

**EXPLANATORY MEMORANDUM TO**  
**THE IMMIGRATION (PASSENGER TRANSIT VISA) (AMENDMENT)**  
**(No. 2) ORDER 2009**

**2009 No. 1032**

1. This explanatory memorandum has been prepared by the Home Office and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

2.1 This Order amends the Immigration (Passenger Transit Visa) Order 2003 (“the 2003 Order”) which sets out which persons will need a transit visa to pass through (without entering) the United Kingdom. These changes are being made following the completion of the Visa Waiver Test (VWT), the first global review of the UK’s existing short-stay visa regimes that was conducted following the publication of the “Securing the Border” Strategy published by the Home Office in March 2007. These changes follow on from changes made to the transit visa regime in March 2009.

**3. Matters of special interest to the Joint Committee on Statutory Instruments or the Select Committee on Statutory Instruments**

3.1 None

**4. Legislative Context**

4.1 This Order is made under sections 41 and 166(3) of the Immigration and Asylum Act 1999 and amends the 2003 Order (S.I. 2003/1185 as amended by S.I. 2003/2628, S.I. 2004/1304, S.I. 2005/492, S.I. 2006/493 and S.I. 2009/198). The 2003 Order requires, subject to certain exemptions, citizens and nationals of countries and territories specified within it, along with holders of specified travel documents, to obtain a transit visa in order to pass through the United Kingdom on their way to another country or territory. This Order implements changes recommended following completion of the Visa Waiver Test. It follows on from the Immigration (Passenger Transit Visa) (Amendment) Order 2009 which also made changes to the transit visa regime. Changes to the visa regime are also being made as a result of the Visa Waiver Test. The list of countries whose citizens are required to obtain a visa to enter the United Kingdom is set out in Appendix 1 to the Immigration Rules.

**5. Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

**6. European Convention on Human Rights**

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

**7. Policy background**

**What is being done and why**

7.1 The UK “Securing the Border” Strategy was published by the Home Office in March 2007 and gave a commitment to conduct a Visa Waiver Test (VWT), the first global review of the UK’s existing short-stay visa regimes. This entailed the UK Border Agency and FCO jointly applying the VWT to every country except those in the EEA and Switzerland.

7.2 Stage One involved a quantitative assessment of the risk posed to the UK by each country on issues such as illegal immigration, crime and security. Stage Two looked in more detail at the economic and political consequences of introducing or lifting visa regimes. At the end of Stage Two, it was agreed that the UK should, in principle, introduce visa regimes on eleven countries unless they could address areas of concern identified during a six month mitigation period (or ‘Stage Three’ of the Test).

7.3 The countries concerned were notified in July 2008. The mitigation period officially ended on 2 January 2009. The VWT Stage Three countries were: Bolivia, Botswana, Brazil, Lesotho, Malaysia, Mauritius, Namibia, South Africa, Swaziland, Trinidad and Tobago and Venezuela. The first changes to the visa regimes consequent to the Visa Waiver Test came into force on 3<sup>rd</sup> March 2009 in Statement of Changes in Immigration Rules HC 227 and the Immigration (Passenger Transit Visa) (Amendment) Order 2009 .

7.4 Bolivia did not mitigate successfully and so a transit visa requirement is being introduced from 18<sup>th</sup> May 2009.

7.5 Venezuela was partially successful in the mitigation process, due to the fact that it is in the process of rolling out a secure new biometric machine readable passport. As a result the United Kingdom is introducing a transit visa requirement for persons holding a Venezuelan passport that does not contain biometric information held in an electronic chip. Persons holding a Venezuelan passport that contains biometric information held in an electronic chip will be exempt from the requirement to obtain a transit visa in order to enter the United Kingdom.

7.6 South Africa did not mitigate successfully and so a visa regime is being introduced. It was also announced that that a full visa regime would be imposed on South Africa in a two stage process. At the first stage (introduced with effect from 3<sup>rd</sup> March 2009 ), South African passport holders seeking to enter or transit the United Kingdom who could not show previous travel history to the United Kingdom in their current passport were required to get a visa or a transit visa (as required) in order to travel to the United Kingdom. The second stage of the process (effective from 1<sup>st</sup> July 2009) will be to impose a full visa and transit visa regime on South Africa

7.7 Effective from the same dates, a separate Change to the Immigration Rules will amend Appendix 1 of the Rules. These Changes provide for the following changes from 18<sup>th</sup> May 2009:

- Bolivia to be added to the list of countries whose citizens will be required to obtain a visa in order to enter the United Kingdom;
- those nationals or citizens of Taiwan who do not hold a passport issued by Taiwan that includes the number of the identification card issued by the competent authority in Taiwan in it to obtain a visa in order to enter the United Kingdom;
- persons that hold a passport issued by the Republic of Venezuela that dose not contain biometric information held in an electronic chip to obtain a visa in order to enter the United Kingdom.

The Changes provide for the following changes from 1<sup>st</sup> J July 2009:

- Lesotho, South Africa and Swaziland to be added to the list of countries whose citizens will be required to obtain a visa in order to enter the United Kingdom;

7.8 The changes will be of interest in the countries concerned and reflect a need to effectively manage migration to the United Kingdom, specifically reducing the immigration crime and security risks to the UK.

## **8. Consultation outcome**

8.1 The governments of the countries concerned have been involved in the Visa Waiver Test process and are aware of the changes being introduced.

## **9. Guidance**

9.1 Information on the changes will be made available to UK Border Agency staff, passengers, and airlines through proactive media engagement, updates to websites, letters and briefing packs for airlines and internal UKBA instructions, both in the UK and in the countries concerned.

## **10. Impact**

10.1 We believe there will be a short term impact on business arising from the loss of airfare revenue to UK carriers and loss of expenditure in the UK by those who would have visited but are deterred from doing so because of the DATV requirement. We do not believe that the impact on genuine transit passengers or airlines will be disproportionate when balanced against the need to reduce current abuse of the United Kingdom's Transit Without Visa concession and subsequent burden on the Exchequer resulting from unfounded asylum applications or other immigration abuse. We do not expect any impact on charities or voluntary bodies.

10.2 The impact on the public sector is related to the costs involved in processing DATV applications. However there will be a number of benefits around security and reduced risks of illegal and criminal activity among the population of travellers coming from the countries concerned.

10.3 An Impact Assessment has been laid alongside this explanatory memorandum.

## **11. Regulating small business**

11.1 The legislation does not apply to small businesses.

## **12. Monitoring & review**

12.1 The imposition of the DATV requirement on Bolivian, Venezuelan, Lesotho, South African and Swazi nationals and citizens will be continuously monitored as part of the review of progress towards meeting Public Service Announcement 3: 'ensure fair, controlled migration that protects the public and contributes to economic growth.'

12.2 Further information on monitoring and implementation review can be found on page 12 of the Impact Assessment.

## **13. Contact**

Queries should be addressed to Michael Tant at the Home Office. Tel: 0208 760 8504 or e-mail: michael.tant3@homeoffice.gsi.gov.uk.

## Summary: Intervention & Options

<b>Department /Agency: UKBA</b>	<b>Title: Impact Assessment for Changes to the UK's visa regimes following Stage Three of the Visa Waiver Test; and Jamaica DATV imposition</b>	
<b>Stage:</b> Implementation	<b>Version:</b> 1.1	<b>Date:</b> February 2009
<b>Related Publications:</b> Written Ministerial Statement 9 <sup>th</sup> February 2009 – Visa Waiver Test results and Jamaica Direct Airside Transit Visa (DATV) imposition		

**Available to view or download at:**

<http://www.ukba.homeoffice.gov.uk/sitecontent/documents/news/visawaivertest.pdf>

**Contact for enquiries:** Visa Waiver Test Project Team

**Telephone:** 020 8760 8504

**What is the problem under consideration? Why is government intervention necessary?**

The Visa Waiver Test (VWT) was announced as part of the 'Securing the UK Border' strategy published in March 2007 and was designed to be an objective assessment of the overall harm to the UK posed by nationals of a particular country. It assessed immigration, crime and security risks posed to the UK against a range of criteria. The Government seeks to help the UK deal with the challenges posed by globalisation, as well as to better reap its benefits.

The initial stages of the Test identified eleven countries that in principle warranted new visitor visa regimes: Bolivia, Botswana, Brazil, Lesotho, Mauritius, Malaysia, Namibia, South Africa, Swaziland, Trinidad and Tobago and Venezuela. One country (Taiwan) was identified as a candidate for a lifting of its existing visitor visa regime. In the final stage of VWT each country was given a six month period in which to take effective action to address concerns identified by the UK, and so to mitigate against the need for a new visa regime. A review of DATV regimes highlighted a need to impose on Jamaica.

**What are the policy objectives and the intended effects?**

We intend to impose new visa regimes on Bolivia, Lesotho, South Africa, Swaziland and Venezuela and a DATV regime on Jamaica. We intend to lift the visa regime on Taiwan. Overall, this will reduce immigration, crime and security risks to the UK, whilst facilitating legitimate travel.

**What policy options have been considered? Please justify any preferred option.**

i) Do nothing – do not impose a visa regime, contingent on further monitoring and other safeguards

ii) Impose a visitor visa regime and DATV regimes:

Option i) applies to Botswana, Brazil, Mauritius, Malaysia, Namibia and Trinidad and Tobago.

Option ii) applies to Bolivia, Lesotho, South Africa, Swaziland, Venezuela and Jamaica (DATV). These decisions are proportionate to the risks posed by these countries and the progress they have made against mitigation. Similarly, lifting the regime for Taiwan is proportionate to the risks posed.

**When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?** All decisions will be reviewed in 2-3 years. We will also closely monitor the success of mitigation actions by countries for which we are not requiring visas at this stage, and will move to visa regimes at any time should the evidence warrant it. A Transit visa review is ongoing.

**Ministerial Sign-off** For final proposal/implementation stage Impact Assessments:

***I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.***

Signed by the responsible Minister:

Phil Woolas.....Date: 5th February 2009

## Summary: Analysis & Evidence

<b>Policy Option: 2</b>	<b>Description: Option 2 – Impose visitor visa and DATV regimes on Bolivia, Lesotho, South Africa, Swaziland and Venezuela; remove visa regime in Taiwan; impose DATV regime on Jamaica</b>
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<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' Key costs include: UKBA – set up costs and visa processing costs UK carriers – reduced air fare revenue UK tourism industry – reduced tourism expenditure in the UK, although the economy is likely to re-adjust in the medium term.	
	<b>One-off</b> <small>(Transition nominal)</small>	<b>Yrs</b>		
	<b>£ 27.7m pa</b>	10		
	<b>Average Annual Cost</b> <small>(excluding one-off)</small>			
	<b>£ 20.5m</b>	10	<b>Total Cost (PV)</b>	<b>£ 425m</b>
Other <b>key non-monetised costs</b> by 'main affected groups' Costs to migrants prevented from travelling to the UK; wider risks to UKBA of an increase in appeals against entry clearance refusal and risks of a closing down sale; wider risks of displacement of immigration abuse.				

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' Key benefits include: UKBA – increase visa fee revenue UK carriers – increased air fare revenue for visitors from Taiwan UK tourism industry – increased tourism expenditure in the UK for visitors from Taiwan.	
	<b>One-off</b>	<b>Yrs</b>		
	<b>£ 2.5m pa</b>	10		
	<b>Average Annual Benefit</b> <small>(excluding one-off)</small>			
	<b>£ 20.5m</b>	10	<b>Total Benefit (PV)</b>	<b>£ 198m</b>
Other <b>key non-monetised benefits</b> by 'main affected groups' UK economy/public: reduction in immigration abuse, criminality and terrorist threat due to visa refusals preventing high-risk individuals travelling to the UK.				

**Key Assumptions/Sensitivities/Risks** Key assumptions include: GDP per capita growth forecasts, refusal rate estimates, and price and income elasticity of demand assumptions.

Price Base Year 2009	Time Period Years 10	<b>Net Benefit Range (NPV)</b> <b>£ - 85m to - £490m</b>	<b>NET BENEFIT (NPV Best estimate)</b> <b>£ minus 227m</b>
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What is the geographic coverage of the policy/option?		UK Borders		
On what date will the policy be implemented?		March – mid 2009		
Which organisation(s) will enforce the policy?		UK Border Agency		
What is the total annual cost of enforcement for these organisations?		£ Offset by visa fee		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		No		
What is the value of the proposed offsetting measure per year?		£ n/a		
What is the value of changes in greenhouse gas emissions?		£		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation <small>(excluding one-off)</small>	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)		(Increase - Decrease)	
Increase of	£ 0	Decrease of	£ 0
		<b>Net Impact</b>	<b>£ 0</b>

Kev: Annual costs and benefits: (Net) Present

### **Rationale**

#### Visa Regimes

The UK is making significant changes to its border strategy. This year we will complete implementation of a system of triple checks: stronger overseas checks and wider pre-arrival screening; tougher checks at the UK border itself; and strong new measures within the UK - against illegal immigration, organised crime and other threats.

This is part of UK's radical reform of its immigration system, to help it both meet the challenges and to realise the benefits of globalisation, particularly the increased movement of people.

Visa regimes have traditionally been imposed on a largely reactive basis as a result of detection of immigration abuse by people bearing a particular passport. As first announced in the "Securing the UK Border" strategy published in March 2007, the UK Border Agency is moving towards a more proactive system by introducing a Visa Waiver Test. The Visa Waiver Test is being introduced in order to strengthen UK border security. Stronger UK border security is needed to counter individuals who seek to abuse the immigration system – be it to seek to work illegally, pose a terrorist threat or undertake criminal activity.

#### Strategic Context

UKBA leads on Public Service Agreement (PSA) 3 "ensure fair, controlled migration that protects the public and contributes to economic growth".

The main benefit of the VWT arises from improved border security - it will allow new regimes to operate in countries deemed to be a threat to the UK border. Border control will therefore be stronger, leading to a reduction in the flow of migrants who abuse the immigration system for personal gain, claim asylum or pose a terrorist or criminal threat.

We also contribute to:

- PSA 23 Make communities safer
- PSA 26: Reduce the risk to the UK and its interests overseas from international terrorism

The VWT also supports UKBA's harm reduction agenda by making it more difficult for harmful individuals to enter the UK and by targeting those most likely to breach immigration conditions.

#### DATV Regimes

The UK imposed a visa regime on Jamaican nationals in 2003, but did not simultaneously introduce a DATV (Direct Airside Transit Visa) requirement. There is evidence that there is a significant level of abuse of the TWOV (Transit Without Visa) Concession by Jamaican nationals. The decision to impose a DATV requirement on Jamaican nationals is proportionate to the harm associated to the UK concerning abuse of the TWOV concession.

### **Objectives**

The key objectives include:

1. Enable UKBA to target our visa regimes more effectively in order to minimise harm to the UK while allowing nationals of those countries that do not present significant risk to travel to the UK with less scrutiny.
2. Implement visa regimes that support delivery of key benefits – namely:
  - Reducing immigration abuse by individuals travelling from (or through) the countries where new visa regimes are implemented;

- Reducing the number of individuals travelling to the UK (from the affected countries) that will potentially need to be deported;
- Reducing criminal behaviour and disrupting serious organised crime by increasing the risk of such individuals travelling through countries with new visa regimes;
- Reducing the availability of illegal workers and thus opportunities for employers to use illegal workers;
- Generating tighter security (through the visa screening process) which will in turn have a positive impact on countering any terrorist threat;
- Facilitating legitimate travel to the UK, by lifting visa regimes where appropriate.

Nationals from the five countries concerned who wish to come to the UK as a visitor for up to six months (i.e. not to work, study or to settle permanently) will now require a visa to do so. Visitors from Venezuela holding a biometric passport will not be required to obtain a visa. A visitor visa to the UK costs £65, and multiple entry visas are available.

All of the recommendations for a visa regime also include the Direct Airside Transit Visa (DATV) requirement. From past experience (for example with Jamaica – see separate section) we know that not requiring a DATV is exploited by those seeking to exploit UK immigration controls. Furthermore, it would be unusual for travellers from Venezuela or Bolivia to transit the UK. Therefore DATVs are a necessary extra immigration control to accompany the visa regimes.

The DATV requirement will not stop genuine passengers from transiting the UK, but ensure that those intent on abusing the TWOV concession are prevented from doing so. There is compelling evidence that Jamaican nationals associated with criminal activity are causing significant harm to the UK by abusing the TWOV concession to enter the UK and remain illegally. There is a large number of Jamaican nationals overstaying and working in breach. In 2006 2,800 Jamaican nationals entered the UK as passengers in transit and 5,410 as Visitors. The imposition of a DATV is proportionate to the risk exploited by criminals and those abusing the TWOV concession. A DATV costs £45 and the validity of the visa can be issued up to 2 years.

The table below summarises where visa regimes will be imposed/lifted:

**Table 1 – Summary of Scope of Visa Imposition Proposals**

Country:	Visa	DATV
Bolivia	Yes	Yes
Jamaica	No*	Yes
Lesotho	Yes	Yes
South Africa	Yes	Yes
Swaziland	Yes	Yes
Venezuela	Yes**	Yes**
Taiwan (Province of China)	Remove	Remove

\*It should be noted that Jamaica is already subject to a visa regime, introduced in January 2003.

\*\* The visa imposition on Venezuela includes an exemption for holders of biometric passports.

## **Options**

The two options considered are set out below:

- Option 1 – do nothing: Not impose a visa regime, contingent on further monitoring and other safeguards. This applies to Botswana, Brazil, Mauritius, Malaysia, Namibia and Trinidad and Tobago.
- Option 2 – a) impose Visitor Visa and DATV regimes on Bolivia, Lesotho, South Africa, Swaziland and Venezuela (with an exemption for those holding biometric passports) following the results from the Visa Waiver Test; b) impose a DATV regime on Jamaica; c)

lift the visitor visa regime for Taiwan. These decisions are proportionate to the risks posed by these countries and the progress they have made against mitigation.

## **Costs and Benefits**

### **Key Impacts of Proposals**

Imposing a visa regime on potential high risk passengers will have both direct and indirect impacts:

- **Direct** – the increase in price of travel to the UK will deter some visitors from coming to the UK. In addition, screening of visa applicants will allow refusal of the most high-risk visitors, therefore reducing the level of travel to the UK of travellers who might engage in illegal activities in the UK.
- **Indirect** – if a visa regime exists it may also discourage potential travellers from coming to the UK due to the higher expected costs (higher costs of the visa application and the lower probability of approval).

Overall, we expect a reduction in volumes of visitors coming to the UK from those countries where a regime is imposed, and costs associated with the deterred volumes. There will also be a number of benefits around security and reduced risk of illegal activity amongst the population of travellers coming to the UK from these countries. We would similarly expect an increase in volumes of visitors coming to the UK and associated benefits from Taiwan where we are proposing to lift the visa regime. We do not expect any impacts on the Third sector. The key impacts on both the Public and Private sectors are summarised in more detail in Table 2 below:

**Table 2 – descriptions of key costs, benefits and risks of option 2 – imposing/lifting visa regimes:**

<b>COSTS</b>
<p><b>UKBA/FCO</b></p> <ul style="list-style-type: none"> <li>• Cost of processing Visa and DATV applications <ul style="list-style-type: none"> <li>Initial setup costs of establishing additional Visa Processing Centres.</li> <li>Ongoing staff costs from employing additional caseworkers.</li> </ul> </li> </ul>
<p><b>THE UK ECONOMY</b></p> <ul style="list-style-type: none"> <li>• Reduced tourism expenditure in the UK <ul style="list-style-type: none"> <li>Depending on the regime imposed for the particular country, the cost of travel for nationals of that country to the UK will increase which will decrease the number of visitors to the UK. As a result expenditure from foreign visitors on Tourist, Business and Transit Visas will decrease.</li> <li>The cost to the UK economy will fall over time as the economy adjusts to the demand shock and the balance of output will adjust across sectors. The long run level of output growth will be unaffected.</li> </ul> </li> </ul>
<p><b>UK AIRLINE CARRIERS</b></p> <ul style="list-style-type: none"> <li>• Impact on UK Carrier Revenue <ul style="list-style-type: none"> <li>The increased cost of travelling will also decrease the demand for travel, thus resulting in a loss of airfare to carriers.</li> <li>The cost to the airline industry will also fall over time as the industry adjusts to the change in volume of passengers. The airline will either adjust prices to increase demand or shift aircraft onto new routes.</li> </ul> </li> </ul>

## POTENTIAL RISKS

### UKBA/FCO

- 'Risk of closing down sale' in between announcement of policy change and actual imposition of Visa and DATV regime. This risk will be mitigated with the partial rollout of the Visa regime for South Africa.
- Reduction in visa fee revenue from visitors from Taiwan that will no longer require a visitor visa to visit the UK.

## BENEFITS

### THE UK ECONOMY/PUBLIC

- Increase in tourism expenditure from visitors from Taiwan encouraged to come to the UK.
- Increase in revenue to UK carriers from visitors from Taiwan encouraged to come to the UK.
- Reduction in criminal behaviour in the UK as visa imposition would have a disruptive effect on serious organised criminals increasing the risk to them of using South African passports.
- Positive impact on countering terrorist threat – tighter security (through the visa screening process) reduces the expected costs of a terrorist attack.
- Positive impact on community confidence and reduction in fear of crime.
- Reduction of illegal workers will lead to a greater reliance on legal workers which will increase tax revenue streams through payment of tax and national insurance.
- Reduction in the availability of illegal work will reduce the pull factor of illegal migrants which currently undermines efforts to enforce a managed migration system.
- Reduced opportunity for employers to use illegal workers which in turn will prevent such businesses from undercutting legitimate business.
- Reduction in availability of illegal working/overstaying may reduce other forms of criminal behaviour on the part of facilitators by sending a deterrent signal, immediately reducing the attractiveness of fraudulent South African passports.

### UKBA/FCO

- Reduction in ongoing visa processing costs in Taiwan.
- Reduction in immigration abuse thus leading to a reduction in detention and removal costs at the Border for non-Visa nationals - this regime is targeted at those who are more likely to be deported.
- Increase in revenue generated from visa applications. The visa fee is aimed at cost recovery therefore the revenue generated is assumed to offset the visa processing costs.
- UKBA staff will be able to focus on high risk applications and resources in other parts of UKBA can be targeted more effectively (i.e. RALON).

A set of initial assumptions have been used to estimate the scale of the key costs and benefits that may arise as a result of imposing a visa/DATV regime. The methodology is discussed in

Annex A, and the table of assumptions is included at Annex B. A brief discussion of the key impacts is included below. The impacts of lifting a visa regime are calculated using a similar methodology but reversing the direction of the effects.

## **Costs**

### **Impact on Visitor Volumes**

This Impact Assessment aims to provide an estimate of the likely impact of imposing a Visa regime on visitor volumes and thus the costs associated, including: **reduced visitor expenditure in the UK and reduced airfare revenue to UK carriers.**

Assumptions have been made around the expected growth in passenger volumes for each country. The impact of imposing a visa regime was then estimated using price elasticity assumptions, i.e. estimating the impact of increasing the price of travel on the level of demand to travel to the UK. The methodology is discussed in more detail in Annex A.

The difference in visitor volumes resulting from the visa regime were then multiplied by the average visitor expenditure and average airfare for the rates concerned to estimate the total lost tourist expenditure in the UK and lost airfare revenue for UK carriers.

The costs to the tourism industry are considered transitional costs as in the longer term, the tourism industry will adjust to absorb the effects of the demand shock and supply will adjust so there will be no long-term impact on UK economic output growth. The model therefore applies a scaling down factor to represent how the impacts fall over time.

### **Impact of Visa Refusals**

There will also be an impact on visitor volumes from the expected visa refusal rate. This is estimated by country. Estimated visitor demand volumes are adjusted for the expected refusal rate to give an estimate of the visitor volumes that will actually come to the UK.

Visa refusals could be seen as beneficial to the UK as they prevent the high-risk type of people from travelling to the UK, and hence generate benefits from reducing illegal activity in the UK and its associated costs.

The refusal impacts are included in the summary cost and benefit tables so that the total costs on the tourism and carrier industries can be seen. However, the refusal impacts are presented in the evidence base so the difference between the undesirable price impacts (where genuine visitors are deterred from entering the UK), and the desirable refusal impacts (where high-risk visitors are refused from visiting the UK) can be clearly seen.

### **Discussion of Visa processing costs and revenue**

South Africa will require new Visa Processing Centre to process applications. Visa applications from Lesotho and Swaziland are to be processed by the South African Visa Processing Centres. Therefore the additional setup costs are incorporated into the South African setup costs.

Visa applications from Venezuela and Bolivia will be processed through New York, and the initial setup costs are therefore minimal. Venezuelans holding biometric passports are exempt from the visa regime, all passports holders will have biometric passports by 2012. In addition, the cost of a biometric passport is less than the cost of a visa, thus we expect the volume of visa applications to fall sharply relatively quickly.

It is assumed that there will be no initial setup costs for the DATV regime in Jamaica as they currently have an existing visa regime and due to the low numbers expected to apply for DATV, their Visa Processing Centre should be able to accommodate the increased flow.

As visa fees are designed to recover the operational costs the additional processing costs from imposing these visa regimes is assumed to be offset by the increased revenue obtained from the visa fees.

## **Benefits**

Visa Imposition aims to deliver the following benefits:

### **Impact on Immigration abuse and deportations**

There will be a reduction in risk/probability of immigration abuse arising from an increased level of scrutiny. This will in turn reduce the costs of enforcement (detention) and deportation of migrants from different countries. Average deportation costs are approximately £10,000 per case based on a report by the National Audit Office.

For those that claim asylum and are refused, the UK taxpayer bears the costs of supporting the individual during their application and consideration period. Current conclusion targets are approximately 6 months, suggesting the average unit cost of a fraudulent asylum claim costs around £4,000 in asylum support.

Given the lack of robust evidence on these issues it is not possible to quantify the precise impact of visa regimes on illegal migration, immigration abuse and deportation costs in the UK, although there is likely to be a significant reduction in the risk of high-risk individuals gaining entry to the UK due to the screening process established by a visa regime.

### **Impact on Terrorist Threat and Criminal Behaviour in the UK**

Imposing a visa regime is expected to reduce the volume of high-risk individuals who would engage in criminal behaviour gaining entry to the UK due to the screening process established by a visa regime. It is expected that the screening process will also reduce the risk of a terrorist incident. Given the lack of robust evidence on these issues it is not possible to quantify the impact of visa regimes on criminal activity or on the terrorist threat.

### **Impact on illegal migrant working/overstaying**

There may be a non-quantifiable reduction in the risk of illegal migrant working and/or overstaying as a result of the imposition of a visa regime screening out high risk individuals. Given the uncertainties around the scale of harms, the model does not attempt to quantify the benefit to the UK economy of a reduction in the scale of illegal migrant working in the UK.

## **Wider Impacts and Risks**

### *Risks of 'Closing Down Sale'*

Given traveller numbers from South Africa, the fact that its passport processes are known to be subject to abuse and the lead in times for a full visa regime, we judge it proportionate to phase in the visa regime for South Africa. The first phase will target the highest risk travellers, and the second phase will capture all travellers. This will help prevent a 'closing down sale' – i.e. a rush to exploit the visa free status of the South African passport by illegitimate travellers in the time remaining. This will apply to about 15% of travellers compared to a full visa regime, and will last from March 2009 to early summer (i.e. around three months). As a result, the first year costs of the visa regime for South Africa will be less than for subsequent years.

In the first phase of the visa regime, only those South Africans that cannot show evidence of travel to the UK in their current passport (i.e. a genuine UK entry stamp) will require a visa. The rationale for this criterion relates to the availability of fraudulently obtained South African passports. Those who have recently acquired such a passport (to take advantage of a closing down sale) will have acquired a blank passport, without entry stamps. Whilst this will naturally affect genuine travellers who are coming to the UK for the first time, this is outweighed by the estimated costs to the UK of immigration abuse resulting from a three month closing down sale (approx. £1.5 million – [see below]), as well as the crime and security costs that might also result (and are unquantifiable).

It was not possible to frame a similar requirement for nationals of the other four countries in a way that would be relatively simple to understand for the travelling public, and would be proportionate to the risks posed by those nationals to the UK.

### *Risk of Increased Appeals against Entry Clearance Refusals*

There is a risk that the increase in visa refusals will lead to an increase in appeals against entry clearance refusal. This will impose costs on both UKBA and the Asylum and Immigration Tribunal, although costs will vary by appeal type (oral vs paper-based hearings), and will depend on where the appeal is heard. The scale of this impact has not been quantified and remains uncertain.

### *Risks of Displacement*

There is a risk that both the increased price of travel to the UK, and the possibility of being refused visitor visas, may displace immigration abuse – either to other countries or to other possible routes of entry to the UK.

### *Risks of Impacts on Trade and Foreign Direct Investment*

There is a non-quantifiable risk that a reduction in passenger volumes between affected countries and the UK may negatively impact upon the levels or growth of bilateral trade and investment between the UK and affected countries. However, trade and investment are driven by a number of other factors, and it is not possible to determine whether a significant impact would arise as a result of changes to visitor visa regimes.

## Summary Costs and Benefits

A summary table setting out the additional costs and benefits of option 2 is set out below:

**Table 3: Total costs and benefits of option 2**

Millions - £	Bolivia	Lesotho	South Africa	Swaziland	Venezuela	Jamaica	Taiwan	Total
<b>Costs</b>								
UKBA								
Set Up Costs	0.02	-	10.41	-	0.53	-	-	10.96
Processing Costs	1.55	0.31	149.08	0.34	0.85	-	-	152.13
Reduced visa revenue	-	-	-	-	-	-	23.17	23.17
<b>Private Sector</b>								
Expenditure in the UK	0.36	0.26	149.72	0.30	0.64	0.01	-	151.29
Carrier Costs	1.49	0.19	84.34	0.19	0.72	0.10	-	87.03
<b>Total Costs</b>	<b>3.43</b>	<b>0.76</b>	<b>393.55</b>	<b>0.82</b>	<b>2.74</b>	<b>0.10</b>	<b>23.17</b>	<b>424.57</b>
<b>Benefits</b>								
UKBA								
Visa Fee Revenue	1.55	0.31	149.08	0.34	0.85	-	-	152.13
Reduced processing costs	-	-	-	-	-	-	23.17	23.17
<b>Private Sector</b>								
Expenditure in the UK	-	-	-	-	-	-	17.40	17.40
Carrier Costs	-	-	-	-	-	-	4.92	4.92
<b>Total Quantified Benefits</b>	<b>1.55</b>	<b>0.31</b>	<b>149.08</b>	<b>0.34</b>	<b>0.85</b>	<b>-</b>	<b>45.49</b>	<b>197.62</b>
<b>Net Costs</b>	<b>1.87</b>	<b>0.45</b>	<b>244.47</b>	<b>0.49</b>	<b>1.89</b>	<b>0.10</b>	<b>22.32</b>	<b>226.95</b>

## Sensitivity analysis

The tables below present the range of potential impacts assuming the assumptions are significantly different to our central estimates. It can be seen that there is a significant degree of

uncertainty as to what the actual economic impacts will be. The table in Annex C shows the low, high and mid case assumptions that have been flexed in the sensitivity analysis.

### Low assumptions

Millions - £	Bolivia	Lesotho	South Africa	Swaziland	Venezuela	Jamaica	Taiwan	Total
<b>Costs</b>								
<b>UKBA</b>								
Set Up Costs	- 0.02	-	- 10.41	-	- 0.53	-	-	- 10.96
Processing Costs	- 1.52	- 0.29	- 136.91	- 0.32	- 0.82	-	-	- 139.86
Reduced visa revenue	-	-	-	-	-	-	- 19.62	- 19.62
<b>Private Sector</b>								
Expenditure in the UK	- 0.15	- 0.10	- 57.07	- 0.12	- 0.26	- 0.00	-	- 57.70
Carrier Costs	- 0.46	- 0.06	- 24.49	- 0.06	- 0.22	- 0.04	-	- 25.32
<b>Total Costs</b>	<b>- 2.15</b>	<b>- 0.45</b>	<b>- 228.87</b>	<b>- 0.49</b>	<b>- 1.82</b>	<b>- 0.05</b>	<b>- 19.62</b>	<b>- 253.46</b>
<b>Benefits</b>								
<b>UKBA</b>								
Visa Fee Revenue	1.52	0.29	136.91	0.32	0.82	-	-	139.86
Reduced processing costs	-	-	-	-	-	-	19.62	19.62
<b>Private Sector</b>								
Expenditure in the UK	-	-	-	-	-	-	6.64	6.64
Carrier Costs	-	-	-	-	-	-	1.36	1.36
<b>Total Quantified Benefits</b>	<b>1.52</b>	<b>0.29</b>	<b>136.91</b>	<b>0.32</b>	<b>0.82</b>	<b>-</b>	<b>27.62</b>	<b>167.48</b>
<b>Net Costs</b>	<b>- 0.63</b>	<b>- 0.16</b>	<b>- 91.96</b>	<b>- 0.18</b>	<b>- 1.00</b>	<b>- 0.05</b>	<b>8.00</b>	<b>- 85.98</b>

### High Assumptions

Millions - £	Bolivia	Lesotho	South Africa	Swaziland	Venezuela	Jamaica	Taiwan	Total
<b>Costs</b>								
<b>UKBA</b>								
Set Up Costs	- 0.02	-	- 10.41	-	- 0.53	-	-	- 10.96
Processing Costs	- 1.65	- 0.36	- 178.35	- 0.38	- 0.90	-	-	- 181.64
Reduced visa revenue	-	-	-	-	-	-	- 29.89	- 29.89
<b>Private Sector</b>								
Expenditure in the UK	- 0.65	- 0.52	- 308.41	- 0.58	- 1.21	- 0.01	-	- 311.36
Carrier Costs	- 3.40	- 0.45	- 210.71	- 0.45	- 1.70	- 0.20	-	- 216.89
<b>Total Costs</b>	<b>- 5.71</b>	<b>- 1.32</b>	<b>- 707.88</b>	<b>- 1.40</b>	<b>- 4.33</b>	<b>- 0.21</b>	<b>- 29.89</b>	<b>- 750.74</b>
<b>Benefits</b>								
<b>UKBA</b>								
Visa Fee Revenue	1.65	0.36	178.35	0.38	0.90	-	-	181.64
Reduced processing costs	-	-	-	-	-	-	29.89	29.89
<b>Private Sector</b>								
Expenditure in the UK	-	-	-	-	-	-	35.48	35.48
Carrier Costs	-	-	-	-	-	-	12.77	12.77
<b>Total Quantified Benefits</b>	<b>1.65</b>	<b>0.36</b>	<b>178.35</b>	<b>0.38</b>	<b>0.90</b>	<b>-</b>	<b>78.14</b>	<b>259.78</b>
<b>Net Costs</b>	<b>- 4.06</b>	<b>- 0.96</b>	<b>- 529.53</b>	<b>- 1.02</b>	<b>- 3.43</b>	<b>- 0.21</b>	<b>48.25</b>	<b>- 490.96</b>

### Summary and preferred option

Option 2 – implementation of visa and DATV regimes on the identified countries and lifting of the Taiwan visa regime is the preferred option as it allows us to focus our resources appropriately, it will not cause disruption to the majority of travellers and will allow us to strengthen our border control.

### Implementation

We intend to implement the first phase of a visa regime for South Africa targeting high risk travellers (those on new passports and with no evidence of previous travel to the UK), at the same time as a DATV regime for Jamaica and the lift of the visa regime for Taiwan. In the case of Venezuela we will require visas from those passport holders who do not have biometric machine readable passports (MRPs). Those who already hold MRPs will not have to obtain a visa. We will announce the details of implementation of a full regime in South Africa and regimes for Bolivia, Lesotho, Swaziland and Venezuela in due course.

### Monitoring and post implementation review

The imposition of visa regimes on the affected countries and a DATV requirement on Jamaican nationals will be continuously monitored as part of the review of progress towards meeting PSA 3: 'ensure fair, controlled migration that protects the public and contributes to economic growth.' Although Botswana, Namibia, Trinidad and Tobago, Mauritius and Malaysia all mitigated successfully we intend to keep working with all 11 countries to address any concerns and retain the discretion to impose a visa regime if we see an increase in abuse or a decrease in co-operation. A full review of the Visa Waiver Test will take place and will include a review of the current decisions.

## **EQUALITY IMPACT ASSESSMENT**

### Race

The UK already requires visas from 75% of the world's population. The visa regime/DATV extension will apply equally to all nationals from the countries affected (South Africa, Lesotho, Swaziland, Bolivia, Venezuela and Jamaica). Some people living in the UK – for example those with relatives in the countries concerned – will be indirectly affected. But given that the overall cost of a visa will be only a small proportion of the cost of visiting the UK, we do not consider that the policy has a negative equality impact.

### Gender, gender identity, disability, religion/belief, age, sexual orientation

No significant issues are raised (other than issues that arise with all visa requirements, the operation of which are conducted to global UK standards).

### Review

The need for a full equality impact assessment as part of the Visa Waiver Test will be considered when the Visa Waiver Test is reviewed.

A full Equality Impact Assessment will also be considered when completing the DATV and TWOV review.

## Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	No	No
Small Firms Impact Test	No	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	Yes	No
Disability Equality	No	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	No	No

### **Small Firms Impact test**

The majority of firms involved in the tourism sector are micro and small firms, accounting for 84% and 14% of all firms respectively, when measured by employment size. However, 66% of all firms have a turnover of greater than £100,000 per year, indicating that far fewer firms have small turnovers. It is not possible to allocate the tourism costs by size of firm as the distribution of turnover by employee numbers is not known.

### **Race and Gender Equality**

Please see main body for Equality Impact Assessment consideration.

### **Human rights**

There is a risk of challenge under Article 8 (Right to respect for private and family life).

### **Other specific impact tests**

The remaining specific impact tests were considered but no impacts are expected

## Annex A: Methodology for Estimating the Economic Impact of Imposing Visa Regimes

### Aims

The model used in this Impact Assessment aims to provide an analysis of the likely impact of imposing a Visa regime on visitor volumes and thus the costs associated, which include:

1. A reduction in visitor expenditure in the UK
2. A reduction in airfare revenue to UK carriers

The model does not calculate the setup costs from imposing a visa regime - these figures were estimated by the UKvisas Business Case team. The model also provides a rough estimate of Visa application processing costs based on the expected visa demand; however as visa fee is set to recover operational costs in the long-run, for the purposes of this Impact Assessment it is assumed that the revenue from additional visa fees offsets the additional processing costs.

### Methodology

#### *Estimating future visitor volumes*

1. Current volumes by route and country were collected from Control of Immigration Statistics 2007.
2. The expected growth in passenger volumes was then estimated based on the expected GDP pc growth (from FCO forecast economic growth assumptions) which was multiplied by the income elasticity of demand to travel.

*Note: income elasticity estimate by route taken from DCMS research report.<sup>1</sup>*

#### *Impact on passenger volumes from imposing a Visa regime*

3. The original costs of travel were estimated per person based on:
  - a. Return air fare (by country route from CAA data)
  - b. Average expenditure in the UK per visit (from IPS Survey)
4. The change in the costs of travel were then calculated by estimating the:
  - c. Price of visa (taken from UK visas website)
  - d. Value of time taken to apply for a visa (time taken to apply for visa multiplied by value of time adjusted for relative GDP per capita in the country of origin – assumed to be 2hrs)
5. A price elasticity of demand assumption was taken from the DCMS research report. The price elasticity of demand represents the percentage change in demand to travel to the UK based on a 1 percent change in price.
6. The percentage change in price (steps 3 and 4) were multiplied by the price elasticity estimate to calculate the impact on visitor volumes from imposing a visa regime to the UK.

### *Refusal Rates*

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<sup>1</sup> The elasticity estimates were mainly taken from Nottingham University Report commissioned by DCMS on the Drivers of Travel Demand to the UK; these were -1.6 for tourists and 0.82 for business visitors. The elasticity for transit passengers was assumed to be equal to that for tourists (although a draft UKBA Impact Assessment on DATV visa fees assumes a price elasticity of -0.99). Although the Nottingham University estimates are based on analysis of passenger demand from developed countries it provides a useful starting point to use for analysis as it provides an average and a range of elasticity estimates for ordinary visitors, business visitors and passengers in transit. We reflect the uncertainties surrounding key assumptions in the sensitivity analysis.

7. There will also be an impact on visitor volumes from the visa refusal rate. This is estimated by route and country - calculated by taking an average of refusal rates from UK visas Entry Clearance Statistics (2006/07) for neighbouring countries that do have visa regimes.
8. Visitor demand volumes are then adjusted for refusal rates to give an estimate of new visitor volumes that will actually come to the UK.
9. The change in volumes is calculated by route and by country for the next 10 years.
10. The impact from refusals is included in the summary cost estimates. Refusals could, however, be seen as beneficial to the UK as they prevent the high-risk type of people from travelling to the UK, and hence generate benefits from reducing illegal activity in the UK and its associated costs. These costs are, however, presented in the evidence base so that the total costs on the tourism and carrier industries can be seen.

#### *Visitor Expenditure*

11. The average expenditure per visit in the UK for Tourists, Business Travellers and passengers in Transit (including DATV passengers) was obtained per person per country from the International Passenger survey (2007).
12. The change in visitor volumes was then multiplied by the average expenditure per visit to calculate the potential loss in visitor expenditure over 10 years.

#### *Impact on Carriers Airfare Revenue*

13. The average airfare from the countries in scope to the UK was obtained from CAA statistics (2006).
14. The change in visitor volumes was then multiplied by the average airfare to calculate the potential loss in visitor expenditure over 10 years.
15. Only costs to UK carriers are included in the Impact Assessment so a percentage of the total costs to carriers is taken to reflect this. Costs to non-UK carriers are included in the evidence base.

#### Results

16. The assumptions used in the modelling are included in Annex B and the results included in the Impact Assessment Summary pages and Evidence-base.
17. The model is based on a number of uncertain assumptions. Whilst we have attempted to select the assumptions based on the best evidence available, it may be possible to improve the model by inputting more robust assumptions where a better evidence base exists.
18. We have enabled the model to provide low, central and high estimates for each of the assumptions in order to assess the sensitivity of the costs and benefits to key assumptions. At present we will use the central estimates to calculate the central estimates of the costs and benefits of imposing of lifting a visa regime. Please see the Sensitivity Analysis in this Impact Assessment for more details.

## Annex B: Assumptions used to Calculate Costs

### Country Specific assumptions:

Variables	Country Specific Assumptions										Data Source
	Tourist visitors		Business visitors		Passengers in Transit		DATV				
Passenger Volumes - 2007	Bolivia	2,034	Bolivia	374	Bolivia	587	Bolivia	160	Ordinary visitors and business visitors – Home Office Control of Immigration (COI) Statistics, 2007		
	Lesotho	211	Lesotho	194	Lesotho	196	Lesotho	53			
	South Africa	168,208	South Africa	46,213	South Africa	52,807	South Africa	14,364			
	Swaziland	376	Swaziland	108	Swaziland	147	Swaziland	40			
	Venezuela	15,753	Venezuela	2,921	Venezuela	1,930	Venezuela	525			
	Jamaica	n/a	Jamaica	n/a	Jamaica	n/a	Jamaica	298			
	Taiwan	22,210	Taiwan	8,980	Taiwan	1,471	Taiwan	343			
	Average air fares - 2006	Bolivia	£ 1,033	Bolivia	£ 2,887	Bolivia	£ 1,033	Bolivia			
Lesotho	£ 456	Lesotho	£ 845	Lesotho	£ 456	Lesotho	£ 456				
South Africa	£ 456	South Africa	£ 845	South Africa	£ 456	South Africa	£ 456				
Swaziland	£ 456	Swaziland	£ 845	Swaziland	£ 456	Swaziland	£ 456				
Venezuela	£ 1,033	Venezuela	£ 2,887	Venezuela	£ 1,033	Venezuela	£ 1,033				
Jamaica	n/a	Jamaica	n/a	Jamaica	n/a	Jamaica	£ 231				
Taiwan	£ 568	Taiwan	£ 568	Taiwan	£ 568	Taiwan	£ 568				
Average expenditure in UK	Bolivia	£ 448	Bolivia	£ 330	Bolivia	£ 17	Bolivia	£ 17	International Passenger Survey (IPS) average of 2006 and 2007 estimates of average expenditure per visit		
Lesotho	£ 748	Lesotho	£ 1,483	Lesotho	£ 18	Lesotho	£ 18				
South Africa	£ 748	South Africa	£ 1,483	South Africa	£ 27	South Africa	£ 27				
Swaziland	£ 748	Swaziland	£ 1,483	Swaziland	£ -	Swaziland	£ -				
Venezuela	£ 973	Venezuela	£ 641	Venezuela	£ 13	Venezuela	£ 13				
Jamaica	n/a	Jamaica	n/a	Jamaica	n/a	Jamaica	£ 7				
Taiwan	£ 1,180	Taiwan	£ 741	Taiwan	£ 7.84	Taiwan	£ 7.84				
Price elasticity estimates	Bolivia	-1.6	Bolivia	-0.8	Bolivia	-1.6	Bolivia	-1.6			
Lesotho	-1.6	Lesotho	-0.8	Lesotho	-1.6	Lesotho	-1.6				
South Africa	-1.6	South Africa	-0.8	South Africa	-1.6	South Africa	-1.6				
Swaziland	-1.6	Swaziland	-0.8	Swaziland	-1.6	Swaziland	-1.6				
Venezuela	-1.6	Venezuela	-0.8	Venezuela	-1.6	Venezuela	-1.6				

	Jamaica	n/a	Jamaica	n/a	Jamaica	n/a	Jamaica	-1.6		
	Taiwan	-1.6	Taiwan	-1.6	Taiwan	-1.6	Taiwan	-1.6		
Refusal rates	Bolivia	7%	Bolivia	7%	Bolivia	7%	Bolivia	7%	Based on UKVisas Entry Clearance Statistics 2006	
	Lesotho	8%	Lesotho	8%	Lesotho	8%	Lesotho	8%		
	South Africa	8%	South Africa	8%	South Africa	8%	South Africa	8%		
	Swaziland	8%	Swaziland	8%	Swaziland	8%	Swaziland	8%		
	Venezuela	7%	Venezuela	7%	Venezuela	7%	Venezuela	7%		
	Jamaica	n/a	Jamaica	n/a	Jamaica	n/a	Jamaica	19%		
	Taiwan	2%	Taiwan	2%	Taiwan	2%	Taiwan	2%		
	Bolivia	2.60%								2008 growth rate based on IMF World Economic Outlook database. Future years are forecast by the FCO.
	Lesotho	3.39%								
	South Africa	3.71%								
Swaziland	-0.13%									
Venezuela	4.10%									
Jamaica	2.15%									
Taiwan	3.40%									
Bolivia	5.29							Value of time is based upon GDP per capita per hour. The figures have been adjusted to take account of earnings differences between the country and the UK.		
Lesotho	1.13									
South Africa	7.01									
Swaziland	3.02									
Venezuela	9.72									
Jamaica	7.04									
Taiwan	19.90									

## General Assumptions

Assumption		Detail
Income Elasticity of Demand for all countries	0.65	Income elasticity of demand from <i>Tourism Taxation</i> paper.
Visa Application Time	2 Hours	
UK Based carriers	55%	Based upon internal analysis of CAA data.
% Ratio of DATV passengers to transit passengers	23.3%	UK Visa Stats (06/07)
Proportion of trips taken by passengers holding a multi trip visa	20%	
Proportion of trips taken by passengers with a single use visa	80%	
Number of trips taken by multi trip visa holders	4	The minimum amount of trips needed to make a multi trip visa financially viable.
RPI	From HMT	Average of Independent forecasts.

## Venezuela

Only passengers that do not hold a biometric machine readable passport will be required to obtain a visa. All passport holders will have a biometric passport by 2012. A biometric passport will be cheaper to obtain than a visa, thus we expect the volume of visa application to fall very sharply. The table below shows our assumptions on the volumes of people in Venezuela holding biometric and old style passports. There is a significant degree of uncertainty around these estimates.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Tourist										
Old style passport	50%	25%	13%	6%	0%	0%	0%	0%	0%	0%
New biometric Passport	50%	75%	88%	94%	100%	100%	100%	100%	100%	100%

### Annex C: Sensitivity Analysis – Low, High and Mid Case Assumptions

Assumption	Low	Mid Case	High
GDP per capita growth forecasts	50% lower	Country Specific	50% higher
Price Elasticity of Demand	50% lower	Tourist and Transit -1.6 Business -0.8	50% higher
Income Elasticity of Demand	50% lower	0.65	50% higher
Refusal Rate	50% lower	Country Specific	50% higher
Expenditure	25% lower	Country Specific	25% higher
Air Fare	25% lower		25% higher
UK market share for carriers	40%	55%	70%
Proportion of multi trip visas	10%	20%	30%
Hours taken to acquire Visa	1 Hour	2 Hours	3 Hours