

Title: Changes to the UK's transit visa regime for Syria, Libya and Egypt IA No: HO0059 Lead department or agency: Home Office Other departments or agencies: Foreign and Commonwealth Office	Impact Assessment (IA)		
	Date: 05/01/2011		
	Stage: Consultation		
	Source of intervention: International		
	Type of measure: Secondary legislation		
Contact for enquiries:			

Summary: Intervention and Options **RPC Opinion:** RPC Opinion Status

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£0.5m	£0.4m	£0.04m	Yes
			IN

What is the problem under consideration? Why is government intervention necessary?
The recent political and civil unrest in North Africa and the Middle East and increased migration within the region has meant that the risk level posed to the UK by certain countries has changed. Syrian, Egyptian and Libyan nationals are of particular interest, both from a border security perspective.

As the economy and internal stability of these countries continue to fluctuate there is a high risk of further increases in TWOV abuse and the number of asylum applications from visa holders.

What are the policy objectives and the intended effects?
The UK Government feel that introducing a direct airside transit visa regime on those Syrian, Egyptian and Libyan citizens who arrive into and transit the UK is a sensible and proportionate response to the challenge to maintain a secure UK border and there are measures in place to prevent and mitigate threats and harm. Nationals of Syria, Egypt and Libya already require visas for all other routes of entry to the UK - the introduction of a DATV is an extension of existing visa regimes.


What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
Option 1 - Do nothing
Option 2 - Extend the current DATV regime to include Syria, Egypt and Libya.

Option 2 is the preferred option. This is proportionate to the risk to the UK and meets the objectives of the policy, namely:

1. Enable UKBA to target our transit visa regime more effectively in order to minimise harm to the UK.
2. Implement a visa regime that supports delivery of key benefits – namely by generating tighter security through the visa screening process which will in turn have a positive impact on border security.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: Month/Year					
Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro No	< 20 No	Small No	Medium No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded: N/A	Non-traded: N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:  Date: 8/3/12

Summary: Analysis & Evidence

Policy Option 1

Description: Impose a transit visa regime on Syria, Libya and Egypt

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -0.4	High: -1.1	Best Estimate: -0.5

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	1	-0.1	-0.7
High	0		-0.2	-1.4
Best Estimate	0		-0.1	-0.8

Description and scale of key monetised costs by 'main affected groups'

Passenger numbers are expected to be small, thus visa applications will be managed at existing facilities. No set up costs are expected. Carriers transporting passengers from Syria, Libya and Egypt may face revenue reductions. Passengers on DATV will have limited spending opportunities in the UK. Lost revenue will be small. UKBA incur costs to process DATV visa applications.

Other key non-monetised costs by 'main affected groups'

Costs to travellers prevented from travelling through the UK; Wider risks of displacement of immigration abuse.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	1	0.03	0.3
High	0		0.03	0.3
Best Estimate	0		0.03	0.2

Description and scale of key monetised benefits by 'main affected groups'

UKBA - Increased fee revenue, although this will only partially offset the cost of processing visa applications.

Other key non-monetised benefits by 'main affected groups'

UK economy/public: reduction in immigration abuse and criminality due to pre travel checks and where appropriate visa refusals preventing high-risk / harm individuals arriving into and travelling through the UK.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
Volume of passengers affected - as set out in Annex 3.		
Expenditure in the UK by passengers with a direct airside transit visa is estimated to be £18 per trip and the airfare is estimated to be around £360.		

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: 0	Net: 0	Yes	IN

Evidence Base (for summary sheets)

A. Strategic Overview

A.1 Background

The UK plans to impose a direct airside transit visa (DATV) regime on Syrian, Libyan and Egyptian citizens who wish to transit through a UK airport, effectively removing the transit without visa concession.

Britain is a major hub for transit passengers travelling on long haul flights. The volume of traffic passing through the UK has drawbacks as well as advantages and since 2003 the UK have required certain nationalities to obtain a visa before they travel even if they are arriving into and leaving from the same airport. Initially this was introduced to combat a trend of people arriving at a UK airport and destroying their documents before claiming asylum (possibly in a false identity or nationality).

The implementation of the first transit visa regime helped to export the UK border and allowed us to run checks on people transiting the UK. Since the original introduction of the transit visa there has been a noticeable fall in transit passengers destroying their travel documents before claiming asylum; and, where they do, the information UKBA has collected as part of the application process (including biometrics) makes identifying and re-documenting them simpler.

Since the introduction of the transit visa regime a number of countries have been added to the list of those required to obtain clearance before transiting the UK. This has been done in response to emerging threats. The UK Border Agency will review the whole of the transit visa regime as part of the next Border Security Assessment.

The recent political and civil unrest in the Middle East and increased migration within the region has meant that the immigration risk level posed to the UK by certain countries has changed. Syrian, Libyan and Egyptian nationals are of particular interest.

Syria

Events over the last year have highlighted Syria as being of real and pressing concern to the international community. The continuing crisis and associated economic decline is having an impact on the wider population. At the end of November the UN Emergency Relief Coordinator estimated that almost three million people have been affected by the civil unrest which began in March, including thousands who have fled the country and many who have sought refuge with family and friends away from home. The number of Syrian refugees crossing in to neighbouring states is difficult to accurately estimate. Borders remain open and not all of those crossing the border are seeking refuge. On 27 November, the UNHCR's deputy representatives in Jordan and Lebanon reported that 1,500 and over 3,600 Syrians respectively had registered with their offices and were receiving humanitarian aid. But both estimated that the real number of Syrian refugees in Jordan and Lebanon to be much larger, at 7,000 to 10,000. About 8,200 Syrian migrants are also registered in the 5 refugee camps in Turkey's Hatay province.

Syrian asylum applications have increased significantly in recent months, a likely effect of the violence across the country and the suppression of the population by the Syrian government and military. The number of asylum applications by Syrians from April – October 2011 was more than triple the figure for the same period last year. Risk and Airline Liaison Officers Network (RALON) in the region also consider transit without visa (TWOV) abuse to be the biggest, current general migration risk from Syrians. As Syria's economy and internal stability continue to decline there is a high risk of further increases in TWOV abuse and the number of asylum applications from visa holders.

Libya

Libyan asylum claims were 6 times higher from April – October in 2011 than for the same period in 2010. Risk and Airline Liaison Officers Network (RALON) have also reported that almost 71 per cent of Libyans who were denied boarding to date in 2011 were stopped because it was suspected that their intention was to abuse their TWOV status and claim asylum at the border. It has also been reported that there are hundreds of Sub-Saharan nationals (including Libyans) trapped in squatter camps on the outskirts of Tripoli. We judge that a number of these will eventually target the UK as an ultimate destination.

Egypt

Statistics for Egypt show that nearly double the figure for asylum claims in 2010 have been made to date in 2011. There was also a sharp increase in the figure for October 2011. RALON have reported that 77 per cent of Egyptians who have been denied boarding to date in 2011 were stopped because it was thought likely that they intended to abuse their TWOV status and claim asylum at the border.

As the economy and internal stability of these countries continue to fluctuate there is a high risk of further increases in TWOV abuse and the number of asylum applications from visa holders. The UK Government therefore feel that imposing a direct airside transit visa regime on those Syrian, Egyptian and Libyan citizens who are transiting the UK is a sensible and proportionate response to ensure the UK border is secure and there are measures in place to prevent harm.

A.2 Groups Affected

Syrian, Egyptian and Libyan nationals transiting through the UK

B. Rationale

The Home Office is committed to securing UK borders. The implementation of the first DATV regime helped to export the UK border and allowed us to run comprehensive checks on those transiting the UK which improves border security.

C. Objectives

The key objectives are to:

1. Enable the UK Border Agency to target our transit visa regime more effectively in order to minimise harm to the UK.
2. Implement a visa regime that supports delivery of key benefits – namely by generating tighter security through the visa screening process which will in turn have a positive impact on border security.

From past experience (for example with Jamaica) the Border Agency is aware that not requiring a transit visa is exploited by those seeking to avoid UK immigration and security controls. Transit visas are therefore a necessary extra immigration control. The transit visa requirement will not stop genuine passengers from transiting the UK, but will ensure that individuals intent on abusing the Transit without Visa (TWOV) concession are prevented from doing so. A transit visa costs £51; this is cheaper than a visit visa (currently £68) but it does not entitle the holder to enter the UK.

D. Options

The two options considered are set out below:

- Option 1 – do nothing: Not impose a transit visa regime, contingent on further monitoring and other safeguards.
- Option 2 – impose a transit visa regime on Syria, Egypt and Libya (comprising of a Direct Airside Transit Visa and a Visitor in Transit Visa).

Option 1

Option 1 (the do nothing option) does not address the problem at all. It relies on the current arrangements and staff spotting increasing numbers of those who intend to abuse the immigration system and/or, who seek to cause harm to the UK.

Option 2

Option 2 (imposing a transit visa regime on Syria, Egypt and Libya) clearly helps in mitigating the threats posed to the UK from a border security perspective. Introducing a transit visa regime for citizens of these countries will act as an upstream measure to help us to identify those who intend to cause harm or to abuse the system, before they travel to the UK rather than at the border.

By not implementing this option we are unable to prevent abuse by those Syrian, Egyptian and Libyan nationals who have no intention of leaving the UK upon arrival and we have little prior knowledge of these nationals claiming to be in transit before they arrive at the border. The resulting effect is that we have no powers to prevent nationals from these countries from boarding a flight to the UK if they claim to be in transit which clearly poses a threat to national security.

Furthermore, the continuing instability in Syria, Egypt and Libya means that the UK may become a favoured destination for Syrian, Egyptian and Libyan nationals and their TWOV status may lead to an increasing number who abscond when granted a period of TWOV leave.

Option 2 is the preferred option as it clearly offers a solution to a current way of gaining entry to the UK for those who we may not want to grant leave to enter. It can also be kept under review and amended if the threat level changes.

E. Appraisal (Costs and Benefits)

Option 1

Costs

There are no direct additional costs involved in this option. However, as the risks facing the UK become more severe then the impacts from immigration abuse, large numbers of asylum claims (some claims even when rejected are likely to be contested) and any national security threat would lead to increased financial and economic costs to the UK economy and public sector.

Benefits

There are no additional benefits associated with the do nothing option.

Option 2

General Assumptions and Data

Volumes

Table 1 shows the volumes of passengers transiting in the UK using the TWOV scheme in the period January – September 2011. As figures for the whole of 2011 are not yet available, these figures have been uplifted to provide an estimate for the whole of 2011. It is assumed that these figures remain

constant over the period of the impact assessment – 10 years. The high scenario uplifts these figures by 50 per cent, given the recent unrest in the region may increase volumes.

Table 1 – Estimated passenger volumes using the TWOV scheme.

	TWOV - January - September 2011	TWOV 2011 Estimate
Syria	60	80
Libya	120	160
Egypt	360	480

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

- **Direct** – 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 transit visa regime exists it may also discourage potential travellers from using the UK as a transit point due to the additional cost of a transit visa.

The key impacts on both the public and private sectors are summarised in more detail below. It is not expected that there will be any impacts on the third sector.

Costs

Requiring visitors transiting through the UK to apply for a direct airside transit visa will increase the costs associated with travel; this is expected to reduce the volume of people travelling. Annexes 2 and 3 set out the methodology and assumptions used to calculate the volumes deterred from travelling.

There will also be an impact on visitor volumes from the expected visa refusal rate. 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. The UK Border Agency publish refusal rates for all visa applications by nationality. These are used as a proxy for the refusal rate associated with each nationality for direct airside transit visas. These are set out in Annex 3.

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.

Table 2 sets out the expected reduction in passenger numbers as a result of the visa requirement change.

Table 2 – Reductions in transit passenger volumes

	Annual reduction due to increased price	Annual reduction due to refusals
Syria	- 20	-20
Libya	- 50	-10
Egypt	- 110	-40

Costs to the UK Border Agency

The very small expected number of transit visa applications will be dealt with in existing visa application and processing centres. There are no set up costs associated with the proposed policy.

The cost to the UK Border Agency of making a transit visa decision is £72 (2011-12), compared to the visa revenue of £51 (2011-12). Thus there will be a small processing cost to the UK Border Agency. The processing costs associated with the imposition of DATV on Syria, Libya

and Egypt is £342,000 (NPV) over ten years. The fee income for the UK Border Agency is expected to be £244,000 (NPV) over ten years.

Private Sector Costs

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

The International Passenger Survey 2010 suggests that transiting passengers from the Middle East and North Africa spend around £37 per visit. We expect passengers travelling on a direct airside transit visa to spend around half of this, approximately £18 – given the length of time in the UK will be around half of that on a standard transit visa. The total expected cost of reduced visitor expenditure is £21,000 (NPV) over a ten year period.

Evidence on airfares suggests that return airfares to the Middle East and North Africa are in the region of £360. The total reduction in airfare revenue is expected to be £412,000 (NPV) over ten years.

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 (From 100% impact in Year 1 to 0% impact in year 10) to represent how the impacts fall over time.

Benefits

Impact Criminal Behaviour in the UK

Imposing a transit 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. Given the lack of robust evidence on these issues it is not possible to quantify the impact of transit visa regimes on criminal activity.

UKBA Benefits

Each visa application will attract a fee of £51 (2011-12). However, the cost to UKBA of processing each application is greater than this.

Total Costs and Benefits

Table 3 sets out the total costs and benefits associated with imposing a direct airside transit visa on Syria, Libya and Egypt.

Table 3 – Summary of costs and benefits associated with imposing a transit visa regime on Syria, Egypt and Libya.

NPV		Low Impact Estimate	Central Estimate	High Impact Estimate
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Transition Costs				
Set Up		-	-	-
Annual Costs				
Processing costs	Syria	- 43,000	- 38,000	- 47,000
	Libya	- 86,000	- 71,000	- 70,000
	Egypt	- 263,000	- 233,000	- 295,000
Carriers	Syria	- 47,000	- 61,000	- 112,000
	Libya	- 47,000	- 95,000	- 243,000
	Egypt	- 163,000	- 256,000	- 540,000
Expenditure	Syria	- 2,000	- 3,000	- 6,000
	Libya	- 2,000	- 5,000	- 14,000
	Egypt	- 8,000	- 13,000	- 28,000
Total Costs	Syria	- 92,000	- 102,000	- 165,000
	Libya	- 135,000	- 171,000	- 327,000
	Egypt	- 434,000	- 502,000	- 863,000
NPV Costs	All	- 661,000	- 775,000	- 1,355,000
Transition benefits				
Set Up		-	-	-
Annual benefits				
Visa revenue	Syria	31,000	27,000	3,000
	Libya	61,000	51,000	0,000
	Egypt	187,000	166,000	10,000
NPV Benefits	All	279,000	244,000	93,000

Overall NPV	Syria	-	61,000	-	75,000	-	32,000
	Libya	-	74,000	-	20,000	-	77,000
	Egypt	-	247,000	-	36,000	-	53,000
	All	-	382,000	-	31,000	-	1,062,000

F. Risks

Risks of Displacement

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

G. Summary and Recommendations

The table below outlines the costs and benefits of the proposed changes.

Option	Costs	Benefits
2	£78,000 per year	£24,000 per year

Source: UKBA Internal Analysis

The preferred option is option 2 as this meets the objectives of the policy.

H. Implementation

The change will be implemented by the UK Border Agency in February 2011.

I. Monitoring and Evaluation

The effectiveness of the policy will be reviewed by UKBA when the next review of the border security assessment is undertaken.

Annex 1. Specific Impact Tests

Statutory Equality Duties

Race

The UK already requires transit visas from many of the world's population. Given that the overall cost of a transit visa will be only a small proportion of the cost of travel, it is not considered 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 Border Security Assessment will be considered when the Border Security Assessment is reviewed.

Annex 2: 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

Methodology

Estimating future visitor volumes

1. Current volumes by route and country were collected from Immigration Statistics July – September 2011.
2. The expected growth in passenger volumes was then estimated based on the expected GDP pc growth (from IMF 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.¹

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 Civil Aviation Authority data)
 - b. Average expenditure in the UK per visit (from International Passenger Survey)
 - c. The change in the costs of travel were then calculated by estimating price of visa
 - 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)
4. A price elasticity of demand assumption was taken from the Department of Culture Media and Sport (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.
5. 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

6. 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 Immigration Statistics (July to September 2011) for all visas issued to citizens of that country.
7. Visitor demand volumes are then adjusted for refusal rates to give an estimate of new visitor volumes that will actually come to the UK.
8. The change in volumes is calculated by route and by country for the next 10 years.

¹ 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.

9. 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

10. The average expenditure per visit in the UK for passengers in Transit (including DATV passengers) was obtained per person per country from the International Passenger survey (2010). DATV passengers are granted a length of stay in the UK of around half the length of a transit passenger. We have applied this ratio to the transit passenger expenditure to give expected expenditure for DATV passengers.
11. 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

12. The average airfare from the countries in scope to the UK was obtained from CAA statistics.
13. The change in visitor volumes was then multiplied by the average airfare to calculate the potential loss in visitor expenditure over 10 years.
14. Only costs to UK carriers are included in the Impact Assessment so a percentage (55%, based on the Department of Transport internal analysis) of the total costs to carriers is taken to reflect this.

Results

15. 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.
16. The assumptions used in the modelling are included in Annex 3 and the results are 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.

Annex 3 – Assumptions used to calculate estimates.

Country Specific Assumptions

		Low	Central	High	Source
TWOV Passenger volumes - January - September 2011	Syria	60	60	60	UKBA MI
	Libya	120	120	120	
	Egypt	360	360	360	
Estimated 2011 TWOV	Syria	80	80	120	estimate
	Libya	160	160	240	
	Egypt	480	480	720	
GDP per capita Growth - Long Term	Syria	1.4%	2.7%	4.1%	Based on IMF Forecasts
	Libya	3.1%	6.3%	9.4%	
	Egypt	2.0%	3.9%	5.9%	
Value of 1 hour of time	Syria	3.00	3.00	3.00	Based on GDP per capita
	Libya	9.90	9.90	9.90	
	Egypt	2.22	2.22	2.22	
Refusal rates	Syria	29%	29%	29%	Based on all other visa applications for each country
	Libya	6%	6%	6%	
	Egypt	11%	11%	11%	

General Assumptions

Assumption		Detail
Income Elasticity of Demand for all countries	0.65	Income elasticity of demand from Tourism Taxation paper.
Price elasticity of demand	-1.6	Drivers of Tourism demand paper
Visa Application Time	2 Hours	
UK Based carriers	55%	Based upon internal analysis of CAA data.
Average Expenditure in UK	18.25	International Passenger Survey 2010
Average Flight cost	357	CAA and IPS Data. Uplifted by rate of inflation.

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
Hours taken to acquire Visa	1 Hour	2 Hours	3 Hours

