interests in the area of tourism, trade, culture, education, external relations, etc. The issue of reciprocity with some third countries might arise in a sense that for TCNs it would be easier to obtain a visa to visit the Schengen area than for EU citizens obtaining a visa for visiting third countries. This would provide an opportunity however to request for reciprocity for the benefit of EU citizens to be able to obtain visas easier.
Implementation feasibility (potential obstacles)	<b>Poor</b>	<p>It is expected that this package would be subject of even more criticism than the intermediate package. The potentially very high economic benefit might not necessarily be enough to justify a proposal which could potentially have a negative impact on the security of the Schengen area.</p> <p>Only few Schengen States (with limited consular network) would support option D.2. The political but also the practical and technical feasibility of this option is questionable. Even adoption of the Commission implementing decisions regarding the harmonisation of supporting documents in different third countries takes a lot of time and in many locations Schengen States can hardly make an agreement. The visa processing network is a much more important and sensitive issue as it is very close to national sovereignty.</p> <p>The concerns related to the new type of authorisation were already mentioned earlier, just like the general support of NGOs, interest groups, business and professional organisations. It is expected</p>

Assessment Criteria	Rating	Motivation of the rating and aspects of the policy option necessary to achieve the impact
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however, that the European Parliament would also urge for caution regarding this package (due to option D.1).

Overall, the political feasibility seems to be poor.

## 6. COMPARING THE POLICY OPTIONS

As demonstrated under section 5.2, **policy package A would have a limited positive impact.** This is mainly due to the fact there are already guidelines and best practice examples in the Visa Code Handbook. With regard to geographical coverage, only a limited progress can be achieved if the organisation of visa collecting/processing would fully remain in the discretion of the Schengen States; finally, regarding problem area 3, any authorisation which would be valid in all of the Schengen States can only be introduced via regulatory measures at EU level. Therefore this policy package **is not considered very effective.**

**Policy packages B, C and D** will all provide further harmonisation of the current legal framework and would lead towards a genuinely common visa policy. Each of them also **progressively addresses the problems, meets the operational objectives and has a positive impact on travel to and spending in the Schengen area.** In the context of problem area 1, the policy option will require Schengen States to further harmonise their practices and reduce the level of discretion with regard to procedural facilitations, with option D applying to the largest group of visa applicants. As to problem area, 2, option B would only have a slight positive impact, while options C and D would both make a very positive contribution to the rationalisation of the consular presence as well as offering important advantages for visa applicants and significant efficiency gains for consulates. However, option D is least feasible, as Schengen States would have to give up a very sensitive policy field. As regards problem area 3, options B and C<sup>76</sup> contain a proposal for addressing a real need of specific categories of legitimate travellers.

Policy package B is the least effective one, as it would only partially address the problems to the benefit of a smaller group of visa applicants. Package C and D are almost equally effective in terms of addressing the objectives. In case of package D the expected economic benefits are higher (ca. EUR 3 billion per year), but it is associated with a potentially higher security risk. Policy package C is less effective in economic terms with an estimated additional income from traveller's spending of ca. EUR 2 billion, but it is associated with a low security risk.

As far as **efficiency** is concerned none of the policy packages/options would, in principle, involve considerable additional costs<sup>77</sup>. In fact one of the driving forces behind the policy options is to generate savings for both the Schengen States/consulates and the visa applicants. Policy packages B, C and D progressively leads to cost savings for applicants (both direct and indirect costs), mainly due to the increasing number of MEVs issued with long validity. From the applicants' point of view, policy package D is the most efficient and policy package B the least efficient. Schengen States, due to the declining number of visa applications generated by the issuance of MEVs with long validity, are expected to lose some money on visa revenues

<sup>76</sup> And D as it includes option C.

<sup>77</sup> One exception is policy option D.2 related to the geographical coverage in visa processing, which would in the long run generate important savings for the Schengen States, but at the same time would have a serious impact on the Commission in terms of administrative and financial burden.



(EUR 1 million in case of policy package B which goes up to EUR 9 million in case of package D). However, the issuance of MEVs also lowers the costs as less visa applications would need to be processed. As discussed in the impact assessment tables in section 5, the financial impacts of the "mandatory representation" and the introduction of the new type of authorisation are expected not to be significant. To sum up, **in each package the economic benefits considerably exceed the estimated costs for Schengen States.**

On **coherence**, the measures proposed in each package are coherent with other EU policies, such as tourism, trade, external relations, education, culture and research. The more facilitation is provided for legitimate travellers, the more coherence would be reached with EU objectives, strategies and priorities in these fields, though maintaining the security of the Schengen area is also of high importance and should set a limit to the ever increasing expectations.

The table below presents an overview of the anticipated impacts of each policy package. All operational objectives were considered equally important. Same goes to the impacts on Schengen States and on the applicants. It would be hardly possible to justify that the impact on the applicants counts more (or less) than the impact on the Schengen States. There is no objective basis to weight the impact on security versus the impact on the economy either. Given that the two main objectives of the proposal, maintaining high level of security on the one hand and fostering economic growth on the other, cannot be bring under one equation, the impacts have not been aggregated. Negative and positive impacts are noted next to each other in order to avoid falling into a trap when significant positive and negative impacts cancel each other out.

<b>Policy option/ Criteria</b>	<b>Non-regulatory package (A)</b>	<b>Minimum regulatory package (B)</b>	<b>Intermediate regulatory package (C)</b>	<b>Maximum regulatory package (D)</b>
<b>Effectiveness</b>				
Mandatory procedural facilitations for certain categories of travellers	1	2	3	4
Increased and rationalised visa collecting/processing presence in third countries	1	2	4	4
Possibility of stays exceeding 90 days in a 180-day period in the Schengen area, on the basis of a new type of authorisation	0	2	4	4
Impact on the security of the Schengen area	0	0	-0,5	-2
Economic benefits - income from travellers' spending (millions of EUR per year)	-	Ca. 800	More than 2 000	More than 3 000
Jobs supported (number of FTEs)	-	Ca. 20 000	Ca. 60 000	Ca. 80 000
<b>Efficiency</b>				

<b>Policy option/ Criteria</b>	<b>Non-regulatory package (A)</b>	<b>Minimum regulatory package (B)</b>	<b>Intermediate regulatory package (C)</b>	<b>Maximum regulatory package (D)</b>
Direct costs saved by visa applicants (millions of EUR per year)	-	Ca. 50	Ca. 200	Ca. 300
Indirect costs saved by visa applicants (millions of EUR per year)	-	Ca. 120	Ca. 500	Ca. 800
Net financial impact on Schengen States (millions of EUR per year)	-	Ca. -1	Ca. 5	Ca. -9
<b>Feasibility</b>				
Legal	Good	Good	Good	Good
Political	Good	Reasonable	Reasonable	Poor
Practical	Good	Good	Good	Reasonable

## 6.1. Conclusion

As far as **problem area 1** is concerned (**lengthy, cumbersome and costly procedures**), the assessment is **inconclusive with regard to what the preferred option should be**. This is because the very high potential economic impact of the proposal in policy package D is however associated with a potentially higher security risk. The proposal in the intermediate package (C) is associated with a low security risk, but its potential economic impact is estimated to be almost EUR 1 billion less.

With regard to **problem area 2** (geographical coverage) and **problem area 3** (new type of authorisation), the options identified in the intermediate package are the preferred ones (**introduction of the concept of the new "Schengen Visa Centre" and the "mandatory" representation** as for problem area 2; **new authorisation for stays exceeding 90 days for all TCNs** as for problem area 3).

Bearing in mind the position of the Schengen States, it cannot be excluded that there would be lengthy discussions on the legislative proposal. Therefore, until its adoption, for a transitional period, it will be considered to implement certain measures envisaged in the non-regulatory package regarding problem area 1. This would mean that applicants, including "first time" applicants would already benefit from certain facilitations.

## 7. EVALUATION AND MONITORING

Three years after the entry into force of the revised regulation, the Commission will present an evaluation report. It should assess the progress with respect to both the main problems being addressed and the policy objectives of the review of the Visa Code. Thus it will be important to monitor any changes with respect to: the level of security; the economic contribution of visa-obliged TCNs to the Schengen area; the direct and indirect costs of visas for applicants; the costs of and time taken to process visa applications; the proper and harmonised implementation of the Visa Code in different jurisdictions; the developments with regard to visa processing coverage and cooperation between Schengen States.

In order to collect monitoring indicators, Article 46 and Annex XII of the Visa Code will be revised and Schengen States shall be obliged to provide more detailed statistical information, on the basis of the nationality of the applicants, length of validity of MEVs, number of visas issued for different travel purposes, visas issued on behalf of other Schengen States, statistics on the new type of authorisation, etc. The fully rolled-out VIS will considerably facilitate collecting such statistical data and thus this obligation is not going to have a considerable financial impact on Schengen States.

In addition, to fully cover the above mentioned areas of interest, Schengen States will also be requested to provide additional indicators, regarding e.g. the costs incurred by consulates in processing applications (main cost components), the average time taken by Schengen States/consulates to process applications, etc. The Commission will also carry out surveys to monitor the satisfaction/experience of the applicants.

The table below provides more detailed suggestions for potential indicators and for methods of data collection.

Areas of interest	Potential indicators	Methods for populating indicator scores and notes on interpretation
Monitoring the implementation of the Visa Code by all consulates, in particular, the implementation of the new provisions (mandatory procedural facilitations)	<p>Statistics already required by Article 46 and Annex XII of the Visa Code (which is to be revised as discussed earlier).</p> <p>Information provided to the general public</p>	<p>Administrative data, statistics received from Schengen States</p> <p>Schengen evaluation</p> <p>LSC reports</p> <p>Discussions at the Visa Committee</p> <p>Websites</p> <p>Complaints</p>
Security of the Schengen area	Instances of TCN visa holders causing "breaches" of security in the EU/Schengen area	Administrative data from Schengen States and from the EES once implemented regarding overstays; data from the Schengen States regarding refusals at the border, etc.
Economic activity derived from TCN visa holders visiting and spending in the Schengen area	<p>Proportion of global tourism by TCN taking place within the Schengen area</p> <p>Numbers of visas issued for different purposes (e.g. tourism, business)</p> <p>Length of stay and expenditure of visitors (on different purposes)</p>	<p>Administrative data</p> <p>Travel surveys</p> <p>Surveys of visa applicants</p>
Monitoring "satisfaction/experience" of the applicants	<p>the Visa fee/exemptions; service fee applied</p> <p>Overall costs of the procedure</p> <p>Time spent on applying for the visa in total</p>	<p>Surveys of visa applicants</p> <p>Complaints</p>

Areas of interest	Potential indicators	Methods for populating indicator scores and notes on interpretation
Monitoring the costs and length of visa processing from the consulates' perspective	<p>Costs incurred by consulates in processing applications (main cost components)</p> <p>Average time taken by Schengen States/consulates to process applications</p>	Administrative data from Schengen States
Monitoring the consular coverage/cooperation	Number of consular posts, representation arrangements, ESPs, "Schengen Visa Centres" and other forms of cooperation	Data from Schengen States

To complement the monitoring and to provide insights into the extent to which the preferred policy package has brought about beneficial change, it will be useful to undertake systematic research on the role of visa policy in decisions that affect the level of economic activity in the Schengen area. A key issue is to what extent the burden for applicants to obtain visas (fee, time, costs of visiting the consulate/ESP in person and other "hassles" (supporting documents etc.) influence decisions to travel to and stay within the Schengen area. Because the (direct and indirect) costs of visas are rather small, relative to other travel costs there is still little evidence on the effect of visa policy/procedural facilitations on travel decisions and it has been difficult to reliably estimate the scale of effects of proposals.

## **ANNEX 1: Abbreviations**

CAC	Common Application Centre
EBF	External Borders Fund
EES	Entry/Exit System
ESP	external service provider
FTE	full time equivalent
ISF	Internal Security Fund
LSC	Local Schengen Cooperation
LTV	visa with limited territorial validity
MEV	multiple entry visa
RTP	Registered Travellers Programme
TCN	third country national
TFEU	Treaty on the Functioning of the European Union
VFA	visa facilitation agreement
VIS	Visa Information System

## **ANNEX 2: Visa Glossary**

**Common Application Centre:** Staff of the consulates of two or more Schengen States is pooled in one building in order for applicants to lodge applications (including biometric identifiers). Applicants shall be directed to the Schengen State competent for examining and deciding on the application. Schengen States shall agree on the duration of and conditions for the termination of such cooperation as well as the cost-sharing among the participating states. One Schengen State shall be responsible for contracts in relation to logistics and diplomatic relations with the host country.

**Competent Schengen State for examining and deciding on an application:** (a) the Schengen State whose territory constitutes the sole destination of the visit(s); (b) if the visit includes more than one destination, the Schengen State whose territory constitutes the main destination of the visit(s) in terms of the length or purpose of stay; or (c) if no main destination can be determined, the Schengen State whose external border the applicant intends to cross in order to enter the Schengen area.

**External Borders Fund (EBF):** A financial instrument for the period 2007 to 2013, which supports EU States in the management of external borders. Together with three other Funds, it forms part of the General Programme "Solidarity and Management of Migration Flows".

**Irregular immigration:** The immigration of a person to a new place of residence using irregular or illegal means, without valid documents or carrying false documents.

**Length of the visa procedure:** According to the Visa Code applicants may be required to obtain an appointment for the lodging of an application. The appointment shall, as a rule, take place within a period of two weeks from the date when the appointment was requested. In justified cases of urgency, the consulate may allow applicants to lodge their applications either without appointment, or an appointment shall be given immediately. In principle, applications shall be decided on within 15 calendar days of the date of the lodging of an application which is admissible. That period may be extended up to a maximum of 30 calendar days in individual cases, notably when further scrutiny of the application is needed. Furthermore, exceptionally, when additional documentation is needed, the period may be extended up to a maximum of 60 calendar days. The VFAs set a 10 calendar day deadline for taking a decision starting from the date of the receipt of the application and documents required for issuing visas. This may be extended up to 30 calendar days in individual cases, notably when further review of the application is needed.

**Long-stay visa (D-visa):** Visas for stays exceeding three months are national visas issued by one of the Schengen States in accordance with its national law or Union law. Such visas shall be issued in the uniform format for visas as set out in Council Regulation (EC) No 1683/95 with the heading specifying the type of visa with the letter "D". They visas shall have a period of validity of no more than one year.

**Representation arrangement:** On the basis of an arrangement between two Schengen States, the representing Schengen State issues visa on behalf of the represented one (which would normally be competent to examine and decide on the application according to Art. 5 of the Visa Code). For this service the representing Schengen State keeps the visa fee. This is the easiest and cheapest way of consular co-operation in visa processing which is widely used to increase consular coverage and to reduce costs in certain locations.

**Schengen Agreement and Convention:** With the signing on 14 June 1985 of the Schengen Agreement, Belgium, France, Germany, Luxembourg and the Netherlands agreed that they

would gradually remove controls at their common borders and introduce freedom of movement for all nationals of the signatory EU States, other EU States and non-EU countries. The Schengen Convention, signed on 19 June 1990, supplements the Agreement and lays down the arrangements and safeguards for implementing freedom of movement. The Agreement and the Convention, the rules adopted on the basis thereof and the related agreements together form the "Schengen acquis". Since 1999, this acquis has been integrated in the institutional and legal framework of the EU by virtue of a Protocol to the Treaty of Amsterdam.

Schengen area: As of December 2011, the Schengen area consists of the following EU States: Belgium, Czech Republic, Denmark, Germany, Estonia, Greece, Spain, France, Italy, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Slovakia, Slovenia, Finland and Sweden. This means that the other EU States (i.e. Bulgaria, Croatia, Cyprus, Ireland, Romania and the United Kingdom) are not (yet) part of Schengen. Whilst Iceland, Liechtenstein, Norway and Switzerland are not EU States, they have signed an Association Agreement in order to be associated with the implementation, application and development of the Schengen acquis.

Schengen State: An EU State or associated non-EU country participating in the Schengen Area.

Uniform visa: A visa valid for the entire territory of the Schengen States.

VIS: A system for the exchange of visa data between Schengen States, which enables authorised national authorities to enter and update visa data and to consult these data electronically.

Visa (Schengen visa): An authorisation issued by a Schengen State with a view to:

- transit through or an intended stay in the territory of the Schengen States of a duration of no more than three months in any six-month period from the date of first entry in the territory of the Schengen States,
- transit through the international transit areas of airports of the Schengen States ("airport transit visa").

Visa Facilitation Agreements (VFAs): The agreements provide procedural facilitations (e.g. reduction of the visa fee, specific documents to be presented to proof the purpose of the stay, shorter processing times) to nationals of specific third countries without altering the conditions for issuing visas (i.e. the visa applicant must still satisfy the entry conditions). VFAs are in place with Armenia, Azerbaijan, Cape Verde, Georgia, Moldova, Russia and Ukraine.

Visa fee: The Visa Code sets a general EUR 60 visa fee to be paid by the applicants and provides fee waivers for children under six years; school pupils, students, etc. travelling for the purpose of study or training; researchers; and for representatives of non-profit organisation aged 25 or less participating in seminars, conferences etc. organised by non-profit organisations. Children from the age of 6 and below the age of 12 shall pay EUR 35, but Schengen States can decide to waive the visa fee for them and can similarly waive the fee for holders of diplomatic and service passports, and for participants of non-profit organisation aged 25 or less participating in seminars, conferences etc. organised by non-profit organisations. Within the LSC, Schengen States shall aim to harmonise the application of these exemptions. Moreover, in individual cases, the amount of the visa fee to be charged may

be waived or reduced when to do so serves to promote cultural or sporting interests as well as interests in the field of foreign policy, development policy and other areas of vital public interest or for humanitarian reasons. The VFAs (with the exception of the one with Cape Verde) set a general EUR 35 visa fee and all of the VFAs provide fee waivers for a series of categories of applicants such as close relatives, members of official delegations, pensioners, children below the age of 12, disabled persons, etc. At the same time, ESPs can charge a fee for their services, which can be no more than EUR 30. Although in the framework of the LSC Schengen States shall also aim to harmonise the service fee applied, there are considerable differences even in the same location (e.g. EUR 5-20 in India for instance).

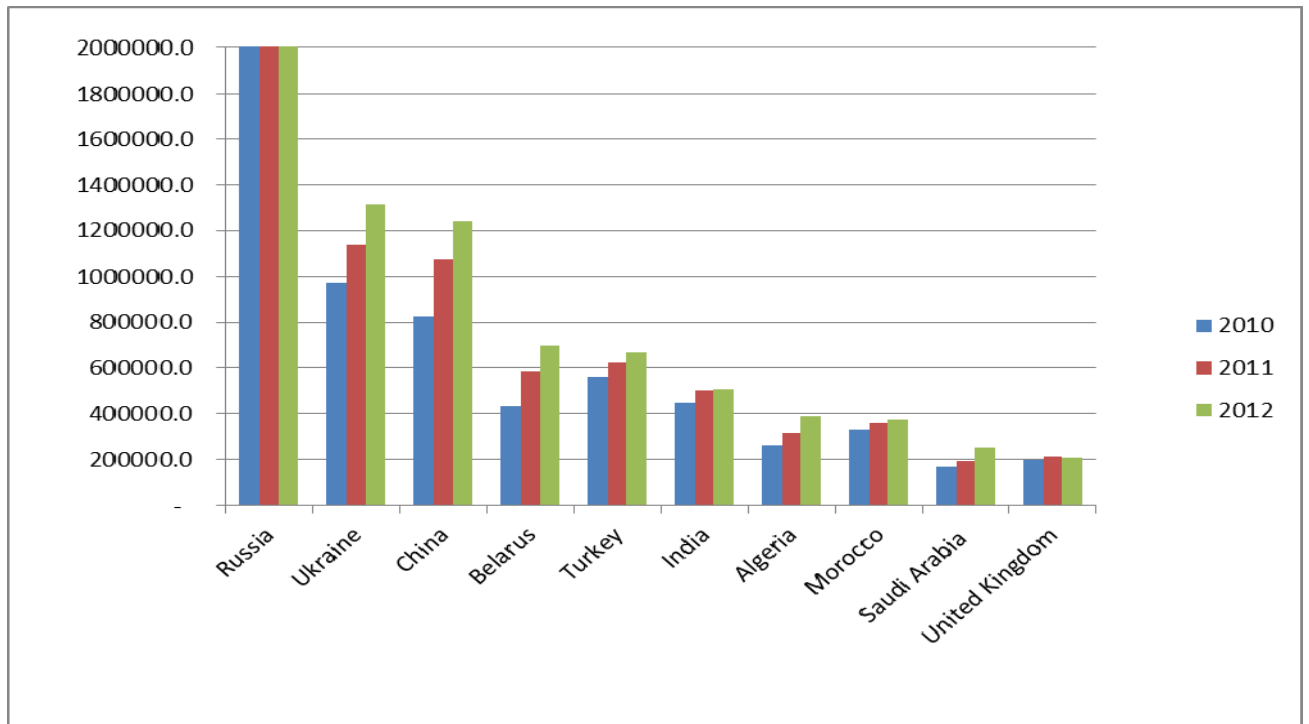
Visa with limited territorial validity: A visa valid for the territory of one or more Schengen States but not all Schengen States.



**ANNEX 3: Short overview of main visa statistics**

*Trends in numbers of visas applied for in the top-10 third countries (incl. UK) with more applications, 2010-2012*

Number of C visas applied for at main third countries and UK				
	2010	2011	2012	Increase 2010-2012
<b>Russia</b>	4,222,551	5,265,866	6,069,001	43.7
<b>Ukraine</b>	972,580	1,142,732	1,313,727	35.1
<b>China</b>	824,860	1,079,516	1,242,507	50.6
<b>Belarus</b>	433,102	583,871	698,404	61.3
<b>Turkey</b>	559,946	624,361	668,835	19.4
<b>India</b>	444,562	499,954	506,162	13.9
<b>Algeria</b>	263,794	311,167	387,942	47.1
<b>Morocco</b>	330,218	359,657	373,823	13.2
<b>Saudi Arabia</b>	170,029	196,327	255,083	50.0
<b>United Kingdom</b>	198,046	212,564	210,610	6.3



NB – The size of the table does not allow for the real Russia's figures to be properly seen.

**Visa statistics disaggregated by world region, 2011-2012**

World region	Year	C visas issued (including MEV)	Multiple entry C visas issued	Share of MEV on total number of C visas issued	C visas applied for	C visas not issued	Not issued rate for A and C visas
Central America&Caribbean	2011	62005	12801	20.6%	76465	11150	14.4%
Central America&Caribbean	2012	55526	12206	22.0%	69226	11661	16.5%
<i>Difference in % between 2011-2012</i>		-10.4	-4.6		-9.5	4.6	
Central Asia	2011	146949	24150	16.4%	153417	6359	4.1%
Central Asia	2012	169370	28215	16.7%	175571	5900	3.4%
<i>Difference in % between 2011-2012</i>		15.3	16.8		14.4	-7.2	
ENP East	2011	1869690	693418	37.1%	1934364	61492	3.2%
ENP East	2012	2170160	868350	40.0%	2223534	47479	2.1%
<i>Difference in % between 2011-2012</i>		16.1	25.2		14.9	-22.8	
ENP Med	2011	891094	309783	34.8%	1083035	173296	16.0%
ENP Med	2012	1015824	384229	37.8%	1229773	195707	15.9%
<i>Difference in % between 2011-2012</i>		14.0	24.0		13.5	12.9	
EU&Schengen associated	2011	237922	82801	34.8%	254893	14897	5.9%
EU&Schengen associated	2012	228605	78533	34.4%	245083	13044	5.4%
<i>Difference in % between 2011-2012</i>		-3.9	-5.2		-3.8	-12.4	
Gulf region	2011	678300	302814	44.6%	732555	49018	6.7%
Gulf region	2012	784802	429304	54.7%	841969	50053	5.9%
<i>Difference in % between 2011-2012</i>		15.7	41.8		14.9	2.1	
North America	2011	115658	41939	36.3%	120419	4157	3.4%
North America	2012	115399	43438	37.6%	118619	2074	1.7%
<i>Difference in % between 2011-2012</i>		-0.2	3.6		-1.5	-50.1	
Oceania	2011	10301	3108	30.2%	10637	307	2.9%
Oceania	2012	10720	4107	38.3%	11072	287	2.6%
<i>Difference in % between 2011-2012</i>		4.1	32.1		4.1	-6.5	
Russia	2011	5152518	2439656	47.3%	5265866	77509	1.5%
Russia	2012	5939644	2906259	48.9%	6069001	54860	0.9%
<i>Difference in % between 2011-2012</i>		15.3	19.1		15.3	-29.2	
South America	2011	200926	60423	30.1%	232065	26668	11.4%
South America	2012	207947	59115	28.4%	233349	21787	9.3%
<i>Difference in % between 2011-2012</i>		3.5	-2.2		0.6	-18.3	
South and East Asia	2011	2057099	481764	23.4%	2211286	141335	6.4%
South and East Asia	2012	2278749	556707	24.4%	2433166	139922	5.8%
<i>Difference in % between 2011-2012</i>		10.8	15.6		10.0	-1.0	
Subsaharan Africa	2011	600205	202065	33.7%	742161	132029	17.8%
Subsaharan Africa	2012	606197	216714	35.7%	751553	134386	17.9%
<i>Difference in % between 2011-2012</i>		1.0	7.2		1.3	1.8	
Western Balkans and Turkey	2011	622529	233947	37.6%	675615	49976	7.4%
Western Balkans and Turkey	2012	667652	334522	50.1%	715057	43472	6.1%
<i>Difference in % between 2011-2012</i>		7.2	43.0		5.8	-13.0	

Gulf region: GCC countries, Iran and Iraq

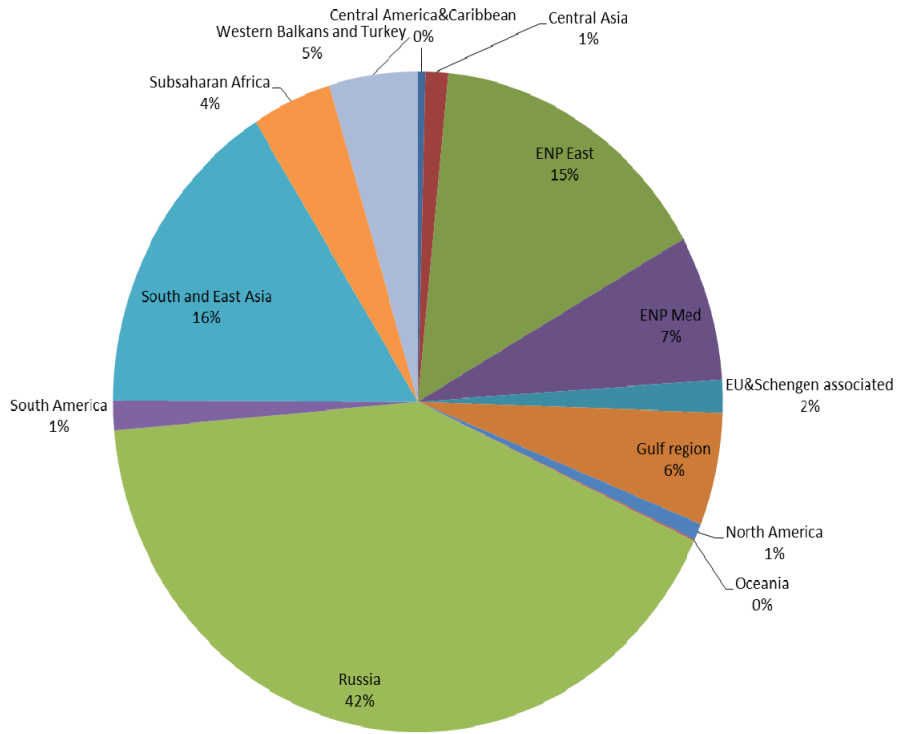
ENP MED: Maghreb countries, Egypt, Israel, Jordan, Syria, Lebanon, Palestine

ENP East: Moldova, Ukraine, Belarus, Georgia, Armenia, Azerbaijan

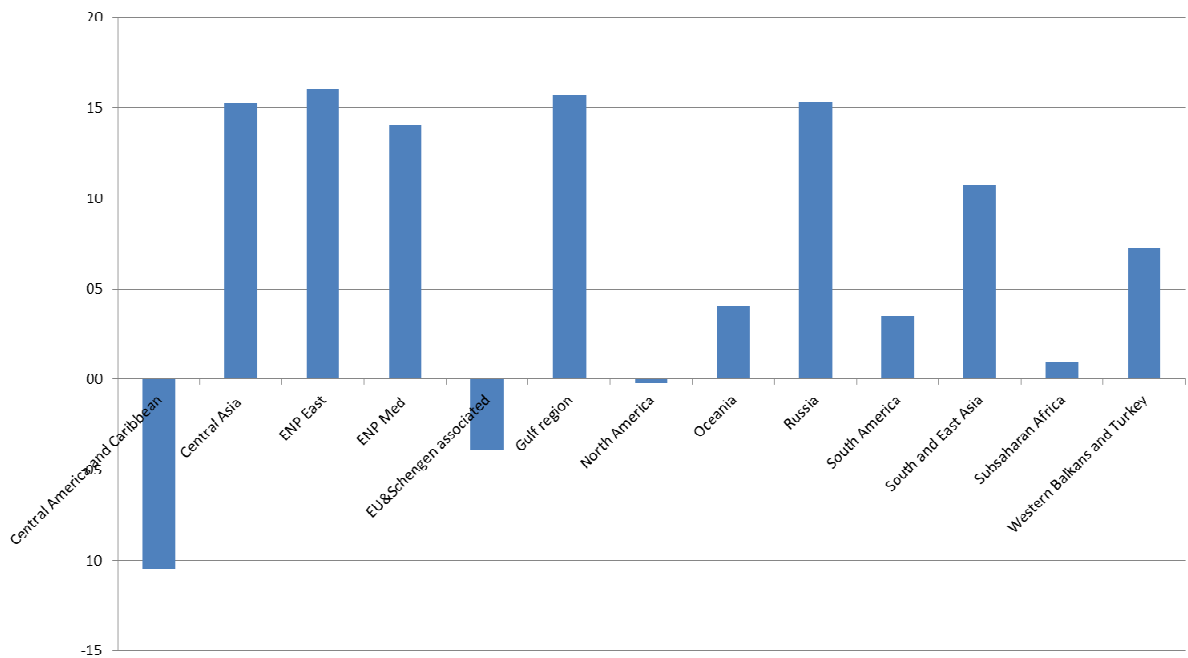
Central Asia: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

South and East Asia includes among others India, China, Indonesia, Pakistan

**Share of C visas issued in 2012, per region**



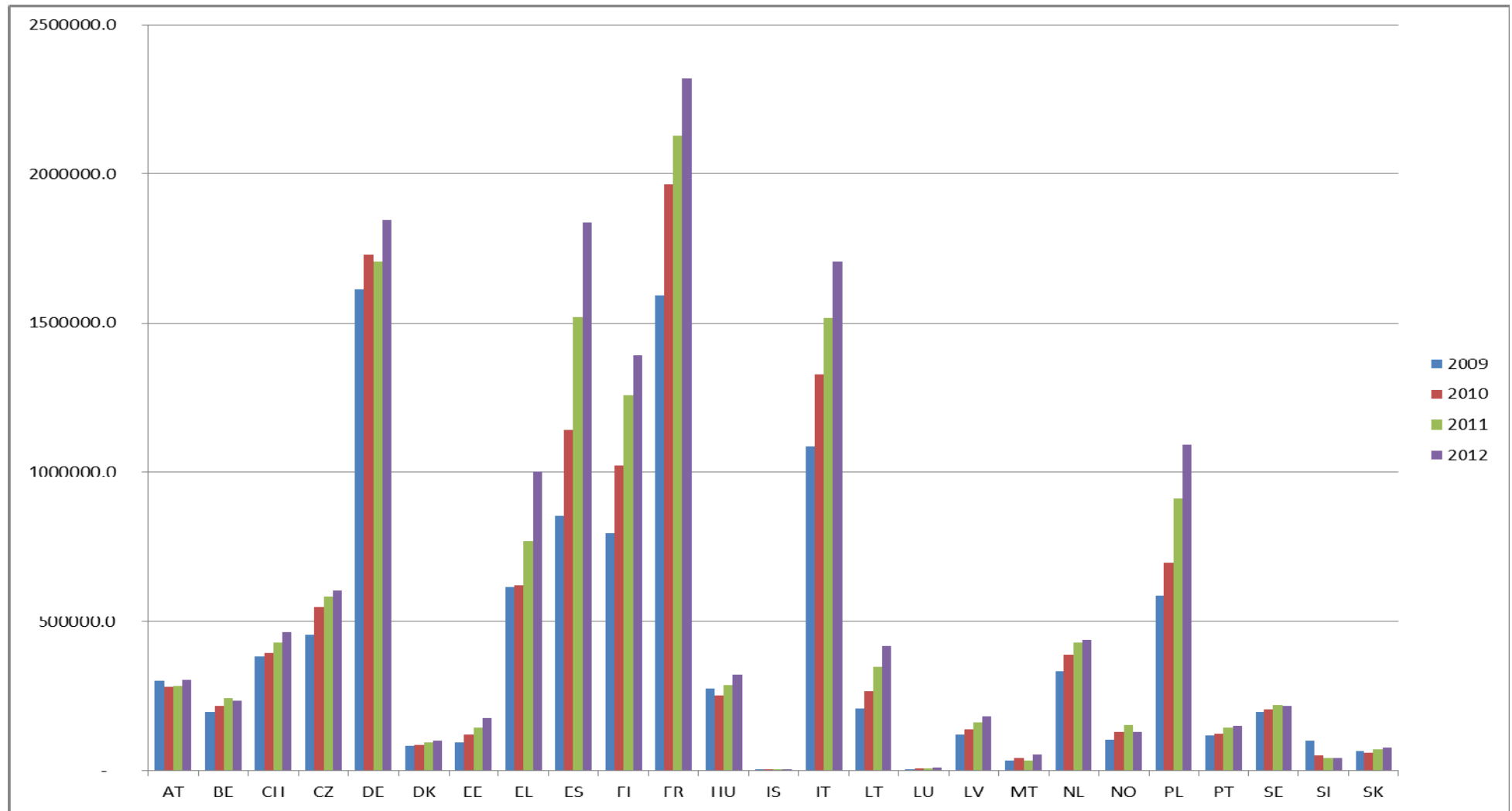
**Increase/decrease in number of C visas issued 2011-2012, per region**



**Table: Number of C visas applied for at Schengen states' consulates 2009-2012, per Member State**

	2009	2010	2011	2012	Change % 09-10	Change % 10-11	Change % 11-12	Change % 09-12	
AT	300,210	280,328	283,540	304,798	-6.6	1.1	7.5	1.5	AT
BE	194,029	215,978	242,857	233,490	11.3	12.4	-3.9	20.3	BE
CH	383,207	391,720	428,189	464,512	2.2	9.3	8.5	21.2	CH
CZ	456,503	546,410	581,931	603,484	19.7	6.5	3.7	32.2	CZ
DE	1,615,792	1,730,875	1,707,197	1,844,704	7.1	-1.4	8.1	14.2	DE
DK	82,064	85,646	94,310	100,402	4.4	10.1	6.5	22.3	DK
EE	95,837	120,135	144,567	175,360	25.4	20.3	21.3	83.0	EE
EL	616,051	620,270	768,246	1,001,341	0.7	23.9	30.3	62.5	EL
ES	854,496	1,143,753	1,518,641	1,836,868	33.9	32.8	21.0	115.0	ES
FI	795,554	1,020,825	1,259,643	1,392,048	28.3	23.4	10.5	75.0	FI
FR	1,592,527	1,965,777	2,130,471	2,321,534	23.4	8.4	9.0	45.8	FR
HU	273,325	253,321	288,415	322,646	-7.3	13.9	11.9	18.0	HU
IS	493	562	636	1,088	14.0	13.2	71.1	120.7	IS
IT	1,087,521	1,327,086	1,516,237	1,706,536	22.0	14.3	12.6	56.9	IT
LT	208,029	266,048	345,765	416,851	27.9	30.0	20.6	100.4	LT
LU	5,493	7,822	9,051	10,555	42.4	15.7	16.6	92.2	LU
LV	120,379	137,432	163,309	182,496	14.2	18.8	11.7	51.6	LV
MT	31,730	41,754	33,858	53,777	31.6	-18.9	58.8	69.5	MT
NL	333,965	386,759	428,206	440,056	15.8	10.7	2.8	31.8	NL
NO	103,251	130,837	151,071	130,933	26.7	15.5	-13.3	26.8	NO
PL	586,115	695,990	912,988	1,091,395	18.7	31.2	19.5	86.2	PL
PT	117,189	125,832	142,754	148,489	7.4	13.4	4.0	26.7	PT
SE	195,943	206,077	220,567	215,763	5.2	7.0	-2.2	10.1	SE
SI	101,435	52,508	39,735	42,127	-48.2	-24.3	6.0	-58.5	SI
SK	64,953	58,607	71,313	75,720	-9.8	21.7	6.2	16.6	SK
<b>Total Schengen</b>	<b>10,216,091</b>	<b>11,812,352</b>	<b>13,483,497</b>	<b>15,116,973</b>	<b>15.6</b>	<b>14.1</b>	<b>12.1</b>	<b>48.0</b>	<b>Total Schengen</b>

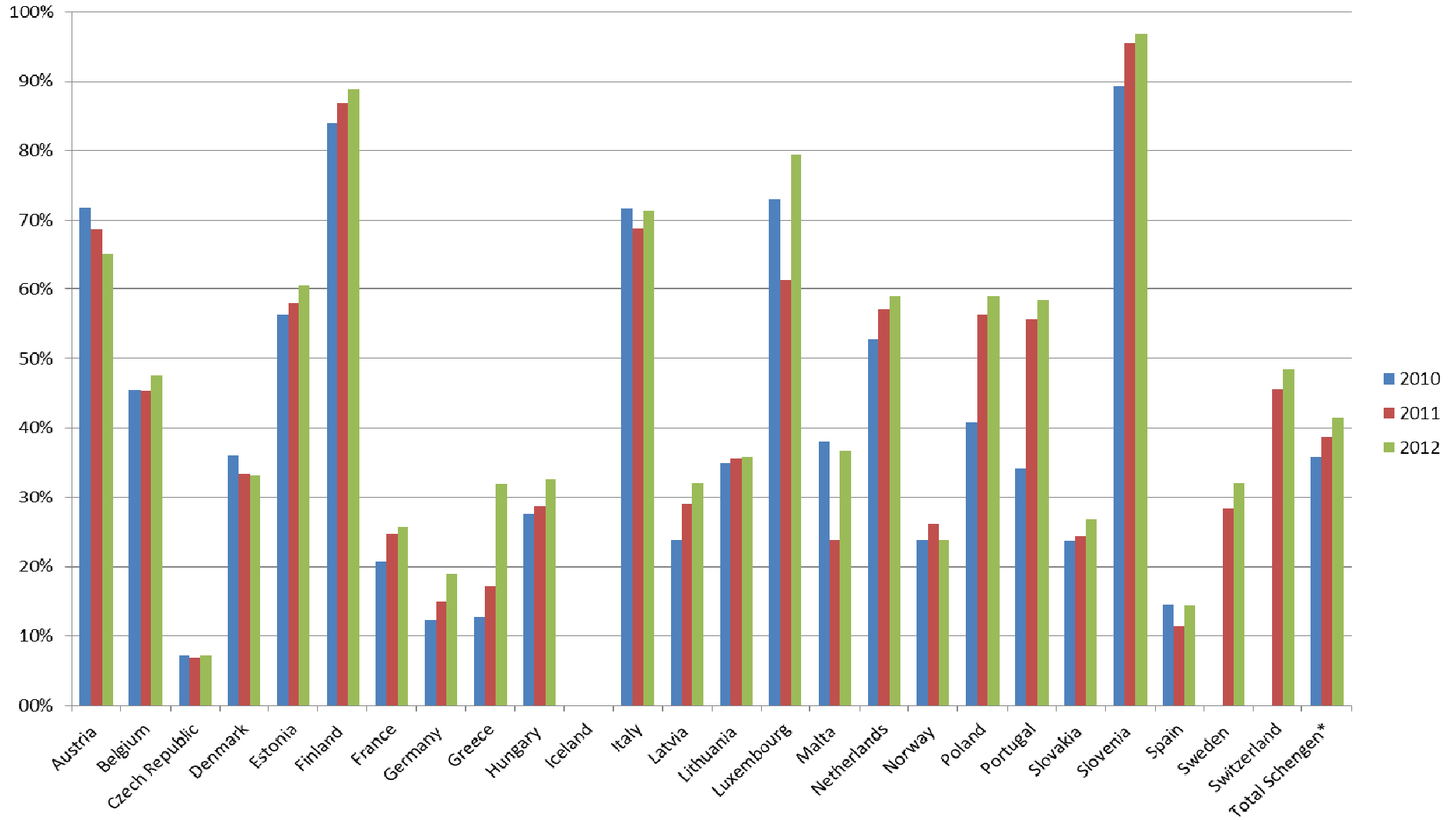
**Graph: Number of C visas applied for at Schengen states' consulates 2009-2012**



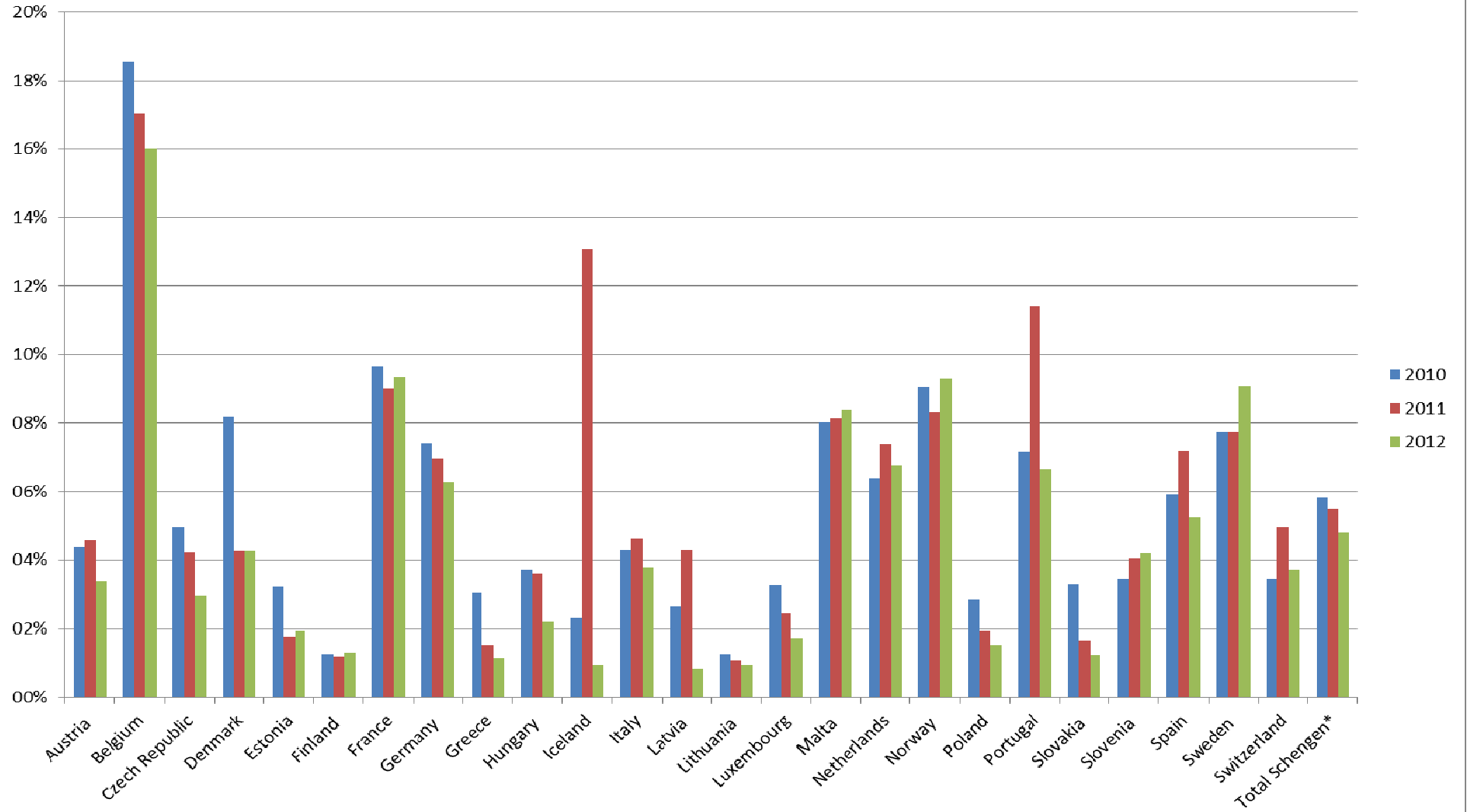
*Share of Multiple entry visas (MEVs) on total number of C visas issued and visa refusal rate per Member State, 2010 to 2012*

	2010		2011		2012	
	Share of MEV on total number of C visas issued	Not issued rate for A and C visas	Share of MEV on total number of C visas issued	Not issued rate for A and C visas	Share of MEV on total number of C visas issued	Not issued rate for A and C visas
Austria	71.7%	4.4%	68.6%	4.6%	65.1%	3.4%
Belgium	45.5%	18.6%	45.4%	17.0%	47.6%	16.0%
Czech Republic	7.3%	5.0%	6.8%	4.2%	7.2%	3.0%
Denmark	36.1%	8.2%	33.3%	4.3%	33.2%	4.3%
Estonia	56.3%	3.2%	58.0%	1.8%	60.5%	1.9%
Finland	83.9%	1.3%	86.8%	1.2%	88.9%	1.3%
France	20.8%	9.7%	24.8%	9.0%	25.7%	9.3%
Germany **	12.3%	7.4%	15.0%	7.0%	18.9%	6.3%
Greece	12.7%	3.1%	17.2%	1.5%	31.9%	1.1%
Hungary	27.5%	3.7%	28.8%	3.6%	32.6%	2.2%
Iceland	0.0%	2.3%	0.0%	13.1%	0.0%	0.9%
Italy	71.7%	4.3%	68.7%	4.6%	71.3%	3.8%
Latvia	23.9%	2.7%	29.1%	4.3%	32.0%	0.8%
Lithuania	34.9%	1.3%	35.6%	1.1%	35.8%	0.9%
Luxembourg	73.0%	3.3%	61.2%	2.5%	79.4%	1.7%
Malta	38.1%	8.0%	23.9%	8.1%	36.6%	8.4%
Netherlands	52.9%	6.4%	57.1%	7.4%	59.1%	6.8%
Norway	23.8%	9.1%	26.1%	8.3%	23.8%	9.3%
Poland	40.8%	2.8%	56.3%	1.9%	59.1%	1.5%
Portugal	34.2%	7.2%	55.7%	11.4%	58.5%	6.6%
Slovakia	23.7%	3.3%	24.3%	1.6%	26.8%	1.2%
Slovenia	89.2%	3.5%	95.6%	4.1%	96.8%	4.2%
Spain	14.6%	5.9%	11.5%	7.2%	14.5%	5.2%
Sweden	n/a	7.7%	28.4%	7.7%	32.0%	9.1%
Switzerland	n/a	3.5%	45.6%	5.0%	48.5%	3.7%
<b>Total Schengen*</b>	<b>35.8%</b>	<b>5.8%</b>	<b>38.7%</b>	<b>5.5%</b>	<b>41.6%</b>	<b>4.8%</b>
* Excluding SE and CH from MEV total rate in 2010						
** DE provides only data for MEVs with a validity of more than one year						

## Share of MEVs on total C visas issued, by Schengen State, 2010 to 2012



## Schengen visas refusal rate, by Member State, 2010-2012





#### **ANNEX 4: Summary of the public consultation**

The objective of the public consultation (25 March 2013-17 June 2013) was to gather the views and experiences of the 'main users' (individuals, interest groups, advocacy groups and professional organisations) of the Visa Code in order to improve procedures for obtaining visas.

##### **1. Presentation of the results of the questionnaire for individual persons**

Individual applicants were to reply to a questionnaire covering different aspects of the visa application procedure, from consular coverage to costs or length of the procedure. Applicants shared their experiences of the procedure and presented the major challenges they face by assessing the level of difficulty of the procedure from very easy to very difficult.

In total, 1084 responses were received. Most respondents came from Belarus (325 replies), followed by Turkey and Ukraine. The vast majority of respondents (95%) have applied for a visa in the past with success. 66% of respondents consider that they travel to the Schengen area frequently, i.e. more than twice a year. As purpose of travel, 53% of respondents named tourism, 18% business or professional purposes, and 16% participation in political, scientific, cultural, sports or religious events. Family visits as travel purpose account for 5% of the replies.

Several consulates require applicants to make an **appointment to lodge their visa application**. As a rule, the appointment is supposed to take place within two weeks of the date on which it was requested but 30% of respondents signalled that they did not get an appointment within two weeks. In the opinion of 50% this timeframe is not acceptable, as consulates do not allow urgent applications to be made directly without an appointment, and 17% believe this deadline to be acceptable, but not kept by the consulates. On the other hand, according to 33% of respondents a two-week timeframe for appointments is acceptable, considering that in urgent cases, the requirement to make an appointment is waived.

With regard to the **requirement of submitting the visa application in person**, 72% of respondents consider it an unnecessary burden because of the time it takes and the expense of travel needed to make an application. The majority of respondents (52%) assessed the requirement to lodge the application in person as difficult.

Consulates cooperating with ESPs are obliged to maintain the possibility of applicants submitting their visa applications directly at the consulates. Whereas 39% of the respondents were not aware of this possibility, 26% have made a direct application, and 21% of respondents when trying to apply at the consulate were told that it was impossible and 14% were unable to reach the consulate on the phone when they needed to travel to a Schengen State urgently.

**As regards facilitations, 91% of frequent travellers claim had never been offered any.** The facilitations which have been offered concern waiver of the requirement to apply in person (5%), providing documents confirming financial situation (4%), accommodation (4%), personal situation in the country of origin (5%) or the purpose of the intended journey (4%). Only 21% of students, researchers, artists/cultural professionals or young people travelling for the purpose of taking part in sports, cultural or educational events benefited from a visa fee waiver or reduction.

Only a quarter of respondents (27%) would be prepared to pay a higher visa fee in return for a faster service, e.g. not exceeding 3 days whereas 73% of respondents believe that the visa procedure is already too expensive. More than 70% consider the **overall cost** of the

application procedure including fees, travelling costs, costs of providing supplementary documents as a burden.

The **total time** spent by respondents on applying for their latest visa (including time to obtain relevant information from the consulate, time to obtain supporting documents, travelling time to consulate/service provider, waiting time at the consulate, collecting the passport, etc.) ranged from 1 day (10%) to 5 days (59% of respondents). The time that lapsed between the first contact with the consulate or the service provider and the moment the passport could be collected, exceeded 1 month in the case of 18% of respondents. In 42% of the cases the time ranged from 10 to 30 days. Consequently, **the length of the visa procedure** has been assessed as difficult by 63% of the respondents. The majority of respondents (57%) also experienced the process to obtain all necessary supporting documents as difficult.

Most respondents (75%) have applied for a MEV in the past. The last visa granted by 65% of respondents was a MEV. Of these visas 84% had validity shorter than 1 year (and 43% shorter than 6 months). Only 5% of the MEVs issued exceeded the validity of 2 years.

The majority of respondents (53%) would not be deterred from travelling in the Schengen area by their experiences with the visa process, whereas 47% would. Of frequent travellers who have applied for several visas in the past few years, 46% have not experienced any changes in the visa application procedure. Many (37%) even feel that the situation has worsened, because the procedure has become more cumbersome.

## **2. Presentation of the contributions made by interest groups, advocacy groups and professional organisations**

Approximately 40 professional organisations, advocacy/interest groups and business associations and a few individual persons have responded to the public consultation with written contributions. The respondents can be divided into the following areas of interest: "youth exchanges", "artists'/cultural workers' mobility", "migration", "education", "tourism", and "business/industry (including, the maritime sector)".

In general, the responses from these categories of respondents mirrors the ones made by individual respondents.

Certain issues are raised by all respondents irrespective of area of interest: the requirement on lodging in person, maximum deadlines for lodging an application and the rules on competent Member State (for examining the application) are too restrictive; the differing practices applied by Member States are confusing and incomprehensible; the procedures are excessively long, preventing the person – be it an artist or a seafarer from reaching the intended destination as planned; information to the public is insufficient; multiple entry visas are not issued to persons considered eligible.

Some ("youth exchanges", "artists/cultural workers") particularly point to specific problematic aspects the overall costly procedure and difficulty particularly for young persons or artists to prove sufficient means of subsistence, in the latter case because of lack of recognised employment status. Others point to the quasi-mandatory requirement of having access to the internet to apply for a visa which is problematic in certain (rural) parts of the world.

In the artists/culture sector the restrictions on length of stay (90/180) is problematic and for touring artists the rules on competent state often create problems because the Schengen States of destination of the same tour decline being competent.

Both the cruise industry, shipping companies and manning companies point to the specific situation of seafarers (maritime and hospitality crew) and indicated that the lack flexibility (of

practices regarding competent Member State, issuing of MEVs with a long validity, issuing of visas at the border) create massive problems and generate additional costs to the business.

## **ANNEX 5: Summary of the stakeholder consultations carried out in the framework of the IA Study**

The stakeholder consultation carried out in the framework of the IA Study covered the Ministries of Foreign Affairs and the Ministries of Interior of the Schengen States, 45 consulates in China, India, Morocco, Russia, Turkey and Ukraine, as well as 31 different business associations, interest groups, NGOs, international organisations in these third countries and in some Schengen States. A total of 107 interviews have been held.

All stakeholders acknowledged that the main problem of visa processing relates to the lengthiness of the procedure. NGOs and international organisations argued that applicants experience difficulties in getting an **appointment** to lodge a visa application, whilst Schengen States/consulates underlined that the examination and decision-making process is time-consuming and incurs high administrative costs. In this respect, both referred to external factors as well as internal (organisational) challenges. Externally, Schengen States/consulates are confronted with **financial constraints** following the economic crisis, which pose internal organisational challenges in relation to hiring (sufficient) staff resources. They acknowledge that inherently time-consuming procedures, a lack of sufficient staff and an increasing number of applications, contribute to lengthy visa processing procedures.

All stakeholders agreed that the **supporting documentary requirements** present significant problems contributing to the lengthiness of visa applications and processing. Interest groups and NGOs underline that applicants complain about the extensive list of supporting documents, collection of which requires a lot of time. Schengen States/consulates, NGOs, and other interest groups argue that some of these documents are considered unnecessary (e.g. hotel and flight reservations), whereas others present particular problems (proof of sufficient means of subsistence). All stakeholders acknowledged that there is a lack of **harmonisation** concerning supporting documentary requirements between consulates. In certain third countries large variation exists with regard to the required number and type of documents. Moreover, different rules apply to the acceptance of supporting documents, copies/faxes, and translation. International organisations, NGOs and other interest groups stated that the problems State presented by the heavy documentary requirements and lack of harmonisation are exacerbated by the lack of information provided to the general public.

Most stakeholders agree that the **indirect costs** for visa applications present greater problems than the **direct costs** (fees). Business associations and other interest groups remarked that the visa fee and accompanying indirect costs are not refundable in case the visa request is denied. Schengen States/consulates emphasized that visa processing also presents significant costs for consulates. Some of them stated that the visa fee does not cover all costs in relation to processing and that a direct link between work conducted by consulates and visa revenues does not always exist as revenues go straight to either the Ministry of Foreign Affairs budget or the treasury. Other factors contributing to high costs mentioned by Schengen States relate to staff; usually (expat) civil servants, who need to be extensively trained; infrastructure, tools (VIS or other IT systems), and other issues (e.g. visa stickers, stamps, paperwork, etc.). With regard to policy options to reduce costs, business associations and NGOs would welcome visa **fee waivers** to reduce the costs for visa applicants, whereas Schengen States welcomed policy options that would reduce/compensate costs for visa processing, including an **increase of the visa fee**, and promotion and financing of consular cooperation to reduce operational costs.

Furthermore, business associations, NGOs and other interest groups as well as some Schengen States/consulates stated that more use could be made of **procedural facilitations** for “bona fide travellers”, but clarification would be needed who they are. Several interest

groups emphasize that applicants do not apply for a MEV as they are not sufficiently informed on such possibilities. Schengen States/consulates state that the provisions on procedural facilitation in the Visa Code are unclear resulting in practical problems and different practices.

As to consequences of such problems, NGOs, international organisations and other interest groups stated that a feeling predominates amongst travellers that the **EU is unfriendly and unwelcoming**. Business associations and international organisations emphasized that travellers wanting to make last-minute reservations are prevented from travelling and some travellers who do not receive their visa on time have to cancel their trip. Other interest groups emphasized the loss of business and financial revenues for the Schengen area due to a loss of potential travellers who are deterred from applying for a visa. Reliable estimations were not made available though.

With regard to **policy options**, most Schengen States/consulates welcome guidelines in order to ensure better use of Article 24(2) of the Visa Code (MEV). NGOs and business associations would, however, favour the mandatory issuance of MEVs. Business associations, interest groups and some Schengen States/consulates would welcome the straightaway issuance of MEVs with a longer validity. In addition, most stakeholders welcome the reduction of supporting documents and an exemption from the personal appearance requirement. Other options mentioned included the shortening of the decision-making time (welcomed by business associations, NGOs) as well as a better use of VIS and other IT systems including the electronic submission of documents (international organisations, NGOs).

Schengen States/consulates reported greater use of **representation agreements** and outsourcing compared to co-location arrangements and CACs. Representation agreements are favoured by consulates because of lower costs related to staff and logistics. This is especially the case in third countries with a low number of applications. Overall, the number of consulates seems to have decreased resulting in limited geographical coverage posing problems to applicants as emphasized by NGOs, interest groups and even some Schengen States/consulates. All stakeholders confirmed that consulates increasingly make use of ESPs. Opinions of stakeholders are generally **positive towards the use of ESPs**, although some stakeholders (business and artists associations) also highlight certain problems such as waiting time to get an appointment and inefficient working methods. The advantages mentioned include proximity to applicants, comprehensive list of services, faster procedures, use of on-line appointment system. With regard to policy options, **Schengen States/consulates favoured revision of the definitions** of cooperation (CAC and co-location) and making them more flexible. Concerning ESPs, most Schengen States/consulates agree that the criteria of “last resort” should be deleted.

Whereas interest groups – in particular artists associations - claim a gap in the current legal framework for persons who have a legitimate interest in travelling the Schengen area for more than three months, the majority of the Schengen States **raised concerns about the introduction of a new type of authorisation for longer stays**. Schengen States consider the introduction of a new authorisation to create for more confusion, do not see the necessity in view of the limited group of applicants it would concern, and also state that national legal frameworks would be more appropriate to offer solutions for such categories of travellers.

**ANNEX 6: Short overview of the visa processing of certain non-Schengen countries**

	Australia <sup>78</sup>	Canada <sup>79</sup>	Japan <sup>80</sup>	UK <sup>81</sup>	US <sup>82</sup>
<b>Visa type (similar to a Schengen short-stay visa)</b>	Visitor Visa	Temporary resident (visitor) Visa	Tourist Visa	General Visitor Visa	Non-immigrant Visa for Tourism (B-2 Visitor Visa)
<b>Duration of stay/validity</b>	3, 6 or 12 months (Department decides whether single or multiple entries)	6 months	90 days (valid for 3, 6 or 12months)	6 months	3 months stay; validity up to 10 years
<b>Visa fees</b>	Outside Australia: AUD115 (€93,67) Inside Australia: AUD290 (€236,23)	For single entry visa: C\$75 (€56,36) For multiple-entry visa: C\$150 (€112,69)	For single-entry visa: JPY 3,000 (€24,45) For multiple-entry visa: JPY 6,000 (€49,12)	£80 (€93,55)	\$160 (€125,35)
<b>Processing time</b>	Outside Australia: Low risk: 1 working day High risk: 1 month Inside Australia: Low risk: 1 working day	In practice 1-21 days (80% of the cases)	5 working days	Standard service: 3 -12 weeks Premium service: Same day of application	30-60 days Inquiries, only after 90 days after submission of supplementary documents

<sup>78</sup> Australian Government, Department of Immigration and Citizenship ('DIAC'): <http://www.immi.gov.au/>  
<sup>79</sup> Government of Canada, Citizenship and Immigration Canada ('CIC'): <http://www.cic.gc.ca/english/visit/index.asp>  
<sup>80</sup> Ministry of Foreign Affairs of Japan: [http://www.mofa.go.jp/j\\_info/visit/visa/index.html](http://www.mofa.go.jp/j_info/visit/visa/index.html)  
<sup>81</sup> UK Border Agency: <http://www.ukba.homeoffice.gov.uk/visas-immigration/>  
<sup>82</sup> US, Department of State, Visa: [http://travel.state.gov/visa/temp/types/types\\_1265.html](http://travel.state.gov/visa/temp/types/types_1265.html)

	High risk: 1 week				
<b>Fast-track procedure</b>	No information	No information	No information	Premium service: Application in person (appointment needed) Decision on the same day Higher application fee	No information
<b>Biometric identifiers</b>	Applicants from countries included in biometrics program	From September 2013: Nationals of 29 countries and 1 territory need to provide biometric information	All foreign nationals, except special permanent residents, persons under the age of 16, holders of diplomatic or official visas, persons invited by the head of a national administrative organization and SOFA personnel	Required	Fingerprints are captured during interviews
<b>Travel medical insurance</b>	Health insurance required, unless Reciprocal Health Care Agreement exists	Not required	Not required	Not required	Required for applicants who might be at risk of requiring medical care while in the United States
<b>Outsourcing service fee</b>	Service fee apply (differs third country to third country)	Service fee apply (differs third country to third country)	Service fee apply (differs third country to third country)	No service fee	No service fee
<b>Refusal of visa</b>	Letter noting why visa was refused, review rights (if any), time limit for	Passport and documents will be returned with an	No explanation New application possible after 6 months	Notice of refusal, listing reasons and whether right to appeal in the form of 'Notice of Immigration	Reason of rejection is notified No right of appeal

	appeal applicable)	(if	explanation on refusal Two options: 1. Reapply (situation might have changed) 2. Seek judicial review through the Federal Court of Canada		Decision' Applications for some types of visa (partners, children, family visitors) have full rights of appeal	
<b>'Super visa' (equivalent to Schengen 5-year MEV)</b>	N/A		N/A	MEVs valid for 3 years can be granted to nationals of China, Thailand, Malaysia and Indonesia to visit Okinawa, Iwate, Miyagi or Fukushima  Stay should still not exceed 90 consecutive days.	MEV valid for up to 2, 5 or 10 years  Fees: 2 years: £278 (€325,33); 5 years: £511(5 years) (€598,00); 10 years: £737 (862,48)	MEV for up to 10 years



## **ANNEX 7: Practices to overcome the 90 days in any 180-day period 'limitation'**

Bearing in mind the reliability of certain live performing companies and the quality of their products, sometimes consulates try to assist them to overcome the 'limitation' of 90 days by issuing visas with limited territorial validity (LTVs). A visa with limited territorial validity means a visa which is in principle only valid for the territory of the issuing Schengen State. According to Article 25 of the Visa Code, exceptionally, for reasons deemed justified by the consulate, an LTV visa can be issued for a stay during the same 180-day period to an applicant who, over this 180-day period, has already made use of his 90 days authorised stay. After having stayed 90 days in the Schengen area, visa obliged performers, and crew members ask for "renewal" of the Schengen visa and they are issued with successive LTV visas from the next Schengen States. This way they can stay in total longer than 90 days in 180 days. However, in order to apply for such an LTV visa, they need to leave the Schengen area and re-enter again with that LTV visa. This procedure costs a huge amount of money and hassle, but it is still worth for certain companies rather than shortening the length of the tour. Consequently, these people hold a series of LTV visas (valid only for the territory of the issuing Schengen State) from all the Schengen States concerned for successive 90-day periods. The most serious problems in practice relate to the borders: upon exit, the border guards calculate the periods of stays on the basis of the subsequent visas in the passports, and come to the conclusion that there was overstay (N.B. those LTVs were not issued in accordance with the letter and the spirit of the Visa Code) with all the consequences flowing from this.

But in reality issuing short-stay visas – be they uniform Schengen visas or LTVs – to persons intending to tour in the Schengen area for an uninterrupted long period of time is not in line with the letter and spirit of the Visa Code. Even the first visa issued by the Schengen State where the tour starts and the first performance is taking place, should not be a short-stay Schengen visa: in accordance with the definition given by the Visa Code, such a visa could only be issued when the person comes for an envisaged stay of no more than 90 days per 180 days. In the examples received by the Commission from live performing touring groups for instance, this is clearly not the case.

"Individual" visa-free TCNs also have the possibility to "extend" their stay beyond 90 days under the following circumstances. In case a Schengen State concluded a bilateral visa waiver agreement with a third country of the so called "positive visa list" (like the Canada, New Zealand or the USA) before the entry into force of the Schengen Convention (or the date of its later accession to the Schengen Agreement), the provisions of that bilateral agreement may continue to apply. The Convention provides for a Schengen State the possibility to extend a visa-free stay beyond 3 months in its territory for the nationals of the third country concerned in accordance with such an existing bilateral agreement. Thus, for example the nationals of Canada, New Zealand, USA, etc. can stay in such Schengen States for the period provided by the bilateral visa waiver agreement in force between the two countries (generally three months), on top of the general 90 days stay in the Schengen area. Article 20(2) of the CISA only provides the possibility for the Schengen States to apply their "old" bilateral agreements for such extension, but this is not an obligation.

In case of New Zealand for instance, the Commission is aware of 16 bilateral visa waiver agreements, so on top of the 90 days visa-free stay based on Regulation 539/2001, its citizens can in practice remain 51 months in the territory of the Schengen area (3 months + 48 months). Same goes for the US, Canada, Japan or South Korea for instance. Already in 1998, the Schengen States considered that such an unlimited "short" stay is not compatible with the

spirit of an area without internal borders. The Schengen Executive Committee approved a Decision concerning the harmonisation of the agreements on the removal of the visa requirement (SCH/Com-ex (98) 24 of 23.6.1998). This Decision required the Schengen States to introduce standard clauses into their bilateral agreements which limit the duration of visa-free stay to 3 months in 6 months in the Schengen area (instead of the territory of the Schengen State concerned).

It should be recalled that at the moment of the integration of the Schengen acquis into the framework of the EU, both the Council and the Commission Legal Services have already considered Art. 20(2) of the Schengen Convention incompatible with the Treaty which then defined the maximum length of a short stay in the Schengen area as 3 months.

The implementation of Article 20(2) raises practical problems for the authorities as well as the travellers especially at departure from the Schengen area. Beneficiaries of the old bilateral agreements can face obstacles during the exit control while departing from a Schengen State which does not have a bilateral agreement with their country and if the traveller concerned has stayed longer than 3 months within 6 months in other Schengen States before entering to the Schengen State of departure. From the perspective of the Schengen State of departure it is justified to consider this as overstay, as they do not have a bilateral agreement which would provide a legal basis to extend the traveller's stay beyond 3 months.

On the other hand, it must be acknowledged that some of the third countries concerned attach importance to keep the possibility to "extend" the visa-free stay in the Schengen area based on the "old" bilateral visa waiver agreements, since the *status quo* is highly beneficial for their citizens.

## **ANNEX 8: The nature of economic benefits and the approach to the estimates of financial and economic impacts of the policy options**

This annex provides a brief overview of the estimations of the Economic Impact Study and explains the nature of economic benefits likely to arise and the approach to the estimates of financial<sup>83</sup> and economic impacts of the policy options in the three problem areas.

### **Estimations of the Economic Impact Study**

As mentioned in point 1.3.1, DG Enterprise ordered a study specifically focusing on the economic impact of visa facilitation on the tourism industry and on the economies of Schengen States. The survey carried out in that framework provided useful data to better identify and substantiate the problems in the framework of this IA. At the same time, the overall figures regarding the economic impact of "visa facilitations", should be used with care. It must be seen clear that those figures are linked to the generally drafted interventions of that study, such as "less documentary evidence" or "MEVs rather than single-entry visas". In that Study it was not specified what would be the exact scope of these facilitations (beneficiaries) and what would be the specific "eligibility" conditions. Therefore, those envisaged interventions do differ from the rather specific options identified in the context of the IA. Moreover that Study "only" covered six target markets (China, India, The Russian Federation, Saudi Arabia, South Africa and Ukraine).

Against this backdrop, the most important estimations of that study are still worth to recall:

- In 2012, a total of 6.6 million potential travellers from the six target markets were "lost" due to the Schengen area visa regime.
- Based on average spending figures, this means that the tourism industry in the Schengen area loses out on a potential EUR 5.5 billion in direct contribution to GDP every year, adding up to approximately 113,000 jobs in the tourism industry and related sectors. Taking into account a forecasted growth rate in the number of travellers from the six countries, over five years this leads to 34.8 million travellers lost.
- Each euro spent in the tourism industry also generates wider effects in other parts of the economy through salaries, consumption, trade and investments. When including these so called indirect and induced effects the total contribution lost amounts to EUR 12.7 billion per year. Taking into account direct, indirect and induced effects, the Schengen area could gain up to 242 000 jobs per year if there were no visa requirements for travellers from the target countries.
- Different facilitation scenarios could lead to a total of 13 to 14 million travellers, leading to between EUR 22 to 25 billion in total direct spending per year.
- Over five years, this could mean as much as between EUR 120 and 130 billion in total direct spending, translating into between 1.2 and 1.3 million jobs in tourism and related sectors.

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<sup>83</sup> Due to the rather complicated overall national systems of consular fees and the fact that most Schengen States do not have specific statistics, only estimations regarding the revenues from the visa fee at Schengen level are available. According to the calculations of the IA Study, the income of the Schengen States can be estimated approx. EUR 660 million in 2012 which suggest that the average revenue from one visa application was approx. EUR 44. The overall costs of visa issuance in 2012 can be estimated EUR 640 million which is slightly less than the estimated revenue from visa fees (average cost per visa application: EUR 43).

- By implementing different facilitation measures in parallel, additional value could be created. A combination scenario was explored in the study, which showed a potential benefit of a total of EUR 138 billion in direct spending over five years, thus bringing greater benefits than any single facilitation measure.

### **Financial and economic impact assessment of the policy options identified in the IA**

The main economic benefits that would occur as a result of the policy options flow from TCNs making additional visits to the EU (the MEV proposals in particular would have this effect) or staying longer in the EU (the "new authorisation" in particular would have this effect). Spending of TCNs visiting the Schengen area is estimated EUR 534<sup>84</sup> per trip. A large part of this expenditure is used to purchase accommodation, food, drink and transport services. The companies providing these services are typically labour intensive and around one third of the 'first round' expenditure of TCN visitors is estimated to be 'recycled' within the EU mostly by employees in the tourism sector spending or through the receipts from TCN spending being used to buy goods and services from within the EU thus creating a multiplier effect<sup>85</sup>. (The estimates of economic impact in the IA Study have assumed a multiplier of 1.3 at Schengen level and that EUR 50,000 is sufficient to support one FTE job in the Schengen area). Of course tourism activity also generates certain costs (congestion, pollution, potential calls on public services etc.). Also the tourism sector is characterised by relatively low wages and jobs are often part time and seasonal. However, tourism activity is economically very important in the EU and current conditions in the EU and the outlook anticipated in the IA Study point to the economic benefits of the preferred package considerably outweighing any such costs. Firstly, unemployment is at record levels in the EU and in these circumstances increases in employment in the tourism/hospitality sector would occur. Secondly, the increase in international travellers is likely to be driven by increases in income amongst TCN groups who will be able to spend above average amounts when visiting the EU. Thirdly, it is reasonable to assume that increased inbound travels will not be markedly seasonal and hence will benefit existing capacities in the tourism/hospitality sector. If so this would contribute to improved employment conditions in this sector in the Schengen States.

### **Problem area 1: Lengthy, cumbersome and costly procedures – Mandatory issuance of MEVs**

The economic impacts to the Schengen States of the mandatory issuance of MEV with long(er) validity occur because these policy proposals would lead to a higher number of MEV with long(er) validity being issued and, travellers in possession of MEV are likely to make more trips to the Schengen area than they otherwise would. This is because travellers with MEV would no longer incur the direct and indirect costs of applying for visas and would be better placed to take advantage of late bookings and short notice requests and motivation to travel. The Economic Impact Study indicated that more than 6 million trips per year to the Schengen area from the six target countries are constrained being lost due to the need to obtain visas. The MEV proposals would have the effect of realising some of this potential.

It has been assumed that there would be approximately 18 million visa applications per year by 2015 under the baseline scenario, based on the trends in the number of visa applications

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<sup>84</sup> OECD, Tourism Trends and Policies 2012 - [http://www.oecd-ilibrary.org/industry-and-services/oecd-tourism-trends-and-policies-2012\\_tour-2012-en](http://www.oecd-ilibrary.org/industry-and-services/oecd-tourism-trends-and-policies-2012_tour-2012-en)

<sup>85</sup> Tourism generates different types of income for a community: business income, wage earnings, rates and levies. Direct spending by visitors has a positive impact on business profitability and employment growth. The money that is then circulated and re-spent in the economy is referred to as indirect spending or the multiplier effect.

between 2010-2012 and assuming an annual increase of 10% in 2013 and 8% in 2014. It is further assumed that the policy options would come into effect in 2015 but that the main economic impacts would accrue 3-4 years later in cases of policy options B.1 due to the step-by-step issuance of MEVs.

The estimates of the scale of economic impacts of the MEV proposals are based on:

Estimates of the proportion of all trips that are undertaken with MEV under the baseline scenario and the MEV proposals. These estimates have been informed survey data on the proportions of travellers in different groups according to their "frequency of travel";

Frequency of international travel (trips per year)	Estimated proportion of ALL trips that would be covered by MEV (%)			
	Baseline	Proposal B.1	Proposal C.1	Proposal D.1
More than 4 per year	12.9	13.7	14.5	15.3
2 to 4	10.0	15.1	30.1	35.2
1	1.2	1.2	2.5	9.9
One every 2 years	0.0	0.0	0.4	1.3
Total	24.2	30.0	47.6	61.7

Assumptions about the increase in MEV issued for the more frequent traveller groups due to each MEV proposal (the effect of the MEV proposals would be to increase the pool of potential MEV carrying travellers);

Frequency of international travel (trips per year)	Estimated proportion of trips covered by MEV (%)			
	Baseline	Option B.1	Option C.1	Option D.1
More than 4 per year	80	85	90	95
2 to 4	20	30	60	70
1	5	5	10	40
One every 2 years	0	0	5	15

The assumption that each traveller with a MEV undertakes on average 1.4 trips to the Schengen area each year; and, the assumption that for every 3 trips with a MEV one additional trip is made to the Schengen area.

This approach led to an estimate of ca. 500 thousand additional trips to the Schengen area due to **policy option B.1**, ca. 2 million due to **policy option C.1** and ca. 3 million due to **policy option D.1**.

The additional trips to the Schengen area generated by the MEV proposals have been expressed as economic impacts assuming that each trip generates EUR 534 in additional revenue. It is assumed that an income multiplier of 1.3 applies at the level of the Schengen area and for each addition EUR 50 thousand, one FTE job in the Schengen area would be supported.

This approach led to an estimate of ca. EUR 300 million additional income and 7,600 supported FTE jobs due to **policy proposal B.1** over four years, an estimate of more than EUR 1 billion additional income and ca. 30,000 supported FTE jobs due to **policy proposal C.1**, an estimate of ca. EUR 2 billion additional income and 50,000 supported FTE jobs due to **policy proposal D.1**.

The estimates of reduced costs to visa applicants through not having attended in person and not paying visa fees assume that the direct and indirect costs avoided amount to about EUR 190<sup>86</sup> per visa application. The direct costs saved by visa applicants are ca. EUR 50 million for **proposal B.1**, EUR 180 million for **C.1** and almost EUR 300 million for **D.1**. The indirect costs saved by applicants amount to ca. EUR 117 million for **B.1**, ca. EUR 470 million for **C.1** and ca. EUR 750 million for **D.1**.

The policy proposals are also expected to have a minor negative financial impact on Schengen States, as it is considered that, because of the decline in the number of (single entry) visa applications, Schengen States would witness a loss of income (receipt of fees), accompanied however also by lower costs as less visa applications would need to be processed. The net financial impact amounts to – EUR 1 million under **policy option B.1**, - ca. EUR 5 million under **C.1** and – EUR 7 million under **D.1**.

### Overview of the impacts of policy options in problem area 1:

Impact	Unit	Option B.1	Proposal C.1	Proposal D.1
<b>Problem area 1</b>				
Impact on the number of travellers	Reduction in visa processed (in thousands)	1,047	4,200	6,744
	Additional number of trips (in thousands)	489	1,960	3,147
Financial impacts	Net financial impact due to reduced levels of activity (thousands of EUR)	-1,144	-4,591	-7,370
	Direct costs saved by applicants (thousands of EUR)	44,811	179,770	288,630
Economic impacts	Indirect costs saved by applicants (thousands of EUR)	117,263	470,427	755,296
	Additional tourism revenue from short stays (in 4th year) (thousands of EUR)	293,657	1,178,070	1,891,455
	Supported jobs (FTE) (in 4th year)	7,635	30,630	49,178

### **Problem area 2: Insufficient geographical coverage in visa processing – "Mandatory" representation**

The economic impacts to the Schengen area of the proposals to improve geographical coverage in visa processing occur because the proposals would allow for a higher number of Schengen visas to be processed, because geographical coverage is expected to increase. The policy options are in particular expected to contribute to a reduction in the number of 'blank

<sup>86</sup> Indirect costs estimated at an average of EUR 150 and an average visa fee of EUR 43.

spots', i.e. number of cases in which a Schengen State is not present nor represented in a third country. At present, the number of identified 'blank spots' amounts to 888.<sup>87</sup>

**Policy option B.2** was not considered for the assessment considering its non-compulsory nature; therefore it does not generate any financial or economic impact. Although **policy option D.2** could potentially have the most positive impacts in terms of rationalisation of the visa collecting/processing presence and could offer important advantages for visa applicants and significant efficiency gains for consulates without doing a detailed country-by-country mapping exercise (which could be a sole subject of a separate study and would require a lot of time) the potential financial and economic impacts cannot be assessed in a reliable manner.

**Proposal C.2** on "mandatory representation" has the potential to impact ca. 100 thousand applicants based on the French data, according to which in 2012 France processed ca. 45 thousand visas in representation. There are ca. 400 representation arrangements (situations) behind this. E.g. France represents Latvia in Yerevan. Since they also represent Portugal, Iceland and Norway, in order to be able to make calculation on the basis of the identified "blank spots" (where a Schengen State is not present, neither represented), it is considered that there are 4 representation arrangements in case of Yerevan. Accordingly, as an average, France processes approx. 100 visa applications/per representation arrangement. These 100 visa applications have been multiplied by the number of "blank spots", which thus gives a rounded total of ca. (max.) 100 thousand applications. It has been assumed in the  $\frac{3}{4}$  of these cases the applicants already make a trip by applying for visas in one of the neighbouring country (where the Schengen State of the sole/main destination has a consulate). Therefore, policy option C.2 could lead to a total of approx. 25 thousand additional applications per year.

The "mandatory representation" requirement would increase the workload of processing visas on behalf of other Schengen States especially for Schengen States having a broad consular network (e.g. FR, DE, ES, IT, NL). However, this additional burden is expected not be significant for individual consulates, as in principle, in case there is a high number of visa applications in a given third country addressed to a Schengen State, that state will already now have ensured consular presence/being represented. In addition, the visa fee in principle covers the average cost of processing therefore the financial impacts of the option is insignificant.

The economic impacts are very modest as well. As noted earlier the identified policy options with regard to this problem area are not aimed at generating economic growth in the first place, but providing a better service for visa applicants and providing a good legal framework for Schengen States to rationalise their resources. The additional 25 thousand travellers are expected to generate increased revenue of EUR 13 million, based on the average spending per short stay of EUR 534 per visitor. Using the multiplier explained earlier, the supported number of FTE jobs created by the policy proposal is estimated at 360.

The value added of this policy option concerns the impact on these ca. 100 thousand applicants (mostly from African countries) who would be able to lodge the application in their country of residence instead of travelling abroad to a country where the competent Schengen State is present/represented. They will have considerable savings on indirect costs, but due to the lack of data especially from the African continent, it is difficult to draw up estimations. It is for sure that for the individual applicants concerned this policy option will considerably facilitate the access to visa.

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<sup>87</sup>

This figure takes into account all third countries where visa applications can be lodged as of 2012 (Annex 28 of the Visa Code Handbook).

### **Lack of visa or other authorisation allowing travellers to stay more than 90 days in any 180-day period in the Schengen area – New authorisation up to 1 years**

The proposals which introduce a new type of authorisation are expected to generate positive economic impacts, because they would increase the number of visa applicants as well as the time these travellers spend in the Schengen area. Costs savings are also expected to occur, as visa applicants would not need to leave the Schengen area prematurely.

Based on informed stakeholders comments and Eurostat data the total number of TCNs that could potentially make use of the new authorisation is estimated at about 120 thousand per year. This constitutes around 0.7% of the projected number of C-visa applications in 2015, with 50% of this sub-group being made up of artists, sportsmen, their crew and their core family members and 50% comprising individuals, e.g. business people, retired travellers, etc.

**Option B.3** would affect an estimated 61,000 persons per year. As a result of the new authorisation, the travellers are expected to generate at most additional revenue of ca. EUR 500 million per annum and the supported FTE jobs is about 13,500. The additional revenue has been calculated by multiplying the 61,000 persons by EUR 8,550<sup>88</sup>, which is the average spending for long stays.

**Proposal C.3** is estimated to affect the total number of EUR 120,000 persons per year. The expected revenue generated by the additional travellers is estimated to be at most EUR 1 billion per year, again multiplying 120,000 persons by the average long-stay spending of EUR 8,550, with the number of FTE jobs created rising to about 18,200.

**Proposal D.3** is the same as policy proposal C.3.

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<sup>88</sup> This figure is derived from Eurostat Labour Force Survey data. The figure corresponds to 4,5 months of the net annual average earning per worker.