



Will the United States Adopt Start-Up Immigrant Visas to Foster Economic Innovation?

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In the fall of 2013, Stanislav Korsei and Oleksandr Zadorozhnyi arrived in Vancouver, Canada, bringing with them from their home country, the Ukraine, a new tech company called Zeetl Incorporated. Their arrival to build a new life in Canada was enabled by a successful application to that country's Start-Up Visa program, one of the world's first to offer permanent residency status to young immigrant entrepreneurs and their families. Korsei and Zadorozhnyi secured \$30,000 in funding from a Canadian business accelerator, which entitled them to apply for the program. One year later, Zeetl was acquired by Canadian social media company Hootsuite. The exact valuation of Zeetl has not been disclosed; the deal illustrates tangible results for Canada's Start-Up Visa Program, and Korsei and Zadorozhnyi are already working on their next startups.

A New Type of Visa Emerges to Foster a Start-Up Economy

"Start-Up" visa schemes have increasingly been adopted in a number of countries around the world. With the support of Silicon Valley insiders, Start-Up Chile began one of the first efforts in 2009, followed closely by Start-Up Canada. Today, comparable programs are operating in Italy, Ireland, Sweden and Korea, and similar efforts have been announced across Europe, Asia and the Middle East. The United Kingdom, Hong Kong, Spain, Singapore and Japan have also lowered entry requirements for immigrant startup entrepreneurs. In many cases, these initiatives have moved quickly from initial proposal to enacted policy, with little opposition. But so far, efforts to get similar visa schemes off the ground in the U.S. have stalled.

The development of Start-Up visas marks a shift in immigration policy worldwide toward programs aimed to meet future challenges rather than just unify families or fill in skills shortages. Entrepreneur and investor visa programs have long been used by developed nations to attract high income, traditional firms to their borders, often those meeting specific job creation and capital requirements. The new startup programs take a further step, reflective of today's new types of firms, to capitalize on tech innovation booms. They aim to attract immigrant entrepreneurs who may be ineligible under current visa schemes but are very possibly building the profitable firms of tomorrow.

"Start-ups" are new types of firms where technology is central to the product or service provided. They maximize existing technologies to produce products or services that often help create a new market, or disrupt an existing market. And they usually deploy small teams with business intuition and established technical skills to develop innovative products that reach the market at just the right time. Uber and Lyft, for example, launched startups that use smartphone apps to connect passengers with drivers, radically altering taxi and transport industries with hyper responsive services and payment options. In comparison to more traditional types of firms, such startups have high growth potential, but can be risky. A high percentage fail, but those that succeed can become wildly profitable. Successful examples include Airbnb, a startup that connects travelers with short term rentals valued at \$13 billion, and Snapchat, a photo sharing app with more
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than 100 million users valued at \$10 billion dollars.

Start-Up visa schemes aim to attract not only potentially profitable startups but also the highly qualified and innovative people who develop them. Often, the skilled founders of successful startups go on to launch new firms or startup incubators providing seed funding to further new ideas. By using Start-Up visas to attract a rich variety of firms and innovators to their borders, countries can promote innovations well beyond their homegrown capabilities.

The Difference between Start-Up and Traditional Business Visas

Residency visa schemes for business owners and entrepreneurs have long been part of immigration policy around the world, but Start-Up visas favor new, tech-savvy firms rather than traditional business enterprises. For example, Start Up Italy requires firms to “be engaged solely or primarily in technological innovation” and no more than four years old. Chile’s program disallows any firm over two years old. What is more, Start-Up schemes require fewer business credentials and set lower thresholds for existing capital funding and job creation. For example, Ireland’s Start-up Entrepreneur Programme requires firms to have secured only a minimum of €75,000 for their business proposals, while traditional business investor visas to Ireland require the investment of a minimum of €500,000. Canada’s Start-Up program requires that innovative tech entrepreneurs show only \$75,000 in committed capital and limited funds to cover costs of living upon arrival.

A majority of Start-Up visas require an endorsement or funding from the nation’s startup community. This signifies feasibility and collaborations already in place. For example, Start-Up Canada requires potential startup entrepreneurs to have letters of support from Canadian incubators. Unlike traditional investor/business entrepreneur visas, some Start-Up visa programs operate on a competitive basis, with a predetermined quota of visas to be allocated to the firms deemed the most suitable. Start-Up Chile, one of the most groundbreaking schemes, attracted 2,448 applications to their latest application process.

The United States is Behind the Curve

Many would-be immigrants seek entry to the United States, but our visa policies currently favor family reunification and have been slow to address shifting economic realities. Despite being one of the first countries to consider proposals for Start-Up visas, so far all attempts to legislate a U.S. program have failed to progress beyond committees in Congress. In 2010, Democrats John Kerry of Massachusetts and Mark Udall of Colorado joined with Republican Richard Lugar of Indiana to introduce the first Start-Up visa legislation in the U.S. Senate, calling for an employment based, conditional visa for sponsored entrepreneurs backed by U.S. investors. But this bill died in committee despite strong support from across the American tech and business sectors. Similar bipartisan bills met similar fates in both the House and Senate in 2011, 2013, and 2014. Prominent voices within the American startup community suggest that the successful enactment of this policy could result in tens of thousands of new startups employing equal numbers of new workers; and many observers see the failure to create U.S. Start-Up visas as slamming the door to foreign startups at the same time that competitor countries are welcoming them. As Start-Up visa programs spread across the globe, entrepreneurs who may want to bring skills and ideas to the United States are, indeed, forced to pursue success elsewhere.