Start Me Up: The Case for Startup Visas

By “Coach Vance” Trefethen

***Resolved: The European Union should substantially reform its immigration policy.***

Case Summary: “Start up” companies, new ideas being put onto the market by entrepreneurs just starting out, bring new technologies and benefits to society. They also drive economic growth and create jobs. European countries know this, or at least some of them do. About half of the EU member states have “start-up visas,” which allow immigrants to enter and settle there if they are building a new business startup. Aside from half of the EU not having them, the existing startup visas are inadequate because they only apply at the individual country level. An entrepreneur getting a Spanish startup visa, for example, could only operate in Spain and could not benefit from opportunities throughout the entire EU. This fragmentation deters and reduces investment in Europe. The small EU nation of Estonia has a wildly successful startup visa program, and the EU would benefit by adopting its model as a uniform EU-wide startup visa, allowing new investors to locate anywhere and move anywhere in the EU with their new business.

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Start Me Up: The Case for Startup Visas

In this high-tech era we live in, new start-ups originated by hardworking entrepreneurs are the key to future jobs and economic growth. That’s why my partner and I are happy to affirm that: The European Union should substantially reform its immigration policy.

OBSERVATION 1. DEFINITIONS

Substantial

Merriam Webster Online Dictionary copyright 2020. <https://www.merriam-webster.com/dictionary/substantially>

considerable in quantity **:**significantly great

Reform

Merriam Webster Online Dictionary copyright 2020 <https://www.merriam-webster.com/dictionary/reform>

to put or change into an improved form or condition

Immigration policy

Prof. Marc Helbling, Liv Bjerre, Friederike Römer and Malisa Zobel 2014 (Helbling - professor in political sociology at the Department of Political Science at the University of Bamberg. Bjerre – PhD student, WZD Berlin Social Science Center. Romer - doctoral researcher at the Berlin Social Science Center. Zobel - research assistant at Berlin Social Science Center) April 2014 Conceptualizing and Measuring Immigration Policies. A Comparative Perspective <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2423075>



Start-up

European Commission 2019. (executive branch of the EU government) “Migratory pathways for start-ups and innovative entrepreneurs in the EU and Norway” 4 March 2019 <https://ec.europa.eu/home-affairs/sites/homeaffairs/files/00_eu_start-ups_common_template_2019_final_en.pdf>

'Start-up': A start-up is an independent for-profit organisation, which is younger than five years and is aimed at creating, improving and expanding a scalable, innovative, technology-enabled product with high and rapid growth.

OBSERVATION 2. INHERENCY, the structure of the Status Quo.

FACT 1. No European Union start-up visa

The EU has no general startup visa and foreign entrepreneurs are increasingly less attracted to the EU

European Commission 2019. (executive branch of the EU government) “Migratory pathways for start-ups and innovative entrepreneurs in the EU and Norway” 4 March 2019 <https://ec.europa.eu/home-affairs/sites/homeaffairs/files/00_eu_start-ups_common_template_2019_final_en.pdf>

In recent years, migrant entrepreneurs are increasingly less attracted to EU Member States than they are to other OECD countries (OECD, 2016). Currently, no EU instrument that formalises self-employed workers’ conditions of admission and rights is in place. This does not mean however that this group is totally excluded from the scope of the current EU legal framework on legal migration as the transversal Directives cover self-employed on certain aspects. While the EU has a dedicated framework for highly qualified workers, start-up founders and innovative entrepreneurs are not included in its scope.

FACT 2. Inadequate action by individual EU members

Existing startup visas are inadequate and need to be uniform across the whole EU

Lenard Koschwitz 2016 (*director of European affairs at Allied for Startups*) “Brain gain: Six ways the EU startup visa will bring success to Europe” 6 June 2016 <https://www.euractiv.com/section/innovation-industry/opinion/brain-gain-six-ways-the-eu-startup-visa-will-bring-success-to-europe/>

Of the eight existing startup visa programmes in EU countries, most fall short of their goals. Ireland, for example, has a great ecosystem for entrepreneurs, but received only 50 applications in three years. Looking at the EU as a whole–the digital single market promises a harmonised market of 510 million people–the rules to obtain a visa should be all the same across the whole EU.

OBSERVATION 3. We offer the following PLAN implemented by the European Commission, the European Parliament and any other necessary agencies of the European Union

1. The EU creates a Start-Up Visa valid throughout the EU modeled on the Estonian startup visa.
2. Funding from cutting EU farm subsidies
3. Enforcement through normal means. Violators subject to the same penalties as existing visa fraud or immigration violations.
4. Timeline: Plan takes effect one year after an affirmative ballot.
5. All Affirmative speeches may clarify

OBSERVATION 4. ADVANTAGES

ADVANTAGE 1. New business development and skilled workers

An EU-wide start-up visa would reverse the loss of skilled workers and attract innovation and new businesses

Lenard Koschwitz 2016 (*director of European affairs at Allied for Startups*) “Brain gain: Six ways the EU startup visa will bring success to Europe” 6 June 2016 <https://www.euractiv.com/section/innovation-industry/opinion/brain-gain-six-ways-the-eu-startup-visa-will-bring-success-to-europe/>

The Eurozone loses nearly 120,000 post-secondary educated workers each year to jobs elsewhere. As a result, more EU countries are trying to attract high-potential entrepreneurs to start businesses in Europe. This is a huge opportunity if we get it right because the more startups we have in Europe the more innovation, jobs and growth will follow. Outside of the zone we see huge growth in places like India, where there are around 2.75 million software developers now and 5.2 million by 2018. A healthy mix of market, talent, density, culture, capital and an attractive regulatory environment will ultimately be the recipe for success in Europe. An EU-wide startup visa should attract the best and brightest to start building their businesses in Europe.

ADVANTAGE 2. Investment and new jobs

A. Visas attract investors. The new Startup Visa attracts lots of investors to Estonia

Maarika Truu 2019 (Head of Startup Estonia an agency of the Estonian government; quoted by KredEx, a foundation set up by the Ministry of Economic Affairs and Communications in Estonia) 31 July 2019 The Startup Visa success story continues <https://kredex.ee/en/news/startup-visa-success-story-continues>

According to Maarika Truu, Head of Startup Estonia, the Startup Visa plays an important role in the rapid development of local start-ups. ‘Last year was a record year for Estonian start-up entrepreneurship – approx. EUR 350 million was invested in our companies. It’s obvious that the majority of that amount will go towards creating new jobs, and Startup Visa has been a source of success for this fast growth, ensuring that the development of these companies is not slowed due to a shortage of employees. The Visa programme also helps to bring talented individuals with very diverse backgrounds and skills to Estonia, who contribute equally to the development of companies located here, as well as the community and economy more broadly.’ Within the first six months of the year a total of 400 startups requested startup status, which would allow them to apply for a Startup Visa.

B. Investors create jobs. The Spanish start-up visa created 2.5 billion euros of investment + over 34 thousand jobs in 5 years

European Migration Commission 2018 (agency of the European Commission, part of the executive branch of the EU government) Attracting and retaining foreign startup founders, January 2018 <https://ec.europa.eu/home-affairs/sites/homeaffairs/files/inform_startups_2018_final_revised.pdf>

In the case of Spain, according to a representative of the Ministry of Employment and Social Security, the startup scheme is part of broader efforts to foster innovation and economic growth and attracting foreign talents. Established in 2013, Spain’s entrepreneurship visa is one of the earliest examples of special schemes in Europe that incorporated measures to attract startup founders alongside other entrepreneurs. Early evaluations show a strong positive effect on the economy. The Spanish government has estimated that the scheme has resulted in about 34,500 new Spanish jobs being created as a result and about 2.5 billion euros invested into the economy (Table 1).

ADVANTAGE 3. Start-ups benefit society

A. Lots of benefits. Reduced youth unemployment, improving society with new technology, and making life better

Sigrid Johannisse 2016. (founder of StartupDelta, Dutch national public-private partnership for startups ) 23 June 2016 “SPEECH – TOWARDS A EUROPEAN STARTUP ECOSYSTEM” <https://www.startupdelta.org/press/speech-towards-a-european-startup-ecosystem/>

Startups are the driving force behind innovations that shape the way we live, work, travel, learn and grow old. Startups find solutions for the challenges we face in healthcare, mobility, cybersecurity and climate change. Startups embrace change, have disruption in their DNA and dare to think in new models for business and society. Without any doubt, the digital revolution that startups have brought about will affect and benefit every European. When listening to our favorite music on Spotify, planning our holidays on Booking.com or talking to our loved ones over Skype, we enjoy the technological innovations of startups. Startup founders are the new generation in business, who address societal challenges and boost innovation. The generation which lives and works digital. The generation that creates products, apps and platforms that are fit to scale up global, from day one. And by doing so, this generation of startup founders creates jobs. Nobody creates more jobs than startups and other young companies. Young firms account for 17% of employment and create 42% of all new jobs. Jobs that we need to battle youth unemployment. Jobs that unleash the tremendous talent and potential that is currently left untapped due to unemployment.

B. Significant impact. The EU Startup Visa would be a powerful way to solve social challenges and improve Europe

Neelie Kroes 2016 (master’s degree in economics; former Vice-President of the European Commission; former Minister of Transport for the government of the Netherlands) “A EUROPEAN STARTUP VISA FOR STARTUP FOUNDERS” 27 Jan 2016 <https://www.startupdelta.org/press/a-european-startup-visa-for-startup-founders/>

Now, we need to take the next step and make it easier for startup founders from outside the EU to come here and get a European Startup Visa. This will be a powerful measure to spread their bright ideas across our European single market and create jobs. Not hindered by borders of our Member States. Growing, from one Member State to the next. Allow me to conclude. A European Startup Visa is a great opportunity to make growth easier for startups. I hope today's meeting will mark an important and promising step towards a European Startup Visa. This is a great opportunity to contribute to the larger transnational goals, like innovation and job creation. An opportunity to solve the large societal and economic challenges.

2A Evidence: Startup Visas

INHERENCY

Start-up visas are an immigration policy. And other types of visas don’t accomplish what’s needed to encourage startups

Liam Putazzi 2019 (Policy Analyst at Migration Policy Institute Europe; master's degree in social sciences, with a focus on globalization and migration, from the University of Freiburg, Germany and the University of KwaZulu-Natal, South Africa) July 2019 “Start-Up Visas: A Passport for Innovation and Growth?” <https://www.migrationpolicy.org/research/start-visas-innovation-growth>



Some EU Member States (MS) have startup visas, but many don’t

European Migration Commission 2018 (agency of the European Commission, part of the executive branch of the EU government) Attracting and retaining foreign startup founders, January 2018 <https://ec.europa.eu/home-affairs/sites/homeaffairs/files/inform_startups_2018_final_revised.pdf>

A representative of the Estonian Ministry of the Interior presented an overview of the the outcomes of EMN [European Migration Network] ad-hoc query on ´Startup policies for third-country nationals´, which indicated that there are currently 12 MS (AT, CY, DK, EE, ES, FR, IE, IT, LV, LT, NL and UK) with startup schemes for founders. Out of those states, three MS (CY, EE, FR) have also schemes intended for startup employees. 14 MS have no specific schemes and three MS (FI, HU, PT) are currently developing new startup schemes.

Half the EU members don’t have start-up visas, and the ones that do aren’t working optimally because they compete with each other

European Commission 2019. (executive branch of the EU government) “Migratory pathways for start-ups and innovative entrepreneurs in the EU and Norway” 4 March 2019 <https://ec.europa.eu/home-affairs/sites/homeaffairs/files/00_eu_start-ups_common_template_2019_final_en.pdf>

At national level, almost half of the Member States have adopted a specific scheme to attract and retain start-up founders (EMN, 2018). In order for the EU to be competitive internationally and to avoid competition between the Member States, synergies need to be created between the different national schemes.

A/T “EU innovation / growth is good now” – But it could be a lot better and it’s lagging in some areas

European Commission 2018 (part of the executive branch of the EU government) 22 June 2018 “European Innovation Scoreboard 2018: Europe must deepen its innovation edge” <https://ec.europa.eu/growth/content/european-innovation-scoreboard-2018-europe-must-deepen-its-innovation-edge_en>

About two-thirds of Europe's economic growth over the last decades has been driven by innovation. With only 7% of the world's population, Europe accounts for 20% of global R&D investment, produces one third of all high-quality scientific publications, and holds a world leading position in industrial sectors such as pharmaceuticals, chemicals, mechanical engineering and fashion. Europe is also strong in supporting innovation through Key Enabling Technologies, such as photonics and biotechnology. But Europe is also [lagging behind in many areas](https://ec.europa.eu/commission/sites/beta-political/files/europe-chance-shape-future_en.pdf). EU companies spend less on innovation than their competitors. Venture capital remains underdeveloped in Europe, resulting in companies moving to ecosystems where they have better chances to grow fast. Public investment across the EU falls short of 3% GDP target. R&D intensity is still uneven among EU regions, with investment and research heavily concentrated in Western Europe. And 40% of the workforce in Europe lacks the necessary digital skills.

Fragmented rules across EU countries hinder startups, and the EU failed to enact an EU-wide startup visa

Liam Putazzi 2019 (Policy Analyst at Migration Policy Institute Europe; master's degree in social sciences, with a focus on globalization and migration, from the University of Freiburg, Germany and the University of KwaZulu-Natal, South Africa) July 2019 “Start-Up Visas: A Passport for Innovation and Growth?” <https://www.migrationpolicy.org/research/start-visas-innovation-growth>



Status Quo individual nation startup visas don’t work as well because they don’t grant access to the entire EU

Neelie Kroes 2016 (master’s degree in economics; former Vice-President of the European Commission; former Minister of Transport for the government of the Netherlands) “A EUROPEAN STARTUP VISA FOR STARTUP FOUNDERS” 27 Jan 2016 <https://www.startupdelta.org/press/a-european-startup-visa-for-startup-founders/>

The European market with 500 million consumers, is the largest in the world and therefor highly attractive. However, where European startups benefit from the single European market, startups from outside the EU cannot. For entering each of the 28 European Member States they need to apply for a visa or permit. This time-consuming process hinders rapid expansion.

SOLVENCY / ADVOCACY / ADVANTAGES

A/T “How do you know they’ll succeed?” – Doesn’t matter

Lenard Koschwitz 2016 (*director of European affairs at Allied for Startups*) “Brain gain: Six ways the EU startup visa will bring success to Europe” 6 June 2016 <https://www.euractiv.com/section/innovation-industry/opinion/brain-gain-six-ways-the-eu-startup-visa-will-bring-success-to-europe/>

How should administrations decide whether an entrepreneur has potential to succeed or a company is actually a “startup” at all? The answer is easy: they shouldn’t. Ideally, approving a visa should be a business-driven decision to back and invest in projects and governments ensure that public order and security are not endangered. The French tech ticket is a great example: 50 entrepreneurs are chosen by 10 incubators based on their regular business models. The public administration makes sure that entrepreneurs have both the means and necessary insurance for their stay and don’t pose a risk to public security.

A/T “Many startups fail” – Doesn’t matter, still need to encourage them

Lenard Koschwitz 2016 (*director of European affairs at Allied for Startups*) “Brain gain: Six ways the EU startup visa will bring success to Europe” 6 June 2016 <https://www.euractiv.com/section/innovation-industry/opinion/brain-gain-six-ways-the-eu-startup-visa-will-bring-success-to-europe/>

In contrast with other visa holders, it is hard to say whether a startup will succeed. But regardless of the economic success of a startup, the process of building a company positively affects not only the founder but also the entire surrounding economy. Fifty percent of all Silicon Valley startups have at least one immigrant as a key founder, which contributes substantially to the cultural diversity, openness and creativity of the ecosystem. In the EU only 10% of founders are migrants and just three out of 10 startup employees come from a different country than where the startup is located.

Startups create 42% of all new jobs – reducing youth unemployment

Neelie Kroes 2016 (master’s degree in economics; former Vice-President of the European Commission; former Minister of Transport for the government of the Netherlands) “A EUROPEAN STARTUP VISA FOR STARTUP FOUNDERS” 27 Jan 2016 <https://www.startupdelta.org/press/a-european-startup-visa-for-startup-founders/>

Startup founders are the new generation in business, who address societal challenges and boost innovation. The generation which lives and works digital. The generation that creates products, apps and platforms that are fit to scale up global, from day one. And by doing so, this generation of startup founders creates jobs. Yes, nobody creates more jobs than startups and other young companies. Young firms account for 17% of employment and create 42% of all new jobs. Jobs that we need to battle youth unemployment. Jobs that unleash the tremendous talent and potential that is currently left untapped due to unemployment.

Uniform EU-wide startup visa would be better than individual national visas

Sigrid Johannisse 2016. (founder of StartupDelta, Dutch national public-private partnership for startups ) 23 June 2016 “SPEECH – TOWARDS A EUROPEAN STARTUP ECOSYSTEM” <https://www.startupdelta.org/press/speech-towards-a-european-startup-ecosystem/>

The Netherlands introduced the startup visa in January 2015. At StartupDelta we thought: why not a European one? We want a prosperous Europe. Therefore Europe needs more talented entrepreneurs, especially startups. Startups play a key role in job creation, boosting growth and innovation. Startups can be “home-grown” from within the EU, but also from abroad. Europe needs to do better at attracting and retaining non-EU startup founders. In addition, where European startups benefit from the single European market, startups from outside the EU cannot. For entering each of the 28 European Member States they need to apply for a visa or permit. 7 Member States have implemented startup visa schemes (Italy, Denmark, France, United Kingdom, Ireland, Spain and the Netherlands). Estonia, Slovakia, Finland and Portugal are in the process of developing one. However, entry and residence of non-EU startup founders is still a national matter at the moment. The visa issued by one Member State is only valid in that state. For each Member State a separate procedure is needed with different sets of conditions that have to be met. This hurdle makes Europe less attractive for non-EU startup founders and obstructs mobility within Europe.

EU startup visa would bring business growth in Europe

Sigrid Johannisse 2016. (founder of StartupDelta, Dutch national public-private partnership for startups ) 23 June 2016 “SPEECH – TOWARDS A EUROPEAN STARTUP ECOSYSTEM” <https://www.startupdelta.org/press/speech-towards-a-european-startup-ecosystem/>

A European startup visa scheme could unlock Europe’s potential for non-EU startup founders that want to grow here. It could also improve Europe’s competitive position. Scaling up across Europe will become easier and more attractive for non-EU startup founders if the visa covers the entire European single market.

Experience of existing national startup visas proves we should expand it across the EU, to create more jobs

Sigrid Johannisse 2016. (founder of StartupDelta, Dutch national public-private partnership for startups ) 23 June 2016 “SPEECH – TOWARDS A EUROPEAN STARTUP ECOSYSTEM” <https://www.startupdelta.org/press/speech-towards-a-european-startup-ecosystem/>

8 Member States already have a national startup visa. Therefore, we’re not entering uncharted territory. They have found that only small numbers of specifically talented people have signed up and received such a startup visa. We don’t have to be afraid to be overrun. Furthermore, most of them come from the large world economies, such as the US, Canada, Russia, India and China (BRIC). Now, we can take the next step and make it easier for startup founders from outside the EU to come here and get a European startup visa. This will be a powerful measure to spread their bright ideas across our European single market and create jobs.

Estonian startup visa attracts lots of applicants (Estonian model works!)

Liam Putazzi 2019 (Policy Analyst at Migration Policy Institute Europe; master's degree in social sciences, with a focus on globalization and migration, from the University of Freiburg, Germany and the University of KwaZulu-Natal, South Africa) July 2019 “Start-Up Visas: A Passport for Innovation and Growth?” <https://www.migrationpolicy.org/research/start-visas-innovation-growth>



Estonian start-up visas draw big response from entrepreneurs, far exceeding expectations

Startup Estonia 2020 (Estonian government program to promote business startups) 5 March 2020 The continuous growth of Estonian Startup Visa <https://startupestonia.ee/blog/the-continuous-growth-of-estonian-startup-visa>

A little more than a month ago we celebrated the 3rd birthday of the Estonian Startup Visa. When the programme was launched in 2017, our expectations were humble (as is customary for Estonians, obviously) and we didn’t expect more than 50 applications for the Startup Status (a special status, which gives the eligibility for a company’s founders and employees to apply for the D-visa or Temporary residence permit). In one year, however, the Startup Committee’s 7 members\*(*list in the end*) had to assess 325 applications. In the second year, the number of applications already reached over a thousand, and we saw a hockey stick growth in the applications for the Startup Status as well as the number of people actually relocating to Estonia (931!).

Visas attract investors: Foreign investment in Estonian start-ups has been rising dramatically

Estonian Investment Agency 2019 (government agency promoting foreign investments in Estonia ) Feb 2019 “€328 million invested in Estonian startups in 2018” <https://investinestonia.com/e328-million-invested-in-estonian-startups-in-2018/> (Note: “Starup Estonia” should probably be “Startup Estonia.” The typo was in the original)

Last year saw the Estonian startup sector set new records in connection with the increase in the number of employees, labour taxes paid to the state as well as in investments raised. In total, some €328 million was invested in Estonian startups in 2018, with 30 new investments, indicating an average investment of €10.9 million, [ERR News](https://news.err.ee/909873/328-million-invested-in-estonian-startups-in-2018) writes. “Since 2010, the proportion of investments raised by Estonian startups from abroad has been growing year after year, reaching a new high of 96.3% in 2018,” said Maarika Truu, head of Starup Estonia. “The increased interest of foreign investors confirms that Estonian startups are being noticed globally, we have a strong startup ecosystem and a credible transparent business environment.”

Estonia startup visas are making a “considerable contribution” to their economy

KredEx with the Estonian Ministry of Economic Affairs & Communications 2019 (Kredex a foundation set up by the Ministry of Economic Affairs and Communications in Estonia for economic development) 31 July 2019 The Startup Visa success story continues <https://kredex.ee/en/news/startup-visa-success-story-continues>

Startups that have relocated to Estonia this year, within the framework of the Startup Visa, have also made a considerable contribution to the economy in a short amount of time. Over a period of six months a total of 167 new jobs have been created, EUR 700,000 in labour tax has been paid, with the turnover of these companies reaching nearly EUR 6.3 million.

Details of how the Estonia start-up visa works

Ann-Marii Nergi 2018 (journalist) June 2018 Estonia’s Startup Visa is a ticket to Europe’s liveliest startup community <https://investinestonia.com/estonias-startup-visa-is-a-ticket-to-europes-liveliest-startup-community/>

Initiated by the local startup community and the Estonian Ministry of Interior together with Startup Estonia, Estonian Startup Visa allows non-EU nationals to come and work for Estonian startups, relocate their existing startups or found new ones in Estonia. This visa may be issued for up to 365 days and extended for up to 183 days, altogether for 18 months. After that, for a longer stay, it is possible to apply for a temporary residence permit for entrepreneurship which may be issued for up to five years. And the Startup Estonia team also sees that people want to extend their stay. ‘Many are interested to stay longer than the year-and-a-half visa period and many have applied for residence permits,’ says Merilin Lukk, project manager at Startup Visa. ‘We see that a bulk of startup visa alumni have received such a positive experience with Estonia that they have already applied for the residency permit,’ Merilin continues. Before the Startup Visa programme was established, the legislation for foreigners set various requirements that startups generally were not able to fulfil. For example, in order to have a residence permit, a normal company should have at least 65 000 EUR in capital, in order to invest this in business activity in Estonia. Due to the nature of startups, it is not easy to fulfil such requirements in the first few years of business, it is more or less impossible. To qualify for the Startup Visa, startups must first fill out an application detailing their business and team, which are then evaluated by a Startup Committee, consisting of members of the Estonian startup community. So far, the Committee has given a positive evaluation to 177 applicants that are then given the opportunity to come and develop their scalable business model in Estonia. But beware, the Committee is really insightful and doesn’t fall for the plain visionaries. That’s why more than 200 applicant requests have been denied. ‘The long application form on the Startup Estonia webpage requires a thorough introduction of your business model − the main thing, as is normal for startups, is scalability. The Committee also evaluates the existence of a team, always preferring teams that are already operating. After that, the company must answer questions about near goals, how much money they have raised, if the company has achieved broader attention. It can be said that if the company has done proper preparatory work, assessed their suitability for the application, and filled in the form thoroughly, they are likely to qualify,’ says Merilin Lukk. As a sort of a bonus, entrepreneurs may also bring their families to Estonia. If you are issued a startup visa, a visa may also be issued to your spouse and children under the same conditions. It is possible for the spouse to also work temporarily on the basis of the visa.

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