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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the delegation of power to adopt delegated acts conferred on the Commission pursuant to Regulation (EC) No 810/2009 of the European Parliament and of the Council of 13 July 2009 establishing a Community Code on Visas (Visa Code)

1. LEGAL BACKGROUND

Article 51a of the Visa Code¹ confers on the Commission the power to adopt delegated acts to revise the amount of the visa fees for a period of five years from 1 August 2019. Nine months before the end of the five-year period, the Commission is required to draw up a report in respect of the delegation of power.

Assessment of the need to revise the visa fees

In line with Article 16(9) of the Visa Code, the Commission is required to carry out an assessment of the need to revise the visa fees based on objective criteria such as Union-wide inflation and the salaries of Member States' civil servants. The report also contains this assessment. Where appropriate, the assessment is to be accompanied by a delegated act adjusting the visa fees, in line with Article 51a of the Visa Code.

Since the Commission is tasked with carrying out this assessment every three years and the provision first became applicable on 2 February 2020, the assessment has been conducted for the first time based on 2023 data.

Current fees and Visa Facilitation Agreements

Currently, the fee for a short-stay visa application is EUR 80^2 for adults (older than 12), and EUR 40 for applicants between the ages of 6 and 12. Visa fees for younger applicants are waived. In addition, the application of visas can be outsourced to external service providers, who may charge a service fee of maximum half of the standard visa fee (currently, EUR 40).

In case the Council adopts an Implementing Decision under point (b) of Article 25a(5) because of a third country's insufficient cooperation on readmission, a visa fee of EUR 120 or EUR 160 is charged to applicants aged 12 and over.

Additionally, the EU has signed visa facilitation agreements with several third countries, four of which are currently still in force:

- Armenia³: the visa fee is reduced to EUR 35 for adult applicants and waived for applicants under the age of 12.
- Azerbaijan⁴: the visa fee is reduced to EUR 35 for adult applicants and waived for applicants under the age of 12.
- Belarus⁵: the visa fee reduced to EUR 35 for adult applicants and waived for applicants under the age of 12. (It is partly suspended for members of the

¹ Regulation (EC) No 810/2009 of the European Parliament and of the Council of 13 July 2009 establishing a Community Code on visas, OJ L 243 15.9.2009, p. 1, ELI: <u>http://data.europa.eu/eli/reg/2009/810/2020-02-02</u>.

² Increased from EUR 60 during the last revision of the Visa Code in 2020.

³ ELI: <u>http://data.europa.eu/eli/agree_internation/2013/628/oj</u>.

⁴ ELI: <u>http://data.europa.eu/eli/agree_internation/2014/242/oj</u>.

⁵ ELI: <u>http://data.europa.eu/eli/agree_internation/2020/752/oj.</u>

Belarusian Government or of official delegations.)⁶

Cabo Verde⁷: the visa fee is reduced to 75% of the standard fee for non-visa facilitation agreement nationals (i.e., it is currently EUR 60), and waived for applicants under 12.

Any increase of the visa fee by means of a delegated act will not apply to applicants from Armenia, Azerbaijan, or Belarus, as the respective visa facilitation agreements specify the visa fees, which are unaffected by a delegated act. However, as the visa facilitation agreement with Cabo Verde foresees a percentage of the standard visa fee instead of a fixed amount, it would change for Cabo Verdean nationals.

Other visa facilitation agreements were signed with Albania, Bosnia and Herzegovina, Georgia, Moldova, Montenegro, North Macedonia, Serbia, and Ukraine. However, as these countries were moved to Annex II of the Visa Regulation 2018/1806⁸, their nationals no longer need to apply for visas, thus the visa facilitation agreements are largely not relevant anymore in practice⁹.

The visa facilitation agreement signed with the Russian Federation has been suspended following Russia's war of aggression against Ukraine.¹⁰

2. CALCULATION OF THE REVISED VISA FEE

In line with Article 16(9) of the Visa Code, the European Commission shall assess the visa fees every three years, taking into account objective criteria such as Union-wide inflation and salaries of civil servants of EU Member States.

The fee revision mechanism is intended to capture cost increases for Member States in processing visa applications around the world. Besides staff expenses, real estate, equipment and services, especially in the IT domain, are the main cost components. Increases in staff costs are captured by national civil servants' salaries, while Union-wide inflation is intended to reflect cost increases in the other components.

While it would be possible for the Commission to use additional indicators when calculating the fee revision, this option has been discarded at an early stage. For example, it was considered whether a location-specific inflation component should be added to the calculation, since most visa processing takes place outside of the European Union. Hence, Member States' costs are not only affected by inflation in the EU, but in a differentiated manner by inflation in each of the Member States' consular locations. However, adding a location-specific inflation component would have required data for hundreds of cities

⁶ ELI: <u>http://data.europa.eu/eli/dec/2021/1940/oj</u>.

⁷ ELI: <u>http://data.europa.eu/eli/agree_internation/2013/521/2021-10-19</u>.

⁸ Regulation (EU) 2018/1806 of the European Parliament and of the Council of 14 November 2018 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement, OJ L 303, 28.11.2018, p. 39 – 58, ELI: <u>http://data.europa.eu/eli/reg/2018/1806/2023-05-15</u>.

⁹ Where nationals of these countries nonetheless need to apply for a short-stay visa, for example because they hold non-biometric passports which do not qualify for visa-free travel, the visa facilitation agreements still apply. The agreements provide for a visa fee of EUR 35 for adult applicants, which would not be affected by an increase of the visa fee.

¹⁰ ELI: http://data.europa.eu/eli/dec/2022/1500/oj.

around the world, and it would have raised the question of determining appropriate location-specific weights. Since Member States have consular networks of vastly different sizes and geographical scope, it would have also introduced potential imbalances in the treatment of Member States.

As a result, the Commission decided to limit the calculation to the two indicators specifically mentioned in the Visa Code, namely Union-wide inflation and the weighted average of the salaries of Member States' civil servants.

2.1. Inflation

As provided for in the Visa Code, the Union-wide inflation rate published by Eurostat is used, i.e., the harmonised index of consumer prices (HICP)¹¹. The annual inflation rate is calculated as follows:

 $Inflation \ rate = \frac{(index \ year \ N + 1) - (index \ year \ N)}{index \ year \ N}$

Based on the above calculation, the following data can be computed:

	2020-2021	2021-2022	2022-2023
June Year N	106.31	108.65	119.03
June Year N+1	108.65	119.03	126.69
Annual inflation rate	2.2%	9.6%	6.4%

2.2. Purchasing power indicator of Member States' civil servants

The weighted average of the purchasing power of the salaries of the Member States' civil servants has been calculated by (detailed calculation in Annex):

- a) Multiplying the evolution of the real net remuneration in each Member State between year N and N+1 (=evolution of purchasing power) with the weight of each Member State in the total EU GDP. The GDP, expressed in purchasing power parities, as the share of the total of EU GDP is used as the weighting factor. The real net remuneration indicator per Member State as well as the corresponding GDP weights are published by Eurostat annually in October and cover the preceding year up to July¹².
- b) The total EU-wide salary indicator is calculated as the sum of each Member States's GDP-weighted indicator.

2.3. Visa Fee Adjustment Indicator

An overall **indicator** representing the evolution of the two factors has been calculated for each yearly period. This indicator is calculated in the same way as the annual salary update

¹¹ https://ec.europa.eu/eurostat/databrowser//product/view/PRC_HICP_MIDX.

¹² Eurostat Reports on the 2021, 2022 and 2023 annual updates of remuneration and pensions of EU officials, available at https://ec.europa.eu/eurostat/web/civil-servants-remuneration/publications. The database is available on Eurobase at <u>https://ec.europa.eu/eurostat/databrowser/view/prc_rem_cs/default/table</u>.

of EU civil servants, which combines an inflation indicator with an indicator for the evolution of national civil servants' purchasing power¹³:

 $Visa Fee Adjustment Indicator = \frac{(100 + inflation rate) * (100 + purchasing power indicator)}{100} - 100$

	Inflation rate	Salary purchasing power indicator	Visa fee adjustment indicator	Adjusted visa fee (EUR)
Start				80.00
2020-2021	2.2%	0.2%	2.4%	81.92
2021-2022	9.6%	-4.6%	4.6%	85.69
2022-2023	6.4%	-1.7%	4.6%	89.63

Based on this, the following visa fee adjustment can be calculated:

(Fees in EUR)	Reduced visa fee for children	VFA Visa fee for Cabo Verdean nationals	Increased visa fee due to Council Implementing Decision (1)	Increased visa fee due to Council Implementing Decision (2)
Start	40.00	60.00	120.00	160.00
2020-2021	40.96	61.44	122.88	163.84
2021-2022	42.84	64.26	128.53	171.38
2022-2023	44.81	67.22	134.44	179.26

The "start" year is set to 2020, as this is the year the current mechanism to revise the visa fee became applicable.

3. Assessment and Impact

The calculation of the fee revision results in an increase of the fee from EUR 80 to EUR 90 for adults, EUR 40 to EUR 45 for children, and EUR 120 to EUR 135 or EUR 160 to EUR 180 where the Council has adopted an Implementing Decision under point (b) of Article 25a(5) for insufficient readmission cooperation. The fee for nationals of Cabo Verde under the corresponding visa facilitation agreement would increase from EUR 60 to EUR 67,50. The maximum service fee charged by external service providers would increase from EUR 40 to EUR 45. This is equivalent to a 12.5% fee increase across the board in three years.

Based on internal calculations, a visa fee increase of 12.5% would lead to a projected additional income of approximately EUR 71 million for all Member States.¹⁴

The Commission considered whether it is appropriate to adopt a delegated act amending the visa fees by examining the fees charged by non-EU jurisdictions for visa services. In

¹³ See Eurostat Methodology Manual, document Doc A6465/14/26 rev4, in particular the annotated calculation example in Appendix Two, <u>https://ec.europa.eu/eurostat/cache/metadata/Annexes/prc_rem_esms_an3.7z</u>.

¹⁴ This represents an approximately 12.3% increase. This is due to the fact that the visa fee for applicants covered under the Visa Facilitation Agreements with Armenia, Azerbaijan, and Belarus will not be affected by the visa fee increase. Additionally, some applicants will remain exempt from paying a visa fee.

comparison with most other large countries of destination, the price of a Schengen visa is still relatively low. For instance, the United States has recently raised their visa fees from USD 160 to USD 185, representing a 15% fee increase for visas.¹⁵

Country	Fee in national currency	Approximate fees in EUR
USA	185 (USD)	172
UK	115 - 771, depending on length of	135 - 900
	validity (GBP)	
Canada	100 + 85 biometrics fee (CAD)	130
Australia	190 (AUD)	117
New Zealand	211, excluding tourism levy (NZD)	120
Japan	3000 single entry	19
	6000 multiple entry (JPY)	38

Given the inflationary environment of the past several years and the cost increases that Member States have had to absorb, the Commission considers that the calculated fee increases should be passed on to visa applicants. It has thus adopted a delegated act in parallel to this report to give effect to the new visa fees.

A 12.5% increase of the visa fee will lead to an almost 12.5% predicted increase in visa revenue for Member States.

This additional income should, according to Recital 7 of Regulation 2019/1155¹⁶, be used to make available sufficient resources, including staff, to process visa applications respecting the 15-day deadline set out by Article 23 of the Visa Code and the accelerated procedure foreseen under Directive 2004/38/EC for family members of EU citizens¹⁷. It should also be used to help ensure that appointments to lodge a visa application can be granted within two weeks, as required by Article 9 of the Visa Code.

Booking an appointment to apply for a Schengen visa is difficult in many third countries as applicants can often only book appointments at a date which exceeds the two weeks deadline prescribed by the Visa Code¹⁸. This can also prevent family members of EU citizens from benefiting from the accelerated procedure prescribed under Directive 2004/38/EC. The current situation has a negative impact on the image of the EU abroad and on its relations with some of its partners, and therefore needs to be addressed.

The economic impact of a change in the visa fee has been considered, as nationals who are granted a visa and travel to the Schengen area for whatever purpose bring economic capital with them contributing to local economies. A minimal increase of 12.5% or EUR 10 is not considered a likely deterrent for visa applicants, considering the comparatively higher cost

¹⁵ Since June 17, 2023. <u>https://travel.state.gov/content/travel/en/News/visas-news/niv-fee-increases-to-take-effect-june-17-2023.html</u>.

¹⁶ ELI: <u>http://data.europa.eu/eli/reg/2019/1155/oj</u>.

 ¹⁷ Article 5(2) of Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States (OJ L 158, 30.4.2004, p. 77, ELI: <u>http://data.europa.eu/eli/dir/2004/38/2011-06-16</u>): "Member States shall grant such persons every facility to obtain the necessary visas. Such visas shall be issued free of charge as soon as possible and on the basis of an accelerated procedure".

¹⁸ Article 9.2 of the Visa Code: "Applicants may be required to obtain an appointment for the lodging of an application. The appointment shall, as a rule, take place within a period of two weeks from the date when the appointment was requested."

of transportation to travel to the Schengen area or accommodation during the trip. The same conclusion was reached in 2018, ahead of the last visa fee increase.¹⁹ Thus, no negative economic impact is expected, and the Commission does not expect any substantial impact on the number of visa applicants, in particular for tourism or business.

4. **REPORT ON THE DELEGATION OF POWERS**

Since the delegation of power was conferred upon the Commission in 2019, this is the first time that the Commission is making use of it and adopting a delegated act revising the visa fees. The Commission was able to exercise the delegation of powers as intended by the colegislators without problems, limiting itself to the objective indicators expressly listed in the Visa Code (Union-wide inflation and weighted average of the salaries of Member States' civil servants). The necessary data was available from Eurostat in a timely manner and allowed the Commission to assess the appropriateness of revising the visa fee. The Commission made use of the delegated power to set the new visa fees in line with the results of the calculations.

The Commission sees no obstacle to the tacit extension of the delegation of powers, as provided for by Article 51a(2) of the Visa Code, which would mean that the Commission will once again assess the need to revise the amount of the visa fees in 2026/27.

5. CONCLUSION

Based on the above methodology and assessment, the Commission together with this report adopts a delegated act that increases the visa fees by 12.5%, which will mean that adults henceforth pay a fee of EUR 90.

Further, the Commission takes this opportunity to remind Member States of Recital 7 of Regulation 2019/1155 as well as Article 9 of the Visa Code as amended and calls upon Member States to use the newly generated income to help increase resources – including staff – to increase visa processing capacities in the consulates and decrease waiting times for applicants, eliminating situations of non-compliance with the deadlines specified in the Visa Code and with the accelerated procedure prescribed for family members of EU citizens under Directive 2004/38/EC.

This report also fulfils the reporting requirement under Article 51a(2) of the Visa Code. The Commission invites the European Parliament and the Council to take note of this report.

¹⁹ See point 8.1 of the Impact Assessment: <u>https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52018SC0077.</u>

Annex - Calculation of the salary (purchasing power) indicator

Member State	Real net remuneration indicator	Weight GDP in PPS (EU27=100)	Effect on total
BE	-2,3%	3,0%	-0,1%
BG	10,4%	0,8%	0,1%
CZ	6,2%	2,2%	0,1%
DK	-0,4%	1,8%	0,0%
DE	0,1%	22,6%	0,0%
EE	12,5%	0,3%	0,0%
IE	0,3%	2,4%	0,0%
EL	-0,6%	1,5%	0,0%
ES	-0,5%	9,1%	0,0%
FR	-0,8%	15,7%	-0,1%
HR	2,3%	0,6%	0,0%
IT	-1,3%	12,5%	-0,2%
CY	-0,7%	0,2%	0,0%
LV	0,8%	0,3%	0,0%
LT	0,7%	0,5%	0,0%
LU	-3,3%	0,4%	0,0%
HU	1,7%	1,6%	0,0%
MT	5,0%	0,1%	0,0%
NL	0,2%	5,2%	0,0%
AT	-0,9%	2,5%	0,0%
PL	3,8%	6,5%	0,2%
РТ	1,2%	1,8%	0,0%
RO	-1,9%	3,1%	-0,1%
SI	-1,1%	0,4%	0,0%
SK	6,2%	0,9%	0,1%
FI	0,6%	1,4%	0,0%
SE	0,0%	2,8%	0,0%

Total indicator for 2020-21: 0,2%

Member State	Real net remuneration indicator	Weight GDP in PPS (EU27=100)	Effect on total
BE	-3,3%	3,2%	-0,1%
BG	-9,6%	0,8%	-0,1%
CZ	-11,3%	2,2%	-0,2%
DK	-6,6%	1,7%	-0,1%
DE	-5,5%	22,2%	-1,2%
EE	-18,4%	0,3%	-0,1%
IE	-0,9%	2,5%	0,0%
EL	-10,4%	1,5%	-0,2%
ES	-8,1%	8,9%	-0,7%
FR	0,2%	15,8%	0,0%
HR	-8,1%	0,6%	0,0%
IT	1,0%	12,6%	0,1%
CY	-5,9%	0,2%	0,0%
LV	-9,8%	0,3%	0,0%
LT	-10,7%	0,6%	-0,1%
LU	-5,3%	0,4%	0,0%
HU	-9,5%	1,6%	-0,2%
MT	-3,3%	0,1%	0,0%
NL	-4,3%	5,2%	-0,2%
AT	-5,9%	2,4%	-0,1%
PL	-10,9%	6,6%	-0,7%
PT	-6,1%	1,7%	-0,1%
RO	-8,1%	3,1%	-0,3%
SI	-7,4%	0,4%	0,0%
SK	-6,5%	0,8%	-0,1%
FI	-5,5%	1,4%	-0,1%
SE	-4,3%	2,9%	-0,1%

2021-22

Total indicator for 2021-22: -4,6%

Member State	Real net remuneration indicator	Weight GDP in PPS (EU27=100)	Effect on total
BE	6,1%	3,1%	0,0%
BG	0,1%	0,9%	0,0%
CZ	-8,5%	2,2%	-0,2%
DK	-0,1%	1,8%	0,0%
DE	-3,0%	21,9%	-0,7%
EE	-2,6%	0,3%	0,0%
IE	2,8%	2,7%	0,1%
EL	-1,3%	1,6%	0,0%
ES	2,2%	9,1%	0,2%
FR	-2,0%	15,5%	-0,3%
HR	4,2%	0,6%	0,0%
IT	-5,3%	12,8%	-0,7%
СҮ	4,1%	0,2%	0,0%
LV	11,5%	0,3%	0,0%
LT	-4,6%	0,6%	0,0%
LU	2,9%	0,4%	0,0%
HU	-8,7%	1,7%	-0,1%
MT	-2,4%	0,1%	0,0%
NL	0,2%	5,2%	0,0%
AT	0,5%	2,5%	0,0%
PL	-1,4%	6,7%	-0,1%
РТ	2,2%	1,8%	0,0%
RO	-0,6%	3,3%	0,0%
SI	3,4%	0,4%	0,0%
SK	0,0%	0,8%	0,0%
FI	-0,9%	1,4%	0,0%
SE	-4,6%	2,8%	-0,1%

Total indicator for 2022-23: -1,7%