

**COMMON INDUSTRY POSITION ON
REGULATION PROPOSAL ESTABLISHING A COMMUNITY CODE OF VISAS**

SUBMITTED BY



Group of National Travel Agents' and Tour Operators' Associations within the EU



European Federation representing Campsite & Holiday Park Owners & Managers



Guild of European Business Travel Agents



Confederation of the National Associations of Hotels, Restaurants, Cafes and Similar Establishments in the European Union



International Road Transport Union

The tourism industry associations ECTAA, EFCO&HPO, GEBTA, HOTREC and IRU have come together to express their views on the Regulation proposal establishing a Community Code of Visas. The four associations represent an important cross-section of the European tourism industry (see more details at the end).

We **welcome certain aspects of the Regulation proposal establishing a Community Code on Visas**. We acknowledge that the proposed Community Code on Visas has the merit of enhancing transparency, harmonizing procedures and ensuring equal treatment of visa applicants. The new provisions concerning maximum issuing time for visas, the distinction made between inadmissible applications and formally refused applications, shorter deadlines for the response time and harmonized forms to be provided as part of the visa application will facilitate and speed up the visa application procedure, to the benefit of the traveling public.

However, we **strongly regret that visa procedures and conditions are introduced without any consultation of stakeholders nor a proper impact assessment on the tourism industry**. This is all the more disappointing when the Communication from the Commission, "A renewed Tourism Policy: Towards a stronger partnership for European Tourism" of 17 March 2006, and the Tourism Policy - Council Conclusions of the Competitiveness Council of 25 September 2006, insisted on the need for better involvement of the tourism industry on issues

that may affect it. The impact assessment reports are limited to the financial and administrative impact on Members States' missions or consular offices, and completely ignore the impact of new provisions on the traveling public, the destinations and the tourism industry.

We feel that **the negative impact on the inbound market into Europe could be considerable**. Some of the countries, whose citizens require a visa to enter the Schengen area, are fast growing source markets for travel and tourism, such as China, Russia, India. The three countries have rapidly growing economies. With real GDP expansion ranging from five to more than 10 percent per year, these countries' economies have been growing faster than the world average. Rapid economic growth has created more affluent populations that have the resources for outbound travel. The outbound travel markets from these countries have grown as fast, or faster, than their economies, making each a potentially rich source of inbound travel. According to the World Tourism Organisation (WTO), the number of tourists leaving China has risen by a million every year since 1998. The number reached 17 million in 2004. Forecasts such as from EUROMONITOR suggest that by 2020, China will have 110 million outbound travelers spending some 90 billion euros in travel expenses abroad and become the fourth largest source of outbound travel in the world by 2020. The Russian market is also growing steadily. But according to the WTO, the Russian market is more likely to contribute in terms of value rather than volume. Russians made it into the UNWTO list of top ten spenders in the world. And they spend not only in the hotels and restaurants but also the 3rd largest travel retail spenders (after the Japanese & Americans).

The outbound market of these countries are also very important for Europe. Europe is still the world's number 1 destination in terms of international tourist arrivals, but it is rapidly losing market share to other world destinations. According to WTO figures, Europe was the region registering the lowest growth in international tourist arrivals in 2004. While Europe registered a mere 5% growth rate, other regions such as Asia and the Pacific and the Middle East recorded double digit growth rates of 28% and 18% respectively.

With this in mind, it is ever so **important that Europe remains competitive to stay in the market**. The increase of Schengen visa fees from 35€ to 60€, which will apply as from 1. January 2007, will not make Europe any more attractive. It is without a doubt that visitors requiring a visa to visit countries within the Schengen area will be deterred by the substantial hike in visa fees. The 70% increase in fees will translate into a 240€ visa fee bill for a family of four. It will have an even greater impact on all tourist arrivals from neighboring countries, whose citizens are used to travel for short shopping trips to Schengen countries (see Baltic states, Finland, Poland, etc.)

Past experiences have shown that visa fee increases have had a dramatic effect on tourism demand for the country concerned. For example, the visa fee changes introduced in the UK in July 2005 have had a tremendous impact on UK's inbound tourism. From 1 July 2005 the standard six month multiple entry visa increased by almost 40% from £36 to £50, while a student visa increased by over 130% from £36 to £85. Three months after the introduction of the visa fee changes, the *Tourism Alliance* carried out a study to assess the impact on tourism. The study (see annex) shows that the demand for visas has decreased by 18% since the fees were increased. Although UK Home Office's view is that this decrease is unrelated to the increased costs, International Passenger Survey data strongly suggests that approximately 10% of the decrease cannot be explained by other factors such as the bombings in London and rising ticket prices due to fuel costs. This supports evidence from outbound operators in the affected markets and the findings of a Home Office study which indicate that increasing the cost of obtaining visas also increases overseas visitors' perceptions of the UK as being an unwelcoming country. As a

result of this perception, visitors will switch to visiting those countries that are deemed to be more welcoming and accessible.

Europe is bound to experience similar negative impacts on its incoming tourism. Especially the new EU Member States, which are not yet part of Schengen, may encounter a further blow to their incoming tourism from third countries. They have already suffered considerable reductions of tourist flows to their countries following the adoption of the EU visa policy.

It should be noted that tourism is an important generator of growth and employment in Europe. According to a publication of the European Commission, tourism economy (tourism industry and related sectors, such as transport) contributes 11% to the GDP of the European Union and employs 20,6 million people, representing 12% of total employment. This is a non-negligible industry.

In addition, the higher cost for visas will definitively have an impact on the number of incoming tourists. Fewer tourists will mean definitely a lower demand, i.e. loss of jobs and smaller income for the entrepreneurs. Fewer tourists also mean less tax income for the Member States. The impact of external factors, such as visa fee increases, must be carefully assessed. With this in mind it is not understandable why the visa fee increase has not been accompanied by a prior economic impact assessment on tourism.

Taking all this into consideration, we call on the EU decision-makers to reduce the Schengen visa fee and to carry out a thorough economic impact assessment before introducing any changes.

Accompanying measures should be envisaged to offset the dramatic price increase. One could for example consider offering reduced visas for families with children above 6 years of age, to reduce the overall visa fee bill. Also, it should be envisaged to offer cheaper visas to people applying for a second visa. The costs of second-time applicants should be lower, as his or her biometric data are already collected and processed.

Apart from the visa fee, the tourism industry is very much concerned about the impact that the collection of biometric identifiers will have on visa applicants. First of all the collection of biometric identifiers is repressive. It installs a feeling of mistrust towards visa applicants. But more importantly, as a result of the collection of biometric identifiers, visa applicants need to submit their application in person to the consular office / diplomatic mission, which in many instances will require long and costly travel, as well as considerable time. This will certainly deter potential tourists to select Europe for their traveling, especially in case of leisure tourism. In order to reduce time and cost for first-time visa applicants, it is important that a number of application centers are available across the country. It should also be considered to reduce the requirement to renew biometric data from every 4 years to every 5 years.

The tourism industry also disapproves with a number of requirements that visa applicants need to fulfill. These include:

- The travel insurance with minimum coverage of 30.000€ is too excessive;
- In case where a tourist wishes to just book accommodation for the first three nights, it is too restrictive to require supporting documents in relation to the accommodation of his whole stay;
- If applicants travel through a number of countries, they should have the choice from which Member State to request a visa;
- Special provisions should apply for professional coach drivers (facilitated visa application).

As regards **accredited commercial intermediaries** entitled to make a visa application on behalf of the traveler, under Article 40 they are required to show “contracts with airlines, which must include outward and guaranteed, fixed return journeys” in order to be accredited. This is too restrictive, as incoming tourism agencies in certain countries often make land transport arrangements (accommodation, coach transport, etc.) within their country but do not have a license to sell air transport (e.g. Spain). These incoming tourism agencies would be denied the possibility of handling visa applications. It is thus necessary to **add to Article 40(2)(c) that such contracts are either arranged by the intermediary himself or another intermediary licensed to sell air transport.**

To conclude, we wish to draw the attention of the EU decision-makers to the potential devastating impact that the EU common visa application procedure and fees will have on the perception of third country visitors on Europe and consequently on Europe’s inbound tourism. It is important to reduce the sharp increase in visa fees and to ease the visa application procedure. The price hike must be offset by a simpler and less repressive visa application procedure.

We would also like to stress the point that this does not only concern incoming tourism. This is likely to affect outbound tourism, as third countries will retaliate and impose stricter and more expensive visas for Europeans wishing to travel to their countries. This will make travel globally more time-consuming and expensive, to the detriment of the traveling public, and in particular the business travelers traveling frequently to third countries.

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GEBTA is the Guild of European Business Travel Agents and promotes the interests of travel management companies, their clients and their travelers. GEBTA currently counts 7 Member Guilds with more than 300 travel management companies.
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HOTREC represents the hotel, restaurant and café sector at European level. This sector counts 1.4 million businesses and provides 7.5 million jobs in the EU alone. HOTREC brings together 38 National Trade and Employer Associations representing the interest of the sector in 23 different European countries.
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IRU, the International Road Transport Union, regroups, at world level, organisations and undertakings concerned with road transport for hire and reward and own account (road freight and passenger transport by bus, coach and taxi). Currently it has 167 Member Associations in 70 countries worldwide including Member Associations in each of the 25 Member States of the EU.
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