THE INTERNATIONAL EXPERIENCE OF STARTUP VISAS FOR IMMIGRANT ENTREPRENEURS

EXECUTIVE SUMMARY

The international experience is that establishing startup visas to grant permanent residence to foreign-born entrepreneurs can bring jobs and innovation to a country, according to a new analysis of immigration policies in four nations. The current economic problems in the United States may bring renewed focus on innovative ways to create jobs in America.

Increased investment and more entrepreneurs will help America recover from the impact of the coronavirus pandemic. Immigrants are a great source of both. Immigrants are more than twice as likely as native-born Americans to become entrepreneurs, according to the Ewing Marion Kauffman Foundation.¹ That is the case even though, unlike in other countries, there is no “startup visa” in the United States that allows foreign nationals to gain permanent residence after founding a new business that meets certain thresholds. Startup visa proposals in the United States have suffered the same legislative fate as other immigration initiatives. A 2013 Senate-passed immigration bill contained a startup visa but the legislation did not pass the House.

This report analyzes startup visas in Canada, Australia, New Zealand and the United Kingdom (UK) and offers lessons that may be applicable to U.S. policymakers. Among the key findings in the analysis:

- A 2016 bill establishing a startup visa in the United States could have created 1 million to 3.2 million jobs over the course of a decade if it became law, according to a National Foundation for American Policy analysis.

- Canada has a national startup visa and a program for entrepreneurs at the provincial level, both of which have attracted entrepreneurs and associated jobs and investments. The national startup visa requires support from an angel investor, hedge fund or accredited incubator, while the criteria for the provincial programs differ depending on the province.

- Utilizing designated business entities, rather than government officials, to screen proposals has been effective in Canada and the United Kingdom. A November 2016 report by Immigration, Refugees and Citizenship Canada on a startup visa pilot program that became the new federal program concluded, “The initial success of the pilot is, in part, due to its design. Unlike the previous program where visa officers assessed business proposals, the current pilot leverages the experience of designated entities to select innovative foreign entrepreneurs.”

¹ 2017 Kauffman Index of Startup Activity, Ewing Marion Kauffman Foundation, 2017.
- In Canada, the minimum investment in the federal program is C$200,000 from a designated Canadian venture capital fund and C$75,000 from a designated Canadian angel investor group. However, there is no minimum investment required if a foreign national is accepted into a Canadian business incubator program. In 2019, 515 people were granted permanent residence under the federal Start-Up Visa program in Canada. The number indicates that while it is not a large category, the Start-Up Visa category is attracting foreign-born entrepreneurs.

- “One reason the Start-Up visa is not more attractive is that some require payments, an allocation and/or equity in the new business which can cause prospective owners to hesitate. The government processing time also increased,” said Toronto-based immigration attorney David Crawford. “It’s part of their commitment to support a business in Canada and assist with startup but some also want to be on the board of that business. And that might be too much for some applicants to accept.”

- Quebec is a province with a program for entrepreneurs. In 2019, permanent residence was granted to 115 immigrants in Quebec’s entrepreneur program.

- Australia and New Zealand will likely need to tinker with their programs for startup visas to make them more attractive to entrepreneurs. “The commitment to attracting entrepreneurs definitely exists in Australian immigration and visa policy, but the criteria are often too prescriptive or unrealistic for the target market,” said Robert Walsh, counsel for Asia Pacific for the Fragomen law firm. “Some of the same issues arise for applicants wishing to set up business in New Zealand as arise in Australia with the resulting low numbers of successful applicants.”

- In New Zealand, in 2019/20, only 14 of 79 applications were approved for an interim Entrepreneur Work Visa, while 20 renewals were approved and 15 were rejected. In Australia, a Freedom of Information (FOI) request showed in 2016-17, fewer than 36 visas were granted under the Venture Capital Entrepreneur stream.

- An Entrepreneur Work Visa, a temporary visa in New Zealand, “is for people who want to work in their own business in New Zealand. To apply, you'll need to provide a detailed business plan and have at least NZ$100,000 to invest.”

- A key problem in Australia and New Zealand is that startups may have already received grants, capital investment or funding from other sources and/or from overseas and do not require or do not wish to apply for one of the government-endorsed funds. “Where our clients have initially expressed an interest in this
stream, they typically have sourced the AUD200,000 themselves, for example, through their own entrepreneurial activities or other overseas investors and do not need the AUD200,000 that is required to come from the specified funding bodies,” according to Robert Walsh. “These potential applicants lose interest at this point as they do not want to be involved with these types of funding bodies.”

- Another option in Australia is the Venture Capital Entrepreneur Stream of the Business Talent visa. To be eligible a foreign national must “have funding of at least AUD1 million from an Australian venture capital firm” and "be nominated by an Australian state or territory government.”

- The UK immigration system enables applicants to qualify for permanent residence after 3 or 5 years depending on the category the applicant has applied for. One of the categories, the Start-Up visa, permits applicants to remain in the UK for two years (without extension) to familiarize themselves with business in the UK. Following the 2 years, if they wish to do so, applicants can apply for the Innovator visa. The Innovator visa is intended for entrepreneurs who have experience doing business in the UK.

- The best feature of the UK immigrant entrepreneur program appears to be removing government officials from evaluating business decisions in favor of business entities (i.e., the endorsing body). U.S. policymakers should be aware of this feature.

- Jurga McCluskey, a partner with Deloitte UK in London, noted that the benefit of this process is that the applicant deals with endorsing bodies that have industry expertise, therefore, basing their decisions on business acumen and experience. They are better equipped than government officials to filter through and evaluate applications. “Despite being a new category, from the conversations we are having, the Start-Up visa is proving to be popular. It is clear that the UK government wants to attract strong business to the UK market and place them in a competitive pool with Silicon Valley and the rest of the world,” said McCluskey.

What are the lessons learned from startup visas in Canada, Australia, New Zealand and the United Kingdom? First, in the United States, Congress would need to pass a new law to establish a startup visa. Immigration laws in Canada, Australia, New Zealand and the United Kingdom provide a broad mandate to immigration authorities to establish new categories and programs, and even to set immigration levels. Canada allows provinces, and Australia permits states or regions, to play an important role in immigration selection, which is not permitted under U.S. immigration law.

Second, Congress should focus on establishing criteria that can be quantified. “The EB-JOBS Act of 2015,” H.R. 3370, introduced by Rep. Zoe Lofgren (D-CA) in 2015, set specific thresholds for investment funds raised and jobs created. S. 328, the Startup Act, introduced by Senator Jerry Moran in 2019, also established specific
criteria but has lower thresholds than H.R. 3370. Given the difficulty of divining the precise criteria that will be attractive to potential immigrant entrepreneurs, a potential provision in any legislation could be to grant the Secretary of Homeland Security the authority to reduce by up to 50% the thresholds for investment or jobs created if an evaluation reveals the thresholds in legislation were set too high to attract entrepreneurs. That would take into account the greater flexibility in Canadian and other immigration systems while preserving the role of Congress to make policy.

Third, the experience in other countries is that government officials should not be placed in the position of evaluating business proposals.

Fourth, entrepreneurs should not have to attract investment or place people on their board if that is not part of their business plan. Providing options, including self-funding, as in H.R. 3370, would help address that concern.

In the wake of the coronavirus pandemic, America needs more entrepreneurs. Foreign nationals with drive and good ideas are a great source of new business owners. Learning from the experiences in Canada, Australia, New Zealand and the United Kingdom can allow U.S. policymakers to develop an approach that attracts more foreign-born entrepreneurs to the United States and creates more jobs and innovations in America.
UNITED STATES: NO STARTUP VISAA

The U.S. legal immigration system seeks to balance competing values and interests by providing an opportunity for U.S. citizens to sponsor close family members, businesses to petition for highly-educated workers and the U.S. government to offer protection for refugees fleeing persecution. While under Trump administration policies all elements of this system have been subjected to new restrictions, the underlying law has not changed. Family- and employer-sponsored immigrants wait many years for permanent residence (a green card) due to low annual ceilings and per-country limits.

A major gap in U.S. immigration law is the absence of a “startup visa.” There is no visa that allows a foreign national to gain lawful permanent residence by founding a business, attracting investment and/or employing U.S. workers. America needs more startups to support economic growth and future job growth, but many high-skilled foreign nationals are unable to start businesses because of U.S. immigration law.

An H-1B temporary visa is not a reliable category for foreign-born individuals to become an entrepreneur. Under agency guidelines, U.S. Citizenship and Immigration Services (USCIS) may be unlikely to approve an H-1B petition for an entrepreneur starting a business as the CEO or as the sole founder of a company.\(^2\) It may be possible to gain approval for an H-1B petition for a position such as a chief technology officer (CTO) if the individual has American co-founders, but there is no guarantee of an approval.

Without permanent residence it is difficult to provide investors the assurance an entrepreneur will be allowed to stay in the United States while the business grows. The increase in H-1B denials (up significantly since FY 2015) makes it precarious for individuals currently in H-1B status to change employers, particularly to start a new venture. An H-1B denial, depending on the timing, could leave a foreign-born professional out of status and forced to leave the United States.

One solution is to develop more reliable avenues for foreign nationals to remain in the United States after founding a company.\(^3\) One potential change is to establish a startup visa. A startup visa has been proposed in the U.S. in bills over the past several years. Such bills would allow foreign nationals to gain lawful permanent residence by meeting specific criteria. The criteria have included 1) founding a business, 2) investing one’s own funds or attracting

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\(^2\) To address this problem programs have connected entrepreneurs with universities to mentor students and created jobs in Massachusetts and other states: [https://www.globaleir.org/](https://www.globaleir.org/). The venture capital firm Unshackled Ventures has petitioned for foreign-born entrepreneurs to provide them a more stable immigration status from which to grow their business.

investment of certain dollar amounts from venture capital firms or other sources, and/or 3) employing a specific number of U.S. workers (not close relatives of the founder).

“The EB-JOBS Act of 2015,” H.R. 3370, was introduced by Rep. Zoe Lofgren (D-CA) and cosponsored by Rep. Louis Gutierrez (D-IL) and Rep. Judy Chu (D-CA). The bill would have provided entrepreneurs with a two-year “conditional” green card, with the conditional status removed after 2 years if certain criteria were met.

To be qualified for the first two years, a foreign national had three options: 1) He or she receives a $500,000 investment from an established venture capital firm or “qualified” employer (or super angel investor); 2) He or she raises $100,000 from a qualified seed accelerator; or 3) Foreign nationals become “self-sponsored,” which requires no minimum investment threshold but the new company must create 3 full-time jobs for U.S. workers.

After 2 years, there were three options in the bill to remove the conditionality of the green card (i.e., to provide permanent residence): 1) The individual must create at least 5 permanent full-time jobs for U.S. workers (or 3 such jobs if those jobs pay at least $100,000 a year); or 2) The individual must raise $2 million in additional capital investment or generate $1 million in revenue, or, 3) If an individual is “self-sponsored,” he or she must create 10 permanent full-time jobs for U.S. workers (or 7 if such jobs pay at least $100,000 a year).

Being market-based was a strong aspect of the legislation. There was no annual limit on the number of immigrant entrepreneurs the bill would allow in a year. That made policy sense, since from an economic perspective, there is no such thing as “too much” entrepreneurial activity in a market economy. In a given year, the number of jobs created by startup companies overall have been the difference between America finishing a year with or without net job creation.

H.R. 3370 could have created 1 million to 3.2 million jobs in the United States over the course of a decade if it became law, according to a National Foundation for American Policy analysis. The projections were based, in part, on research from the Ewing Marion Kauffman Foundation. “These estimates, moreover, say nothing about any job creation that may occur after companies age out of the Startup Visa program, when the founders apply for permanent status,” noted the Kauffman Foundation. “Prior work on firm dynamics and job creation indicates that many of these companies can be expected to keep growing and adding jobs for many years . . . None of these estimates, moreover, take into account these companies’ potential impact on the U.S. economy in terms of innovation and productivity, not to mention the fiscal impact through taxes and the fact that immigrant founders will

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be consumers as well. In terms of total economic impact, this means we are likely underestimating the effects of a Startup Visa.5

“The Startup Act” (S. 181) was introduced in January 2015 by Senator Jerry Moran (R-KS) and cosponsored by Senators Mark Warner (D-VA), Christopher Coons (D-DE), Roy Blunt (R-MO), Amy Klobuchar (D-MN) and Tim Kaine (D-VA). This was the fourth version of “The Startup Act,” with earlier versions containing the same provisions on immigrant entrepreneurs introduced in prior years. Another version of the legislation was introduced in the next Congress.

“The Startup Act” and “The EB-JOBS Act of 2015” differed in visa allocation. “The Startup Act” permitted no more than 75,000 entrepreneurs at a time to utilize the visas. It also limited the use of the visa to “immigrant entrepreneurs who hold an H-1B visa or have completed graduate level work in a STEM field, and who during the 1-year period after the new visa is issued register at least one new business entity.”6 “The EB-JOBS Act” did not have a limit of 75,000, nor did it limit potential applicants to the visa to current H-1B visa holders or recent international graduate students. For those reasons, it was reasonable to assume that “The EB-JOBS Act” could allow for twice as many potential entrepreneurs over a 10-year period as “The Startup Act” and, therefore, could lead to twice as much job creation.

The Startup Act introduced by Sen. Moran in 2019 allows someone in H-1B or F-1 student to become a “qualified alien entrepreneur” if he or she, in the first year, hires 2 people and invests or raises capital of $100,000 in a new business entity. Then, to receive permanent residence, over the next 3 years the individual must employ “an average of at least 5 full-time employees who are not relatives of the alien.”

In 2013, the U.S. Senate passed an immigration bill (S. 744) that contained a startup visa but the legislation did not pass the House of Representatives. One part of the bill created a temporary status for foreign nationals who met the definition of a “qualified entrepreneur.” Such individuals could gain temporary status if during the prior 3 years he or she raised at least $100,000, or created at least 3 jobs and generated $250,000 in annual revenue. The investment could come from a variety sources, including venture capitalists and startup accelerators.

The status could be renewed for an additional 3 years if the during the previous 3 years at least 3 jobs were created and $250,000 in qualified investments were raised, or 3 jobs were created and annual revenues of at least $250,000 were generated during the prior 2 years.

6 Staff summary of provisions of S. 181 when introduced in an earlier Congress.
A shortcoming of the bill was it limited the number of green cards in the new category to 10,000 a year. To gain permanent residence, the foreign national needed to maintain a valid temporary visa status during the prior 2 years, and during the previous 3 years created at least 5 jobs and raised $500,000 in qualified investments, or created 5 jobs and generated annual revenues of at least $750,000 during the prior 2 years. If the foreign national “holds an advanced degree in a field of science, technology, engineering, or mathematics,” the job and investment thresholds were slightly lower.7

Fixing the employment-based green card problem is an additional way to increase the number of immigrant entrepreneurs, since that would develop more paths for immigrant entrepreneurs. Currently, due to the low annual limit on employment-based green cards and the per-country limit, a high-skilled foreign national from India can wait a decade or much longer to gain permanent residence. Without permanent residence it can be difficult to attract investment or be certain an individual will be allowed to remain in the United States.

Another approach would be to establish administrative means to help foreign-born entrepreneurs. One administrative measure would be to retain H-4 EADs, which are employment authorization documents for the spouses of H-1B visa holders. Since EADs allow complete mobility in the labor market, the regulation has allowed a number of the tens of thousands of such spouses to start businesses. The administration has proposed ending the H-4 EAD rule.

Liberalizing U.S. Citizenship and Immigration Services (USCIS) rules on H-1B visa holders would allow more high-skilled foreign nationals to start businesses while in H-1B status. The Trump administration has made it more difficult to obtain an H-1B visa.

Retaining the International Entrepreneur Rule, which the Trump administration has slated for rescission, would provide an additional option for foreign nationals with business ideas. The rule would allow foreign nationals to be granted parole and work in the U.S if they established a new business that meets financial and employment thresholds.

Another approach, the focus of this paper, is to study the policies of other countries on startup visas and to adopt the best practices of those countries. The following pages examine how other countries that the United States often looks to for immigration policy ideas attract immigrant entrepreneurs.

IMMIGRATION SYSTEMS IN OTHER COUNTRIES DIFFER FROM U.S.

In the United States, Congress passes laws and the executive branch, in general, is limited to interpreting those laws. In Australia, New Zealand, Canada and the United Kingdom immigration laws provide a broad mandate to immigration authorities to establish new categories and programs, change point their systems and set immigration levels. In sum, the categories and programs in these countries were created by immigration authorities. In the United States, Congress would likely need to pass a new law to establish a version of a startup visa. Canada allows provinces and Australia permits states or regions to play an important role in immigration selection, which is not allowed under U.S. law.

CANADA

Canada has a national startup visa and a program for entrepreneurs at the provincial level. The national startup visa requires support from an angel investor, hedge fund or accredited incubator, notes Dr. David Crawford, the managing partner of Fragomen’s Toronto office. However, the criteria for the provincial programs differ depending on the province. “In most instances the successful applicants will first be granted a [temporary] work permit and can apply for permanent resident status after they have entered their business and run it for a prescribed period. The qualifying factors and criteria vary, depending upon the province, and there can also be a difference in criteria depending upon whether the applicant wishes to live in a metropolitan or rural area. The criteria include the employment of local people.”

“Canada’s Start-up Visa Program targets immigrant entrepreneurs with the skills and potential to build businesses in Canada that are innovative, can create jobs for Canadians and can compete on a global scale,” according to Immigration, Refugees and Citizenship Canada.

The minimum investments are C$200,000 from a designated Canadian venture capital fund and C$75,000 from a designated Canadian angel investor group. No minimum investment is required if a foreign national is accepted into a Canadian business incubator program.

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8 Interview with David Crawford.
9 https://www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/start-visa.html. The names for the visa adopted in each country are used in this report.
10 https://www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/start-visa/designated-organizations.html. “To apply for the Start-up Visa Program, your business idea or venture must get the support of one or more of the designated organizations listed… Venture capital funds, Angel investor groups and Business incubators.”
In November 2016, the Research and Evaluation Branch of Immigration, Refugees and Citizenship Canada (IRCC) released a report evaluating a Start-Up Visa pilot that ran from April 2013 to April 2016.¹² “The initial success of the pilot is, in part, due to its design,” according to the evaluation. “Unlike the previous program where visa officers assessed business proposals, the current pilot leverages the experience of designated entities to select innovative foreign entrepreneurs. The success of the pilot can also be attributed to IRCC’s efforts to facilitate the access of foreign entrepreneurs to Canada. The evaluation found that the SUV pilot was very facilitative to applicants, processing applications within 5.3 months on average and providing them the option to obtain a work permit to start the business before obtaining permanent residency.”¹³

The evaluation produced a positive assessment of the types of entrepreneurs the program attracted: “Compared to the previous program, early evidence suggests that the SUV [Start-Up Visa] pilot is meeting its objectives by admitting innovative entrepreneurs with greater human capital, who are actively pursuing innovative businesses in Canada. The evaluation also found that SUV entrepreneurs are demonstrating early success in terms of their ability to grow a business in Canada.”¹⁴

“When asked to assess their current business success, many SUV key informants reported that there was positive progress in either obtaining additional investment, increasing their networks and business connections, generating revenue, hiring Canadian employees or selling their businesses for a profit,” according to the evaluation. “Designated entities corroborated this view, by stating that most of the businesses they have incubated or invested in through the SUV pilot have demonstrated early success.” Approximately 74% of the businesses were in software development/sales and 24% were in product manufacturing/sales (non-software related).¹⁵

“Between April 2013 and April 2016, the majority of SUV principal applicants (80% or 38 of 47) who were admitted to Canada obtained work permits prior to obtaining permanent residency,” the evaluation concluded. “The vast majority of key informants, across all interview groups, strongly supported the work permit option as part of the SUV pilot. They suggested that work permits allow entrepreneurs to start their business faster, which is generally a requirement by designated entities. Without the work permit, key informants noted that businesses had a higher risk of failure as there is often a short window for business growth once the concept has been established. While a work permit assists the entrepreneur to start the business quickly, timely attainment of permanent residency affords entrepreneurs with greater credibility in the eyes of investors, as it can show investors they are serious about operating a business in Canada.”¹⁶

¹³ Ibid.
¹⁴ Ibid.
¹⁵ Ibid.
¹⁶ Ibid.
The website of Immigration, Refugees and Citizenship Canada features a video with Minister Ahmed Hussen promoting the Start-Up Visa.¹⁷ The video highlights Virtro Entertainment, a virtual reality company started by two immigrants from Australia who used the visa to establish their business in Canada.

In 2019, 515 people were granted permanent residence under the federal Start-Up Visa program in Canada.¹⁸ The number indicates that while it is not a large category, the Start-Up Visa category is attracting foreign nationals.

Foreign nationals must still make practical business decisions. “One reason the program with incubators is not more attractive is some incubators charge close to half a million dollars to support the business,” said Crawford. “It’s part of their commitment to support a business in Canada and assist with startup but they also want to be on the board of that business. And that might be too much for some applicants to go through.”¹⁹

**Provincial Entrepreneur Programs:** Under the Canadian immigration system, the federal government allocates a quota to provincial governments, notes Senior Business Immigration Manager at Fragomen in Toronto Cosmina Morariu. The quota includes an allocation to provinces to nominate foreign entrepreneurs for permanent residence under the entrepreneur programs, said Morariu.²⁰

Quebec is an example of a province with a program for entrepreneurs.²¹ In 2019, permanent residence was granted to 115 immigrants in Quebec’s entrepreneur program. Based on government statistics, Quebec was the only province where foreign nationals received permanent residence based on a provincial entrepreneur program in either 2018, when 145 people were granted permanent residence, or 2019.²²

Under Quebec’s Entrepreneur Program, Stream 1, a foreign national, with up to three other foreign nationals, can “create and operate a business for which you have already received a service offer from a business accelerator or incubator or a university entrepreneurship centre. . . . A business incubator, a business accelerator or university entrepreneurship centre that wants to support an entrepreneur applicant and his/her project must meet the appropriate definition.”²³

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¹⁸ Immigration, Refugees and Citizenship Canada.

¹⁹ David Crawford.

²⁰ Interview with Cosmina Morariu.


²² Immigration, Refugees and Citizenship Canada.

²³ “A “business accelerator” is an organization with an establishment in Québec that offers support services, particularly for finding financing, to people whose business projects are aimed at the growth of innovative companies; A “university entrepreneurship centre” is an organization managed by an academic institution referred to in Section 1 of the Act Respecting
According to the provincial government, “The organization must demonstrate its ability to support the applicant and his/her project. To this end, it must write a service offer in which it presents the services it intends to offer the entrepreneur to accomplish his/her project... The proposed support plan (list and description of services that it plans to offer the applicant to carry out the project); The operation plan (detailed budget for the service offer and the schedule for carrying out the support activities, i.e. the services offered); Its expertise as a business accelerator, business incubator or university entrepreneurship centre (its skills and achievements in relation to the entrepreneur’s project).”24

Under Stream 2, the foreign national must deposit money – a “startup deposit” – with a financial institution in Quebec. The amount of the startup deposit is C$300,000 for a business in the Montréal metropolitan area and C$200,000 outside the Montréal area. The individual must have a net worth of at least C$900,000, and “must present your project in the form of a business plan.”25

“If you choose to create a business, you must own and control at least 25% of its equity capital,” according to the Quebec provincial government. “If you choose to acquire a business, you must own and control at least 51% of its equity capital [and the business] must have been in operation during the five years prior to your date of application” and cannot be involved in certain activities, such as payday loans.26 “Even if you have already launched your business project in Québec, you may still be eligible for the Entrepreneur Program, as long as the project is not yet fully implemented. However, you will still have to observe all of the Program’s rules, which include presenting a business plan and meeting the financial requirements.”27

David Crawford believes the provincial programs for entrepreneurs have a good deal of merit because it sets up an incentive for the province to attract an entrepreneur within a profile or sector of interest. For example, some programs may encourage purchasing existing businesses, which can allow a business to stay in operation when the original owner retires. Requiring the foreign nationals to operate the business for two years prior to qualifying for permanent residence aligns the interests of the foreign national and province, he said.28

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24 Ibid.
25 Ibid.
26 Ibid.
27 Ibid.
28 David Crawford.
AUSTRALIA AND NEW ZEALAND

“The commitment to attracting entrepreneurs definitely exists in Australian immigration and visa policy, but the
criteria are often too prescriptive or unrealistic for the target market,” said Robert Walsh, counsel for Asia Pacific
for Fragomen. “Some of the same issues arise for applicants wishing to set up business in New Zealand as arise
in Australia with the resulting low numbers of successful applicants.”

In New Zealand, in 2019/20, only 14 of 79 applications were approved for an interim Entrepreneur Work Visa,
while 20 renewals were approved and 15 were rejected.

An Entrepreneur Work Visa, a temporary visa, “is for people who want to work in their own business in New Zealand.
To apply, you’ll need to provide a detailed business plan, have at least NZ$100,000 to invest in your business and
be able to claim 120 points on our points scale. If you’re granted this visa, you can buy or set up a business without
living here permanently, or as a first step towards New Zealand residence,” according to the New Zealand
government.

The path to an Entrepreneur Resident Visa in New Zealand can begin with the Entrepreneur Work Visa. Foreign
nationals self-employed in the country 6 months or longer or with a business they’ve operated for two years (on a
different visa) are eligible for an Entrepreneur Resident Visa. An Entrepreneur Resident Visa allows for the
equivalent of permanent residence in New Zealand. It allows you to keep operating your business in the country
and for your partner or spouse and dependent children (24 or younger) to live with you.

A foreign national on an Entrepreneur Work Visa receives 12 months during the “start-up stage,” and an additional
24 months after demonstrating the business was founded. The NZ$100,000 capital investment requirement may
be waived if the entrepreneur demonstrates the company is science or technology sector and “shows a high level
of innovation or export potential.” An individual found to be involved in business fraud in the past or in a company
that failed in the past 5 years is ineligible for the visa.

A foreign national can apply for permanent residence – via an Entrepreneur Resident Visa – in less than 2 years if
he or she can demonstrate investing “at least NZ$500,000 and have created 3 new jobs in New Zealand.”

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29 Interview with Robert Walsh.
After two years of operating the business an individual can obtain permanent residence: “Your business must have realised the benefits outlined in your business plan; Your business must be profitable; Your business must be contributing to New Zealand’s economic growth; [and] You must have invested at least as much capital as outlined in your business plan.”

Australia has similar visa categories to New Zealand and has shown similar results. “We can say that there has been an extremely low take-up rate for any of these visa categories,” said Walsh. A Freedom of Information (FOI) request showed in 2016-17, fewer than 36 visas were granted under the Venture Capital Entrepreneur stream of the Business Talent (subclass 132) visa. In 2019, another FOI showed fewer than 13 Entrepreneur stream (Subclass 188) visas had been granted. South Australia endorsed only 16 (Subclass 408) visas under their Supporting Innovation in South Australia pilot program.

“For the Entrepreneur stream of the Subclass 188 to 888 visa program, the main issue is the restrictions arising from the third-party funding requirement,” according to Walsh. “The AUD200,000 for entrepreneurial activity can only come from agencies of the Commonwealth, State or Territory Governments, publicly funded research or innovation organizations, specified Higher Education Providers or an Investor registered as an Australian Venture Capital Limited Partnership or Early Stage Venture Capital Limited Partnership.”

“Where our clients have initially expressed an interest in this stream, they typically have sourced the AUD200,000 themselves, for example, through their own entrepreneurial activities or other overseas investors and do not need the AUD200,000 that is required to come from the specified funding bodies,” said Walsh. “These potential applicants lose interest at this point as they do not want to be involved with these types of funding bodies.”

Walsh explains a key problem is that startups may have already received other types of grants, capital investment or funding from other sources and/or from overseas and so they do not require or do not wish to apply for one of the government-endorsed funds.

“As has been the case for a number of years now where the need for entrepreneurial or start up based visas has been recognized by Australian authorities, the resulting programs have been well designed at a conceptual level, but the detailed criteria are too restrictive for potential applicants who have often made an impact or a start in the

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34 Freedom of Information Request FA 17/07/00368, Department of Home Affairs, Australian Government.
35 Freedom of Information Request FA 19/05/00595, Department of Home Affairs, Australian Government.
36 Ibid.
business world by being creative and free flowing, but cannot meet the prescriptive detailed criteria or do not want to be involved with government endorsed investment funds,” said Walsh.37

Another option in Australia is the **Venture Capital Entrepreneur Stream** of the permanent Business Talent (subclass 132) visa. To be eligible a foreign national must “have funding of at least AUD1 million from an Australian venture capital firm” and “be nominated by an Australian state or territory government.” Unlike the Business Innovation and Investment (Permanent) visa (subclass 888), Entrepreneur stream, the Venture Capital Entrepreneur Stream does not require 4 years in temporary status.38

The specific requirements include “You must have a genuine and realistic commitment to: maintain a direct and continuous involvement in the day to day management of the eligible business; maintain a substantial ownership interest in your business or investment; secured at least AUD1 million in funding for a high-value business idea; entered into an enforceable agreement with an Australian venture capital firm for the funding. You must follow the terms of your venture capital agreement after you enter Australia. The venture capital firm must be a member of the Australian Investment Council (AIC) (formally known as the Australian Private Equity and Venture Capital Association Limited (AVCAL)). The category of membership must be that of Venture Capital Membership.” The venture capital must be for: “business development or expansion of a business in Australia; the commercialization of a product in Australia; early phase start-up of a business in Australia.”39

A recent innovation in the Australian immigration landscape is the **Global Talent Employer Sponsored (GTES)** program. This is a “Labour Agreement” pathway intended to help businesses fill highly-skilled, innovative and cutting-edge positions that cannot be filled from the domestic labor market. The GTES was developed to address feedback that the existing types of Labour Agreement were not flexible and responsive enough for today’s cutting-edge businesses and startups.

There are two streams that comprise the GTES:

**Established Business Stream:** for accredited sponsors to sponsor highly skilled individuals; and

**Startup Stream:** for startup businesses in the technology space or STEM fields to sponsor highly skilled individuals.

There is concern that the take-up rate in the startup stream is low as the criteria are considered to be too restrictive. As a result, refinements to the criteria are currently under consideration by Australian immigration authorities.

37 Ibid.
UNITED KINGDOM

The UK immigration system enables applicants to qualify for permanent residence after 3 or 5 years depending on the category the applicant has applied for. One of the categories, Start-up visa, permits applicants to remain in the UK for two years (without extension) to familiarize themselves with business in the UK. Following the 2 years, if they wish to do so, applicants can apply for the Innovator visa. The Innovator visa is intended for entrepreneurs who have experience doing business in the UK.

The Innovator visa is valid for three years and, upon completion, applicants can apply for permanent UK settlement (permanent residence) subject to meeting the requirements.

There are no waiting times (other that time it takes to process the application) for permanent residence in the UK, unlike the long backlogs in the U.S. system for family and employment-based immigrants.

To be eligible for a Start-up visa, according to the UK government, “you must be endorsed by an approved body that is either a UK higher education institution [or] a business organization with a history of supporting UK entrepreneurs. You must be able to show that your business idea is a new idea – you cannot join or invest in a business that is already trading. The idea needs to be innovative, viable and scalable. Innovative – you must have an original business idea which is different from anything else on the market, viable, with potential for growth.”

A foreign national can switch to an Innovator visa if he or she “completed your second year on a Tier 1 (Graduate Entrepreneur) visa [or] switched from a Tier 1 (Graduate Entrepreneur) visa to a Start-up visa for your second year.” To be eligible for an Innovator visa an individual must have a “innovative business plan” and £50,000.

Jurga McCluskey, a partner with Deloitte UK in London, noted that a Start-up visa has approximately 160 approved endorsing organizations, while the Innovator category has roughly 45 such entities. “The process involves obtaining an endorsement letter from an approved endorsing body along with £50,000 investment funds. The investment funds may come from the applicant or the endorsing body. The key requirement is that the applicant’s business idea meets the UK Governments requirement of being scalable, innovative and viable.”

“The applicant’s application to the endorsing body will also include a detailed and accurate business plan and applicants should note that the body may request an interview. The endorsing body will assess the Government

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40 https://www.gov.uk/start-up-visa. The UK website provides an endorsing bodies list.
41 Ibid.
42 Interview with Jurga McCluskey.
requirements against the business idea. Successful applicants will be provided with an endorsement letter from the body which will enable them to proceed to the visa process."

McCluskey explained that the benefit of this process is that the applicant will be dealt with by endorsing bodies that have industry expertise, which means they will base their decisions on business acumen and experience, making them better placed to filter through applications. “Despite being a new category, from the conversations we are having, the Start-Up visa is proving to be popular. It is clear that the UK government wants to attract strong business to the UK market and place them in a competitive pool with Silicon Valley and the rest of the world”.43

**CONCLUSION**

The experience in other countries is that it is possible to create a startup visa that will create jobs and opportunity. In the wake of the coronavirus pandemic, America needs more entrepreneurs. Foreign nationals with drive and good ideas are a great source of entrepreneurs. Immigrants are more than twice as likely as native-born Americans to become entrepreneurs, according to the Ewing Marion Kauffman Foundation. Learning from the experiences in Canada, Australia, New Zealand and the United Kingdom can allow U.S. policymakers to develop an intelligent approach that will attract foreign-born entrepreneurs and create more jobs and innovations in America at a crucial time.

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43 Ibid.
APPENDIX

NEW ZEALAND – Meeting the Criteria for an Entrepreneur Resident Visa

Identity
You must provide proof of your identity

Health
You must be in good health

Character
You must be of good character

Fit and proper person
You must be a fit and proper person

You must confirm in the application form that you meet fit and proper person requirements. To be a fit and proper person, all businesses you have influence over must have complied with all immigration, employment and taxation laws. You must also:

- have never been investigated by the Serious Fraud Office or the New Zealand police for any offence resulting from business dealings
- have no convictions for an offence involving dishonesty
- have never been involved in business fraud or financial impropriety.

We'll contact you if you need to provide further information.

English language
You must be able to speak English

You can show us you speak English by either providing:

- an acceptable English language test result
- evidence you have an English-speaking background
- evidence you are a competent user of English for other reasons.

English language test results for entrepreneurs and employees relocating to NZ

English-speaking background

English language test results must be no more than 2 years old.

Bring family
Your partner and dependent children must meet the requirements for this visa

You must provide evidence:

- of your relationship with your partner and dependent children, like a marriage certificate and birth certificates
- that your partner and dependent children meet the identity, character, health and English language requirements for this visa.

Partnership

Dependent children

If your partner and dependent children 16 and over do not speak English, they can learn in New Zealand. You will have to pay us for English language classes before we can grant you a visa.

Learning English in New Zealand after you come to New Zealand

If any of your immediate family members hold New Zealand temporary entry visas based on their relationship with you, they must be included in your residence application.
Your work visa
You must have a current Entrepreneur Work Visa if you have been self-employed for less than two years

We’ll check our records for evidence you hold an appropriate work visa.
We may be able to accept another current visa, if you’ve been working in your own business in New Zealand for at least 2 years and both:
- your visa allows self-employment in New Zealand
- you meet all the requirements for an Entrepreneur Work Visa.

Entrepreneur Work Visa

New Zealand business
You must have either set-up or purchased at least 25% of the shareholding in a New Zealand business and have been running that business for at least 6 months
You must provide evidence that shows how long you've been running your business in New Zealand, which may include:
- a certificate of incorporation
- audited financial statements
- GST records
- other tax records
- export documents
- employment agreements
- wage and salary records
- documents showing you’ve purchased or leased the business site
- invoices for business equipment and supplies
- any other documents that demonstrate the operation of the business.
If you’ve been running your business for less than 6 months you won't be eligible for this visa.

Business plan
Your business must have realised the benefits outlined in your business plan

You must provide evidence your business has met or exceeded the goals outlined in your business plan.

Preparing your business plan

Business profitability
Your business must be profitable

Your business must be both:
- trading profitably (or have the potential to become profitable within 12 months)
- making enough money to pay yourself an annual salary that’s at least as much as New Zealand’s full-time minimum wage.

Economic growth
Your business must be contributing to New Zealand’s economic growth

You must provide evidence that your business is contributing to New Zealand’s economic growth in one of the following ways:
- introducing new technology, management or technical skills
- enhancing existing technology, management or technical skills
- introducing new products or services
- enhancing existing products or services
• creating new export markets
• expanding existing export markets
• creating at least 1 full-time job for a New Zealander (or at least 3 full-time jobs, if you've been in business for less than 2 years)
• offering new skills, networks, management capability and/or capital that increase an existing business' financial performance.

For us to consider a product or service 'new' it would need to:
• be the only one of its kind in New Zealand
• be not previously available in the New Zealand location you run your business.
• offer a significant enhancement or product line not previously provided by an existing New Zealand business or in the location you run your business.

Capital investment
You must have invested at least as much capital as outlined in your business plan.

You must have invested at least as much capital as outlined in your business plan. If you've been running your business for less than 2 years, your investment must be no less than NZ$500,000.

Capital investments exclude:
• passive or speculative investments, like reserve funds or term deposits
• items for your own use, like your car, boat or home
• any salary or wages paid to you or your immediate family
• residential property investments, unless they're part of the business plan.

Employment and immigration law
Your business must comply with New Zealand employment and immigration law.

We may ask you to provide evidence that the business:
• pays workers no less than the minimum wage or other contracted industry standard
• meets holiday and other leave requirements
• provides a safe workplace
• only employs people who are allowed to work in New Zealand.

If the business is included on the list of non-compliant employers maintained by the Labour Inspectorate then we can't approve your application.

No welfare assistance
You must not have received any welfare benefits or assistance.

If you or anyone included in your residence application, have received any welfare benefits or assistance since you were granted a Work Visa, you won't be eligible to apply for residence.

Businesses less than 2 years old
If you've been running your business for less than 2 years, there are extra requirements you must meet.

We'll only consider waiving the minimum capital investment requirement, if both:
• your business is in science, ICT or another high-value export sector
• your business shows a high level of innovation or short-term growth prospects.

For us to consider your business high-value export business, it would need to aim to:
• create 5 or more jobs for New Zealanders
• turnover NZ$500,000 in annual exports.

For us to consider your business has an high level of innovation, you would need show us:
• you've discovered new ways to produce more goods or services without increasing the production costs
• your business is likely to succeed because of your innovation.
AUSTRALIA

Business Innovation and Investment (Provisional) visa (subclass 188)

Entrepreneur stream
This provisional visa lets you carry out entrepreneurial activities in Australia.

- Overview
- About this visa
- Eligibility
- Step by step
- When you have this visa

Receive an invitation to apply

First, you must submit an Expression of Interest (EOI). If an Australian State or Territory government agency accepts your EOI and nominates you, we will invite you to apply for this visa.

Be nominated
You must be nominated by a State or Territory government agency before being invited to apply for this visa. The State or Territory government agency that nominates you must not withdraw their nomination after you apply, or we will be unable to grant you a visa.

Be under 55
You will not receive an invitation if you are aged 55 or older, at the time of the invitation to apply for the visa, unless the State or Territory government agency has determined your proposed entrepreneur activity will be of exceptional economic benefit.

Have a complying entrepreneur activity
You must be undertaking, or proposing to undertake, a complying entrepreneur activity in Australia. You must have a genuine intention to continue this activity.

A complying entrepreneur activity must relate to an innovative idea that will lead to:

- the commercialisation of a product or service in Australia, or
- the development of an enterprise or business in Australia

This activity must not relate to any of the following categories:

- residential real estate
- labour hire
- purchase of an existing enterprise or a franchise in Australia

Receive funding from an approved entity
You must have one or more legally enforceable agreements to receive funding with a total of at least AUD200,000. The funding must be from one of the following entities:

- Commonwealth Government agency
- State or Territory government agency
- Publicly funded research or innovation organisation
- Higher education provider specified as a Table A or Table B provider under Part 2-1 of the Higher Education Support Act 2003
- Investor registered as an Australian Venture Capital Limited Partnership or Early Stage Venture Capital Limited Partnership

At least 10% of the funding must be payable to the entrepreneurial entity within 12 months of the activity starting in Australia. This must be in the agreement.
The entity that will conduct the activity (the entrepreneurial entity) must be either an individual (yourself), a company or a partnership.

You must have held at least 30% interest in your entrepreneurial entity when you entered into the agreement. You must also have a business plan for the entrepreneurial entity. This business plan should note how your innovative idea will lead to:
- the commercialisation of a product or service in Australia, or
- the development of an enterprise or business in Australia

All of the funding provided or to be provided to the entrepreneurial entity under the agreement or agreements is unencumbered and lawfully acquired.

**Not have a history of involvement in unacceptable activities**

You and your partner must not have a history of involvement in business or investment activities that are of a nature that is not generally acceptable in Australia.

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**Have competent English**

You must have at least competent English.

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**Meet our health requirement**

You and any family members who apply for the visa with you must meet our health requirement. Family members who are not coming to Australia may also have to meet our health requirement.

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**Meet our character requirement**

You and family members aged 16 years and over who apply for the visa with you must meet our character requirement. We may also ask that other family members meet the requirement.

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**Sign the Australian values statement**

If you and your family members who have applied for the visa are 18 years of age or older at the time of application, you and your family members must:
- have read, or had explained to you, the Life in Australia information and
- sign the Australian Values Statement that confirm you will respect the Australian way of life and obey Australian laws when you

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**Have no debt to the Australian government**

If you or any family members owe the Australian Government money, you or they must show that it has been paid back or there is an approved arrangement in place to pay it back.

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**Not have had a visa cancelled or a previous application refused**

You might not be eligible for this visa if you have had a visa cancelled or refused while you were in Australia. Check if visa cancellation affects your eligibility.

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**The Supporting Innovation in South Australia (SISA) Pilot**:
The Supporting Innovation in South Australia pilot is promoted by the Australian government as a way to boost economic activity: “SISA is a new visa arrangement designed to attract foreign entrepreneurs to take forward innovative ideas and launch seed stage startups. SISA is being piloted in South Australia. If it is successful, it will be rolled out nationally. Startups are important for the future prosperity of the Australian economy. Startups generate new jobs, drive innovation and bring opportunities to diversify our economy.”

SISA started in November 2018 and runs until November 2021. “Eligible overseas entrepreneurs can apply for a Temporary Activity (subclass 408) visa to participate in SISA,” according to the Australian government. In provides[44](https://immi.homeaffairs.gov.au/visas/working-in-australia/visas-for-innovation/supporting-innovation-in-south-australia)
for a temporary visa. To be eligible an individual must be endorsed by the Government of South Australia, have a “supporting business plan,” be under 45-years-old and have at least “vocational English.

**The Business Innovation and Investment (Permanent) Visa:** The Business Innovation and Investment (Permanent) visa allows for permanent residence in Australia. First, the individual must have held a Business Innovation and Investment (Provisional) visa (subclass 188) in the Entrepreneur stream for 4 continuous years. Second, the individual must have “demonstrated overall a successful record of undertaking entrepreneurial activities in Australia while holding the provisional visa.” Third, the individual must “have a current nomination from an Australian State or Territory government agency.”

When assessing an application, Australian immigration authorities examine “success factors.” An applicant must show either 2 key success factors, or 1 key success factor and 3 supporting success factors.

“Key success factors include: employing 2 or more Australians, permanent residents or other eligible persons; generating an annual turnover of at least AUD300,000; filing a provisional patent or acquiring a standard or innovation patent; receiving ongoing funding or investment in your entrepreneur activity, entering into a partnership with a university; selling an entrepreneurial venture for AUD2 million. Supporting success factors include: adapting your entrepreneurial activities into other business areas; receiving a statement of success from a state or territory government nominator; receiving sponsorship from the corporate sector; starting at least 1 other business or contributing to at least 2 other businesses; receiving formal awards or recognition; raising or contributing to social capital.”

What is the process for obtaining the temporary or provisional visa for entrepreneurs in Australia? To obtain a Business Innovation and Investment (Provisional) visa (subclass 188) Entrepreneur stream, “You must have a funding agreement with a third party of at least AUD200,000.” In addition, “The funding party must pay your entrepreneurial entity at least 10% of the total funding. They must do this within 12 months of the day you start the entrepreneurial activity in Australia. You must use this funding in accordance with your funding agreement.”

The temporary entrepreneur visa lasts for 4 years and 3 months. The first step is to submit an Expression of Interest (EOI). To do so, foreign nationals use SkillSelect, which is part of the Australian government’s points-based immigration system. If an Australian State or Territory government agency accepts your EOI and nominates you, we will invite you to apply for this visa,” according to Australian immigration authorities.

Other criteria include being under age 55 – “unless the State or Territory government agency has determined your proposed entrepreneur activity will be of exceptional economic benefit – having “competent English,” passing a character requirement, signing an Australian values statement, having no debt to the Australian government and no previously denied application or cancelled visa.

49 Ibid.
Established in 2003, the National Foundation for American Policy (NFAP) is a 501(c)(3) non-profit, non-partisan public policy research organization based in Arlington, Virginia, focusing on trade, immigration and related issues. Advisory Board members include Columbia University economist Jagdish Bhagwati, Cornell Law School professor Stephen W. Yale-Loehr, Ohio University economist Richard Vedder and former INS Commissioner James Ziglar. Over the past 24 months, NFAP’s research has been written about in the Wall Street Journal, the New York Times, the Washington Post, and other major media outlets. The organization’s reports can be found at www.nfap.com, Twitter: @NFAPResearch