

2013 GATEWAY TO GROWTH

Progress Report On Canadian Visitor Visa Process



Canadian Tourism
Commission

Commission canadienne
du tourisme



FOREWORD FROM TIAC

The Tourism Industry Association of Canada (TIAC), in conjunction with the Canadian Tourism Commission, presents this series of research reports to increase awareness of the complexity of the global travel and tourism sector and to identify practical measures that will increase competitiveness and produce real and sustainable economic development, jobs and prosperity for Canadians.

Travel and tourism is among the highest performing sectors of the global economy, experiencing average growth of 4% and generating over \$1trillion of annual revenue. While travel and tourism is Canada's largest export service sector, export volumes and revenues are not keeping pace with competitors.

Progress has been made through recent government actions and investments to open new markets, improve visa facilitation and air access agreements (Brazil & China). However, in 2012, Canada's inbound growth was only 1.8% - just less than half the international average. This under-performance – due, in many cases to fixable policy barriers – is contributing to an innovation and investment deficit that, if unaddressed, will further erode future competitiveness.

Through this series of reports, TIAC has laid out a practical plan for Canada to match the annual global growth rate of 4% comprised of:

- » a competitively resourced national marketing agency that balances key markets including the US;
- » a review of Canada's aviation cost and access barriers;
- » a modernized traveller documentation process.

Annual growth of 4% will increase annual international visitation to Canada by over 650,000 and generate significant economic benefits across several economic sectors in every region of the country. TIAC and like-minded organizations will be seeking the continued momentum required to address the remaining public policy issues currently impeding growth.

CONTENTS

Foreword From TIAC.....	2
Executive Summary.....	4
Introduction: Tourism is an Export	6
Capitalizing on Global Tourism Opportunity	7
The Opportunity is Huge, the Competition Fierce	7
Big Investments by Individual Destinations.....	7
Canadian Wanderlust and the Threat to Our Domestic Market.....	7
Canada's Competitive Position is Declining.....	7
What Will it Take for Canada to Realize this Growth?	8
Figure 1: Arrivals from Select Source Markets to Canada.....	8
Canada's Visitor Visa Structure: An Obstacle to Economic Growth	9
Why We Need to Monitor Our Visitor Visa Process.....	9
Canada's Visitor Visa Structure: Update and Review of Progress.....	10
Issue #1: Whole-of-Government Approach	10
Figure 2: The Evolution of Canada's Immigration System Since 2009	11
Issue #2: Reducing Red Tape	12
Red Tape: Mandatory Surrender of Passports and Other Documentation Issues;.....	12
Red Tape: Interaction Between Visas and Passports;	12
Red Tape: Geographic Limitations;	13
Issue #3: Reducing Wait Times, Increasing Access and Information	13
Visa Processing Times	13
Figure 3: Temporary Resident Visa Overseas Processing Times* (in Days)	14
Figure 4: Temporary Resident Visa Applications Received and Processed Overseas All Points of Services	14
Figure 5: Visitor Visa Applications at a Glance 2001- 2012	15
VACs in Priority Markets.....	15
Figure 6: VACs in Priority Markets	16
Rejection Rates.....	16
Figure 7: Approval Rate for Temporary Resident Visa Applications (in persons)	17
Progress Report on 2011 Recommendations	18
New Recommendations	20
Recommendation #1: Reduce Red Tape.....	20
Recommendation #2: Optimize Existing Security Infrastructure	22
Recommendation #3: Reinvest in Visa Processing System	22
Gateway to Growth: TIAC Research Suite	23
Acknowledgements	25

EXECUTIVE SUMMARY

Tourism is one of the largest and fastest growing sectors of the global economy. Every year over a billion people visit foreign countries generating over \$1 trillion in annual trade¹. Around the world, tourism is a key component of countries' international trade strategies driving innovation and efficiencies, both in the public and private sectors, to maximize competitive advantages. In fact, recent studies have shown that tourism sparks increased trade between nations.

While we agree that the integrity of the immigration system is paramount, by modernizing our system in alignment with international best practices we can ensure that security is not compromised while we increase our competitiveness in the "mobility economy." Simple, streamlined travel documentation facilitation is vital to this modernization.

While Canada is making some progress in growing its share of the evolving global market, a more strategic approach is needed to realize this industry's full potential. Tourism is Canada's largest service sector export, contributing \$15.97 billion a year from sales to foreign nationals². While this sum is significant, it could be larger and is reflective of our 16th place ranking in international visitor arrivals. A fundamental shift in the government's policy to a view of tourism as a dynamic player in the export sector is essential to progress.

Despite its importance to Canada's trade economy, tourism is subject to barriers not faced by other export sectors. Forty years ago when Canada was the second most visited country in the world, visitors came primarily from visa exempt countries such as the US and Europe. In recent years travel volumes from these traditional markets has cooled while increased visitation from Asia and South America have resulted in almost half a million of today's overseas visitors to Canada requiring visas. Just as other export sectors have diversified their markets, the future prosperity and global competitiveness of the Canadian tourism industry depends on our ability to attract and expedite an ever-increasing number of legitimate travellers to Canada. While individual attractions, provincial marketing organizations and the Canadian Tourism Commission (CTC) have all made significant headway with their marketing campaigns, difficult visa policies continue to create barriers for potential visitors.

Citizenship and Immigration Canada (CIC) has worked closely with the Tourism Industry Association of Canada (TIAC) and the CTC over the past few years and, together, vast improvements have been made to the Temporary Resident Program. Including:

- » Introduction of a Business Express Program pilot project
- » 10 year multi entry Visas (subject to validity of passport)
- » Up to 73 new VACs by 2014
- » Reasonable admissibility policy
- » Commitment to implement electronic Travel Authorization for business and leisure visitors arriving by plane
- » \$42 million invested in operations over 2 years
- » Launch of online applications in December 2012

We are committed to working with CIC to ensure that these initiatives achieve the intended result of increased and expedited visitation to Canada. While much progress has been made there are still major hurdles we must clear if we are to maximize our share of the emerging global tourist market.

Building on success to date, TIAC recommends the government move forward on three basic fronts:

1. **Reduce Red Tape;**
2. **Optimize Existing Security Partnerships ;**
3. **Reinvest for Success (visa program).**

The 2013 summer job action strike by Foreign Service officers has clearly demonstrated the vulnerability of the distribution chain for Canada's visa program. Any disruption in the application and processing of visas has wide-reaching economic impacts. By making the process more efficient, Canada can protect itself from future damage.

Furthermore, finding elegant – rather than blunt – solutions to efficient and safe travel documentation system will make travel and tourism a more effective member of the mobility economy. For example, in Canada and the US, visa restrictions on travel are estimated to reduce inbound visitation by 31%³ equal to an additional quarter of a million visitors from Brazil, China, India and Mexico alone each year. Considering the average visitor spends \$1565.50, this means an additional \$375 million to the economy from just these four countries⁴.



INTRODUCTION: TOURISM IS AN EXPORT

International tourists in Canada currently generate around \$15.97 billion a year in exports. To some, tourism-as-export seems counterintuitive, even though tourism exports consumed in Canada are paid for with foreign dollars.

The diversity of the tourism industry contributes to Canada's growing reputation as a powerful player in international trade. As the biggest service export in the country⁵, with marked growth in business and leisure visitors from emerging economies, tourism is well-placed to help the government reach its trade objectives:

"[...] governments are increasingly competing against one another to help their businesses and investors gain an edge in the race for market share, technological advantage, foreign investment and other global value chain opportunities. Canada must do the same."

– Global Commerce Strategy, DFATD

"Canadian businesses must take advantage of these opportunities [in emerging economies], and Canadian governments must do what they can to help open markets and ensure that we have the right economic and social conditions to stay ahead."

– Advantage Canada, Department of Finance

"The slowdown in growth in advanced economies, particularly in the US, underscores the need for Canada to build on its recent success in diversifying its export markets."

– Economic Action Plan 2013, Department of Finance

While tourism is a valuable Canadian export, it is subject to barriers to trade not faced by other export sectors. For example, tourism spending is the only export in Canada that is not "zero-rated" (exempted) from GST. Additionally, Canada is the only G8 country with a value-added tax that does not offer a rebate to international visitors.

Further hindering our "export-readiness" is the need to modernize Canada's travel documentation processes for business and leisure visitors from our fastest growing markets: Brazil, China, India and Mexico which are tantamount to export permits. In Canada, export permits are applied in sensitive sectors and reserved for select products like nuclear fusion reactors and blinding laser weapons⁶. While we agree that security is important, we must focus our efforts on smart and efficient intelligence mechanisms to screen visitors while avoiding painting travelers with the same brush as other dangerous exports⁷.

CAPITALIZING ON GLOBAL TOURISM OPPORTUNITY

The Opportunity is Huge, the Competition Fierce

As tourism is one of the world's fastest growing industries, the competition is getting more fierce every year. In 1950, the top 5 destinations (the US, Canada, Italy, France and Switzerland) held 71% of the global market. Today, consumers are attracted to an increasingly diverse range of destinations all over the world. The top 15 destinations now hold only 55% of the global market⁸.

Big Investments by Individual Destinations

Recognizing the enormous opportunity of tourism, both traditional and emerging destinations are investing heavily in their national tourism marketing organizations (NTOs). The UK, Israel, India and Malaysia have all recently made significant investments in their NTOs. Australia, while less populous than Canada, has nearly three times our marketing budget.

Moreover, the launch of the \$200 million international marketing campaign by the United States – a key competitor for visitors coming to this hemisphere – will aggravate the decline in international business and leisure visitors to Canada, and possibly redirect investment (hotels, flights, etc.) away from Canada.

Canadian Wanderlust and the Threat to Our Domestic Market

Canada is now one of the world's fastest growing outbound source markets with an international travel rate similar to many emerging markets. Having spent over \$35 billion abroad in 2012 Canadians were the 7th biggest spenders in the world⁹. As a rich source for international tourists other countries are energetically targeting Canada's traditional domestic travellers. The US is launching a particularly aggressive campaign for Canadian travellers to the tune of \$20 million.

To date, the federal government has made significant investments and policy changes that have benefited Canadians travelling abroad including passport modernization, augmented duty free allowances and extended absence periods for "snow birds." The net result is a suite of policies that facilitate increased spending outside of Canada.

Canada's Competitive Position is Declining

Where does Canada fit in this picture? International arrivals to Canada have fallen from 19.6 million business and leisure visitors in 2000 to 16 million in 2012, a drop of 18.4%. In terms of the global international arrivals rankings, the US, Italy and France have retained their places among the top 5 destinations for 60 years. Canada, however, has fallen from the 7th position to 16th between 2002 and 2013. Canada is one of only five countries to experience a drop in arrivals in the last ten years (Canada, Poland, Ireland, Tunisia, Brazil), and one of only two (Canada -18%, Poland -22%) with double digit decline.

WHAT WILL IT TAKE FOR CANADA TO REALIZE THIS GROWTH?

Business and leisure visitors from fast-growing, high-yield markets such as Brazil, China, India and Mexico are essential to a balanced growth strategy which takes into account the tremendous opportunity in emerging markets. If Canada is to regain its competitiveness in the global tourism market, visitors from these countries need to be encouraged. As you can see from the chart below, visitor arrivals from emerging markets have exploded in recent years.

Figure 1:
Arrivals from Select Source Markets to Canada

Country	2000 arrivals	2012 arrivals	Growth rate since 2000	Total Spending \$M	Average spend per trip
United Kingdom	862 300	597 000	-31%	784.5	1314.3
France	400 800	421 200	5%	528.9	1255.9
Germany	379 800	276 600	-27%	416.6	1505.9
China	73 800	273 300	270%	485.6	1776.8
Australia	172 800	219 400	27%	393.0	1791.2
Mexico	140 300	257 000 ¹⁰	75%	194.7	1479.7
Japan	493 100	190 000	-61%	312.0	1642.2
India	66 000	162 200	145%	172.8	1065.1
South Korea	129 400	137 300	6%	233.9	1703.6
Brazil	50 100	78 300	56%	152.0	1941.1

Source: International Travel Survey (ITS), Statistics Canada



CANADA'S VISITOR VISA STRUCTURE: AN OBSTACLE TO ECONOMIC GROWTH

Why We Need to Monitor Our Visitor Visa Process

While trade barriers that negatively impact Canadian exports are typically imposed by other countries, our visas effectively act as tourism export permits, increasing the red tape of our tourism exports and reducing our competitiveness in one of the fastest growing and most lucrative sectors of the global economy.

"Australia is the easiest in terms of the visa process. . . and this makes it easier for us to operate and sell Australia"

– Outbound Tour Operator, Mumbai, Assessment of Visa Processes, TNS Canadian Facts, 2011.

Canada issues Temporary Resident Visas – or visitor visas – to foreign nationals who want to visit Canada for tourism, business or visiting friends and relatives, and who require a visa to enter Canadian territory. Although visas effectively deter unwelcome visitors (by reducing illegal immigration and minimizing security threats) they can also discourage business and leisure travellers. In Canada and the US, visa restrictions on travel are estimated to reduce inbound visitation by 31%¹¹ equal to an additional quarter of a million visitors from Brazil, China, India and Mexico alone each year. Considering the average visitor from these markets spends \$1565.50, this means an additional \$375 million to the economy from just these four countries¹².



Additional \$50 Million in Federal Revenues

Traditionally the majority of Canada's business and leisure visitors came from visa-exempt countries. However, the composition and potential of Canada's international visitor market has changed to include rising economic powers such as Brazil, India, China and Mexico.

Given feedback from in-market operators in China, India, Brazil and Mexico, Canada's visa application process is often considered to be more onerous, inconvenient and lengthy than its key competitors which deters potential visitors. For example, nearly 60% of Brazilians who are not interested in visiting Canada cite visa/passport issues as a reason¹³.

CANADA'S VISITOR VISA STRUCTURE: UPDATE AND REVIEW OF PROGRESS

In our last report *Gateway to Growth: Modernizing Canada's Visitor Visa Process*, we compared Canada with Australia, the US and the UK to review best practices. We drew from a series of interviews with representatives of the travel trade who sell Canada as a destination in Brazil, China, India and Mexico. The interviews were conducted for the Canadian Tourism Commission (CTC) and the resulting report outlines the international travel trade's perceptions of Canada's visa processes¹⁴.

We focused on several issues that hindered potential business and leisure visitors' ability to navigate Canada's current visitor visa application system and made a series of recommendations to the government .

Issue #1: Whole-of-Government Approach

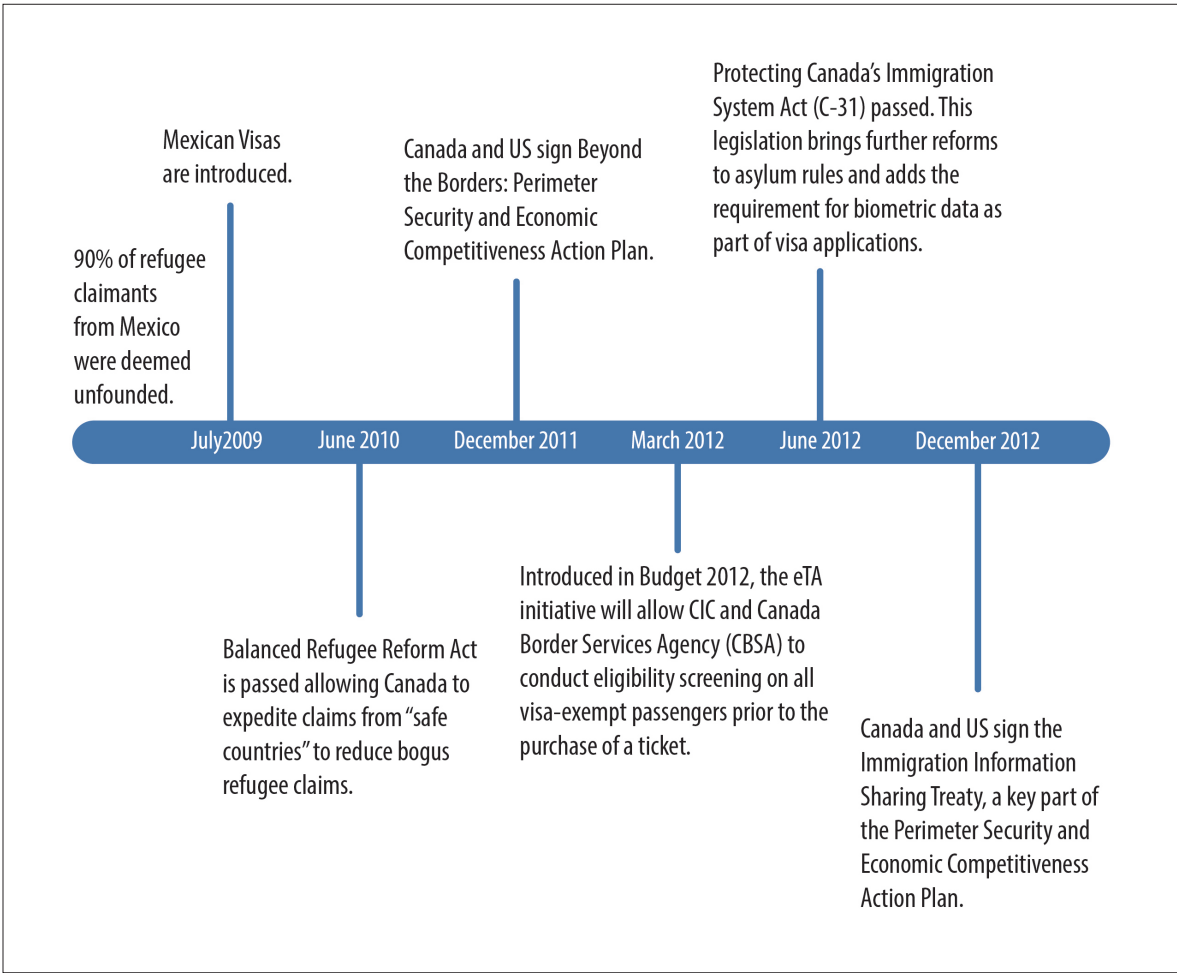
The Federal Tourism Strategy (FTS) was introduced in 2011 to ensure a whole-of-government approach to supporting Canada's tourism industry. It is imperative that all 15 departments and agencies named in the strategy continue to work together and show real tangible benefits to tourism.

THE FTS FOCUSES ON FOUR KEY PRIORITIES:

1. Increasing awareness
2. Facilitating ease of access
3. Encouraging product development
4. Fostering supply of skills and labour

The imposition of visas on an important tourism market can have devastating effects as we saw with the 2009 introduction of visas for Mexicans. In the year following the announcement, visitation dropped by 55% or 141 000 visitors. A whole-of-government approach would have ensured that major stakeholders in the tourism industry were consulted before this arbitrary policy decision was made. This whole-of-government approach was in fact recommended in the 2012 *Evaluation of CIC's Visitor Visa Program*¹⁵.

Figure 2:
The Evolution of Canada's Immigration System Since 2009



With 90% of refugee claims from Mexico deemed unfounded, we understand the government's difficult decision to implement visitor visas in July 2009. However, four years later we feel the fixes are now in place to protect our immigration system from bogus refugee claims from this country.

TIAC has supported the government's efforts to implement a number of measures to fast-track "safe" refugee claims with the Balanced Refugee Act (2010) and the Protecting Canada's Immigration System Act (2012). Other measures such as the collection of biometric data for visa applicants and the introduction of electronic Travel Authorization (eTA) for all visa-exempt passengers before ticket purchase will buttress Canada's security systems. The time is right to remove the visa and welcome back the tens of millions of dollars in spending that these Mexican travellers can inject in Canada's economy.

We are seeing the government make progress in optimizing its resources. The government's announcement that it will move Passport Canada from DFATD to CIC demonstrates a commitment to streamlining travel documentation for Canadian citizens. This move, however, only facilitates Canadian travel outside the country. We hope this focus on efficient travel documentation will also apply to visitor visas as part of a larger strategy to streamline the system. For example, we support the move to electronic Travel Authorization and believe that it will facilitate visa waivers for key countries like Brazil and Mexico.

Issue #2: Reducing Red Tape

Technology has changed the path-to-purchase for business and leisure travellers alike. Last minute deal websites and online booking means that consumers are organizing their own trips (rather than using travel agents) with shorter lead time before trips. In fact, a 2013 report from the UNWTO¹⁶ called for improvements in visa facilitation as a way to stimulate growth. Countries everywhere are acknowledging the economic consequences of having cumbersome entry requirements. Many countries are doing away with them altogether: visa requirements have fallen by 18% since 2008¹⁷.

Canada must cut the red tape for visa applications and improve its ability to respond to the evolving needs of travellers. Too much hassle will cause travellers to choose other destinations for their vacations or conferences. During the interviews with travel representatives from China, India, Brazil and Mexico the following issues were identified:

Red Tape: Mandatory Surrender of Passports and Other Documentation Issues;

Interviews with members of the travel trade in our emerging markets revealed several sources of anxiety and inconvenience for potential travellers. A number of documentation procedures were highlighted, including:

- » Mandatory surrender of passports throughout the time their application is being processed with the exception of eApplications; (N.B., the US visa process does not require this).
- » Application forms must be submitted in English or French.¹⁸
- » All supporting documentation must be submitted in original form (not copied). Some visa offices also require that documents not in English or French be certified and accompanied by a translation and an affidavit from the translator.¹⁹
- » Repetitiveness and personal nature of questions on application forms.
- » Providing detailed itineraries and proof of air tickets and hotel bookings far in advance has become more difficult. If travellers are not able to take advantage of last-minute savings because of visa processing restrictions, this causes frustration and increases the cost of visiting Canada.

“[Our clients] say: ‘They check even which kindergarten I went to, how much I earned in my first job, in my wildest dreams I don’t remember, so I would rather not go.’”

– Outbound Tour Operator, Mexico City, Assessment of Visa Processes, TNS Canadian Facts, 2011

Red Tape: Interaction Between Visas and Passports;

While the tourism industry was pleased with the introduction of multiple-entry, 10-year visas, there are concerns that not aligning visa and passport validity periods will cause unnecessary red tape and delays. For example, Brazilian passports are only valid for 5 years and the 10 year visas to Canada are not transferable from expired to new passports (as they are in the US), rendering the policy worthless.²⁰

Red Tape: Geographic Limitations;

Currently applicants who have not been requested for an in person interview by an immigration officer can submit their documents by mail. In 2013, Canada started rolling out a biometric data collection system that will be mandatory for 30 nationalities. Although this system will stream line certain aspects of the process, it will require applicants to visit a visa office or visa application centre (VAC)²¹ to provide fingerprints and have their photo taken raising geographic and travel-related cost issues. Mobile VACs that will visit more remote areas a number of times a year may be a solution.

Issue #3: Reducing Wait Times, Increasing Access and Information

Processing times and rejection rates continue to be cited as one of the biggest challenges for business and leisure travellers coming to Canada. Progress has been made on a number of fronts, specifically the implementation of the Business Express pilot program which helps fast track visa applications.

While the increase in number of VACs in target markets will certainly have an effect, outbound foreign operators are reporting various levels of success in their dealings with VACs. Service standards for VACs should be monitored closely and serve as quality benchmarks.

For example, a recent follow-up survey of tour operators in Brazil conducted by the CTC reports that service at VACs in that country has actually gotten worse. While operators are keen to point out that consulate officers are helpful, their clients have experienced delays and misinformation from companies sub-contracted by the government to run the VACs. The reported fluctuations in service standards among VACs has created confusion and a doubling of wait times from 10 to 15 working days to 20 to 30 working days and decreased sales conversion by an estimated 8%.

“VFS [VAC service provider in India] is actually VHS – Visa Hindrance Service – they are acting only as courier guys and nothing else.”

– Outbound Tour Operator, Mumbai, Assessment of Visa Processes, TNS Canadian Facts, 2011.

Visa Processing Times

Based on the length of time it took to process 80% of all complete applications, processing times for temporary resident visas have increased steadily over the past decade. In fact, a 2012 evaluation of CIC's visitor visa program noted that between 2006 and 2010 processing times have increased in almost 50% of the offices, remained the same in 38% and decreased in only 14%.²²

Figure 3:
Temporary Resident Visa Overseas Processing Times* (in Days)²³

	Mexico City	Sao Paulo	Chandigarh	New Delhi	Beijing	Shanghai	Hong Kong	All Posts
2001	2	3		5	10	9	2	4
2002	5	3		4	10	10	10	5
2003	1	3		1	11	13	7	5
2004	0	2		1	9	14	12	5
2005	0	2	7	3	7	11	7	6
2006	0	2	28	3	7	7	6	7
2007	0	3	15	6	8	6	5	8
2008	0	3	10	8	8	7	8	11
2009	3	1	10	7	7	7	1	11
2010	12	3	13	6	4	6	2	12
2011	9	15	32	7	3	14	6	16
2012	11	14	12	3	11	13	6	18

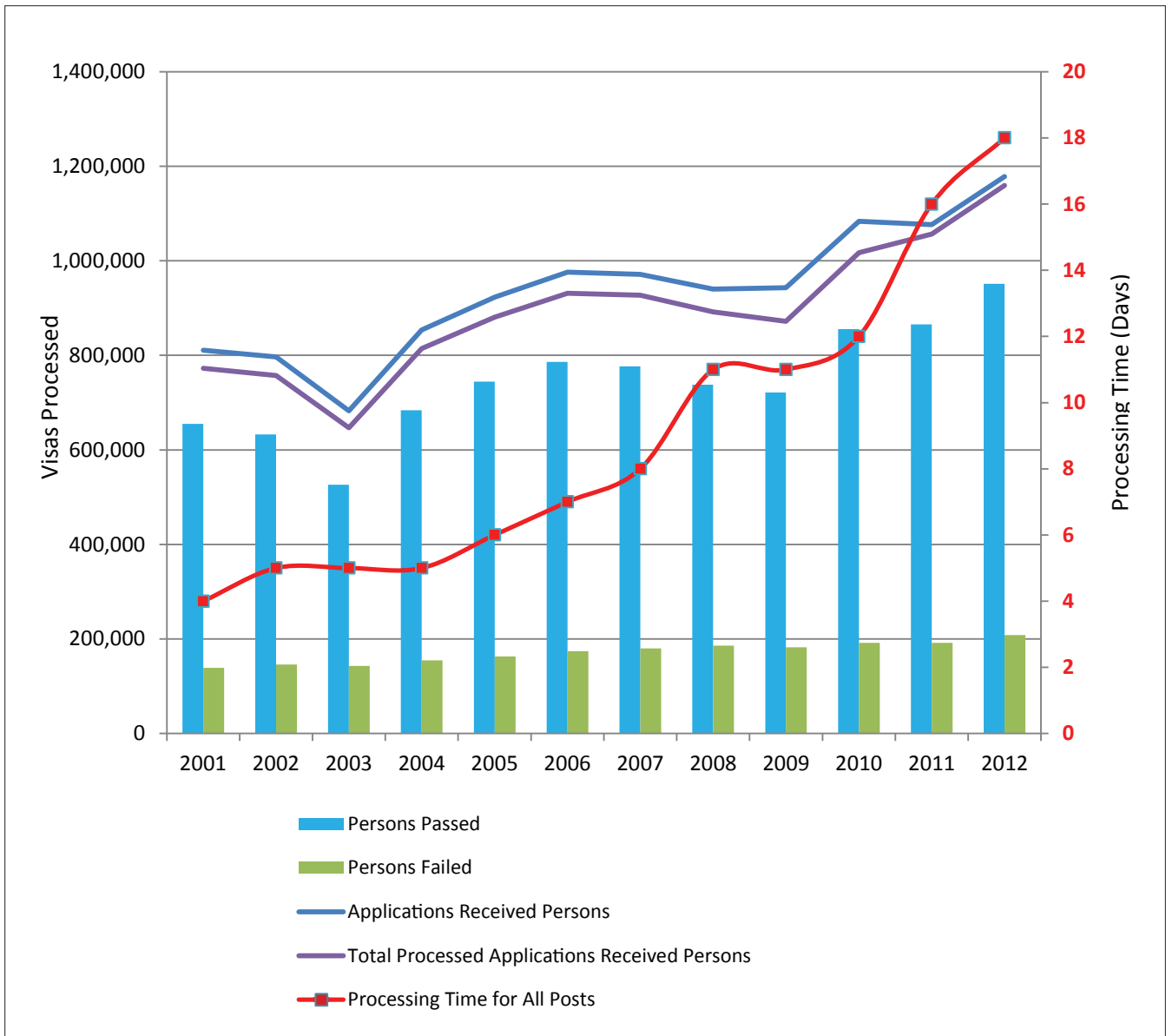
*Processing time should read as: 80% of cases were completed within x days or less

While processing times can be expected to increase temporarily as applications increase, we have seen a disproportionate and permanent increase in processing times. For example, from 2001 to 2012 person applications have increased by 45% while processing times have increased by 350%.

Figure 4:
Temporary Resident Visa Applications Received and Processed Overseas All Points of Services²⁴

	Applications Received Persons	Persons Passed	Persons Failed	Total Processed Applications Received Persons	Processing Time for All Posts
2001	810,797	655,355	139,007	772,694	4
2008	940,121	737,658	185,830	891,882	11
2012	1,178,168	951,483	208,041	1,159,519	18

Figure 5:
Visitor Visa Applications at a Glance 2001- 2012²⁵



VACs in Priority Markets

The government has made excellent progress in increasing VACs around the world: we will have gone from 38 VACs in 19 countries in 2010 to over 130 VACs in 95 countries by March of next year. However, as the previous chart shows, processing times are slowing in priority markets. To improve the process for our fastest growing markets the government must target VAC increases according to trade and tourism priorities.

Figure 6:
VACs in Priority Markets²⁶

	Country			
	China	Mexico	India	Brazil
Location of VACs	Beijing Shanghai Guangzhou Chongqing Hong Kong (Taiwan)	Mexico City Monterrey Guadalajara	New Delhi Chandigarh Jalandhar Chennai Bangalore Hyderabad Mumbai Ahmedabad Kolkata	Rio de Janeiro Sao Paulo Brasilia
Number of VACs in the country	4	3	9	3
Number of Visitors to Canada 2012 (thousands)	273.3	257 ²⁷	162.2	78.3
Processing times (select VACs)	Beijing -11 Shanghai -13	Mexico City -11	Chandigarh -12 New Delhi - 3	Sao Paulo -14

Rejection Rates

Canada assesses temporary resident visa applications based on the following criteria: applicants must satisfy an immigration officer that they will leave Canada at the end of their stay, do not intend to work or study without authorization and will not be a health or safety risk to Canada. A persistent problem outlined by members of the travel trade in Brazil, China, India and Mexico is the fact that applicants are not provided with an explanation for why their application was refused.

“We feel very puzzled. Two applicants with almost the same criteria – one passed and another one failed.”

– Outbound Tour Operator, Beijing, Assessment of Visa Processes, TNS Canadian Facts, 2011.

Approval rates in Brazil are improving at an encouraging rate as are approval rates in China. However, with the large volume of Chinese visitors, we would like to see Chinese approval rates approach Brazilian levels. Indian approval rates also need much improvement. VACs and online applications will cut down drastically on applications that are refused because of simple, clerical errors (i.e. incomplete applications, missing documents and misunderstood questions). However, a problem outlined by members of the travel trade in Brazil, China, India and Mexico is the lack of explanation for visa refusals. Ideally, we would like CIC to provide a detailed explanation for an applicant's rejected visa application upon request. Alternatively, if there are security concerns about responding to individual inquiries, a report or memo outlining common problems may provide sufficient information. TIAC would be pleased to work with CIC and CTC to develop a report in the native languages of these target markets. This could be used by the travel trade to ensure their clients' visa applications are completed as quickly and easily as possible.

Figure 7:
Approval Rate for Temporary Resident Visa Applications (in persons)²⁸

Year	Brazil	China	India	Mexico
2001	93%	83%	84%	N/A
2002	92%	82%	79%	N/A
2003	91%	80%	77%	N/A
2004	93%	83%	76%	N/A
2005	93%	83%	76%	N/A
2006	91%	85%	79%	N/A
2007	93%	83%	79%	N/A
2008	93%	81%	80%	N/A
2009	94%	84%	76%	86%
2010	95%	86%	77%	91%
2011	95%	85%	79%	90%
2012	97%	88%	77%	89%

PROGRESS REPORT ON 2011 RECOMMENDATIONS

In the fall of 2011, the National Round Table on Travel and Tourism (NRTT) made six specific recommendations to CIC to address key challenges with the visa process. Since the release of the report, the two organizations have worked closely and have made significant progress. It is worth noting that CIC and TIAC have established a strong working relationship. As the representative of Canada's tourism businesses, TIAC feels industry concerns are taken into consideration during policy decisions at CIC.

TIAC Recommendations	Outcome
1. "Express Service" (maximum 5 business days) in key priority markets.	<p>MORE PROGRESS NEEDED</p> <p>While progress has been made in New Delhi, Chandigarh, and Shanghai processing times were generally around 10 days in priority markets – twice what NRTT originally recommended.</p> <p>However, we believe that with the introduction of new VACs and electronic processing, the processing time will continue to improve.</p>
2. Allow visa transferability from expired passport to a new passport.	<p>MORE PROGRESS NEEDED</p> <p>We reiterate our recommendation that visas be transferable from an expired passport to a new passport to bring us in line with the UK, US and NZ:</p> <ul style="list-style-type: none"> » UK – To transfer your visa from an expired passport to a new passport, you must pay an application fee of £105²⁹ » US – need to show both expired passport with valid visa and new passport together³⁰ » Brazil – same as us³¹ » NZ – simply fill out a transfer form³² » India – transfers are available³³
3. Provide a fast-track Canadian visa to travellers from the key tourism source markets of Brazil, China, India and Mexico who already hold a valid US visa.	<p>MORE PROGRESS NEEDED</p> <p>TIAC understands the need to maintain a sovereign immigration policy. However, as Brazil, China, India and Mexico are key travel and trade partners, we suggest exploring a Canada/ US reciprocal visa program with the US Department of Homeland Security under the Beyond the Borders program. See recommendation #6.</p>
4. Add additional visa processing centres in key markets of China, India and Mexico.	<p>Encouraging</p> <p>In February 2012, Minister Jason Kenney announced that Canada would be expanding the number of VACs to 130 by 2014.</p> <p>TIAC was very pleased to hear about this initiative and encourages CIC to focus on increasing capacity in targeted tourism markets.</p>

<p>5. Accelerate introduction of electronic self-service application tools, moving towards Electronic Travel Authority (ETA), like in the UK, the US and Australia.</p>	<p>ENCOURAGING</p> <p>CIC has made great improvements to its on-line services. For example, it is now possible to apply online with scanned supporting documents. Application guides are now available in foreign languages.</p> <p>TIAC is further encouraged by the CIC's commitment to implementing an electronic Travel Authorization initiative and urges the government to extend this initiative to include foreign nationals who require visas, like the process that is in place in Australia.</p>
<p>6. Maintain competitive cost structure and sustainable funding visa operations by reinvesting a portion of visa revenues into visa operations.</p>	<p>ENCOURAGING</p> <p>In Budget 2013, the government announced \$42 million to be invested over the next two years to support enhanced processing capacity within the Temporary Resident Program, which issues visitor visas.</p> <p>While TIAC certainly welcomes this investment, we encourage the government to make long-term investments. Like the \$25 per passport collected by Passport Canada that is earmarked for consular services, TIAC suggests a similar program be implemented to ensure sustainable investment in visa operations.</p>

NEW RECOMMENDATIONS

CIC has worked closely with TIAC and the CTC over the past few years and, together, vast improvements have been made to the Temporary Resident Program. These improvements include investments like 73 new VACs by 2014 and \$42 million in operations for the next two years; operational upgrades like 10-year multi, entry visas and the reasonable admissibility policy and finally, innovative changes like the move to eTAs and the launch of online applications. Another area of progress is the pilot project Business Express Program which has garnered the following feedback:

"It simplifies the process and encourages customers to travel to Canada. This initiative has helped promote Canada." - Mexican Operator, July 2013

"It is a step further to promote Canada in India where Canadian visas are perceived to be difficult to obtain." - Indian Operator, July 2013

While progress has been made, it is important for the tourism industry that the government continues to improve the visitor documentation process. TIAC and the CTC continually share industry and market insights and statistics to monitor the visa situation in these countries. It is clear that in order to capitalize on lucrative international tourism dollars, we must continue to work on visitor visa issues to stimulate tourism while maintaining the safety of Canadian people.

TIAC recommends the government move forward on three basic fronts: first, reduce red tape by simplifying the visa application process in a number of areas; second, optimize existing security partnerships by exploring information sharing programs under Beyond the Borders and finally, reinvest visa administration revenues into ongoing and sustainable CIC funding.

Recommendation #1: Reduce Red Tape

A red tape reductions strategy will make the visa application process more consumer-friendly and will impact Canadian tourism businesses from grand hotels to small operators. Specifically:

1. Waive visa requirement for Mexican and Brazilian nationals

While the circumstances in 2009 made Mexican visitor visas essential, TIAC believes that the government has since made policy changes to its immigration system that now negate this need. In fact, the amendments have improved the system such that visa waivers should be considered for additional countries such as Brazil.

From legislation that allows immigration officers to fast-track "safe" refugee claims, to other measures such as the collection of biometric data for visa applicants, and the introduction of electronic Travel Authorization (eTA) to screen all visa-exempt passengers before they purchase airplane tickets, Canada's security system has been greatly strengthened. The time is right to remove the visa and welcome back the tens of millions of dollars in spending that these travellers can inject in Canada's economy. Before the Mexican visa was introduced, the number of business and leisure visitors from Mexico to

Canada had grown significantly: an increase of 94.7% from 2003 to 2008. The impact between visas and visitor numbers is clear: since the visa was introduced in 2008 Mexican visitation numbers have decreased by over 50% to a mere 124 500 in 2011.

We are also concerned that our visa requirement for Brazilians will render us uncompetitive with the US (who are working to waive it) and with the EU (who have no requirement).

“With this [visa] situation, we had to start working with New Zealand as a destination for kids to study English”

– Outbound Tour Operator, Mexico City, Assessment of Visa Processes, TNS Canadian Facts, 2011.

2. Visa transferability from expired passport to a new passport

TIAC reiterates NRTT’s previous recommendation that CIC allow visa transferability from expired passport to new passports. Operators in Brazil point out that since their passports are only valid for 5 years, the 10 year multi-entry visa is of no use to them³⁴. Considering that the US, UK, New Zealand and Australia all allow visa transferability – many generating additional revenue through the service – security and program integrity issues are likely minimal.

3. Introduce Paperless Visas – International electronic Travel Authorization

TIAC supports the government’s plan to implement the electronic Travel Authorization (eTA) initiative for visa-exempt countries in 2015. However, we encourage the government to expand it to include paperless visitor visas as the Australian government has done. This would replace the counterfoil in passports and link directly to airline and travel industries’ global computer reservation systems. All Australia bound international commercial airlines and cruise ships are required to verify with Australian authorities that travellers have an Australian visa before they allow passengers to board.³⁵

Recommendation #2: Optimize Existing Security Infrastructure

Business and leisure travellers are global citizens often visiting more than one country at a time. In fact, 32.5% of visitors to Canada do so via the US³⁶. With the Beyond the Border agreement, the US and Canada are already sharing security information. In fact, The Immigration Information Sharing Treaty signed by the US and Canada in December 2012 as part of this agreement has set up the basic immigration information sharing infrastructure needed to streamline visitor documentation collection and analysis. TIAC suggests that CIC not “reinvent the wheel” and optimize Canada’s current security partnerships:

1. Canada-US Reciprocal Visa Program

According to the CTC, two-nation vacations are becoming more popular with long-haul travellers, many of whom require visas upon entry (Brazil, China, India and Mexico). TIAC believes there is an opportunity to optimize both Canada and the US’ visa processes by working together. Given the progress made under the Beyond the Border program for information sharing, our countries are in an ideal position to consider dual-nation visas. This concept has been successfully piloted in the UK and Ireland under the “Short-Stay Visa Waiver Programme” where visitors who hold a valid visa for one country can visit the second without having to obtain another visa.³⁷

2. Transit without visa

CIC and CBSA have already established the Transit Without Visa (TWOV) program and the China Transit Program (CTP) which allows certain foreign nationals to transit through Canada to the US when travelling by air. Expanding the program to include more countries will increase airlift and bring down the price of air travel for visitors to Canada.

Recommendation #3: Reinvest in Visa Processing System

More and more of Canada’s international visitors are coming from countries that are not visa-exempt. While these barriers may have been implemented from a security standpoint, they are also preventing legitimate business and leisure travellers from entering, and spending money, in Canada. TIAC was encouraged to learn of the \$42 million, two year investment in CIC outlined in the 2013 Economic Action Plan. We encourage the government to reinvest a portion of the \$347 million³⁸ it receives each year in immigration service fees back into the system. Sustainable, long-term funding for CIC and its Temporary Resident Program will help ease of access to the country and support tourism – the country’s largest service export sector.

In particular, TIAC urges the government to move as quickly as possible towards an electronic Travel Authorization system for both visa-required and visa-waivered countries. An investment in digitalizing the process will pay dividends in both time and money saved for the government. For example, digitalization will allow document processing to occur at a central location. For the peak travel periods during the summer months, Canadian students can be hired under the Federal Student Work Experience Program (FSWEP) program to help process digitalized applications in Canada. This would reduce backlogs at VACs and consulates in market.

GATEWAY TO GROWTH: TIAC RESEARCH SUITE

As one of the fastest growing industries in the world, travel and tourism is constantly evolving. Beyond the impressive contribution to employment levels, GDP and our country's export economy, travel and tourism stakeholders know instinctively that this industry impacts the country's economy on a basic, structural level. During the past year, the Tourism Industry Association of Canada (TIAC) has developed a suite of research papers to empirically explore the industry's deeper impact.



Canadian Tourism Industry Annual Report

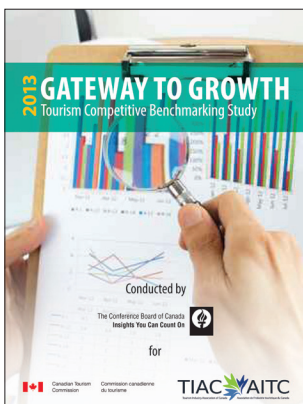
This year's version of the Annual Report on the Tourism Industry will feature a new focus on tourism's role in Canada's overall economy. TIAC has worked in partnership with the CTC, Visa Canada and HLT Consulting to create this at-a-glance collection of industry statistics. As in previous years, this document can act as a reference piece for industry, key decision makers, business media and politicians.



Aiming High: Air Access to Canada

TIAC has produced a white paper on how the government's air access policies may or may not affect tourism. This paper considers all sides of the "Open Skies" debate while analyzing potential impacts and interactions with the tourism industry.

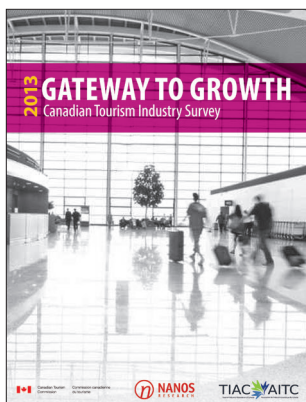
We conclude that it is imprudent to draw a direct correlation between liberalized air policies and tourism growth in Canada as there are various factors in play. We recommend that more liberalized agreements should be considered on a case-by-case basis after thorough study of all factors that could impact visitation.



Tourism Competitive Benchmarking Study

In recent years, the CTC commissioned The Conference Board of Canada to undertake a Tourism Competitive Benchmarking Study. This year CTC and TIAC partnered on an updated version for 2013. The study compared the performance of 11 sectors and 48 industries, including the travel and tourism sector and tourism industries, to each other and to the overall economy.

Compared with the results from 2011, the latest benchmark study shows that the tourism sector improved on its economic performance but slipped slightly on its financial performance, specifically, investment. In fact, investment in the tourism sector is currently down 30 per cent compared with the years leading up to the recession. At its current level, it is likely that investment will be one of the areas that restrict tourism demand growth in the future.



Canadian Tourism Industry Survey

TIAC and CTC worked together to conduct an industry survey. This past spring, 16 open-ended and multiple-choice questions were distributed to industry professionals and businesses. Respondents were asked about their objectives, priorities and concerns surrounding the tourism industry in Canada. The results of this survey provide a frontline perspective on the health of the industry. According to the survey findings:

- » While the respondents were optimistic about the strength of the industry; only 24% indicated that they would invest in upgrading their product in the next year.
- » The US was identified as the top priority for both marketing and growth. The Chinese market was the second most important for respondents.
- » International marketing funding and the high cost of flying are tied for the policy issues of most concern to the industry.



Progress Report on Canadian Visitor Visa Process

TIAC and the CTC have worked closely with Citizenship and Immigration Canada over the past few months to address industry concerns with travel documentation identified in TIAC's 2011 whitepaper *Gateway to Growth: Modernizing Canada's Visitor Visa Process*. TIAC has written a progress report on how travel documentation issues are affecting the industry today. TIAC recommendations included the following:

- » Red tape reduction measures including: granting visa waiver status for Brazil and Mexico, expanding electronic Travel Authorization (eTAs) to cover visitor visas, and granting visa transferability from expired passport to a new passport.
- » Optimizing existing security measures, including: implementing a Canada/US Reciprocal Visa Program, expanding the Transit Without Visa program to more countries.

ACKNOWLEDGEMENTS

TIAC would like to acknowledge the research and data contributions to these projects by the international team at the Canadian Tourism Commission, The Conference Board of Canada, HLT Advisory, Nanos Research and VISA Canada.

TIAC gratefully acknowledges the principle author Adrienne Foster, M.A., of the following papers: *Aiming High: Air Access to Canada*, *Canadian Tourism Industry Survey*, and *Progress Report on Canadian Visitor Visa Process*.

-
- 1 United Nations World Tourism Organization (2013). World Tourism Barometer, January 2013 Edition.
 - 2 Statistics Canada (2013). National Tourism Indicators, 2013 Edition.
 - 3 Neumayer, E. (2010). Visa Restrictions and Bilateral Travel. *The Professional Geographer*, 62(2), 171-181.
 - 4 Neumayer study says visas can decrease visitation by 31% and 770 800 visitors came from Brazil, China, India and Mexico in 2012. We could expect an additional 238 948 visitors if visas were removed. Spending on average \$1565.50, these lost visitors means the economy is missing out on \$375 million.
 - 5 Canadian Tourism Commission (2013). Annual Report, 2012 Edition.
 - 6 Foreign Affairs, Trade and Development Canada. (n.d.) A Guide to Canada's Export Controls. Government of Canada. Retrieved at http://www.international.gc.ca/controls-controles/about-a_propos/expor/guide.aspx?lang=eng
 - 7 Justice Laws. (n.d.) Export Control List. Government of Canada. Retrieved at <http://laws-lois.justice.gc.ca/eng/regulations/SOR-89-202/page-2.html#h-3>
 - 8 United Nations World Tourism Organization (2013). World Tourism Barometer, 2012 Edition.
 - 9 United Nations World Tourism Organization (2013). World's Top Tourism Spenders, 2012 Edition.
 - 10 The 2008 arrivals number is used to give a more accurate indication of the potential of the Mexican market. Canada imposed visa restrictions on Mexico in mid-2009. By 2012, the annual number of Mexican visitors was just starting to recover from a 55% drop in 2010 and reached pre-visa levels.
 - 11 Neumayer, E. (2010). Visa Restrictions and Bilateral Travel. *The Professional Geographer*, 62(2), 171-181.
 - 12 Neumayer study says visas can decrease visitation by 31% and 770 800 visitors came from Brazil, China, India and Mexico in 2012. We could expect an additional 238 948 visitors if visas were removed. Spending on average \$1565.50, these lost visitors means the economy is missing out on \$375 million.
 - 13 Canadian Tourism Commission (2011), Global Tourism Watch: Brazil Report.
 - 14 Canadian Tourism Commission (2011). Assessment of Visa Processes.
 - 15 Citizenship and Immigration Canada (2012). Evaluation of CIC's Visitor Visa Program. P. v.
 - 16 United Nations World Tourism Organization (2013). Visa facilitation: Stimulating economic growth and development through tourism.
 - 17 Ibid. In 2008 77% of the world's population required a visa, 6% required a visa upon entry or eVisa and 17% did not require a visa compared to 2012 with 63% of the population requiring a visa, 16% requiring a visa on arrival, 18% not requiring a visa and 2% needing an eVisa.
 - 18 Applicants in Mexico may now submit their original applications in Spanish, but will have to provide translations if requested.
 - 19 In September 2011, Citizenship and Immigration Canada stopped requesting certified copies, translation and an affidavit signed by the translator in all instances. Only certain visa offices now request certified copies and translation by a professional.
 - 20 Canadian Tourism Commission and TIAC (2013). In-market Questionnaire.
 - 21 Visa Application Centres (VACs) are run by private companies authorized by the Canadian government. VAC staff review applications for completeness, collect fees and other services. Visa offices are Canadian Government missions abroad. They receive applications either directly or from VACs and are authorized to issue or deny visas.
 - 22 Citizenship and Immigration Canada (2012). Evaluation of CIC's Visitor Visa Program. 21.
 - 23 Citizenship and Immigration Canada (May 2013). Temporary Resident Visa Overseas Processing Times, RDIMS #3188438.
 - 24 Citizenship and Immigration Canada (May 2013). Temporary Resident Visa Applications Finalized Abroad for Selected Countries of Citizenship, RDIMS #3305751.

-
- ²⁵ Compiled by TIAC from CIC Report RDIMS #3305751 and RDIMS #3188438
- ²⁶ New VACs for priority markets are planned one in India (Pune) and one in China (Hong Kong)
- ²⁷ The 2008 arrivals number is used to give a more accurate indication of the potential of the Mexican market. Canada imposed visa restrictions on Mexico in mid-2009. By 2012, the annual number of Mexican visitors was just starting to recover from a 55% drop in 2010 and reached pre-visa levels.
- ²⁸ Citizenship and Immigration Canada (May 2013). Temporary Resident Visa Applications Received and Processed Overseas Monthly from 2001-2012, RDIMS #3296424.
- ²⁹ UK Border Agency. (n.d) Transferring your immigration status to a biometric residence permit. Home Office UK Government. Retrieved from <http://www.ukba.homeoffice.gov.uk/visas-immigration/while-in-uk/transfer-visa-to-passport/>
- ³⁰ US Bureau of Consular Affairs. (n.d.) Questions about Visas? US Department of State. Retrieved from http://travel.state.gov/visa/questions/questions_1253.html#7
- ³¹ Consulate General of Brazil in San Francisco. (n.d.) Frequently Requested Information. Ministerio das Relacoes Exteriores. Retrieved from http://saofrancisco.itamaraty.gov.br/en-us/frequently_requested_information.xml
- ³² <http://www.immigration.govt.nz/NR/rdonlyres/855DB3EF-81F1-4193-B941-5F0A7D3D7578/0/INZ1023.pdf>
- ³³ Tavis (VAC). (n.d.) India Visa Validity. <http://india.travis.com/VisaInstructions.aspx?CitizenshipID=US&CountryID=in&TravelerTypeID=TTV&ResidenceID=US>
- ³⁴ Canadian Tourism Commission and TIAC (2013). In-market Questionnaire.
- ³⁵ Department of Immigration and Citizenship. (n.d.) About your Visa. Australian Government. Retrieved at <http://www.immi.gov.au/visas/about-your-visa.htm>
- ³⁶ M. Dubreuil CTC, Personal communication, May 27 2013.
- ³⁷ Visa Office. (n.d.) The Irish Short-stay Visa Waiver Programme. Embassy of Ireland. Retrieved at <http://www.inis.gov.ie/en/INIS/Visa%20Waiver%20Programme%20Information%20Note%20March%202012.pdf/Files/Visa%20Waiver%20Programme%20Information%20Note%20March%202012.pdf>
- ³⁸ Citizenship and Immigration Canada. (2012) Financial Statements for the year ended March 31, 2012. Government of Canada. <http://www.cic.gc.ca/english/resources/publications/finance/statement2012.asp>