Presidency of the Council of the European Union · GRAND DUCHY OF luxembourg

European Commission

Discussion Paper – Panel 3
Regulatory Framework for Tourism – Visa Policy

The contribution of the tourism sector to the EU's employment and GDP is crucial and growing. More than 9% of the EU's GDP comes from tourism (directly or indirectly)[1], with forecasts of around 2.5% year-on-year annual growth to 2025. The tourism sector employs nearly 25 million people in the EU[2] and has links to other key sectors. Moreover, in 2012, one in ten enterprises in the EU non-financial business economy belonged to the tourism industries.

Although Europe boasts a healthy tourism industry, emerging markets are challenging its leading position. The EU market share in world tourism has gradually dropped from 56% in 1980 to 40% in 2010 and, if things remain unchanged, is expected to fall to a level of 31% by 2030[3]. Tourism in Europe is mainly reliant on domestic tourists while other competing destinations are better performing in attracting international tourists.

To retain Europe's position of No 1 destination, Europe has to keep on focussing on tourists from fast-growing third countries.

Two of the most important European source markets of international arrivals require a Schengen visa, notably China and Russia. China and Russia are ranking as number 1 and 4 biggest spenders on international tourism for the year 2013, according to UNWTO. Moreover, China has been, and still is, by far the fastest-growing tourism source market in the world.

Visa obligations have a considerable impact on tourism worldwide. The costs to visa applicants, both the direct monetary cost and indirect costs are a deterrent to would-be travellers. Wait times and travel expenses associated with obtaining a visa, divert demand to destinations with an open or a less restrictive visa policy. Modern travellers show a tendency to shorter booking lead times, and, accordingly, prefer destinations that require limited planning. However, in 2013, 74% of the world's population needed a visa before arrival when travelling to Europe (respectively 77% for the EU)[4].

A study carried out in 2012 for the European Commission on the economic impact of short stay visa facilitation on the tourism industry and on the overall economies of the EU Member States part of the Schengen Area[5] concluded that significant benefits would accrue if changes were made to the existing Visa Code. More flexible and accessible visa rules could lead to an increase in trips to the Schengen area of between 30% and up to 60% from China, India, the Russian Federation, Saudi Arabia, South Africa and Ukraine alone. Different facilitation

[1] WTTC Travel and Tourism Economic Impact Report 2015 – European Union
[2] ibidem
[3] UNWTO Study "International Tourism Trends in the EU-28 member states"
[4] UNWTO Tourism Visa Openness Report 2013 - Visa facilitation as means to stimulate tourism growth
[5] The study focused on travellers to the Schengen area from six target markets: China, India, the Russian Federation, Saudi Arabia, South Africa and Ukraine, which together comprised almost two thirds of the visa travellers to the Schengen area in 2012. The study identified the most important issues from the perspective of visa applicants of the six target countries, estimated the economic impact of visa procedures in terms of deterring tourists and business travellers to the Schengen area, reviewing various visa facilitation options and their impact in terms of generating additional travellers, revenue and ultimately jobs in Europe.

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.

In 2012, with its Communication "Implementation and development of the common visa policy to spur growth in the EU"[6], the Commission for the first time acknowledged the need to consider the economic impact of visa policy on the wider EU economy, and in particular on tourism, while it should continue to provide security to the external borders and the good functioning of the Schengen area.

The “Visa Package” adopted by the Commission in April 2014, which included (i) a proposal for the recast of the Regulation on the Union Code on Visas and (ii) a proposal for a Regulation establishing a touring visa, represented an important step forward.

The first Regulation proposes a number of amendments to the Visa Code currently in force. These changes aim to simplify the visa application process thus facilitating travel to Europe for legitimate travellers and contributing to the growth of the European economy.

The second Regulation aims to establish a new type of visa called ‘**touring visa**’. Currently, the only visa available to non-EU nationals is limited to 90 days in any 180-day period. This new type of visa would allow legitimate non-EU nationals entering the Schengen area to circulate for up to 1 year in this zone, with the possibility of an extension for up to two years and without staying in one Member State for more than 90 days in any 180-day period.

The two regulations are at present in the co-decision procedure.

Our 14th European Tourism Forum offers the tourism industry an opportunity to contribute to the discussions and propose input to the relevant policy makers represented at the forum.

DISCUSSION POINTS:

1. While visa policy is undeniably linked to national security of Member States, what kind of useful input and experience can the tourism industry share with policy makers in this area?

2. What measures could the tourism sector propose or take to avoid abuse of facilitated visa procedures?

3. What best practices are you aware of related to (i) the offering of procedural facilitations and (ii) the issuing of multiple entry visas (MEV)?

4. What are the opportunities and risks of the Touring Visa? Which alternative solutions could achieve similar aims?

[6] COM(2012) 649 final