

VISAS AND WORK PERMITS: POSSIBLE GLOBAL NEGOTIATING INITIATIVES

CHI-YUNG (ERIC) NG
JOHN WHALLEY

CESIFO WORKING PAPER NO. 1614
CATEGORY 7: TRADE POLICY
DECEMBER 2005

An electronic version of the paper may be downloaded

- *from the SSRN website:* www.SSRN.com
- *from the CESifo website:* www.CESifo-group.de

VISAS AND WORK PERMITS: POSSIBLE GLOBAL NEGOTIATING INITIATIVES

Abstract

We discuss global options for initiatives intended to ameliorate adverse impacts of visa and work permit systems used by national governments around the world. We first describe and document some of their effects, noting the relative lack of other research work on these issues. We then discuss proposals for a new and supplemental global visa structure which have been made as part of the Mode 4 GATS negotiations in the WTO, suggesting that the GATS/WTO may be an imperfect institutional location for negotiating on these matters. We then evaluate other approaches, including what realistically could be possible if a new body specifically created for global negotiation in the area were to be used.

JEL Code: J61, F22, O24, D78, J71.

Chi-Yung (Eric) Ng
Department of Economics
University of Western Ontario
London, Ontario
Canada, N6A 5C2
cng6@uwo.ca

John Whalley
Department of Economics
University of Western Ontario
London, Ontario
Canada, N6A 5C2
jwhalley@uwo.ca

August 2005.

This is a paper prepared for a CIGI research project. We are grateful to CIGI for financial support, and to Margo Gallagher, Andrew Cooper and Julie Nielson for documents, comments and discussions.

1 Introduction

Prior to 1913, visas were not required for transit between most countries, and work permits were also not required for employment of foreigners. Passports were largely used as proof of identity and/or citizenship once inside national borders in case help were needed, typically from an embassy or ambassador abroad. Border formalities focused on revenue collection via tariffs from those crossing borders with goods in transit, not on documentary proof of identity.

Today, in our allegedly globalized world, individuals crossing borders not only need passports, but also often visas and work permits and obtaining them can involve documentary requirements that depending on the case, can take months and even years to assemble. The web has many stories of delays and bureaucratic complexity and a wide range of problems are identified, including escalating visa fees, delays in issuance, randomness in decisions, the need for transit visas, collateral (add-on) costs (such as added costs to airlines), photographic and medical requirements for issuance, bureaucratic impediments,¹ and the use in some countries of visas as an inefficient tax mechanism.

Here, we discuss how global negotiations aimed at mitigating some of these effects might proceed, noting the security concerns that have intensified their severity in the last few years. One approach is to primarily seek remedy within the present global institutional structure embodied in existing arrangements and organizations such as WTO, regional economic partnership agreements,² other structures not formed specifically to address these problems but to which these issues might be brought. Another is to use a new specially designed problem-oriented visa/work permit international negotiating entity, separate from existing bodies. This would add to the many other international bodies which already exist, and may be viewed as unattractive on these grounds; but it could also facilitate some forward progress by taking problems directly. While it is possible to use the two approaches simultaneously, coordination across the two would clearly be an issue, and we assume for our discussion the issue is which one might predominate.

¹Some countries are now requiring dental records for some types of visas.

²See Dayaratna Banda and Whalley (2005) for a discussion of how movement of persons has been dealt in recent ASEAN blocwide and individual country regional trade and economic partnership agreements.

The negative of using existing organizational forms for visas and work permit problems (such as the WTO) is that any discussions within these organization would of necessity have to fit into a preexisting structure and the focus of these entities may not fit the issues at stake. The WTO, for instance, stresses non-discrimination while most visa practices are highly discriminatory and will likely remain so. The WTO focuses on bindings and reductions in trade barriers, and less on removing unnecessary bureaucratic impediments which are specific to visas and work permits. A new entity would be an issue specific entity specially designed for dealing with issues in the area. The positives of using existing organizations are the savings in set up and initial transaction costs as institutions evolve, and the possibility that negotiations on visa and work permit problems might be speeded by cross bargaining with other issues (and vice versa) in such forma as the WTO. The negatives are the need to force visa and work permit issues into a preexisting non-visa and work permit negotiating format, and the acceptance of the timetable and rate of progress on other issues in the body chosen. We discuss all of these and other considerations involved in formulating a general approach.

We discuss recent proposals made in the GATS in the WTO by India for a special and new GATS Visa system which would provide an additional avenue for dealing with visa issues beyond current procedures. The two weaknesses we see for this proposal are firstly that OECD countries will likely not be accommodating, and secondly that it does not centrally confront the many problems which exist in day to day administrative practice with these instruments. Bringing visas and work permits into the GATS, as has been suggested in these proposals under Mode 4 of the GATS, will also bring another non-trade global economic issue to the WTO and further broaden the WTO as a global multi-issue beyond trade entity. We also suggest that the WTO/GATS may not be the best venue for visa/work permit negotiating activity since the preexisting GATS structure does not fit well the issues to be discussed.

We also discuss what a new global negotiating entity on visas and work permits might look like and what it could realistically achieve. A start could be efforts to codify country based visa and work permit practices and move toward a more common internationally agreed structure. More transparency could be introduced into country practices through an annual World Visa/Work Permit Report. We also discuss a possible investigative role for such a body in attempting to identify non-security and

seeming inefficient national practices, such as the use of visas for revenue raising. Such elements could perhaps be replaced by more efficient tax instruments. Also, the exploitative use of visas and work permits, say where a national government visa issuing agency requires purchase of insurance by travelers from an agency or company they control could also be investigated. Potentially, such practices could be mutually agreed to be eliminated. Finally, where visa retaliation is occurring, an international body might help in identifying such instances, and proposing cooperative improvements.

Despite all the current popular concern over the visa and work permit situation, we have been able to find relatively little academic research on the impact of these instruments on the global economy. We therefore first classify some of the problems which current visa and work permit practices around the world seemingly create. Our list includes cumbersome and costly application procedures (form completion, document collection, photo and medical examination requirements, application fees and legal fees for notarizing documents), lengthy processing times and delays, complex bureaucratic and administrative processes (multiple assessment stages, interviews), rejection of application and costs of reapplying, quantitative limits on visa and work permits, and strict eligibility conditions for visa and work permit applications.

We also provide some speculative calculations as to possible ranges for the potential global costs that this system of restrictions on global labour flows produces by drawing on earlier literature on the global costs of misallocation of labour across countries which visa and work permit arrangements in part support, and making some new calculations of our own. Data and information on these restrictions are surprisingly sparse, with only anecdotal information available on some elements, and fragments of data (such as on rejection rates for some countries) or others. Available information largely relate to the number of border crossings and the fees and average time required for processing visa applications by country. We use a series of simple assumptions and utilize available information in some simple calculations which provide some indicative global cost estimates for visa and work permit practices. We suggest the global costs could well be large.

In an era of globalization we often think that we are moving remorselessly to an ever more globalized world economy. This may be true of goods and capital flows, but labour movement across national borders seemingly becomes ever more restricted. Current visa and work permit restrictions which now apply to both long term and

short term movement of labour cover both inter OECD and OECD and non-OECD movement of labour. While current efforts to provide partial remedy in the current situation have centred thus far on the GATS Mode 4 discussions in WTO, we suggest that another route to explore maybe a new global negotiating entity specifically focused on these issues.

2 How Visas and Work Permits Restrict Global Labour Mobility

A visa confers a right on a foreigner to enter a host country for a specified time period. Usually, there are conditions attached to this right when granted, including time limits, restrictions on employment without authorization, registration with local police, and others. A work permit provides a worker entering a host country authorization to take up paid employment. Once again, conditions also apply including time limits, limits on the authorization to particular employers, and other restrictions. Most countries have separate visa and work permit systems, but a small number of countries (including the US) link work permits and visas in a single combined authorization. It is common to use two separate evaluation and issuance procedures with work permits sometimes being issued after arrival and visa entry has occurred.

A wide range of types of visas and work permits characterize country systems depending on the length (or permanence) of stay, the purpose of visit, and other characteristics. Tourism, study and business visits typically only require a visa. Most visas do not entitle foreigners to enter paid employment in the local labour market.

The form that visas and work permits take (types of visa/work permits, length of stay) vary, application procedures (forms, informational and documentary requirements, selection criteria, fees) vary, as do administrative procedures (methods of assessment, how verification of documents occurs, arrangements for interviews, processing time). Decision rules on issuance also vary with various country specific legal structures and administrative rules as well as qualitative and quantitative restrictions on issuance, as well as differing rules on how permanent residency can be attained.

Transparency in procedures is another issue. These include status inquiry procedures, notifications of delays, and how enquiries as to grounds for rejections are dealt with. Further issues arise with visa and work permit exemption and waiver programs which vary from country to country and from region to region. Most OECD countries, for instance, have reciprocal agreements on visa exemption for short-term visits to and from each other. Regional trade and economic partnership agreements also cover some visa and work permit exemptions for temporary and specific labour movement.³

³Examples are the EEA, EFTA, COMESA, NAFTA. For more detailed discussion on these, see

2.1 Application Procedures

Application procedures for visas and work permits are often cumbersome and costly. A person wishing to apply for a visa or work permit must first obtain an application package. Each country embassy and consular office will typically have different application forms and requirements for the various types of visa and work permits they require and most enquiries can only be handled by mail or by telephone, often with a lengthy waiting time.⁴ If application forms cannot easily be downloaded from the web, a person has to write to the embassy and consular office and it may take weeks for the office to send out an application package.

Application procedures not only require filling in forms, but also collecting documents for photocopying and attaching to the application (e.g. proof of qualification, work experience, reference letters), taking and attaching photographs, visiting banks to buy foreign-currency bank drafts (since often credit cards are not accepted). Where certified documents and medical reports are needed, legal fees are incurred in nota-

Nielson (2002). See also Dayaratna Banda and Whalley (2005) for a discussion of these arrangements involving ASEAN countries.

⁴The following examples of issues with procedures involved in obtaining visas for business purposes were given in recent testimony of Randel K. Johnson, vice president of Labour, Immigration and Employee Benefits of the US Chamber of Commerce before the House Committee on Government Reform Hearing on the Impact of Visa Delays on Businesses (July 10, 2003):

- The Swiss-American Chamber of Commerce recently wrote to the US Department of State pointing out that visa applicants in Switzerland calling the toll line to set up appointments often spend over 30 minutes on the phone (at \$1.50/minute) and the wait time for an appointment in Bern is currently 8 weeks and growing.
- The American Chamber of Commerce in Korea estimates that new US visa interview requirements mean an approximate six-month wait for an appointment. The average U.S. airline ticket from Korea is purchased three weeks before travel.
- In the Czech Republic, visa applicants must call a toll number to arrange an appointment at the consulate, and where those callers are often put on hold and given visa interview dates long after the expected date of departure (even when the caller has called weeks in advance of the trip). One airline estimated a loss of over \$100,000 in the last several months due to cancelled travel plans.
- In South Africa, new interview requirements in the US embassy often require a domestic trip of several hours travel time or a flight to obtain a visa, even before traveling to the United States, adding additional cost and time out of the office.

rizing the relevant documents and there may be extra costs for medical examinations. All these requirements not only lengthen the application time they also increase costs to the applicant.

In addition, if an employer applies for a work permit authorization on behalf of a foreign worker, typical work permit procedures require details to be provided about the employer, the nature of the job, what efforts have been made to find local personnel and evidence of failure to do so, details of the candidate's experience, skills, and training, and verification of personal details. The filing process may take weeks or months. Long and complex procedures increase costs to host employers and can offset the benefit of hiring foreign workers, which in turn creates further barriers to cross border labour mobility.⁵

2.2 Bureaucratic and Administrative Processing Procedures

The processing of visa and work permit applications can also involve complex bureaucratic and administrative procedures.⁶ Personnel make initial assessments of applications, which may include checking if application forms are completed, relevant

⁵US agencies tasked with approving visas for visiting scientists have in recent years characterize policy in terms of "secure borders and open doors", but new regulations and added layers of bureaucracy have added to delays in processing visas. A recent report from the Government Accounting Office (GAO) discussed the scientist community's concern over delays. The GAO report emphasized that whether or not an applicant had to undergo a security check for those engaged in sensitive technologies, known as "Mantis," was a major determinant of the length of time it takes to process visas [Bioscience, Apr2004, Vol.54, Issue 4, pp.296]. Congressional Testimony of Ms. Palma R. Yanni, President Elect, America Immigration Lawyers Association, illustrates some of the problems which can arise: "In March a physician who is practicing with a small hospital in a rural, medically underserved area went home to Central America for a brief vacation. He was trained in the United States, had received multiple previous visas, and had a security check done both by BCIS and the Department of State prior to the approval of his change of status to H. When he went to the U.S. consulate to obtain a new visa he was told there was an identifier on his name, albeit with a different birth date, and he had to be fingerprinted and wait for the FBI to clear him before the visa was issued. The process took 60 days, and the community struggled without this desperately needed physician." [Congressional Testimony by President Elect, America Immigration Lawyers Association Committee on House Small Business, June 4, 2003]

⁶All nonimmigrant visa applicants who wish to come to the United States to study, teach, research, or engage in business in various scientific and technical fields, for example, in sensors and sensor technology, marine technology, and remote sensing, imaging, and reconnaissance, are subject to a Mantis background check by the FBI if a State Department consular officer requests one. Problems

documents are attached and notarized, photographs are of specific size and other requirements are met, payment has been made and the bank draft is valid, and a medical report has been received. If any of the above are not met, office personnel have to write to the applicant to ask for further information. This can involve further administrative cost and time delays. After the initial assessment is completed, the same (or other) personnel may schedule an appointment with the applicant for an interview, involving time to prepare, conduct and assess.

Other personnel (from consular offices or other governmental agencies) may be called upon to verify documents and assess applications. In several countries, the final discussion on visa issuance requires a security check by the respective national security office. This can involve additional complex bureaucratic process involving the immigration department, the police office and other governmental agencies or departments. In most countries, applicants for temporary work permits or permanent residency have to provide evidence of absence of criminal record in all countries they have resided in. They may have to apply for police certificates from different countries. Each country will have different administrative procedures and the result may be further lengthy processing and delay.

2.3 Processing Times and Delay

While stated official processing times for visa/work permit applications may seem be short (1-5 business days, see Table 1 for details), anecdotal information suggests time delays are common and processing times commonly range from 2 weeks to over 3 months. Recent tightening of visa/work permit approval procedures in some countries, such as US, has resulted in time delays of up to 6 months.⁷ Delays are often attributed to complex bureaucratic procedures such as security checks by various governmental

with the process can cause delays in resolving Mantis requests, including improperly formatted requests and uncertainty by consular staff at posts as to when they should apply Mantis checks. The GAO found that it takes an average of 67 days to approve a visa through the Mantis process. For applicants from China, India, and Russia, the wait is generally longer. [Bioscience, Apr2004, Vol.54, Issue 4, pp.296]

⁷The Director-General of the Russian news service ITAR-TASS indicated that Russian journalists applying for visas in the West wait an average of three to five months and sometimes as long as 18 months. They are often required to provide irrelevant dental records, notarized certificates and other documents. [Editor & Publisher, 5/28/94, Vol. 127, Issue 22, pp.15-16]

agencies, interview requirements, and backlogs of reapplications due to previous rejections.⁸

2.4 Quantitative Limits on Visa/Work Permits

National security and other considerations such as assimilation problems in local labour market also result in most host countries imposing quantitative limits on the granting of certain types of visas and work permits over a specific period of time. For example, in US, there are annual quotas for the number of H-1B visas issued (for temporary employment). The timing of application of such quotas is a major issue. For instance, the US quotas generally commence in October of each year, but are normally exhausted within a few months. Host employers who wish to hire foreign employees then have to wait until the next October, when the new quota allocation round begins. During the year, host employers have to look for local higher-paid workers or even reduce some business activities.

2.5 Rejection of Application and Costs of Reapplying

Given both quantitative limits on visas and work permits and large numbers of applications, it is also common for applications to be rejected. In US, for instance, the Bureau of Consular Affairs at the Department of State reports that the annual rejection rate for tourist and business visas has been as high as 30%. There are no available statistics for rejection rates for work permits or permanent residency applications, but it is generally believed that rejection rates for such applications are much higher. Frequent rejection of applications increases the number of reapplications, and delays increase as reevaluation procedures recommence. Each new application goes through its own new

⁸A recent survey of US visa applicants revealed that the number of students whose start dates were delayed by visa problems was 48% higher in 2003 than at the start of the previous academic year. For scholars - a broad category dominated by young postdoctoral researchers - the increase was 76%. More than three-quarters of the delayed students were in the physical sciences, biological sciences or engineering. Among scholars, these disciplines accounted for 93% of those who experienced significant delays. Other sources paint a similar picture. Last July, the American Institute of Physics reported that nearly a quarter of foreign students who applied to study towards a PhD in physics in the United States in 2002 were initially denied a visa. According to Wendy White, director of the Board on International Scientific Organizations at the US National Academies, "For the scientists we hear from, the average wait time is still over five months". [Nature, Vol 427, 15 January 2004]

evaluation with eligibility conditions for application, once again with similar application procedures, bureaucratic and administrative processes, lengthy processing time and further delays. Another round of rejection and reapplication is then also possible.

2.6 Eligibility for Visa and Work Permits

A further set of issues concerns eligibility for visas and work permits.⁹ Countries that impose work permit requirements for employment on foreign workers require foreign workers to have valid work permits issued by host countries in order to engage in local employment, and it is common for host employers to file documents on behalf of foreign workers. There are, however, legal requirements in many countries that mandate that employers must meet specific preconditions before filing for work permits on behalf of prospective employees. These include providing evidence of an extensive search for local personnel before hiring a foreign worker, stringent advertising and search requirements, and demonstration of the infeasibility of training local people. Only after these conditions are met can local employers then submit a work permit application for a foreign worker. Such eligibility conditions can be found in the US, UK and other EEA countries.

Eligibility conditions in host countries also often generate an inherent bias in the system against middle and lower level overseas workers in the way work permit processes work. Under tiered systems of work permit application processing used in many OECD countries, applications that are filed for higher level personnel such as directors, senior executives, and intra company transfers are easier to obtain than permits for personnel such as systems analysts and database consultants. The common perception seems to be that higher level managerial foreign staff raise the competitiveness of host countries without significant displacement effects in the local markets, while entry of foreign trained middle and lower level staff displace local labour.

⁹This section is mainly based on the paper by Chanda (1999).

3 The Costs of Visa and Work Permit Restrictions

To place the previous discussion of visa and work permit problems in a broader context as it relates to the overall performance of the global economy, we next provide some speculative estimates of the potential efficiency costs that current visa/work permit requirements both create and support. We discuss these costs in two different categories. One involves resource misallocation costs which result from labour not being able to locate in its most productive use. The other reflects private and public administrative, delay and other costs that are incurred to meet visa/work permit issuing requirements.

3.1 Misallocation of Labor Across Countries

Several studies attempt to quantify the resource misallocation costs of global restrictions on labor mobility and visa and work permit restrictions support the resulting misallocation by restraining labour that would otherwise move between countries. In general these studies suggest large worldwide efficiency/output costs from labor mobility (visa/work permit) restrictions. These studies begin with the assertion that the marginal product of labor in high-income countries is substantially higher than that in low-income countries, typically due to larger amounts of capital and infrastructure in these rich countries. Thus a worker moving from a low-income to a high-income country becomes more productive as long as other workers are restricted in their mobility. Given that there are large differences in output per worker between high-income developed and low-income developing countries and there is relatively more labor in the latter, the equalization of real wages under elimination of cross country labor mobility restrictions typically leads to large global efficiency and output gains.¹⁰

One of the earliest pieces in this literature is Hamilton and Whalley (1984) who found large output gains from liberalizing global labor mobility up to the point that marginal value products of labor are equalized across countries or regions. Under assumptions of fixed world labour supply and global full employment, they estimated

¹⁰These studies abstract from potential costs of emigration for source countries (e.g. brain drain) and costs of immigration to host countries (e.g. assimilation costs, fiscal burden of immigration, congestion), as well as network and other externalities involved with the cross-border movement of labour.

annual global gains from eliminating all visa and work permit restrictions to be in the range of 60%-200% of Gross World Product in 1977. They also estimated the distributional implications of global free movement of labour. Assuming that capital was immobile across countries, they found that capital owners (workers) in labour importing regions were made better off (worse off) in most cases while the opposite occurred in labour exporting regions.

Winters et al (2002) use a similar approach to assess the global impacts of liberalization under Mode 4 GATS restrictions of service provider mobility. They find out that increasing developed country quotas for incoming temporary movement of natural persons (TMNP) by 3% of the existing labour force in receiving countries would generate global income gains of \$150 billion/year, suggesting large gains even from only a small increase in the allowable movement of people between low and high income countries. In a related piece, Winters (2001) assumed that when workers move from low to high income countries only one quarter of the productivity difference is returned as a higher wage, and under this assumption global gains from free labour movement are smaller (about US\$300 billion per year), but still larger than current estimates of the gains from global WTO liberalization of both goods and services (about US\$260 billion estimated by Dee and Hanslow (2000)).

In a later piece, Iregui (2003) employs a multi-region static numerical general equilibrium model with an assumption of segmented labour markets for skilled and unskilled workers to analyze the costs of global labour market segmentation. She also reports large worldwide efficiency gains from liberalizing the global movement of both skilled and unskilled labour, ranging from 15%-67% of world GDP. When only free mobility of skilled labour is allowed, global gains are smaller since in most developing regions the skilled labour only represents a small fraction of their total labour force. In addition, the income distribution effects in lower income countries are adverse since low wage unskilled labour is assumed immobile across countries.

More recently, Klein and Ventura (2004) use a dynamic inter-country model with capital accumulation and allow capital mobility across regions and also quantify the impacts of removing labor migration restrictions. They use their model both to assess the impacts of enlargement of the European Union and a hypothetical removal of migration restrictions between OECD and non-OECD countries at the same time. They find that lifting EU immigration restrictions on enlargement would increase the

long run output of the enlarged EU by 8%. They report large increases in world output in the long run of between 94% and 172% of Gross World Product after liberalization of labour mobility restrictions between OECD and non-OECD countries.

The indications from all of these studies are that visas and work permits which restrict the free flow of labour across national borders impose large costs on the global economy by supporting a misallocation of labour spatially around the world. These misallocation costs are separate from bureaucratic delays and the administrative and processing costs of visa and work permit to which we now turn.

3.2 Some Estimates of the Costs of Visa/Work Permit Processing

The processing and other costs of administering and operating visas and work permit schemes are in addition to the resource misallocation costs from spatial restrictions on global labour mobility. These embody both a private and public component. A person wishing to travel abroad has to apply for a visa/work permit in advance and the respective authority (e.g. embassy/consular office) has to process the application. It is common to experience a time delay in processing or the application can be rejected. We divide the costs involved into (1) application costs (application fees, visits/interviews, form completion, photo requirements); (2) processing costs (administrative/personnel cost); (3) possible delay costs; (4) add-on costs (reapplication costs due to rejection, airline processing).

3.2.1 Application Costs

Visa/work permit application fees around the world (see Table 1) are nontrivial. Application fees differ from country to country, by type of visa (tourist or business visas, study or work permits), by length of visa (short-term or long-term), entry frequency (single or multiple entry) and even processing time (from 3-day to 25-day). A number of East Asian countries (e.g. Hong Kong, Japan, Malaysia, Singapore, South Korea) impose relatively low application fees (less than US\$50). In contrast, a number of lower income developing countries such as South Asian, African, Mid-East, and former centrally planned European countries impose high application fees (from US\$40 to US\$285). In some countries, visa application fees seemingly provide tax revenue. For example, in Russia and Kenya, the same type of visa but with different processing time can have different application fees, and in some cases, the differences can be

50-100%.

In assessing application costs, it is important to note that there are visa exemptions for a significant portion of short-term visitors around the world. In general, most high-income countries (including most OECD countries) offer visa exemptions on short-term (from 14-180 days) tourist and business visits for visitors from most OECD and high-income countries, while few or even no visa exemptions are granted to most low-income developing countries. In seemingly reciprocity, several low-income developing countries do not grant visa exemptions to residents of high-income countries.

In addition to application fees, many embassy or consular offices require personal interviews when assessing applications. In countries where embassy or consular offices are located only in specific areas, applicants incur transport costs and may have to make a domestic overnight trip in order to attend interviews. Transportation costs increase further if reapplication occurs due to rejection (seemingly common in practice).

3.2.2 Processing Costs

Costs are also imposed on government agencies or authorities responsible for the processing of visa/work permit applications, and these also involve administrative and personnel costs. While there are seemingly no available hard data, most visa/work permit applications require personal interviews at respective embassy or consular offices. These interviews involve personnel costs in addition to the paperwork required for processing applications. Rejection of applications and time delays impose extra costs from reapplication and dealing with backlogs of applications due to time delays.

Some visa/work permit applications have to be cleared by several different governmental agencies.¹¹ Currently in the US, for example, some visa/work permit applications (especially those related to a "technology alert list") need to go through complex

¹¹The Russian visa system is often reputed to be problematic on this score. Since the impact of financial crises in Russia has been that government officials sometimes charge for their "services". For Western European visitors, official invitations are needed from either a tourist company or a business partner or other registered organization including proof that every night's accommodation has been paid in advance. In principle these invitations cost nothing but reports from Moscow and Novosibirsk suggest that it is difficult to get the official stamp in Moscow without paying about 50 dollars per invitation. This process can be slow and unreliable by post. [see Report of the Climate Train - Journey by train and boat from Europe to the UN Climate Convention in Kyoto, November - December 1997: "Bureaucratic barriers to sustainable travel"]

security checks which include extra consular scrutiny and review by other agencies (e.g. top FBI).

3.2.3 Delay Costs

While official processing times for visa/work permit applications are claimed by government agencies around the world to be short (1-5 business days, see Table 1), it is seemingly common to experience longer delays.¹² Delays sometimes are attributed to complex bureaucratic procedures involving security checks by various governmental agencies, interview requirements, and a backlog of reapplications due to previous rejection.¹³ Where international trade and businesses require frequent and on-time international travel, such time delays lead to losses in business opportunities.

3.2.4 Add-on Costs

Given that rejection of visa and work permit applications is common in practice, the costs of a successful application often include other add-on costs. Airlines incur extra personnel costs in checking the validity of visa/work permits and complying with conflicting transit rules between borders. For instance, all carriers operating flights to, from or through the US are required to provide customs and immigration officials with access to data on individual passengers. Airlines face fines of \$1000 for violations of requirements of a passenger by US immigration and \$5000 a passenger by customs. To complicate matters further, legislation in the EU means that airlines also face potential fines and civil damages for breaching data protection laws that, among other things, prohibit the transfer of personal data to countries which are not considered to offer adequate protection - such as the US.

¹²As noted earlier, anecdotal evidence suggests that time delays range from 2 weeks to over 3 months. With the recent tightening in the visa/work permit approval process in some countries due to security concerns, such as in the US, time delays can be up to 6 months.

¹³Reports from Russia indicate that concerns over an illegal influx of people have caused the Russian authorities to remedy what they see as abuse of the system. According to the Russia Journal (10 September 2003), for almost months, foreign executives, investors and business associations have been "shouting themselves hoarse" over the "mess" the Russian visa system is in and the Russia Journal claims no one seems to be listening. Russian visas are some of the most expensive in the world, and require a complicated system of invitations, supporting documentation, accreditations, applications and registrations. Brokers can often obtain a one-year business visa in four to six weeks but at a cost.

3.2.5 Some Speculative Estimates of Visa/Work Permit Processing Costs

Using available data and the anecdotal information we have gathered on worldwide visa/work permit application fees, time delays, and tourism statistics from World Tourism Organization, we have made some simple speculative calculations as to the possible size of the processing costs involved globally. We do not claim a precise estimate given the complexity of restrictions around the world and the limitations of data, and these estimates are only broadly indicative.

We first make up the conservative assumption that only 25% of actual travelers globally need to apply for a visa/work permit.¹⁴ We also assume that on average that the application fee is US\$100 and other application costs amount to US\$50 (e.g. transportation cost for attending interview). We assume time delays of 14 days and a modest the daily opportunity cost of time involved in the delay of US\$25.¹⁵ According to the World Tourism Organization, there were 703 million international tourist arrivals around the world in 2000. Most of these arrivals are from high-income countries and visa exemptions apply in most of these countries. Using this figure, these assumptions yield total worldwide costs of processing visa/work permit applications of US\$88 billion or around 0.3% of World GDP.

Further costs arise from the losses of tourism and business opportunities that require international travel (e.g. contract negotiation, business exhibition, site and product inspection, after-sale customer services).

Worldwide tourism statistics indicate that mobility restrictions are still binding in most countries and regions even though there are various regional trade arrangements that partially liberalize bilateral labour flows (e.g. EEA, EFTA, NAFTA, AFTA, APEC). During the last decade, worldwide international tourist arrivals were equal to about 10% of the total world population, despite substantial declines in transportation costs. The market share of international tourist arrivals is heavily biased towards the OECD countries, with European and North American residents accounting for about 70% of the total. Data from the World Tourism Organization allow us to

¹⁴This differs sharply from potential travelers, and the 25% figure reflects tourist visits involving OECD citizens.

¹⁵This includes foregone higher income in the recipient country, plus time devoted to resolving the delay.

produce speculative estimates of the potential gain in tourism revenue from relaxing current mobility restrictions. In 2002, worldwide international tourist arrivals were 703 millions (or 11% of world population), and corresponding world tourism receipts were US\$474 billion (or 1.5% of world GDP). On average, each international tourist arrival spent US\$674 per trip. If eliminating current visa/work permit requirements were to raise worldwide international tourist arrivals, to say, 20% of the world population, using the data in 2002, the increase in tourism revenue will be US\$388 billion or 1.2% of world GDP. This is not a global efficiency gain, but under these assumptions the output impact for the tourist industry could be substantial.

Losses of business opportunities due to visa/work permit problems are hard to quantify, but short to medium term business visits across countries are typically a central component in maintaining ongoing international businesses and creating new business opportunities. Each year, there are numerous business exhibitions/conferences around the world that bring together potential buyers and sellers for different business opportunities, and multinational corporations often require employees to travel between countries for various business activities. International businesses often require counterparts from different countries or regions to meet in person for contract negotiation, site/product inspection and after-sale customer service. In such an integrated world, barriers to free movement of persons increase transportation and transactions costs, which in turn lead to potential losses from forgone business opportunities. There are seemingly no available data or analytical framework for measuring the impacts of restrictions on business travel, but many anecdotal pieces discuss these problems and suggest substantial costs.¹⁶

¹⁶The following are extracts from press reports illustrating how business sectors report themselves as being affected by recent tightening US visa/work permit issuance procedures:

- In a recent letter to Colin Powell, US secretary of state, and Tom Ridge, head of the Department of Homeland Security, 80 business organisations warned: "The severe delays and uncertainty surrounding visa issuance for legitimate applicants has resulted in lost business opportunities for US companies, delayed projects or movement of projects abroad, loss of jobs in some industries, workforce shortages and other economic stresses." [Financial Times, London (UK), Apr 9, 2003, pp. 16]
- Long delays in issuing visas have ensnared scores of Chinese business delegations heading to the U.S. as applications submitted in China wend their way through new security checks in Washington. Overall, billions of dollars in business contracts are imperiled as a result of the delays, which many corporate officials had predicted at the time the new immigration rules

were adopted. The problem is not only limited to China but high-technology experts from India, Russia and even Silicon Valley have been having difficulty obtaining visas. [Wall Street Journal, (Eastern edition), New York, Dec 9, 2003, pp. A1]

- A chief representative in China for Rockwell Automation Inc., Mr. Byrnes, complained that because of the visa complications, his company has not been able to get potential customers to American trade shows or to train some Chinese employees in the U.S. "The visa policies are putting U.S. companies at a competitive disadvantage," he said. [Wall Street Journal. (Eastern edition), New York, Dec 9, 2003, pp. A1]
- Some companies have had difficulty dealing with the additional delays due to the increased security checks under the so-called "Visa Condor" program. For example, a petroleum engineering company based in Texas has had difficulty in obtaining visas for project managers from its client, the Saudi national oil company, Saudi ARAMCO. ARAMCO has told them that they are going to start looking at contractors in the United Kingdom and other countries, potentially costing this US company millions in revenue, and jeopardizing over 2,000 U.S. jobs. [US Chamber of Commerce testimony on the Impact of Visa Delays on Businesses - July 10, 2003]
- Amway Corp., one of the world's largest direct-sale firms, ruled out Los Angeles and Hawaii as possible convention sites for 8,000 South Korean distributors next year, in the face of a requirement that they all complete face-to-face interviews with U.S. consular officials. The convention is to be held in Japan. Amway estimates the distributors would have spent an average \$1,250 per person on U.S. airlines, hotels and shops, meaning a loss of more than \$10 million for the would-be host city. ["Visa Delays Irk U.S. Science, Industry, Academia", The Wall Street Journal Europe, 12 November 2003]
- Ingersoll-Rand Co., a multinational corporation with \$9.6 billion in annual sales and 50,000 employees world-wide, has been waiting for nearly two months to ship a \$2.5 million compressor to an energy concern in Sichuan province in China. The hang-up: getting visas for five Chinese engineers and an interpreter for a one-week inspection visit. ["Visa Delays Irk U.S. Science, Industry, Academia", The Wall Street Journal Europe, 12 November 2003]
- Visa screenings are making it harder for foreign visitors to come to U.S. trade shows, costing money to cities that are major convention destinations. At the Consumer Electronics Association show in January in Las Vegas, 2,000 of the 16,000 foreign participants were missing because they could not get visas in time. [Tribune Business News, 4 August 2003]
- An Ingersoll-Rand unit had to delay moving manufacturing to the USA from the United Kingdom by two months because of visa delays. Executives in London who are leading the move had to wait about six weeks for interviews. Visa processing in London used to take five to seven business days. [USA Today, 1 August 2003]
- "It's too soon to know the dollar amount for lost business," says Theresa Brown, director of immigration policy at the US Chamber of Commerce. "But we can infer some of this stuff. International travel to the US is an \$80bn a year industry. Visa delays are contributing to a potential loss in business". [Financial Times, London (UK), Apr 9, 2003, pp.16]

4 Global Negotiations To Mitigate the Effects of Visas and Work Permits

Given both the seeming severity of the problems caused by current visa and work permit restrictions and the associated costs to the global economy, an obvious question to ask is whether there is a global international negotiation which could help mitigate their impacts. Key questions are what should be the cum of such negotiations, who the parties should be, and whether such global negotiations could or should take place under the auspices of an existing international body, such as the WTO, or whether a new entity to be created.

4.1 Using the WTO or Other Existing Organizations

One of the benefits of using existing organizations for negotiations on visas and work permits is the saving in transactions and organizational costs relative to attempting to negotiate in a new body since establishing new entities takes time. Since working arrangements in existing organizations are already established, the need for these to be developed prior to negotiating adds to the costs of using new entities. The WTO, for instance, has long been the global venue for global trade discussions both through trade negotiating rounds now covering both goods and services, and in resolving trade disputes through dispute settlement dealing with the interpretation of existing agree-

-
- While few disagree with the need for greater screening, some business groups say the changes present a new hurdle for the U.S. travel industry and corporations when they can ill afford it. Since 2001, the peak year for visa applications, the number has dropped 20% to 8.3 million last year. [USA Today, 1 August 2003]
 - Visa delays are hurting a once-booming international medical business in US. Hospitals are seeing a continued weakness in international- patient numbers, including a 23 % drop at the world-famous Mayo Clinic since 2001. The application used to be a 24-hour process but is now routinely a 3-week wait, says Stephen Gudgell, head of the clinic's international program. He notes that competitors in other countries, including Germany, are capitalizing on US newly cumbersome process. They are able to guarantee medical visas in 24 hours. He recalls a young Middle Eastern male - the kind the State Department would watch carefully - who wanted cardiac surgery at Mayo. But rather than waiting three to four weeks for a visa, he went to Germany. "Those situations occur on a regular basis," Mr Gudgell says. [Christian Science Monitor, 30 July 2003]

ments. The WTO has broadened its coverage to cover non-trade issues and could be similarly broadened to cover visa and work permits.

While at first sight seemingly attractive, the negative of using existing organizational forms in this way is that such negotiations would have to be fitted into the preexisting structure and focus of these entities, which may not fit the visa and work permit issues well. The WTO, for instance, stresses non-discrimination in trade and other policies while most visa/work permit practices are highly and inherently discriminatory. It is also a multilateral entity requiring unanimity of member countries on any agreed disciplines. Country to Country negotiation on, say, numerical limits on bilateral entry types is hard to envisage in a WTO format. These types of clashes will be encountered if the WTO is used as the negotiating venue, but can be side stepped if a new entity is used.

A potential benefit that can be reasonably claimed for using existing institutional structures to negotiate on labor mobility restrictions is the possibility of speeding negotiations on visas and work permits by allowing for by cross bargaining on other issues in bodies such as the WTO. A related benefit that could be claimed is possible progress on other issues being speeded by allowing visas and work permits to be added to the global bargaining mix. In the WTO Uruguay Round it was repeatedly claimed that broadening bargains in this way speeds negotiating progress, and the same claim can be made of visas and work permits. But in the same Round the complexity of the issues involved in each area itself at times impeded simultaneous bargaining at the same time. One cannot dispute that potentially benefits might arise from more centrally bringing visas and work permits into the WTO framework, but the issue needs to be approached realistically and carefully. Other forums such as ILO and the OECD, do not directly deal with visa and work permit issues, and they are not also negotiating forums.

4.2 The GATS Visa Proposal

A proposal made in the GATS WTO by India is for the establishment of a special and new GATS Visa system.¹⁷ These proposals for discussing visas in the WTO current GATS only focus on visas and not on work permits, and only on Mode 4 services trade, not global labour mobility restrictions in general. While it may be possible to use the

¹⁷For more details about this proposal, see Chanda (1999).

existing framework of the GATS to discuss more general visa/work permit practice issues, the reality seem to be that it may prove difficult and that may be in part due to inherent weaknesses of the GATS (such as its negative list approach).

India has proposed that a new and separate class of visas "GATS Visa" be created for service professionals temporarily working overseas in order to facilitate the movement of people under Service Supply Mode 4.¹⁸ The proposal is that a new supplementary visa structure common to all countries be created involving standard application and administrative processes and other formalities and mechanisms, so that there would be a codification/standardization of new visas among member countries. The idea is to create a wholly new channel of visa issuance with more automaticity in issuance. These new visas would coexist alongside existing country visas. No direct negotiation is proposed to offset the effects of present visa and work permits. The GATS visa proposal does not extend to work permits, but a suggestion made is that it might also be possible to extend a framework for GATS Visa if created, to work permit practices in a similar way, with a new channel. This proposal for now has not made headway in the WTO, and seemingly for several reasons. One is the general reluctance of OECD countries to discuss immigration restrictions under the rubric of the GATS, since they claim that immigration matters (including visas and work permits) do not constitute a services issue per se. If workers wish to move from one country to another to achieve higher wages, no international flow of services are involved. OECD concern has been that allowing any discussion of visas and work permits in the WTO, even if only involving service providers, potentially creates a precedent for under discussion of these restrictions in the WTO. Another is that the framework of the WTO implies mutual agreement on a set of common disciplines among all members and in the visa/work permit area countries seemingly have different bilateral interests in the area. Pressure may come to allow more entry for, say, software engineers from India to the EU and US, but not software engineers from all countries. Bilateral rather than multilateral negotiation seems a more natural avenue for these matters.

The current structure of the GATS and even the WTO as a body also does not fit

¹⁸The GATS classifies services into 155 service types, and differentiates between four modes of supply. The modes are meant to provide a device for facilitating the making of commitments in negotiation. Mode 4 refers to service supply that requires the presence of natural persons. These are cases where a service is supplied by the temporary movement of a services provider to the consumer's country of residence. For discussion for other modes of supply, see Whalley (2003) for details.

well with the type of discussion that labour mobility restrictions seemingly suggest. The instinct of those involved with the WTO and the GATS is to focus on how issues with the movement of labour can be related to impacts on trade in goods and trade in services (e.g. purchases/sales of goods often require personnel from both countries to travel first for contract negotiation), rather than dealing directly with the issues arising from the inherent misallocation of labour across countries itself. To the extent this is so, the case for a new negotiating body which more directly takes on visas and work permits as a problem area rather than as part of the mandate of the WTO is strengthened.

A further concern is that if WTO/GATS negotiations proceed, the view can become established that on the one hand all visa and work permit resolution/negotiation can only proceed through bodies such as the WTO, and that if there is activity taking place in the WTO then visa/work permit problems are in some sense being taken care of by current global institutions. Other avenues and the use of new entities are not excluded. And current GATS Visa proposals for now only relate to the possible establishment of a new visa channel to coexist alongside existing (and unchanged) procedures.

We therefore suggest that there may be a choice to be made between seeking some degree of remedy of visa/work permit practices primarily within the institutional structure of existing organizations such as WTO, ILO, OECD and others not formed specifically to address these problems, or in developing a specific problem-oriented new entity (which, of course, also adds to the many others which already exist). It may be possible to use the two approaches simultaneously, and coordination across the two would clearly be advantageous, but our sense is that in reality one is more likely to be the dominant approach. Most of policy discussion thus far presumes that the GATS in the WTO, and specifically the Mode 4 discussions in the GATS is the appropriate venue. Our position is that the advantages and disadvantages in using existing structures as reflected in our present multilateral organizations (e.g. WTO, OECD) to address issues of global labour mobility and visa and work permit restrictions should be considered alongside other approaches.

4.3 Using A New Global Entity

We now turn to the possible role that could be played by a new global entity in providing some relief from the problems described above with current visa/work permit arrangements. In doing so, we focus on more than international negotiation. We discuss this role in generalities, rather than detailing actual operation and precise organizational structure since if our proposal were seriously taken up these matters would need to be more seriously addressed. Any initiatives on this front would clearly need more specificity in exactly how a body would function in terms of its governance structure.

Given that current visa/work permit practices vary substantially from country to country and from region to region, one task for a potential new body may be to push member countries towards using a common cross-country, administrative structure when imposing existing visa and work permit restrictions. This would help in terms of transparency, even though it may be to achieve. A useful start may be to begin to codify and partially standardize existing country based practices as a move towards a more common internationally agreed structure. Items covered might include types of visas (e.g. tourist/business/study), types of work permits (e.g. specialty occupational workers, intra-corporate transferees, general workers), length of stay (e.g. 1 month, 3 months, 6 months or above), simpler application procedures, standardized accompanying documents for applications (e.g. standard photo requirements, commonly agreed documents for identity verification), reasonable and cost-based application fees, mechanisms for inquiry on application status, effective and efficient administrative procedures, standard processing time (e.g. targets for usual processing time), timely responses for application inquiry and notification of delay, maximum tolerance of time delay, clear and simple reappealing procedures.

Member countries could also try to agree standard application and administrative procedures for granting business visas for regular business visitors. Such standardization might reduce average processing times so that business people could travel more quickly abroad to take advantage of business opportunities that require quick responses. For countries having both head offices and branch offices of large multinational corporations that need to move employees frequently from country to country, it may be in all country's interests (and also from a global efficiency point of view) to participate and minimize processing times by standardizing procedures for issuing

visas and work permits to intra-corporate transferees.

In addition to codification and standardization of practices, efforts might be made through a new entity to introduce more transparency into country practices, perhaps through publication of an annual World Visa and Work Permit Report. Such a report might include updates on commitments and assess progress that member countries had made to achieve a common internationally agreed structure for handling labour mobility restrictions, notification of changes in visa/work permit requirements among member countries, updates on bilateral/regional/global agreements of labour mobility issues, and other information flow improving measures.

A further element in facilitating more transparency in visa and work permit practices may be to create a publicly accessible web-site dedicated to providing information on current visa/work permit practices in member countries, including application and administrative procedures, application fees, estimates of standard processing times and possible delays, mechanisms for application inquiry of status and reappealing procedures, and details of visa waiver programs and exemptions. Providing a one-stop, timely and detailed information source on global visa/work permit arrangements might allow users to minimize search costs and make better preparations for applications.

A further role for a new body may also be to identify biases in current eligibility conditions for visa/permit applications, and to encourage member countries to mutually agree to remove or remedy such practices. In parallel, such a body could help member countries to develop internationally agreed and consistent eligibility conditions for visa/work permit applications. Strict eligibility conditions for visa/work permit applications and these can significantly increase the filing and search costs when hiring foreign workers. Such eligibility conditions are often biased against lower- and middle-level foreign professionals and workers from developing countries. In contrast, developed countries generally have a comparative advantage in supplying higher-skilled and upper-level professionals and executives. By facilitating freer mobility of labour, a more efficient allocation of labour would be achieved and global output would rise; an analogous idea to achieving global gains from free trade of goods through negotiated trade liberalization in the WTO.

There might also be an investigative role for a new global visa/work permit entity, in attempting to identify non-security and seeming inefficient practices in national

policies, such as the use of visas for revenue raising purposes. It is not uncommon for government agencies in some low-income developing countries to impose exacting restrictions and in effect raise revenues when granting visas and/or work permits to foreigners. Some countries maintain different fee schedules for the same kind of visas and work permits that only differ in terms of the days for administrative processing. Such practices are inefficient as they constrain the free movement of labour by increasing the cost of migration. These and other such practices may be mutually agreed within a new global body to be terminated.

A new body could also investigate the exploitative use of visas and work permits, say where a national government visa issuing agency requires purchase of insurance by travelers from a related agency or company they control. Again, the argument would be that this commercial element in visa issuing practices is inefficient as it increases the cost of moving labour across countries. Such practices could also be mutually agreed by member countries in a new organization to be eliminated.

Where clear visa/work permit retaliation is occurring, a new body might also help in identifying such cases, and even proposing cooperative improvements. If complaints were allowed to an appellate body by member countries about frequent unjustified processing delay or rejection of visa/work permit issuance by other member countries, such a body might be able help in bringing the issue forward into discussions and seeking multilateral cooperation and partial resolution. This may fall short of formal dispute resolution as in the WTO, but through publicity of reporting and added transparency achieve similar effects.

In short, a new international entity created specifically to help address issues related to visas and work permits could address a series of issue possible specific problem, and aim to respond to the many concerns over visa and work permit practices around the globe. This may be a productive platform for a new agency to be built on rather than existing multilateral agencies with a broader focus. Unlike the WTO approach of achieving a negotiated multilateral rule regime, providing a multilateral negotiating forum, along with a mechanism for dispute settlement, such a body could be informational and investigative as well as providing a forum for bilaterally negotiated cooperative arrangements and overall policy management.

5 Concluding Remarks

In this paper, we discuss the possible role that a new global body might play in providing some relief from some of the difficulties created by current use of visas and work permits in various countries. The list of possible contributions from such an entity includes standardization of issuance practices, improvement of transparency, investigation and elimination of inappropriate uses of visa/work permits (such as revenue raising), and identification and resolution of retaliation and inter-county complaints procedures for visa/work permit practices.

The costs that current visa/work permit practices around the world create for the global economy in terms of application procedures, administrative processes, processing time, quantitative limits, and rejection of application are large, but little researched in the literature. Our initial speculative estimates for the potential costs of these restrictions seem large, and our conjecture is that they may well inflict on the world economy larger costs than the trade restrictions that the WTO focuses on.

We also discuss the use of the existing multilateral institutional structures to address these problems. We suggest that dealing with labour mobility issues through the WTO and GATS structure may limit the negotiability of many of the practices which seem to require discipline by linking these issues with trade, and requiring a multilateral mutually consensual approach. Alternatives, such as ILO or the OECD, seem to have little to offer. The creation of a new global body for visas and work permits to us thus seems worth more discussion.

References

- [1] Basith, M. (2004), Visas: a route hard to overcome, *The Times of India*, 11 May 2004.
- [2] Brumfiel, G., D. Cyranoski, C. Dennis, J. Giles, H. Hoag, and Q. Schiermeier (2004), As One Door Closes, *Nature*, Vol. 427, pp.190-195.
- [3] Chanda, R. (1999), Movement of Natural Persons and Trade in Services: Liberalizing Temporary Movement of Labour Under the GATS, *Indian Council for Research on International Economic Relations Working Paper*, 51.
- [4] Chanda, R. (2002), Movement of Natural Persons and the GATS: Major Trade Policy Impediments, *Development, Trade and the WTO*, World Bank 2002.
- [5] Chardy, A. (2003), Visa Delays Hurt South Florida Hospitals, Firms, Colleges, *Tribune Business News*, 4 August 2003.
- [6] Dayaratna Bunda, O.G. and J. Whalley (2005), Beyond Goods and Services: Competition Policy, Investment, Mutual Recognition, Movement of Persons and Broader Cooperation Provisions of recent FTA's involving ASEAN countries, *mimeo*.
- [7] Dee, P. and K. Hanslow (2000), Multilateral Liberalization of Services Trade, *Productivity Commission Staff Research Paper*, Ausinfo, Canberra.
- [8] Dias, D. (2003), World's Busiest Trade Gateway: The clouds of exhaust are visible for miles, *National Post Business*, Toronto, Jun 2003.
- [9] Dutton, G. (2003), Visa delays slow business, *World Trade 22-23*, Vol. 16, Issue 5.
- [10] Editor & Publisher (1994), Journalists discuss visa barrier at UNESCO panel, *Editor & Publisher*, 5/28/94, Vol. 127, Issue 22, pp.15-16.
- [11] Eggen, D. (2003), Interviews to Cause Visa Delays: Individual Scrutiny in Many Countries to Add to Backlog, *The Washington Post*, 24 May 2003.
- [12] Europa, P. (2003), New air talks: 'No Visa' for 'Open Skies', *Filipino Reporter*, New York, Sep 11, 2003, Vol. 30, Iss.38, pp.14.

- [13] Froelich, Adrienne (2004), US Visa Delays: Keeping Scientists from Where They Want to Be, *Bioscience*, Apr2004, Vol. 54, Issue 4, pp.296.
- [14] Hamilton, B. and J. Whalley (1984), Efficiency and Distributional Implications of Global Restrictions on Labour Mobility: Calculations and Policy Implications, *Journal of Development Economics*, Vol. 14 (1-2), pp.61-75.
- [15] Haque, S. (2001), Quest for an Implementation Mechanism for Movement of Service Providers, *Trade-related Agenda, Development and Equity*, South Centre, June 2001.
- [16] Hockstader, L. (2003), Visa Delays Irk US Science, Industry, Academia, *The Washington Post*, 12 November 2003.
- [17] Iregui, A.M. (2003), Efficiency Gains from the Elimination of Global Restrictions on Labour Mobility, *World Institute for Development Economics Research Discussion Paper*, 2003/27, United Nations University.
- [18] Janigan, M. (2001), An Open Border, *Maclean's Magazine*, 9/24/2001, Vol.114, Issue 39, pp.42-43.
- [19] Johnson, R. (2003), Impact of Visa Delays on Businesses, *Testimony of Vice President of Labour, Immigration and Employee Benefits of the US Chamber of Commerce before the House Committee on Government Reform Hearing on the Impact of Visa Delays on Businesses*, July 10, 2003.
- [20] Kate, Mattingly (2003), Artists Denied Entry, *Dance Magazine*, Aug2003, Vol.77, Issue 8, pp.11-12.
- [21] Klein, P. and G. Ventura (2004), Do Migration Restrictions Matter, *Manuscript*.
- [22] Lollis, B. (2003), Tight visa rules may cut visitors to USA; Security worries reduce waivers, *USA Today*, 1 August 2003.
- [23] Lucas, K. (2002), Migration - Ecuador: Colombians May Face Visa Requirement, *Global Information Network*, New York, Apr 3, 2002.
- [24] Luce, E., K. Merchant and A. Yee (2003), Visas and the west's 'hidden agenda': US companies count cost of tighter rules, *Financial Times*, London (UK), Apr 9, 2003, pp.16.

- [25] MacLachlan, A. (2003), U.S. visa delays hurt plans for specialized nuclear outage work, *Nucleonics Week 7*, Volume 44, No. 43.
- [26] Martin, S. (2004), Visa rules hurt health industry as Mideast patients balk, *St. Petersburg Times*, 3 February 2004.
- [27] McLaughlin, A. (2003), Foreign visits to US drop sharply; With visa scrutiny to be stepped up Friday, *Christian Science Monitor*, 30 July 2003.
- [28] Naylor, D (2003), New US regulations requiring carriers to disclose data on passengers run foul of European data protection laws, *Airline Business*, London, May 2003, Vol.19, Iss.5, pp.82.
- [29] Nielson, J. (2002), Current Regimes for Temporary Movement of Service Providers: Labour Mobility in Regional Trade Agreements, *Joint WTO-World Bank Symposium on Movement of Natural Persons (Mode 4) under the GATS*, 11-12 April 2002.
- [30] OECD (2003), Service Providers on the Move: Labour Mobility and the WTO GATS, *OECD Policy Brief*, August 2003.
- [31] Petit, C. (2003), Foreign scholars in visa limbo, *U.S. News & World Report*, 10/13/2003, Vol. 135, Issue 12, pp.49.
- [32] Ramani, M. (2003), Visa laws violate common sense, *The Russia Journal (E)*, 10 September 2003.
- [33] Regalado, A. (2004), Scientists Warn U.S. Visa Policies Imperil Research, *The Asian Wall Street Journal*, 14 May 2004.
- [34] The Economist (2004), Short-sighted - Visas and Science, *The Economist*, 8 May 2004.
- [35] Wallis, K. (2004), US visa delays frustrate Hong Kong ship-owners, *The Standard*, 9 April 2004.
- [36] Whalley, J. (2003), Assessing the Benefits to Developing Countries of Liberalization in Services Trade, *NBER Working Paper*, 10181.

- [37] Winters, A. (2001), Assessing the Efficiency Gain for Further Liberalization: A Comment, in Sauve, P. and A. Subramanian, eds, *Efficiency, Equity and Legitimacy: The Multilateral Trading System at the Millennium*, Chicago University Press, Chicago, 2001.
- [38] Winters, A., T. Walmsley, Z.H. Wang and R. Grunberg (2002), Negotiating the Liberalization of the Temporary Movement of Natural Persons, *University of Sussex Discussion Paper 87*, October 2002.
- [39] Wonacott, P. (2003), Visa Delays for China's Buyers Imperil U.S. Exports, *Wall Street Journal (Eastern edition)*, New York, Dec 9, 2003, pp.A1.
- [40] Yanni, P. (2003), Impact on Visa Backlog on Small Businesses, *Congressional Testimony by Federal Document Clearing House, Statement of Ms. Palma R. Yanni, President Elect, America Immigration Lawyers Association Committee on House Small Business*, June 4, 2003.

**Table 1: Application Fees, Processing Times and Estimated Delays
for Non-Immigrant Visas and Work Permits**

Country by Region	Visa/Work Permit Type	Fee (US\$)*	Official Processing Time (Business Days)*	Estimated Delays (Days)*
OECD				
US	General - Tourist	100		
	General - Business			30-90
	General - Study			60-150
Canada	Single Entry	54	1	15
	Study Permit	91		
	Work Permit	109		
	Temporary Resident Permit	145		
UK	Standard (Single Entry)	65	2	14
	Student	65		
	Visitor in Transit	65		
	Work Permit (6 mth or under)	65		
	Work Permit (over 6 mth)	136		
Japan	Single Entry	27	2-4	14
	Transit	6		
Germany	Single Entry (up to 30 days)	31		
	Single Entry (up to 31-90 days)	37		
	Study Visa	31		
	Employment Visa	31		
	Airport Transit Visa	13		
France	Short Stay (up to 30 days)	42	3	14
	Short Stay (up to 31-90 days)	42	3	14
	Long Stay	119		
	Transit	42		
Australia	ETA Visa	14	1	
	Tourist - Non ETA Visa	50	7	14
	Business - Non ETA Visa	50	7	14
ASIA				
Hong Kong	Ordinary Visa	17		
	Transit Visa	9		
Malaysia	Tourist (Single)	15	3	14
	Business (Single)	15	3	14
Singapore	Entry Visa	12		
South Korea	Tourist	45	1-2	7
	Business	45	1-2	
India	Tourist (6 months)	40-60	1	
	Tourist (1 year)	65-85	1	
	Business (6 months)	40-60	1	
	Business (1 year)	65-85	1	
LATIN AMERICA				
Argentina	Tourist	30	2	
	Business	50	2	
Brazil	Tourist (US)	110	2	
	Business (US, Engineers)	210	2	
	Business (US, Non-Engineers)	170	2	
	Tourist (Others)	30-60	2	
	Business (Others, Engineers)	130-160	2	
	Business (Others, Non-Engineers)	90-120	2	

**Table 1 (cont.): Application Fees, Processing Times and Estimated Delays
for Non-Immigrant Visas and Work Permits**

Country by Region	Visa/Work Permit Type	Fee (US\$)*	Official Processing Time (Business Days)*	Estimated Delays (Days)*
Peru	Tourist	30	3	14
	Business	30	3	14
OTHER EUROPE				
Romania	Tourist (Single)	35	5	21
	Business (Single)	35	5	21
Russia	Tourist (processed by 3 days)	200	3	
	Tourist (processed by 10 days)	150	10	
	Business (with Invitation, 3-day process)	200	3	28-42
	Business (with Invitation, 10-day process)	150	10	
	Business (No Invitation, 10-day process)	285	10	
	Business (No Invitation, 17-day process)	185	17	
	Business (No Invitation, 25-day process)	115	25	
MID-EAST				
Kuwait	Tourist	40	10	
	Business	40	5	
Saudi Arabia	Business (US, Single/Multiple Entry)	108	3-5	14
	Business (Others, Single Entry)	54	3-5	14
	Business (Others, Multiple Entry)	135	3-5	14
U.A.E.	Tourist (Single)	30	3	
	Tourist (Multiple)	300	3	
	Business (Single)	30	3	
	Business (Multiple)	300	3	
AFRICA				
Kenya	Tourist (Single, 3-day process)	60-90	7	14
	Tourist (Single, 7-day process)	50-80	7	14
	Business (Single, 3-day process)	60-90	7	14
	Business (Single, 7-day process)	50-80	7	14
South Africa	Tourist	50	2	14
	Business	50	2	14
Sudan	Tourist	150	7	14-42
	Business	150	7	14-42
Zimbabwe	Single Entry (3 months)	55	5-7	14-21
	Double Entry (3 months)	70	5-7	12-21
*Fee and official processing time are from various government homepages. Estimated delays are from various travel agencies and anecdotes reported in different press references.				

CESifo Working Paper Series

(for full list see www.cesifo-group.de)

- 1553 Maarten Bosker, Steven Brakman, Harry Garretsen and Marc Schramm, Looking for Multiple Equilibria when Geography Matters: German City Growth and the WWII Shock, September 2005
- 1554 Paul W. J. de Bijl, Structural Separation and Access in Telecommunications Markets, September 2005
- 1555 Ueli Grob and Stefan C. Wolter, Demographic Change and Public Education Spending: A Conflict between Young and Old?, October 2005
- 1556 Alberto Alesina and Guido Tabellini, Why is Fiscal Policy often Procyclical?, October 2005
- 1557 Piotr Wdowinski, Financial Markets and Economic Growth in Poland: Simulations with an Econometric Model, October 2005
- 1558 Peter Egger, Mario Larch, Michael Pfaffermayr and Janette Walde, Small Sample Properties of Maximum Likelihood Versus Generalized Method of Moments Based Tests for Spatially Autocorrelated Errors, October 2005
- 1559 Marie-Laure Breuillé and Robert J. Gary-Bobo, Sharing Budgetary Austerity under Free Mobility and Asymmetric Information: An Optimal Regulation Approach to Fiscal Federalism, October 2005
- 1560 Robert Dur and Amihai Glazer, Subsidizing Enjoyable Education, October 2005
- 1561 Carlo Altavilla and Paul De Grauwe, Non-Linearities in the Relation between the Exchange Rate and its Fundamentals, October 2005
- 1562 Josef Falkinger and Volker Grossmann, Distribution of Natural Resources, Entrepreneurship, and Economic Development: Growth Dynamics with Two Elites, October 2005
- 1563 Yu-Fu Chen and Michael Funke, Product Market Competition, Investment and Employment-Abundant versus Job-Poor Growth: A Real Options Perspective, October 2005
- 1564 Kai A. Konrad and Dan Kovenock, Equilibrium and Efficiency in the Tug-of-War, October 2005
- 1565 Joerg Breitung and M. Hashem Pesaran, Unit Roots and Cointegration in Panels, October 2005

- 1566 Steven Brakman, Harry Garretsen and Marc Schramm, Putting New Economic Geography to the Test: Free-ness of Trade and Agglomeration in the EU Regions, October 2005
- 1567 Robert Haveman, Karen Holden, Barbara Wolfe and Andrei Romanov, Assessing the Maintenance of Savings Sufficiency Over the First Decade of Retirement, October 2005
- 1568 Hans Fehr and Christian Habermann, Risk Sharing and Efficiency Implications of Progressive Pension Arrangements, October 2005
- 1569 Jovan Žamac, Pension Design when Fertility Fluctuates: The Role of Capital Mobility and Education Financing, October 2005
- 1570 Piotr Wdowinski and Aneta Zglinska-Pietrzak, The Warsaw Stock Exchange Index WIG: Modelling and Forecasting, October 2005
- 1571 J. Ignacio Conde-Ruiz, Vincenzo Galasso and Paola Profeta, Early Retirement and Social Security: A Long Term Perspective, October 2005
- 1572 Johannes Binswanger, Risk Management of Pension Systems from the Perspective of Loss Aversion, October 2005
- 1573 Geir B. Asheim, Wolfgang Buchholz, John M. Hartwick, Tapan Mitra and Cees Withagen, Constant Savings Rates and Quasi-Arithmetic Population Growth under Exhaustible Resource Constraints, October 2005
- 1574 Christian Hagist, Norbert Klusen, Andreas Plate and Bernd Raffelhueschen, Social Health Insurance – the Major Driver of Unsustainable Fiscal Policy?, October 2005
- 1575 Roland Hodler and Kurt Schmidheiny, How Fiscal Decentralization Flattens Progressive Taxes, October 2005
- 1576 George W. Evans, Seppo Honkapohja and Noah Williams, Generalized Stochastic Gradient Learning, October 2005
- 1577 Torben M. Andersen, Social Security and Longevity, October 2005
- 1578 Kai A. Konrad and Stergios Skaperdas, The Market for Protection and the Origin of the State, October 2005
- 1579 Jan K. Brueckner and Stuart S. Rosenthal, Gentrification and Neighborhood Housing Cycles: Will America's Future Downtowns be Rich?, October 2005
- 1580 Elke J. Jahn and Wolfgang Ochel, Contracting Out Temporary Help Services in Germany, November 2005
- 1581 Astri Muren and Sten Nyberg, Young Liberals and Old Conservatives – Inequality, Mobility and Redistribution, November 2005
- 1582 Volker Nitsch, State Visits and International Trade, November 2005

- 1583 Alessandra Casella, Thomas Palfrey and Raymond Riezman, Minorities and Storable Votes, November 2005
- 1584 Sascha O. Becker, Introducing Time-to-Educate in a Job Search Model, November 2005
- 1585 Christos Kotsogiannis and Robert Schwager, On the Incentives to Experiment in Federations, November 2005
- 1586 Søren Bo Nielsen, Pascalis Raimondos-Møller and Guttorm Schjelderup, Centralized vs. De-centralized Multinationals and Taxes, November 2005
- 1587 Jan-Egbert Sturm and Barry Williams, What Determines Differences in Foreign Bank Efficiency? Australian Evidence, November 2005
- 1588 Steven Brakman and Charles van Marrewijk, Transfers, Non-Traded Goods, and Unemployment: An Analysis of the Keynes – Ohlin Debate, November 2005
- 1589 Kazuo Ogawa, Elmer Sterken and Ichiro Tokutsu, Bank Control and the Number of Bank Relations of Japanese Firms, November 2005
- 1590 Bruno Parigi and Loriana Pelizzon, Diversification and Ownership Concentration, November 2005
- 1591 Claude Crampes, Carole Haritchabalet and Bruno Jullien, Advertising, Competition and Entry in Media Industries, November 2005
- 1592 Johannes Becker and Clemens Fuest, Optimal Tax Policy when Firms are Internationally Mobile, November 2005
- 1593 Jim Malley, Apostolis Philippopoulos and Ulrich Woitek, Electoral Uncertainty, Fiscal Policy and Macroeconomic Fluctuations, November 2005
- 1594 Assar Lindbeck, Sustainable Social Spending, November 2005
- 1595 Hartmut Egger and Udo Kreickemeier, International Fragmentation: Boon or Bane for Domestic Employment?, November 2005
- 1596 Martin Werding, Survivor Benefits and the Gender Tax Gap in Public Pension Schemes: Observations from Germany, November 2005
- 1597 Petra Geraats, Transparency of Monetary Policy: Theory and Practice, November 2005
- 1598 Christian Dustman and Francesca Fabbri, Gender and Ethnicity – Married Immigrants in Britain, November 2005
- 1599 M. Hashem Pesaran and Martin Weale, Survey Expectations, November 2005
- 1600 Ansgar Belke, Frank Baumgaertner, Friedrich Schneider and Ralph Setzer, The Different Extent of Privatisation Proceeds in EU Countries: A Preliminary Explanation Using a Public Choice Approach, November 2005

- 1601 Jan K. Brueckner, Fiscal Federalism and Economic Growth, November 2005
- 1602 Steven Brakman, Harry Garretsen and Charles van Marrewijk, Cross-Border Mergers and Acquisitions: On Revealed Comparative Advantage and Merger Waves, November 2005
- 1603 Erkki Koskela and Rune Stenbacka, Product Market Competition, Profit Sharing and Equilibrium Unemployment, November 2005
- 1604 Lutz Hendricks, How Important is Discount Rate Heterogeneity for Wealth Inequality?, November 2005
- 1605 Kathleen M. Day and Stanley L. Winer, Policy-induced Internal Migration: An Empirical Investigation of the Canadian Case, November 2005
- 1606 Paul De Grauwe and Cláudia Costa Storti, Is Monetary Policy in the Eurozone less Effective than in the US?, November 2005
- 1607 Per Engström and Bertil Holmlund, Worker Absenteeism in Search Equilibrium, November 2005
- 1608 Daniele Checchi and Cecilia García-Peñalosa, Labour Market Institutions and the Personal Distribution of Income in the OECD, November 2005
- 1609 Kai A. Konrad and Wolfgang Leininger, The Generalized Stackelberg Equilibrium of the All-Pay Auction with Complete Information, November 2005
- 1610 Monika Buetler and Federica Teppa, Should you Take a Lump-Sum or Annuitize? Results from Swiss Pension Funds, November 2005
- 1611 Alexander W. Cappelen, Astri D. Hole, Erik Ø. Sørensen and Bertil Tungodden, The Pluralism of Fairness Ideals: An Experimental Approach, December 2005
- 1612 Jack Mintz and Alfons J. Weichenrieder, Taxation and the Financial Structure of German Outbound FDI, December 2005
- 1613 Rosanne Altshuler and Harry Grubert, The Three Parties in the Race to the Bottom: Host Governments, Home Governments and Multinational Companies, December 2005
- 1614 Chi-Yung (Eric) Ng and John Whalley, Visas and Work Permits: Possible Global Negotiating Initiatives, December 2005