



Ayşegül Aytac¹

Research Associate

Innovation Studies Program

Macroeconomic Studies Program

Ussal Şahbaz

*Director of G20 Studies Center*²

STARTUP VISA PROGRAMS IN THE G20 COUNTRIES

The gap between male and female participation in the labor force, youth unemployment, and shortages of skilled labor are just some of the global issues of significance discussed during Turkey's presidency of the G20. Although the G20 has committed to reducing the gap between male and female participation in G20 countries by 25% by 2025, there is no such G20 target for youth unemployment, which reached 13.1% globally in 2014. Moreover, across G20 countries it is projected that 15% of youth will be permanently left out of the labor market by 2025. For this reason, in order to integrate especially younger people into the labor market and also stimulate innovation, a significant number of countries are seeking to ameliorate these problems by launching specific visa programs for entrepreneurs.

Through these various visa programs, countries offer different opportunities to entrepreneurs with a focus on attracting innovative startups. As the shortage of skilled labor can be considered to be approaching "crisis point", the issue was taken up as one of the main topics for Turkey's G20 Presidency and was articulated by the Business 20 SMEs and Entrepreneurship Taskforce.

In this note, we first briefly overview entrepreneurship in the context of G20 documents and then we analyze the startup visa programs in the G20 countries.

¹ <http://www.tepav.org.tr/en/ekibimiz/s/1308/Aysegul+Aytac>

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Turkey's G20 Presidency and entrepreneurship

The importance of entrepreneurs and the skill-shortage problem are highlighted in the G20 Turkey Leader's Communiqué: "Unemployment, underemployment and informal jobs are significant sources of inequality in many countries and can undermine the future growth prospects of our economies. We are focused on promoting more and better quality jobs in line with our G20 Framework on Promoting Quality Jobs and on improving and investing in skills through our G20 Skills Strategy. We are determined to support the better integration of our young people into the labor market including through the promotion of entrepreneurship."

The same issue was also touched upon in the Business 20 SMEs and Entrepreneurship Taskforce introduced by Turkey's G20 Presidency, making it for the first time part of G20 agenda. The B20 SMEs & Entrepreneurship Taskforce Policy Paper indicates that *Access to international markets* is one of the most pressing problems that SMEs and entrepreneurs face. One solution recommended by the taskforce is *initiating the development of G20-wide entrepreneurship visa programs to facilitate international mobility for entrepreneurs and SME executives*. Under this recommendation it is explained that a significant number of countries have launched specific visa programs designed to attract foreign entrepreneurs starting a business. However, it emphasizes that there are few bilateral or regional programs and the benefits are limited. Therefore, it is recommended that G20 members should act jointly to initiate a program to facilitate international business travel by entrepreneurs and SME executives, and progress the development of coordinated national visa programs to enable foreign entrepreneurs to settle in G20 countries to create start-ups.

In addition, the China Presidency this year has stated that *the G20 needs to enhance exchanges and coordination in economic, innovation and entrepreneurship policies to reduce inconsistencies* as a priority to tackle the issue of lifting mid-to-long term growth potential.

China's G20 Presidency and entrepreneurship

After Turkey's G20 Summit in November, it was announced that the theme of the Hangzhou Summit would be "An innovative, invigorated, interconnected and inclusive world economy". It is emphasized that the G20 is committed to more inclusive growth, through concrete actions to reduce inequalities and imbalances in global development.

The key agenda items for the 2016 G20 Summit comprise: Breaking A New Path For Growth; More Effective And Efficient Global Economic And Financial Governance; Robust International Trade And Investment; and Inclusive And Interconnected Development. As with Turkey's G20 Presidency, the importance of entrepreneurship is emphasized in the 2016 agenda:

- The G20 needs to enhance exchanges and coordination in economic, innovation and entrepreneurship policies to reduce inconsistencies.

- The G20 should innovate development ideas and adopt macroeconomic policies that promote jobs. To stimulate the dynamics of the labor market, it is important to create more jobs through entrepreneurship and address unemployment.

Startup visa programs in G20 countries

A startup visa program is a special concession, which allows non-citizens to start a business in a foreign country and also provides a residence permit and various special benefits. Depending upon their specific conditions, startup visa programs can be separated in three different groups:

- Fast-tracked work visa – In this visa category, applications, and decisions are completed over a short timescale.
- Entrepreneur visa – This visa is tailored for entrepreneurs in accordance with certain rules regarding entrepreneurs' rights and needs.
- Special startup visa programs – In addition to providing a work or residence visa, such startup visa programs offer a variety of other special opportunities.

Moreover, even if some countries do not have a specific startup visa program for entrepreneurs, they are able to create special programs in order to support innovative business startups.³ Here we review some of the visa programs for entrepreneurs that have been adopted by G20 countries:

Fast-tracked general work visa

Spain

Spain launched its *Ley de Emprendedores* program in order to attract foreign innovative enterprises and create local employment opportunities. Under this program, entrepreneurs receive a renewable two-year residence permit. The visa process and decision is made in approximately 10 days and the residence permit is provided within 20 days. Additionally, qualifying entrepreneurs can access a government unsecured lending program, which lends €100 million to €125 million annually to innovative small and midsize companies.

Denmark

In February 2015, Denmark launched its Startup Denmark program to help talented entrepreneurs relocate and grow high-impact startups in Denmark. Selection is based on five criteria: 1) How innovative is the business model? 2) How attractive is the market? 3) How capable is the applicant or team? 4) How scalable is the business model? 5) Can this startup be recommended for Start-up Denmark? Successful applicants receive a residence and work permanent for up to two years, with the possibility of extending for an additional three years.

Netherlands

³ See box 1 and 2.

In order to start a business in Netherlands, the following five conditions must be satisfied: 1) working together with a trusted and experienced mentor (facilitator) based in the Netherlands; 2) produce a product or service that is innovative; 3) the start-up entrepreneur has a step-by-step plan to develop their idea into a business; 4) the start-up entrepreneur and the facilitator are registered in the Trade Register of the Chamber of Commerce; and 5) the start-up entrepreneur must have sufficient financial resources to reside and live in the Netherlands for one year. The successful applicants take a maximum of one year to get an innovative new business off the ground and, after one year, they can extend their residence permit based on another scheme for self-employed individuals. In the meantime, it is mandatory for entrepreneurs to receive guidance from an experienced facilitator.

Ireland

Ireland has created its *Startup Entrepreneur Programme* for those committed to a high-potential start up business in Ireland. Successful applicants are given residence in Ireland for two years, renewable for a further three years. Moreover, after five years' residence, participants will be eligible for long-term residence. In order to be evaluated under this program the enterprise must be a high-potential start-up with the following properties: 1) introducing a new or innovative product or service to international markets, capable of creating ten jobs in Ireland and realizing €1 million in sales within three to four years; 2) led by an experienced management team; 3) headquartered and controlled in Ireland; and 4) less than six years old. In addition to these stipulations, applicants are required to have secured funding of €75,000 for their business proposal.

Entrepreneur visa

United Kingdom

The United Kingdom introduced the UK Entrepreneur Visa program in 2008, with options for three different types of visa: the UK Entrepreneur Visa, the Prospective Entrepreneur Visa, and the Graduate Entrepreneur Visa. The conditions for applying (i.e. minimum investment, English language requirement) show some differences according to the specific type visa. Under this program, 5,576 visas were provided to the entrepreneurs in 2014.

Australia

Australia's Business and Investment Programme is designed to attract high-quality entrepreneurs and investors into the country. This program offers two permanent visas and one temporary visa for the entrepreneurs; each has different requirements in terms of thresholds for minimum assets, business credit history, and capacity to run a business. More than 7,000 visas have been granted as part of this program.

Singapore

In order to benefit from Singapore's EntrePass program, entrepreneurs must satisfy the following requirements: 1) the company must be less than six months old on the date you apply; 2) the company must have at least SGD 50,000 in paid-up-capital – it is mandatory to provide a bank statement showing at least SGD 50,000 in a Singapore-based company bank account; and 3) the entrepreneur must hold at least 30% of the shares in the company. In addition to these stipulations, the company also needs to

meet at least one of the following requirements: 1) the company receives funding or investment from a venture capitalist (VC) or business angel accredited by a Singapore Government agency; 2) the company holds intellectual property (IP) registered with an approved national IP institution; 3) the company has an ongoing research collaboration with a research institution recognized by the Agency for Science, Technology and Research (A*STAR) or institutes of higher learning in Singapore; and 4) the company is part of a program at a Singapore Government-supported incubator. Successful applicants receive a one-year Singapore visa, which can be renewed provided progressive targets for local job creation, revenue, and spending are met.

Germany

In order to promote investment and job creation, Germany also offers a visa for foreign entrepreneurs. The eligibility criteria are based on the following conditions: 1) entrepreneurs must have a robust business plan; 2) the program requires sufficient investment with a strong business idea and Investors having past entrepreneurial success and experience; 3) thirdly the business must be securely financed with its own capital or credit approval transferable at any time; and 4) applicants must meet requirements for an innovative business plan. Successful applicants receive a three-year residence permit and have the opportunity to gain citizenship after five years.

Special startup visa programs

Italy

With its Italia Startup Visa program, Italy accepts innovative startup applications directly or through a certified incubator. Applicants must show €50,000 in financial resources for an innovative startup. A startup qualifies as innovative if fulfills the following requirements: 1) either 15% of its costs are related to R&D; or 2) at least one-third of the team is made up of people who either hold a PhD or are PhD candidates at an Italian or foreign university, or have conducted research for at least three years or at least two-thirds of the team is made up of people holding a Master's degree; or 3) it is the owner or the licensee of a patent or registered software. In order to benefit from support under this program a start-up must fulfill the following requirements: 1) it must have been established for no longer than 48 months; 2) it must reside or be subject to taxation in Italy; 3) it has no turnover or has a turnover that does not exceed €5 million (approximately \$6.4 million); 4) it does not distribute profits; 5) its core business consists of innovative goods or services of a high technological value; 6) it does not originate from a merger, demerger, or divestment process. The visa decision for successful applicants takes a maximum of 30 days and they get a two-year residence visa. In addition, a tailored program of support is offered and certified incubators provide innovative startups with technical, legal, and management support, as well as equipment and a physical space where the companies can develop their business.

France

In order to attract high-tech startups in their creation or growth phase, France announced its French Tech Ticket program in 2015 and started to accept applicants in January 2016. With this program, entrepreneurs can receive a six-month residence visa and with the option to renew for another six months to further fast track their growth. In addition to a residence visa, each startup team member can be awarded prize money of €12,500 (which can be renewable once at the end of the six-month

program), and they have the opportunity to obtain free space in a partner incubator. The program also provides a help desk to provide assistance, while entrepreneurs are eligible for discounted prices on Air France flights.

Canada

Through its Startup Visa Program, Canada accepts foreign entrepreneurs with the skills and potential to build an innovative business that creates jobs. The program has four requirements: 1) having a letter of support from a designated angel investor group, venture capital fund, or business incubator; 2) having the required language skills; 3) having an adequate amount of money to settle and provide for the cost of living; and 4) showing that the business meets the ownership requirements. In addition to these criteria, if the investment comes from a designated Canadian venture capital fund, entrepreneurs must secure a minimum investment of \$200,000 CAD; alternatively, if the investment comes from a designated Canadian angel investor group, entrepreneurs must secure a minimum investment of \$75,000. They do not need to secure any investment from a business incubator as long as they are accepted into a Canadian business incubator program.

Chile

Startup Chile Program, which aims to make Chile an Innovation and entrepreneurship hub of Latin America, seeks to attract early stage high-potential entrepreneurs. The scheme comprises three different programs: S Factory, Seed, and Scale and all of them have different entry requirements. This program provides a one-year working visa with a certain amount of funding, working space, networking, and mentoring.

Conclusion

This discussion shows that a variety of visa programs have been adopted in the majority of G20 nations, in order to pave the way for addressing skills shortages in their labor markets and attracting innovative entrepreneurs to the country – as a consequence, these countries become more attractive to innovative inward investment. For this reason, such startup visa initiatives act as an example to those countries that have yet to create their own visa program for entrepreneurs.

The International Innovators Initiative (IN2NYC)

Although the Startup Act has passed the Senate, the immigration policy stalled in Senate; thus the Startup Visa Acts failed. Nevertheless, some special visa opportunities for entrepreneurs have been designed and put into practice: for example, the International Innovators Initiative (IN2NYC) was created

in order to bring foreign companies to New York City. The initiative aims to help 80 foreign entrepreneurs access a visa, and it is projected that the scheme will provide a path to creating more than 700 new jobs in New York City over the first three years. Under this program, entrepreneurs are selected via a competitive process overseen by City University of New York (CUNY), and are given an opportunity to build their businesses in CUNY communal workspaces alongside other innovators. In return, the entrepreneurs use their expertise to contribute to campus life through activities such as participation in academic research and mentorship of student entrepreneurs.

Estonian e-Residency

The Republic of Estonia is the first country to offer e-residency: this is a transnational digital identity available to anyone in the world interested in administering a location-independent business online. With this identity, e-residents can digitally sign documents and contracts, verify the authenticity of signed documents, encrypt and transmit documents securely, establish an Estonian company online, administer the company from anywhere in the world, conduct e-banking and remote money transfers, access online payment service providers, and declare Estonian taxes online.

As of December 2015, 7,200 people from 121 countries had become Estonian e-residents and more than 240 new companies had been established. Currently, more than 530 entrepreneurs use e-residency in order to administer their businesses.

	Conditions			Benefits	
	Minimum Required Investment	Must be an Innovative Project or Not	Job Creation	Working Space	Grant
Ireland	√	√	√		
France		√		√	√
Italy	√	√		√	
Chile		√		√	√
Canada	√				
Netherlands		√			
Singapore	√	√	√		
Spain		√			√
New Zealand	√	√	√		
Denmark		√			
Australia	√	√			
United Kingdom	√				