Gateway to Growth

Modernizing Canada's Visitor Visa Process

Whitepaper by the National Roundtable on Travel and Tourism
Winter, 2012

CAC
CANADIAN AIRPORTS COUNCIL
CONSEIL DES AÉROPORTS DU CANADA
HOTEL ASSOCIATION OF CANADA
ASSOCIATION DES HÔTELS DU CANADA
IATA
NATIONAL AIRLINES COUNCIL OF CANADA
CONSEIL NATIONAL DES LIGNES AÉRIENNES DU CANADA
TIAC AITC

Acknowledgements

The National Roundtable on Travel and Tourism gratefully acknowledges the principle author of the paper, Catherine Sadler, M.A.

We would also like to acknowledge the research and data contributions to this project by the international team at the Canadian Tourism Commission, Soloman Wong at InterVistas and the former Immigration Minister, the Honourable Monte Solberg, P.C.

Table of Contents

Executive Summary

Canada is a trading nation. Strengthening and diversifying the Canadian economy requires a focus on the key sectors that can provide sustainable long-term growth. Travel and tourism has proven itself as an efficient and effective sector at driving investment and economic growth across every region of the country, in both urban centres and rural communities.

Not only does business and leisure travel connect Canada to the world, but it is a unique export product that creates the economic benefit of a "temporary population" of hyper consumers. Last year the impact of international visitation translated into the equivalent of an additional 325,000 full-time consumers in the Canadian economy – a population larger than Windsor, Ontario – who consume goods and services, without requiring the benefits of permanent citizenship (schools, employment benefits & pensions, health care…etc.)

Elevating our competitiveness in this sector will help us increasingly participate in one of the largest and fastest growing sectors of the global economy. Currently valued at $CDN 1.1 trillion[1], tourism ranks as the 4th largest world trade category (after fuels, chemicals and automotive products) and directly supports nearly a billion jobs around the world. This is not a short-term or cyclical global trend, as we see the emergence of a burgeoning affluent middle class in areas where, up until 20 years ago, consumers either could not afford to travel, or were not allowed to travel.

While Canada has worked to establish a strong presence in other leading global segments, we have seen precipitous erosion in our competitiveness in the travel and tourism segment over the last decade.

The good news is that Canada is blessed with the basics and has the ability to reverse this trend and restore ourselves as a major international contender.

We know the Government of Canada sees this sector as a priority, as enunciated in *Canada's Federal Tourism Strategy: Welcoming the World*, announced in October 2011. The strategy outlines a "whole-of-government" approach to address:

1. Increasing awareness of Canada
2. Facilitating ease of access
3. Encouraging product development
4. Fostering a supply of skilled labour

[1] All dollar figures in Canadian currency unless otherwise indicated.

This paper is focused on a key aspect within the second priority, as border and visitor visa issues can play a critical role in our global competitiveness. To its credit, the Government has recently taken a number of positive steps in this area, including:

- The introduction of a Ten-year Multiple Visa;
- The establishment of the Business Express Program pilot project;
- Improvements to the Temporary Resident Visa Application Form;
- Increases in the number of Visa Application Centres around the world.

These are positive measures as we move to emulate the best practices of our key competitors, like Australia with its Electronic Travel Authority (ETA) system.

We are asking the Government to consider a targeted asymmetrical approach that will create the strongest impact in the four key tourism source markets where travellers are required to obtain a visa prior to visiting Canada, and that have already been identified as key export markets by the federal government: Brazil, China, India and Mexico.

In order to present solutions for Canada that will position us among global leaders, we are bringing forward the following recommendations:

Recommendations

1. "Express Service" (maximum 5 business days) in key priority markets.
2. Allow visa transferability from an expired passport to a new passport.
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 U.S. visa.
4. Add additional visa processing centres in the key tourism source markets of China, India and Mexico.
5. Accelerate introduction of electronic self-service application tools moving towards Electronic Travel Authority (ETA), like in the UK, the U.S. and Australia.
6. Maintain competitive cost structure and reinvest a portion of visa revenues into visa operations.

Introduction

International travel and tourism is one of the largest and fastest growing sectors of the global economy. Currently valued at $1.1 trillion[2], tourism ranks as the 4th largest world trade category (after fuels, chemicals and automotive products)[3] and directly supports nearly a billion jobs globally.[4]

In 2010 and 2011, Canada was named the #1 country brand in the world.[5] But we are not converting strong global attraction to our country into visits from international travellers. Our global competitiveness is declining significantly. Compared with the top 42 destinations in the world, Canada is in last place for international arrivals growth over the last 10 years.

As many new markets open up and travel consumers access experiences globally, tastes begin to form and distribution lines become stronger, which means that barriers to entry to Canada will give our key competitors (the U.S., Australia, the EU) an increasingly important competitive edge into the future. Experience with markets like Japan 20 years ago and consumer research tell us that if we cannot act quickly and decisively to identify and mitigate competitive disadvantages over the next 12-18 months, global travel patterns will likely solidify for the next 10-15 years.

International tourism currently generates almost $15 billion a year in foreign currency exchange for the Canadian economy. It represents almost 23% of Canada's international trade in services, and is Canada's second-largest service export.[6] More than 1.6 million Canadians from coast to coast to coast hold a job in the tourism sector, making tourism the 3rd biggest job creator (tied with manufacturing) in Canada.

While tourism is a valuable Canadian export, it is subject to barriers to trade not faced by other export sectors. Tourism goods and services, just like our energy, automotive and natural resource products, are exports when they are purchased by foreign consumers. But while merchandise exports are shipped internationally, tourism exports are consumed in Canada. Either way, new money is injected into the Canadian economy as a result of the sale of our products.

Canada is a trading nation. Our economic prosperity and standard of living depend on an open international trading system, and Canada actively pursues freer trade through the World Trade Organization, as well as regional and bilateral channels. The federal government's Global Commerce Strategy, launched in 2007, focuses specifically on improving Canada's global competitiveness by securing better access to global markets for Canadian businesses. Although Canada's tourism sector is not included as a key industry sector in the Global Commerce Strategy, there is no doubt that it is a significant contributor of export revenue to Canada's economy, ranking 3rd in terms of export receipts by sector, after motor vehicle and food manufacturing.

---

[2] This includes international passenger transport. Total receipts of $1.1 trillion for 2010 combine $951.3 billion in receipts from international tourism and $176 billion in receipts from international transport.
[3] United Nations World Tourism Organization (2011). *UNWTO Tourism Highlights, 2010 Edition*.
[4] World Travel & Tourism Council (2011). *Travel & Tourism Economic Impact 2011*.
[5] FutureBrand (2011). *2011-12 Country Brand Index*.
[6] Industry Canada (2011). *Federal Tourism Strategy*, 9.

While Canada has been working hard to negotiate the removal of trade barriers across a wide range of industries and trading partners, the tourism sector is subject to increasingly difficult terms of trade.

On the surface, it may seem that Canada's visa process is easier than its competitors; potential travellers can submit their applications via mail rather than in-person. However, in many cases Canada's process proves to be more onerous, inconvenient and lengthy and is often an obstacle to trade that discourages international business and leisure travellers from visiting Canada and decreases export revenue from tourism.

While travel and tourism is not typically treated as an export product (because the goods and services are consumed here in Canada), travel and tourism actually generates almost $15 billion in currency exchange, making it the second-largest service export in Canada.[7]

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

While we must continue to address legitimate security concerns, we need to continually balance this with our commitment to economic growth and prosperity. This means providing visa exemptions whenever possible, and facilitating travel for those who require a visa to visit Canada. It also means taking an asymmetrical approach to the deployment of resources and technology, so that the focus is on improving the visitor visa process in key tourism source markets that will yield the greatest returns for Canada.

A competitive analysis shows that Canada is losing ground to other top tourism destinations. Countries like the UK, the U.S. and Australia, with its Electronic Travel Authority (ETA) system, are implementing world-class visa processing systems. In order to present solutions for Canada that will position us among global leaders, we are looking to draw from international best practices.

Goals of this report

The purpose of this report is to present recommendations for capturing a greater share of the burgeoning international business and leisure tourism market by modernizing Canada's visa system. The report analyzes the economic impact of Canada's visa application processes, focusing on the key emerging tourism source markets of Brazil, China, India and Mexico.

The report concludes that our current visa structure often acts as an obstacle to trade, preventing tourism from fully achieving its potential to generate significantly greater export revenue and jobs for Canada. The report's recommendations for improving the visa system will position Canada's tourism sector to drive economic growth by competing effectively in the global tourism marketplace.

[7] Industry Canada (2011). *Federal Tourism Strategy*, 9.

Why we need to modernize our visitor visa process

Entry visas are used to help strike an appropriate balance between the economic benefits of welcoming international travellers and the risks posed by the presence of foreign nationals on a country's territory. Visas effectively deter unwelcome visitors, reducing illegal immigration and minimizing security threats. But they can also discourage welcome business and leisure travellers. In North America (Canada and the U.S.), visa restrictions on travel are estimated to reduce inbound visitation by 31%.[8]

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. Visitor visas are a useful tool for managing migration, and the important role that visas play in defending our borders is clear. However, we need to manage the visitor visa process better in order to compete with the rest of the world.

In the past, citizens of our biggest tourism source countries were exempt from visitor visa requirements, so difficult visa processes did not significantly affect our ability to attract international business and leisure visitors. These countries – the UK, France, Germany and Australia – are still key tourism markets for Canada. However, in an environment where emerging markets like Brazil, China, India and Mexico are the power players of the future, visa processes are becoming much more important as a determinant of destination competitiveness.

Figure 1: A growing proportion of Canada's int'l visitors require visas

Source: Statistics Canada/Department of Foreign Affairs and International Trade

The fact that citizens of these countries must apply for a visa to travel to Canada does not necessarily represent a competitive disadvantage. Many other destinations also apply visa requirements to these countries, although several others do not. Brazilians, for example, travel to the European Union visa-free. Given feedback from in-market operators like China, India and Brazil, Canada's visa application process is often considered to be more onerous, inconvenient and lengthy than its key competitors. These perceived deficiencies are not inconsequential. They can play a significant role in the "path-to-purchase", deterring potential visitors or even leading them to abandon all considerations of Canada as a destination, and tipping the balance in favour of our competitors.

Canada needs to address unnecessary inefficiencies in its visa structure in order to position itself favourably against competitors like Australia, the United States, and the United Kingdom.

---

[8] Neumayer, E. (2010). Visa Restrictions and Bilateral Travel. *The Professional Geographer*, *62*(2), 171-181.

Capitalizing on Global Tourism Opportunity

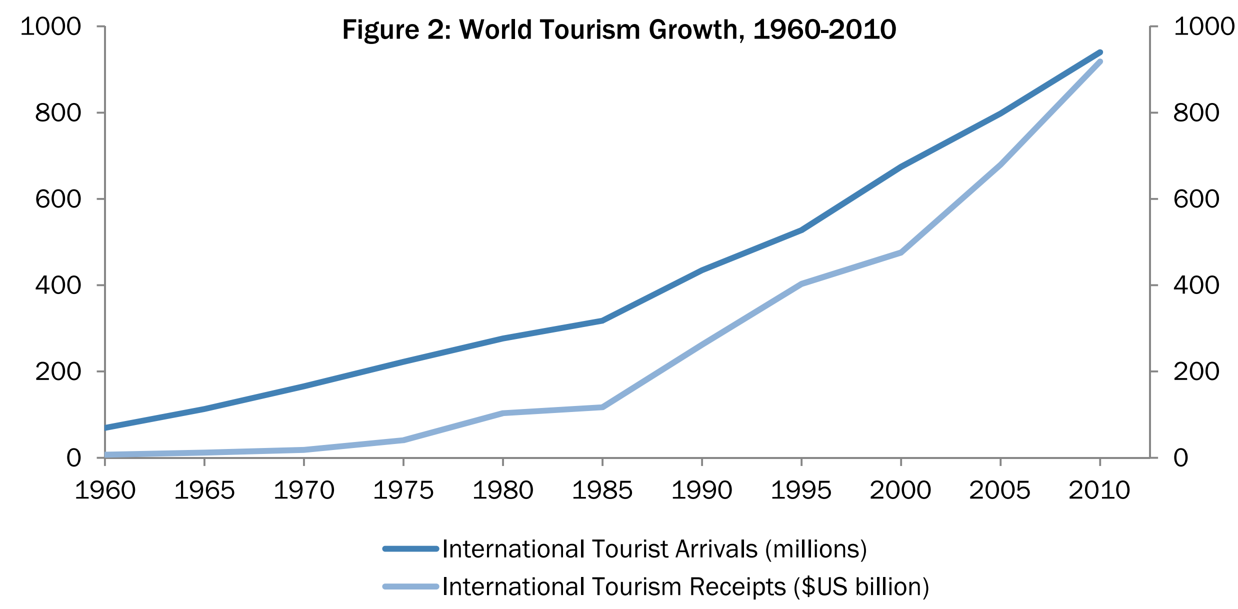
International travel: One of the fastest growing sectors of the global economy

International travel and tourism is one of the largest and fastest growing sectors of the global economy. From 25 million international tourist arrivals in 1950, to 166 million in 1970, to 675 million in 2000, to 940 million in 2010, world arrivals have expanded an average of 6.4% per year over the last six decades. Currently valued at $1.1 trillion, tourism ranks as the 4th largest world trade category (after fuels, chemicals and automotive products) and directly supports nearly a billion jobs around the world.

Internationally, tourism has recovered from the 2008-09 recession at a much faster rate than the world trade average. Although world arrivals fell 3.8% to 882 million in 2009, they grew 6.6% to reach 940 million in 2010, surpassing by 23 million their 2008 record high of 917 million. World receipts suffered somewhat more through the recession, although the decline was still only half as much as world trade generally. A 4.7% growth rate in 2010 brought them back to $951.9 billion and, with 2011 arrivals growth expected to be in the 4-5% range, receipts are likely to exceed their pre-recession levels by the end of the year.

In the long term, the UNWTO expects global arrivals to reach 1.6 billion by 2020.

Figure 2: World Tourism Growth, 1960-2010



Source: UN World Tourism Organization

These numbers tell us that tourism has been, and will continue to be, a dynamic sector representing immense economic opportunity. The desire to travel shows no signs of slowing down. But while we know this is true, so does the rest of the world.

The competition to attract international travellers is getting fierce

Several factors are driving the intense competition we are seeing between tourism destinations today.

I) Currency exchange

It would be disingenuous to ignore the recent strength of the Canadian dollar against the U.S. dollar as a competitive factor. And while this trend has had an impact on many of Canada's key exports, travel and tourism bears certain differences.

However, tourism's precipitous decline pre-dates the recent currency ride. Data in figure 5 (below) denotes the drop in our international arrivals, the bulk of which predates the current currency strength. Moreover, Canada's International Travel Deficit took its deepest dive, from under $3 billion to over $10 billion, from 2002 to 2007. While the travel deficit continues to grow and is at an unacceptable level of more than $14 billion, the rate of growth of the deficit has slowed since the onset of "the new normal" – parity with the U.S. dollar following the start of the international financial crisis in 2008. If the dollar was such a key determining issue, the International Travel Deficit would have continued to grow from 2008 to 2010 at a more significant rate than we actually experienced.

It is also clear that there are other facts that diminish the importance of the currency issue that distinguish tourism from other export sectors, including:

i) Price is important, but not everything

Unlike other export commodities (energy, food and agriculture, auto parts, lumber, etc.), price is but one issue on the path to purchase. Consumer demand research shows that price elasticity in this segment can be stretched by emotional factors.

ii) Appreciation of our currency relative to the U.S. dollar is not just a Canadian phenomenon

While the current devaluation of the U.S. dollar has created a temporary discount making them a more attractive destination, and the U.S. is still one of the largest markets, currency levels from the fastest growing outbound markets have tracked relatively closely to the Canadian dollar. In relation to other currencies like the Yuan, Yen, Real, Peso, Euro…etc., the Canadian dollar has not appreciated disproportionately.

iii) Fluctuation is a bigger factor

The relative strength of currency is less harmful to the market than wide and irregular fluctuations. Since large segments of the travel and tourism market are bought in advance – like meetings and conventions on the business travel side and tour operations on the leisure side - it is the fluctuations between time of purchase and time of consumption that tend to have more impact.

II) Many new competitors in the marketplace

Europe and North America have traditionally dominated international tourism, both as destinations and as a source of travellers. The top 5 destinations in 1950 were the United States, Canada, Italy, France and Switzerland. Between them, they held 71% of the global market, with the next 10 top destinations holding a further 25%. The remaining 3% was divided between all of the remaining countries.

Figure 3: Change Over Time in Regional Shares of Global International Arrivals

Rank	1950 World Share		1970 World Share		1990 World Share		2010 World Share	
1	U.S.		Italy		France		France	
2	Canada		Canada		U.S.		U.S.	
3	Italy		France		Spain		Spain	
4	France		Spain		Italy		China	
5	Switzerland		U.S.		Hungary		Italy	
6	Ireland		Austria		Austria		UK	
7	Austria		Germany		UK		Turkey	
8	Spain	97%	Switzerland	75%	Mexico	67%	Germany	45%
9	Germany		Yugoslavia		Germany		Malaysia	
10	UK		UK		Canada		Mexico	
11	Norway		Hungary		Switzerland		Austria	
12	Argentina		Czech		Greece		Ukraine	
13	Mexico		Belgium		Portugal		Russia	
14	Netherlands		Bulgaria		Malaysia		Hong Kong	
15	Denmark		Romania		Croatia		Canada	
	Other	**3%**	**Other**	**25%**	**Other**	**33%**	**Other**	**55%**
Total	**25 million**		**166 million**		**703 million**		**940 million**	

Source: UNWTO

Today, consumers are being attracted to an increasingly diverse range of destinations all over the world. The top 15 destinations now hold only 45% of the global market, so the pie is divided among many more players. And tourism in many emerging and developing countries is growing very quickly. China, Turkey, and Malaysia have surged into the top 10 and several others are making big moves up the arrivals table.

III) Big investments by individual destinations

Recognizing the enormous opportunity of tourism, many governments are making tourism a pillar of their national economic growth and job creation strategies. Both traditional and emerging destinations are investing heavily in their national tourism marketing organizations (NTOs), through direct government allocations and/or through taxes dedicated to tourism.

- The U.S.: The 2010 Travel Promotion Act created the Corporation for Travel Promotion (CTP) to market the U.S. as a destination for international visitors. The maximum budget for the CTP will be $US 200 million, and is being funded by a $US 10 fee paid once every 2 years by visitors from visa waiver countries, with matching funds contributed by the private sector. The CTP will begin marketing in 2012.
- The UK: In March 2011, the United Kingdom presented a new Government Tourism Policy. Drawing from a new marketing fund worth more than $160 million, the U.K. aims to attract an additional 4 million visitors over the next four years, increase visitor spending by an additional $3.2 billion, and create 50 000 new jobs.
- Israel: The Israeli government has nearly tripled its investment in tourism over the last 5 years in order to achieve its goal of attracting 5 million international visitors by 2015 (an increase of 1.6 million more than in 2010). Total funding in 2010 was $65.5 million, up from $25.3 million in 2005.
- South Korea: South Korea has declared 2010-2012 "Visit Korea" years and aims to attract 8.5 million more visitors each year. Government funding of $46.5 million in 2005 was increased by 113% over two years to reach $99.2 million in 2007 before falling off to a still significantly higher level of $85.5 million in 2010.
- Australia: NTO Budget of $152.3 million in 2010
- Malaysia: NTO Budget of $132.7 million in 2010

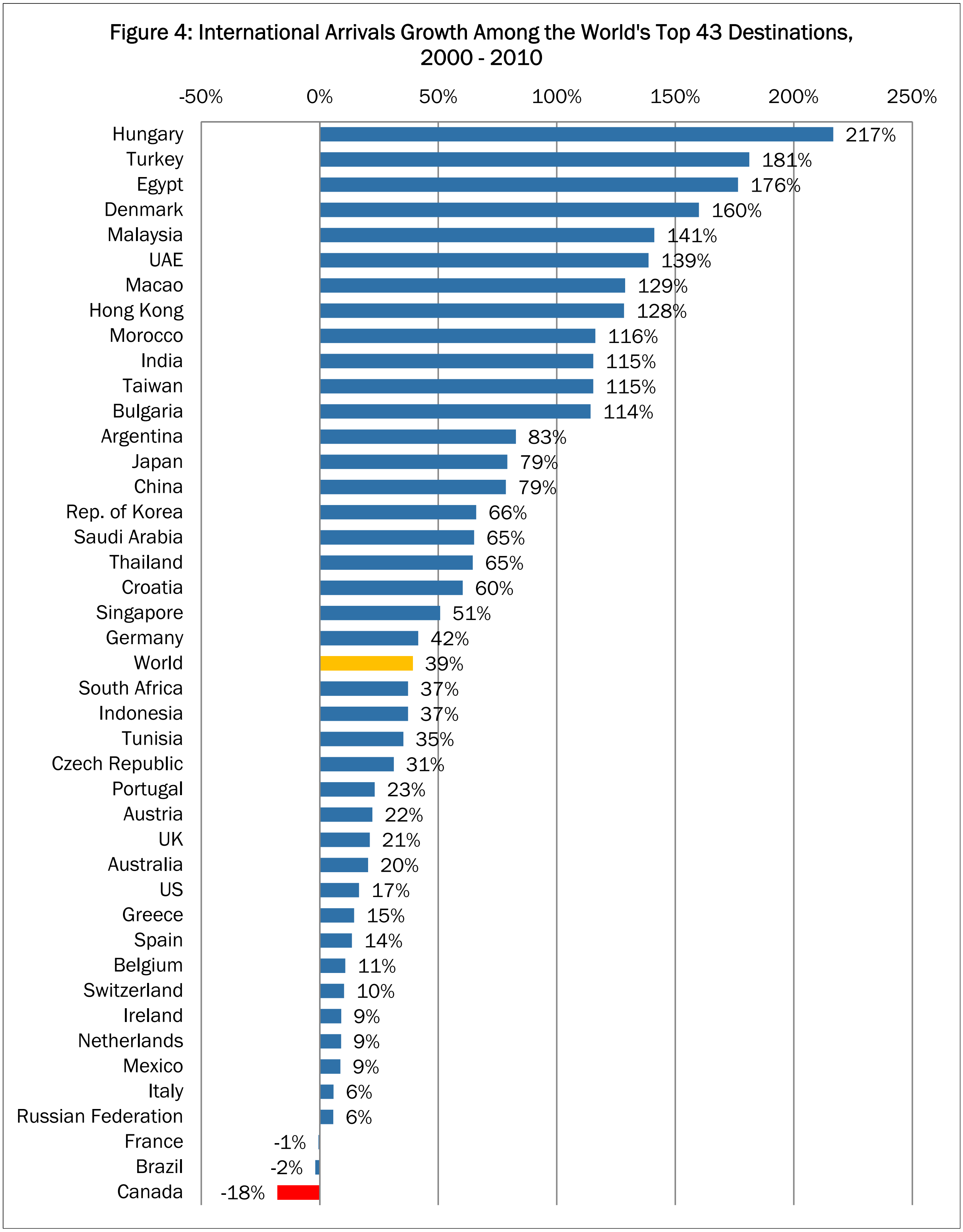
"Recent years have seen some extraordinarily large increases in NTO budgets…"

Combining 'additional funding' with initial budgets makes the trends in recent years even more dramatic, with even larger proportions of NTOs enjoying big annual increases in their funding.[9]

Canada's competitive position is declining

Where does Canada fit in this picture? Compared with the top 42 destinations in the world, Canada is in last place for growth in international arrivals over the last 10 years. International arrivals to Canada have fallen from 19.6 million visitors in 2000 to 16.1 million in 2010, a drop of 18%. Over the same time period, international arrivals increased by 265 million globally, meaning that travel to Canada decreased significantly even as international travel grew exponentially on a global scale.

[9] World Tourism Organization and European Travel Commission, 2010. *Budgets of National Tourism Organizations, 2008-2009,* 5-14.



Source: UN World Tourism Organization

In terms of the global international arrivals rankings, the U.S., Italy and France have retained their places among the top 5 destinations for 60 years. Canada, however, has fallen from the 7th position to 15th over the last decade alone.

Similarly, Canada was 8th in the world for international tourism receipts in 2001, but fell to 15th in 2010. Even with the decline in arrivals, our receipts did grow from $10.8 billion in 2000 to $15.7 billion in 2010. But the problem is that other destinations performed even better. Australia, for example, grew its arrivals numbers by 20% between 2000 and 2010, but increased its receipts by 224% over the same period.

The bottom line is that Canada's competitive position is declining.

Figure 5:

International Tourist Arrivals Top 15 Countries - in millions				
Rank	2002		2010	
1	France	77.0	France	76.8
2	Spain	51.7	U.S.	59.7
3	U.S.	41.9	China	55.7
4	Italy	39.8	Spain	52.7
5	China	36.8	Italy	43.6
6	U.K.	24.2	U.K.	28.1
7	Canada	20.1	Turkey	27.0
8	Mexico	19.7	Germany	26.9
9	Austria	18.6	Malaysia	24.6
10	Germany	18.0	Mexico	22.4
11	Hong Kong	16.6	Austria	22.0
12	Hungary	15.9	Ukraine	21.2
13	Greece	14.2	Russian Fed.	20.3
14	Poland	14.0	Hong Kong	20.1
15	Malaysia	13.3	Canada	16.1

Source: UN World Tourism Organization

Our comeback strategy

In response, Canadian Prime Minister Stephen Harper put forward a framework for a Canadian Federal Tourism Strategy in 2009, which has been followed by the announcement of the strategy in October of 2011, *Canada's Federal Tourism Strategy: Welcoming the World*. In 2009, the federal, provincial and territorial tourism ministers agreed to work toward a national tourism revenue target of $100 billion by 2015. The Federal Tourism Strategy will inspire and guide federal policies and actions over the next four years to help meet that goal.

The strategy outlines a "whole-of-government approach that will enhance the federal government's role as an effective partner with industry and other levels of government in support of an internationally competitive tourism sector" and goes on to focus on four key priorities:

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

While border and visa issues are but just one part of that strategy, it's clear that all parts need to advance in tandem to achieve overall success.

Our industry has set a goal that, by 2020, Canada is again ranked among the top 10 destinations in the world, as measured by international arrivals.

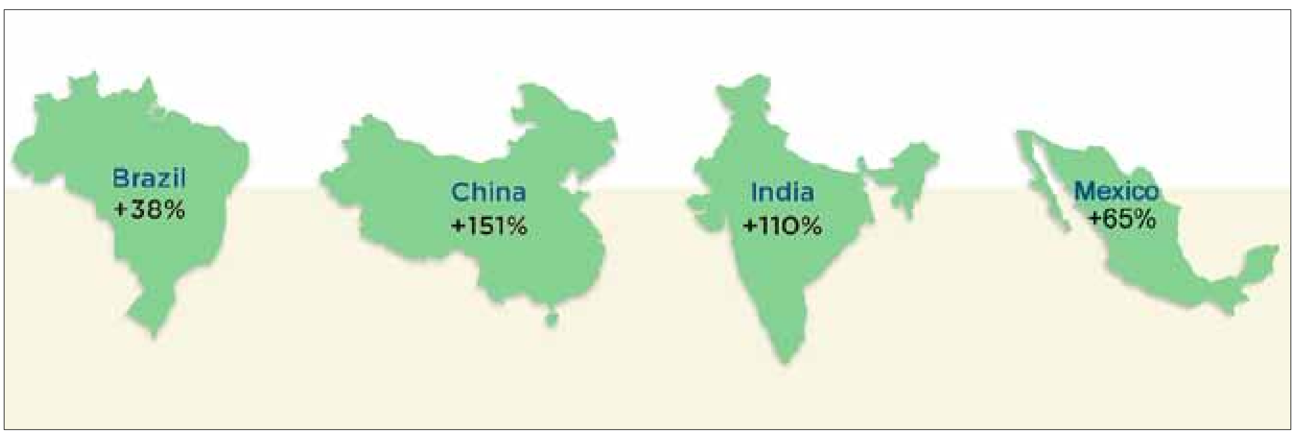
The 10th place country in 2009 – Mexico – received 21.5 million overnight visitors. That is 5.7 million, or 36%, more overnight visitors than Canada received in 2009. If Canada had been in 10th place or higher in 2009, we would have seen additional economic impacts of at least:

- $5.2 billion more dollars spent in the Canadian economy by international visitors
- 46,900 more jobs
- $2.1 billion increase to Canada's GDP
- $720 million more in annual revenues for the Government of Canada
- $908 million more in annual revenues for provincial/territorial and municipal governments

What will it take for Canada to realize this growth?

We need to focus on attracting visitors from the fastest growing, highest yield markets of Brazil, China, India and Mexico. These countries are slated to rack up double- or triple-digit growth in long-haul outbound travel over the coming decade.

Figure 6: Global Growth in Long-Haul Outbound Travel, 2010-2020



Source: U.S. Travel Association, based on data from the U.S. Department of Commerce and Oxford Economics

In Canada, these markets have already been driving international tourism growth over the last 10 years.

Figure 7 shows that, across several indicators, Canada's traditional source countries remain our top markets for the time being, but the emerging markets show the greatest potential to generate tourism revenue into the future.

But at the same time, as we recognize the opportunity presented by these new markets, so do all of the other destinations in the world. That is why Canada's competitiveness matters.

In 2010 and 2011, Canada was named the #1 country brand in the world by FutureBrand in their annual Country Brand Index. But we are not converting this strong global attraction to Canada into visits. We need to identify competitive disadvantages and act to reverse the trend.

Figure 7: Key 2010 Indices, Canada's Traditional and Emerging Tourism Markets

Visitors Spending One or More Nights					
	Visitor Arrivals	Growth, 2000-2010	Total Spending ($ millions)	Avg. spent per visitor, per trip	Average trip duration (days)
Emerging Markets					
Brazil	71,000	42%	128.9	$1,807.70	21.4
China	193,000	161%	317.1	$1,640.00	27.6
India	150,000	127%	145.2	$968.30	21.7
Mexico	257,000[10]	84%	158	$1,363.20	22.3
Japan	215,000	-56%	330.1	$1,532.40	14
South Korea	157,000	22%	255	$1,619.50	26.4
Traditional Markets					
United States	11,749,000	-23%	6259.1	$532.80	4
United Kingdom	659,000	-24%	808.9	$1,226.70	13.4
France	408,000	1%	520.8	$1,276.10	16.2
Germany	315,000	-17%	470.8	$1,492.80	17.1
Australia	202,000	17%	341.2	$1,687.10	14.5

Source: Statistics Canada

[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 2010, the annual number of Mexican visitors had declined 55%.

Canada's Visitor Visa Structure: An Obstacle to Economic Growth

Canada's potential visitors are too frequently unable and/or unwilling to navigate our visa application processes because they consider them to be too onerous, lengthy and inconvenient.

In the following sections, we outline several problems relating to potential visitors' ability to navigate Canada's current visitor visa application system. The issues generally fall into two categories: access and process.

We compare Canada with Australia, the U.S. and the U.K., identifying competitive advantages and disadvantages and reviewing best practices. We draw 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 processes.[11]

At first glance, Canada's visitor visa application process appears straightforward. Potential travellers are instructed to gather required documents, complete the application forms, pay the fee, and submit the application by mail or in person to the appropriate Canadian visa office or visa application centre (VAC).

But the devil is in the details, and ultimately, Canada's visa process proves to be particularly onerous and time-consuming. Along with the U.S., Canada is known internationally for having the most difficult visa process in the world.

Improving this situation will require us to provide visa exemptions whenever possible, and to facilitate travel for those who do require a visa to visit Canada.

It will also mean taking an asymmetrical approach to the deployment of resources and technology, so that the focus is on improving the visitor visa process in countries that will yield the greatest returns for Canada.

What is the difference between a visa office and a visa application centre?

Visa Application Centres (VACs) are run by private companies authorized by the Canadian government to accept applications from people within a geographic area who want to come to Canada temporarily or permanently. At VACs, staff review applications for completeness, collect fees and provide a range of other services depending on the country in which they are operating.

Visa offices are Canadian government missions abroad. They receive visa applications either directly or from VACs. Immigration officers at these missions are the only people authorized to assess applications and decide whether to issue a visa or refuse an application.

[11] Canadian Tourism Commission (2011). *Assessment of Visa Processes.*

Access

Visa exemptions: Not everyone requires a visa to visit Canada

Canada keeps a list of countries whose nationals are "visa exempt". Attracting visitors from visa exempt countries is an effective strategy because the cost of visiting Canada is lower for them – they do not need to go through the visa process or pay the associated fees.

Competitive advantages can be gained or lost when there is a lack of alignment of visa exemptions across competitive tourism destinations. Brazilians must have a visa to visit Canada or the U.S., but do not need a visa to travel to the U.K. or the European Union. Our colleagues in the U.S. travel industry indicate that the U.S. is considering the removal of the visa on Brazil in the near future, adding the country to its Visa Waiver Program (VWP). If this happens, Canada will be the only European or North American destination that still requires Brazilians to have a visa. Canada needs to be responsive in these situations. We should be prepared to move swiftly to respond to these kinds of competitive changes to the marketplace.

Adverse consequences also arise when a visa is imposed on an important tourism market, that is, when a country is removed from the visa exemption list. The case of Canada's 2009 imposition of a visa on Mexico is a good example.

Decisions about visa requirements are based on a country-by-country assessment of criteria such as socio-economic profile, immigration issues, travel documents, safety and security issues, border management, human rights, and bilateral relations.

Whenever possible, Canada should provide exemptions from visa requirements for key tourism source countries.

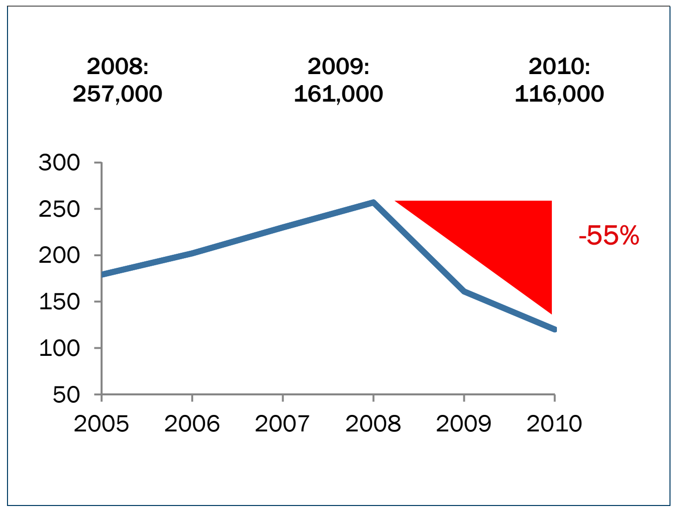
Case study: Canada's visa requirement for Mexican citizens

On July 13th, 2009, Canada announced a visa requirement for visitors arriving from Mexico, effective the following day, July 14th. Based on concerns over abuse of the refugee claims process by Mexican nationals, the government concluded that a visa requirement was the most effective instrument of deterring this abuse until much needed changes could be made to our refugee claims process.

The sudden application of a visa requirement has a devastating effect on tourism export earnings from a visa-affected country. When the U.S. applied a visa requirement to Argentina in February 2002, Argentinean travel to the U.S. plummeted 65%, from 434,000 visitors in 2001 to 151,000 in 2003, a level not seen since before 1990. The same situation occurred when the U.S. applied a visa to Uruguay in April 2003. Visitation numbers fell 40% between 2002 and 2004. Conversely, South Korean travel to the U.S. is up 49% in 2010 over 2009 after the country's addition to the VWP on November 17, 2008.

Canada's imposition of a visa on Mexico also produced negative results in terms of tourism. From a 2008 high of 257,000 visitors, Mexican travel to Canada fell 55% to 116,000 in just two years.

Figure 8: Mexican Arrivals to Canada, 2005-2010 (In thousands)



Source: Statistics Canada

Maintaining the integrity of Canada's borders is necessary, and the decision to impose a visa on Mexico was effective from a security perspective. However, many in the travel and tourism sector believe the policy was implemented without careful consideration for its impacts on tourism. The visa was applied at the height of the tourist season in mid-July, compounding the economic losses and inconvenience for travellers with trips already booked. Canadian businesses have lost tens of thousands of customers and the losses to date for the Canadian economy are at least $396 million.

The objective of the government's Federal Tourism Strategy is to support the tourism sector "by better coordinating federal efforts to promote the success of the sector." The importance of ensuring alignment across government departments is clear in the case of the Mexican visa policy. Mexico is one of 11 key strategic markets chosen by the Canadian Tourism Commission, a Crown corporation, for its potential to generate export revenue for Canada. So while the CTC was investing taxpayer dollars in marketing Canada as a destination to Mexican travellers, the decision to apply the visa had the effect of undermining these tourism investments.

Ultimately, implementation of new refugee program reforms should go some distance to provide a solution. The new legislation will shorten refugee application processing times, thus minimizing social and economic incentives to claim asylum in Canada. If Canada succeeds in discouraging Mexicans without legitimate rights to asylum from submitting claims, the rationale for the visa requirement should no longer exist.

Interaction between visas and passports

Until recently, each potential visitor to Canada chose to apply for a single entry visa for a fee of $75, a multiple entry visa for $150, or was included as part of a family rate of $400 (single or multiple entry).

In July 2011, Citizenship and Immigration Canada announced that multiple entry visas for $150 will now be the default standard, and they will be issued with a validity period of up to 10 years (compared with the previous limit of five years), with a typical allowed length of stay of six months per entry into Canada. This is an important and welcome policy change because it puts Canada on an even footing with the U.S. and other competitors, and it provides travellers with greater value for the time and money they invest in their visa applications.

However, there is a remaining problem relating to the interaction between passports and visas. Currently, Canada issues visas that are valid until one month before the expiry date on the visitor's passport. As a result, a multiple entry visa holder loses the visa period that ends after the expiry date of his/her passport. With the introduction of the 10-year visa, this problem will become even more pronounced. For example, if a passport expires two years from the time the visa is issued, the traveller loses the remaining eight years on the visa. In order to avoid this, the traveller must go to the trouble of obtaining a brand new passport before applying for a Canadian visa. Otherwise, the traveller will have to reapply for a new visa once he/she gets a new passport.

The U.S. allows travellers to transfer the remaining visa validity period from an old, expired passport to a new one. This way, travellers can take advantage of the full visa validity period. This also reduces the application processing burden on U.S. visa offices because travellers do not have to apply for a new visa when their passports expire. This is a significant competitive advantage for the U.S. over Canada.

Geographic limitations

The Canadian visa system currently provides an advantage over countries like the United States in terms of the travel burden placed on potential visitors who are applying for visas. Applicants for a Canadian visa are permitted to mail their applications, and are not required to appear in person at Canadian visa offices unless an immigration officer requests a face-to-face interview.

The U.S., by comparison, requires all applicants to attend an interview at the nearest embassy or consulate. For many travellers, this can add a significant amount to the cost of applying for a visa. The U.K. also requires potential travellers to visit a U.K. visa office or visa application centre to submit their biometric information (fingerprints and photo).

Canada will be rolling out a biometric data collection system that is similar to that of the U.K. beginning in 2013. Eventually, all temporary resident visa applicants will be required to visit a visa office or a visa application centre to provide their fingerprints and have their photo taken. Introducing biometrics will improve security and should also enable a faster and less onerous application process. However, potential visitors will face the same geographic limitations and will have to incur the cost of travel as applicants for the U.S. and the U.K. already do.

Canada has been expanding its network of visa application centres partly in order to prepare for implementation of the biometric program. At the present time, Canada has contracted with private companies to operate three VACs in Brazil, four in China, nine in India, and three in Mexico. By continuing to add more VACs in strategic locations in key markets, we can make it easier for applicants to fulfill the biometric requirements of the visa application process.

Process

Documentation requirements

Applicants for a Canadian visa must invest significant time and effort in order to pull together the large amount of documentation required to complete an application. Along with an application form, photos, a passport and fee payment, applicants must submit evidence about their employment and financial situations in order to prove that they will return to their home countries after their visit. The box to the right reviews the components of a complete application for a citizen of India who wants to visit Canada as a tourist.

Documentation required for citizens of India who want to visit Canada as tourists:

- Application for a Temporary Resident Visa Made Outside of Canada
- Family Information Form
- Schedule 1 (if required) – relates to being a witness of or participant in political/security activity
- 2 photos
- Passport
- Fee
- Proof of employment such as a letter from an employer stating salary and length of employment; salary statements; and/or business licenses
- Proof of personal funds such as income tax statements for the last 2 years and/or bank statements for the last 3 months
- One page summary of all financial information submitted
- Detailed itinerary including proof of air ticket and hotel booking
- Document checklist
- VAC Consent form (if applicable)

Additional requirements for business travel:

- Letter of invitation from a Canadian business
- Proof of ongoing business activities between the applicant and the Canadian company such as contracts, shipping orders, invoices and/or bills of lading

Additional requirements for visiting friends and/or relatives:

- An invitation letter from your inviter
- Proof of the inviter's immigration status in Canada
- Proof of the inviter's income and financial situation in the form of independent third-party documentation from a Canadian source

Interviews with members of the travel trade in our emerging markets revealed several sources of anxiety and inconvenience for potential travellers. First, applicants must surrender their passports throughout the time their application is being processed; the U.S. visa process does not require this as interviews are done in-person. The longer the visa processing time, the more likely this requirement is to be seen as a problem. For frequent business travellers in particular, losing access to passports for extended periods of time is very inconvenient.

Second, application forms must be submitted in English or French.[12] Although Canada's competitors generally require the same, they have taken steps to ease the burden by providing translated application guides and other tools to facilitate applicants' understanding. For example, the U.S.' online application provides pop-up translations of application questions in the language of the applicant's choice.

Third, all supporting documentation must be submitted in original form (not copied), which again creates anxiety for applicants. Some visa offices also require that documents not in English or French be certified and accompanied by a translation

[12] Applicants in Mexico may now submit their original applications in Spanish, but will have to provide translations if requested.

and an affidavit from the translator, which can be particularly burdensome.[13] Potential travellers also feel the application forms are repetitive, that they ask for extremely personal information, and that they ask for historical information that is irrelevant and difficult to recall.

Finally, with travellers increasingly booking travel online and shortly before their trips, it is becoming more difficult to provide detailed itineraries and proof of air tickets and hotel bookings far in advance. 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.

Processing times

Based on the length of time it took to process 80% of all complete applications in the last year, processing times for temporary resident visas at Canada's overseas missions range from 1 day to 56 days. Figure 9 summarizes the times for our key emerging markets.

Figure 9: Processing Times for a Canadian Temporary Resident Visa in Emerging Tourism Markets

Brazil		China		India		Mexico	
Sao Paulo	14 days	Beijing	7 days	New Delhi	7 days	Mexico City	14 days
		Shanghai	14 days	Chandigarh	21 days		

Source: Citizenship and Immigration Canada, http://www.cic.gc.ca/english/information/times/temp/visitors.asp

Canada's processing times are competitive with others, for the time being. Wait times for a U.S. visa are very long because all applicants must attend an interview as part of the process, and both the U.K. and Australia post times for Brazil, China, India and Mexico that range from 5 to 15 days.

However, these other countries are quickly and continuously rolling out new services for citizens of an increasing number of countries that provide travellers with quick and easy service while enhancing security. These improvements have also addressed several of the criticisms of more traditional systems.

[13] 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.

While all applicants for a Canadian visa must submit paper applications, Australia, the U.S. and the U.K. have all introduced online application processes that provide several advantages. First, they can drastically reduce processing times; for example, Australia is able to issue visas for citizens of India in 48 hours or less. Second, they can completely eliminate the need for potential travellers to surrender their passports. A traveller's application, passport and visa are all linked electronically, with no need to place a physical stamp or label in the passport. Third, clients are able the check the status of their application online at any time. Currently, applicants for a Canadian visa can only check the status of their application online if they applied through a VAC. All other applicants must send an email inquiry to the mission that is processing their application for a status update. Due to their superior efficiency and online availability, VACs should be considered a viable replacement for all foreign visa offices.

The U.K. is also offering "Fast Track Service" to qualifying applicants in several strategic markets. For an additional fee, the U.K. Border Agency will expedite visa processing for tourists and business applicants who can demonstrate that they have travelled without difficulty in the last five years to the U.S., Australia, New Zealand, Canada or a Schengen (EU) country.

Refusals

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;
- Show that they have enough money to maintain themselves and their family members in Canada and to return home;
- Demonstrate that they do not intend to work or study in Canada without authorization;
- Be law abiding and have no record of criminal activity;
- Not be a risk to the security of Canada;
- Be in good health.

Figure 10: Refusal Rates for a Canadian Temporary Resident Visa in Emerging Tourism Markets, (Q1-Q3, 2010)

Brazil	6%
China	13%
India	25%
Mexico	10%

Source: Citizenship and Immigration Canada

If an immigration officer considered that these criteria have not been met, the applicant may be found inadmissible to Canada and the application refused. Refusal rates in 2010 (excluding Q4) for our emerging markets are shown in Figure 10.

There are legitimate reasons to deny some applications, and it will continue to be necessary to issue refusals. However, it is possible to improve the process in order to eliminate unnecessary refusals and to help applicants understand how to be successful.

Visa application centres, which review applications for completeness prior to forwarding them to Canadian visa offices, should cut down on refusals due to incomplete paperwork. Implementing online application systems which prompt applicants when they have not filled in portions of the applications would also be helpful.

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. Travel agents find it particularly confusing when they submit two seemingly identical applications and one is approved and one denied. With no appeal process and no direction in terms of how to improve the application, potential travellers become frustrated and are more likely to shift their focus to a destination where they feel they will not face this problem.

Business travel: Meetings, Conventions & Incentive Travel (MC&IT)

Business travel plays an important role in international commerce and investment. As we strive to increase economic activity with key emerging markets, the ability to create personal contact becomes increasingly important. Facilitating business travel is a key priority. While this travel segment tends to be more sophisticated and current with their travel documents, including trusted-traveller programs such as Nexus, they are also usually booking trips within a shorter timeframe and are more subject to last-minute or impulsive travel than leisure travellers. Because they are likely more engaged in business travel, they are less likely to want to leave their passports with foreign officials for an undetermined period of time.

Business travellers present another key difference in that they are, on average, a much higher yield traveller, spending almost 300% more than leisure travellers.

Creating opportunity for business travel, including meetings and conventions is clearly a very important segment and one that has taken a disproportionate hit due to the perceived uncertainty of our visa system. Canada does not even figure among the top 10 when it comes to the lucrative international meetings business.

Figure 11: World's Top Ten Countries for International Meetings

	Country	Number of Meetings	Percentage of All Meetings
1	United States	1085	9.40%
2	Singapore	689	6.00%
3	France	632	5.50%
4	Germany	555	4.80%
5	Japan	538	4.70%
6	Belgium	470	4.10%
7	Netherlands	458	4.00%
8	Austria	421	3.70%
9	Italy	391	3.40%
10	Spain	365	3.20%

Source: U.K. Government Tourism Policy, Department for Culture, Media and Sport

While there are countless anecdotes, we have included a couple of recent examples where Canada has lost business based on concerns over border and immigration issues.

Example 1. *Conference on Retroviruses and Opportunistic Infections*

- Pre-eminent scientific meeting in the field of HIV/AIDS research
- 3800-4200 delegates, all research leaders from around the world
- 15000+ room nights
- Estimated economic impact: $3.1 million
- Meeting was held in Canada for the first time in 2009 – Montreal
- RFP for 2012-2015 went out recently
- Toronto, Montreal and Vancouver are eligible to hold the meeting, but organizers have said they won't consider Canada again until the visa situation has changed
- Problems with visa refusal and students having trouble getting readmitted to the U.S.

Example 2. *International Fertilizer Association Conference in Montreal in May, 2011.*

- 1400 delegates
- 15 people did not get their visas <u>in time</u> (not refused) – Seven Russians, three Chinese, three Indians, one South African and one from the United Arab Emirates.
- Problems not necessarily with refusal, but with length of processing time.

Towards an Electronic Travel Authority (ETA): The Australian Model

Australia requires all visitors to have a visa, and with six million international arrivals each year, the country receives a large volume of visa applications. Despite this workload, Australia's program is best in class. Its system is cost-efficient and client friendly, giving potential visitors' round-the-clock access to an online application system that issues electronic visas linked with travellers' passports and visible to airlines and border agencies. More importantly, the Australian model has dramatically enhanced border integrity to effectively "push the border out" to foreign airports.

Like today's system used in Canada, visas to Australia were issued in a physical format in travellers' passports, and border officers examined visas when people arrived at airports. This process meant that while Australia possessed data and other information about visitors, the physical inspection at the border was the first time border officers could evaluate travel documentation. By the 1990s, increasing passenger numbers, dissatisfaction with the time taken in visa application and arrival processes, and the evolution of technology led to options for automating some processes.

As a result, Australia pioneered improved visa processes in 1994 through development of Electronic Travel Authority (ETA) and companion initiatives such as e-Visas and Advanced Passenger Processing (APP). The ETA is an electronically-stored authority for travel to Australia for a short-term tourist or business entry. It replaced the visa label or stamp in a passport and removed the need for application forms. Today, ETAs are issued within seconds through a website based on data links between the Australian Government, travel agents, airlines and other tourism industry providers around the world.

The Australian approach revolutionized the visitor visa process by enabling a "board" or "no-board" decision before a passenger is allowed to embark upon an aircraft or ship bound for Australia. While this program was voluntary until 2003, the Australian response to 9/11 included expansion of the programs to all countries and a reciprocal partnership with neighbouring New Zealand. Electronic Travel Authority as a result became a vital cornerstone of the Australian strategy to "protect the integrity of the border by working closely with other border agencies to maintain effective screening processes, streamlined entry of approved travelers and accurate records of people movements."

The positive benefits have been significant for all agencies, travellers and international airlines:

- An estimated $AUS 2 million a year in cost savings to the Australian Government in transaction costs to communicate with airlines about passengers.
- Prior to the introduction of ETA/APP, airlines were subject to fines of $AUS 5,000 per undocumented passenger and repatriation costs: this totalled $AUS 23 million a year in 2001, but is now less than $AUS 3 million.
- Benefits to passengers who have problems with documentation to address issues *before* departures rather than upon arrival.
- Faster processing of all other passengers by customs and other government agencies.

More importantly, ETA has greatly enhanced the integrity of Australian borders. For example, in January 2005, 11 non-citizens were detected at Kuala Lumpur Airport while trying to board a plane to Australia after presenting false visas.

The Australian model's success has inspired dozens of other countries to develop comparable solutions including the United States, Qatar, Bahrain, Kuwait and South Africa.[14]

[14] Australian National Audit Office

- Audit Report No.3 1999–2000 Performance Audit Electronic Travel Authority
- Audit Report No.34 2005–06 Advance Passenger Processing
- Audit Report No.2 2007–08 Electronic Travel Authority Follow-up Audit

Recommendations

1. "Express Service" (maximum 5 business days) in key priority markets.

The 5-day standard is competitive with other tourism destinations. It will also remove the anxiety some applicants feel about surrendering their passports to the Canadian authorities for such a long period of time while their applications are being processed. Current processing times range from same day to 56 days. Canada's express processing efforts in Mexico and China have been very successful. Expanding these to other key markets would lead to improved operational efficiencies and a more positive process for visitors from these countries. Staffing increases will be needed, but these officers will generate revenue from application processing fees.

2. Allow visa transferability from expired passport to a new passport.

CIC recently announced that a 10-year, multiple-entry visa will be extended to business travellers and other low-risk visitors. Extending this allowance to all visitors, or at least those from key markets, will create maximum competitive advantage for Canada in the tourism marketplace.

Currently, if a passport will expire before the typical visa validity period is up, visas are issued so that they expire one month before the passport expiry date. Therefore, the passport holder either loses the time that would have remained of the validity period, or he/she must get a new passport before applying for the visa. Instead, visas should be transferrable from one passport to a new one. With the recent announcement of a 10-year validity period, this makes even more sense. It is also consistent with practice in the U.S.

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 U.S. visa.

Canada largely aligns itself with the U.S. on visa exemptions. In order to be competitive, we must be prepared to respond quickly when the U.S. announces new additions to its Visa Waiver Program. The U.S. is close to lifting their visa on Brazil, and Canada should be ready to do the same. The Mexico visa should be reviewed continuously and lifted as soon as it is appropriate to do so.

As outlined in our joint submission with the U.S. Travel Association's submission in the "Beyond the Borders" initiative, travellers who hold a valid U.S. visitor visa have successfully satisfied security and other criteria that are largely the same, or more stringent than, the requirements for a Canadian visa. These travellers should be allowed to submit a shorter application.

4. **Add additional visa processing centres in key markets of China, India and Mexico.**

Adding visa processing centres will reduce workloads for CIC officers because they receive and review applications for completeness. Once temporary resident biometrics collection begins, the presence of Visa Application Centres in areas that are more easily accessible to potential visitors will mitigate the biometrics collection process as a deterrent to applying for a visa.

5. **Accelerate introduction of electronic self-service application tools, moving towards Electronic Travel Authority (ETA), like in the U.K., the U.S. and Australia.**

Online application submission options offer several meaningful advantages. They can reduce processing times, eliminate the need for applicants to surrender their passports, and provide access to convenient application status updates. Countries like Australia that offer these services are considered to have easier visa processes that are more cost effective to government.

6. **Maintain competitive cost structure and reinvest a portion of visa revenues into visa operations.**

We need to carefully monitor cost levels to ensure we are not out priced by our main competitors. Since visa processing is a revenue source for the government, a portion of the proceeds should be reinvested in continually increasing our capacity – especially in high demand markets.