

Citizenship is a \$20b global business

Gulf Property Exclusive

An increasing number of affluent Gulf residents are pursuing a second citizenship either through investment in real estate, business immigration, investment, buying a second passport or just skilled migration process, due to changing global environment and a change in their financial fortunes, reports say.

The act of leaving behind everything that is familiar to start over in another country is a leap of faith. That leap has been taken by approximately a quarter of a billion people who have left their birthplace and now live in another country where they hope to build a better life, finds a research by McKinsey Global Institute.

While conflict has forced some of them to flee their homes, the vast majority move across borders voluntarily.

Despite the misgivings and controversy surrounding it, cross-border migration is a natural outcome of a more interconnected world and a global labor market.

In today's ever-changing and a more globalised world, dual citizenship is no longer a privilege for a select few. With the variety of programmes now available to the market, and their affordability making it accessible to many more families, alternative residence and citizenship have become a necessity for families looking to provide their loved ones with greater freedom, safety, health and educational opportunities. At the very core of it, dual citizenship enables parents to provide their children with more opportunities

in life – a global legacy.

Many foreigners in these Gulf countries use their resources generated through employment or business, to finance the second citizenship that allows them visa free travel to the rest of the world – without having to stand in queue for hours to get a visa stamped on the passport for travelling either on business or leisure.

UAE-based Bayat Group CEO Sam Bayat, said, "If we compare 2017 to 2018 we have processed about 25 per cent more applications. This is partly due to our region's geopolitics and to applicants' choices in selecting programmes that are closer to their overall objectives, such as livability in the host country. In 2017-18 several countries launched their citizenship programmes such as Moldavia, Montenegro, Turkey, Jordan and Egypt, all trying to attract applicants

to actually relocate."

As of 2015, approximately 247 million people lived in a country not of their birth—a number that has almost tripled in the past 50 years.¹

Over the past 15 years alone, the total number of migrants worldwide has increased by 74 million. Most of them gravitate to places where they believe they will find jobs and opportunity. As of 2015, approximately 65 percent of the world's migrants were residing in developed economies. About half of all migrants globally have moved from developing to developed countries – in fact, this is the fastest-growing type of migration flow.

Bayat Group is a boutique law firm specialising in business immigration, economic citizenship and corporate immigration for over 25 years. The company believes in producing optimum results,

Pej Mohyeddin, Managing Director of Bayat Group



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Sam Bayat, Chief Executive Officer of Bayat Group and Pej Mohyeddin, Managing Director of Bayat Group, seen with HE Roosevelt Skerrit, Prime Minister of Commonwealth of Dominica

rather than settling for acceptable solutions.

Pej Mohyeddin, Managing Director of Bayat Group, says, "Citizenship and residency by investment industry is on the rise, according to some calculations the industry has exceeded US\$20 billion per year recently and it is growing.

"Statesmen acknowledge that citizenship and residency by investment schemes are right and flexible means to attract much needed finances from abroad, therefore sustain further economic and social development. That is one side of the coin."

Pej Mohyeddin was born in 1974 and raised in Canada. With more than 20 years experience in immigration laws and working with Bayat Legal Services (BLS) in Dubai. Pej is now recognized as one of the most qualified individuals in his field and the Managing Director of BLS.

From Canadian immigration laws, to the Caribbean citizenship programmes and European residency, Pej is a trusted advisor to many seeking citizenship or residency.

He started with Bayat Legal Services, formally known as Canadian Legal Services back in mid 90s, flying to Dubai from his home town Toronto. From there, it's been a soaring career with his passion of the field.

In an exclusive interview, Pej Mohyeddin, Managing Director of Bayat Group, speaks to *Gulf Property* at length on various issues relating to the immigration, property investment-linked citizenship and second passport. Excerpts:

Gulf Property: How do you see the future of the various Citizenship by Immigration/2nd Passport/Property Ownership-linked Visa Regimes, especially in view of the latest round of attack on them by neo-conservative politicians in the United States and European Union?

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dency by investment schemes are right and flexible means to attract much needed finances from abroad, therefore sustain further economic and social development. That is one side of the coin.

On the other side, recipients of such schemes are securing so called 'plan B' for them and their families in case of any political or social turmoil in their homelands. They also increase their mobility as alternative passport allows them to travel visa free to much more destinations than the passport of their homeland allows.

Motives of high net worth individuals applying for second or even third, fourth passport varies, but we can say for sure that demand for second passports or golden visas' is increasing and if there is a demand there will be a supply. The fact that just recently two more European states, Montenegro and Moldova, have officially launched citizenship by investment programmes, clearly exhibits that the demand on second passports is on the rise. Immigration has always been a very sen-

sitive issue in all societies. Some are arguing with morality, that citizenship or a passport should not be sold, others have security concerns, like the European Commissioner Vera Jourova, who also stressed that such schemes should not be used for money laundering or tax avoidance.

Although I can ensure you that all these programmes are well regulated and supervised, with a very strict due diligence vetting procedures. Almost all programmes require a third party checking as well, performed by globally well-known companies such as Thompson Reuters, Exiger, Bishops or others.

United States maintains the Immigrant Investor Programme, commonly known as EB-5, since 1993 and it is one of the most successful residency by investment programs in the world.

The government is permanently extending time frames of this programme, as they know that it drives the economy, it helped to overcome a great recession of 2008-2012 and personally I think that the United States will preserve this programme despite the anti-immigration rhetoric of the ruling political establishment.

As for about European Union, I think that, the commission will just issue a recommendations asking operating states to impose more regulations and even more stringent due diligence, especially on the sources of



Pej Mohyeddin, Managing Director of Bayat Group, seen with his colleagues at office

assets.

In general, I can say, that some states can modify or reshape their citizenship or residency by investment schemes, some may even suspend and re-launch after some period like Montenegro, or just totally new state players will emerge on the market, as is the case with Moldova.

It is said that the United States was built by immigrants. How does the host country benefit from the new immigrants?

Though the United States federal agency, which is in

charge of issuing green cards and granting citizenship to foreigners (United States Citizenship and Immigration Services, USCIS) has stopped characterising the United States as “a nation of immigrants” since February, it does not change the reality – America is indeed the nation of immigrants.

The current leadership of USCIS fully shares the Trump administration’s sceptical and often hardline stance on immigration. They have increased scrutiny of visa applications for foreign workers and changed the

asylum application process to discourage people from seeking second homeland in America and made harder for foreigners already in the country to obtain a green card.

The United States has already benefited from immigrants throughout history, as economy can not be expanded without adequate human resources. Nonetheless we have to distinguish two phenomenons: the ordinary immigration, when there is influx of people masses seeking safe havens and economic migration that is when a high net worth indi-

vidual wants to obtain nationality or residency of the other country, while seeking for a more mobility, security and welfare of their family members.

Then why is there a protectionist policy against immigration? Are these purely due to economic reasons – the natives losing jobs to the immigrants?

While there are political sentiments, in some societies politicians found it very profitable to pretend themselves as defenders of traditional values, defenders of national identity.

To some extent, it is a response on the globalisation – the process, which loosened the importance of state borders. Unregulated immigration definitely can cause some social unrest, as competition on job market increases and sometimes it also affects the criminal rates. Although that has nothing to do with citizenship or residency by investment programmes.

Let’s say American EB-5 programme stipulates job creation. Invested funds contribute to the economy growth.

In case of Cyprus and

Malta, such schemes played the vital role in overcoming the financial crises. Fears regarding such programs are very hypothetical, they do not deprive locals of jobs, on the contrary they help to set up new businesses and thus creating more jobs. However I agree that there is a disconnect between the program and the public.

Why do you think people change passports – giving up their prized possession – their identity? Are these purely motivated by economic reasons?

One thing is for sure, the pri-

ority is not tax planning, at least not in the MENA region. However, I do not agree that people applying for second passport are giving up their identity.

Families can preserve their beliefs and values not only in their home countries, but also outside as well. Rich people, as I have mentioned above, have various motives for applying for second nationality. They want some kind of insurance for themselves and their families if there is a political or social unrest in their homelands.

Sometimes they seek better lifestyle and education

possibilities for their children, health and environmental issues also a matter, but most commonly people want to expand their travel freedom, as a second passport gives them visa free travel opportunities to desired destinations. Thus, along with economic there are also other important factors that drive demand on citizenship or residency by investment programmes.

What is the best age to apply for a second passport? Is there an age bar for second passport?

Most of our clients are mid-



Sam Bayat, Chief Executive Officer of Bayat Group, seen with HE Timothy Harris, Prime Minister of St. Kitts and Nevis

middle age, successful business people.

I can not say that there are some universal criteria in terms of age, but according to my observations, people start to think about economic migration, when they have already achieved success in their home countries and want either to expand the business to other parts of the globe or secure welfare for their families.

What are the most popular investment immigration programmes?

The rich from the Middle East generally prefer to ob-

tain a second passport from the Caribbean as investment thresholds there are relatively small and it starts from \$100,000 in a form of donation to the specially designed governmental fund and starts from \$200,000 in a form of real estate investment, plus various processing and due diligence fees. In return they gain a citizenship with a visa free travel opportunity to more than 130 countries worldwide.

The strength of European passports is much higher and therefore Cypriot or Maltese passports can be obtained after respectively

EUR2 million or EUR1 million investments. As Montenegro is supposed to join the EU in 2025, the demand on its passport will probably increase and it will compete with Cyprus and Malta in that regard, the interesting fact about Montenegro is also its livability factor.

As for residency by investment programs, until recently the American EB-5 programme was considered the best in the world. Except today things are changing. Many experts now argue that the best residency programmes are maintained in Portugal and Greece, which

offer residency permits starting from 250,000 Euros.

But, I'd like also to underline the British Entrepreneur. Despite the Brexit, the United Kingdom is still very attractive for many high net worth individuals world-wide and many are ready to invest at least GBP500,000 in order to acquire residence permit there.

Which is the fastest programme to get a new passport that offers visa-free travel to the developed countries?

The fastest programme, is probably maintained by Do-

Cost of Citizenship

Citizenship by Investment (CBI) has become a major business worldwide that allows citizens of certain countries who need to spend a lot of time and resources to obtain visa for travel, residency or work for almost all developed countries, to gain residency or citizenship by investing in those countries and help their economies in exchange for the residency status or a passport.

While many nations, the U.S. included, allow legal residents the chance to apply for citizenship after meeting certain criteria, only 10 countries permit outsiders to acquire citizenship outright. Most require payment in the form of a direct investment, typically in property or a local business.

How Much Does Citizenship Cost? Each country requires a certain minimum investment Hide details.



Country	Citizenship Cost	Capital Gains Tax	Corp. Tax	Sold since
Austria	\$10,000,000	28%	25.0%	1985
Cyprus	\$2,000,000	20%	12.5%	2002
Malta	\$1,000,000	12%	35.0%	2014
Turkey	\$250,000	35%	22.0%	2017
Vanuatu	\$160,000	0%	0.0%	2017
Grenada	\$200,000	12%	30.0%	2013
St. Kitts & Nevis	\$150,000	0%	35.0%	1984
Saint Lucia	\$100,000	0%	30.0%	2015
Dominica	\$100,000	0%	25.0%	1993
Antigua & Barbuda	\$100,000	0%	0.0%	2013

minica.

A successful applicant can obtain its nationality within the period of less than 6 months. For an additional fee, St. Kitts and Nevis can offer accelerated process, however applicants from certain nations are not eligible to apply.

St. Lucian citizenship through investments can be obtained in period of 3 to 5 months, while in Grenada the processing time can last up to 6 months. Cyprus requires at least 6 months of residency until an applicant is eligible to apply for citizenship. While in Malta process-

ing of the citizenship application will take no less than 12 months.

What is the cheapest citizenship by immigration programme?

The least expensive citizenship by investment program are currently operated in Dominica and St. Lucia, where for just \$100,000 donation, a foreigner can apply for citizenship.

The next is Antigua and Barbuda, where single applicant minimum outlay equals to \$125,000. In Grenada and St. Kitts and Nevis the investment thresholds start

from \$150,000. Of course you have to consider some additional governmental, processing and professional fees will be added.

How many people from the UAE and GCC opt for immigration annually?

GCC countries, including the UAE represent a unique phenomenon with regards to their population composition. Unlike most of states around the globe they constitute a minority within their own countries.

According to some estimates, only 8 percent of the total population in the UAE

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Managing Director
Bayat Group

and attracts many high net worth individuals.

Some studies suggest that almost two third of rich people in GCC either possess or wish to obtain a second passport. The official citizenship by investment schemes are opportunities for them to make this wish true.

It is hard to say the exact number of those who wish migrate from the GCC, because obtaining second passport does not necessarily mean that those who acquired them will definitely migrate.

This is done for easing travel and getting insurance for the future. But after Chinese and Russian nationals, people from the GCC are the third largest group applying for second citizenship or residency abroad.

What is your view of the EB-5 Programme? Do you think the US Government will renew it?

The EB-5 programme was extended till fall 2019, but personally I expect that it will be further extended.

As it's great tools to attract HNWI, investment and job creation. It might not be suspended in the foreseen future, but I am sure that some other programme will be launched based on the

same principle – issuing residency permit or as it is called 'green card' instead of investments.

But to speak more specifically on EB-5 programme, I can outline one concrete direction, there are tens of schools in the United States built by using funds from the EB5 program.

Thus the accessibility to education for society has improved. The EB-5 programme is designed to create jobs and boost economy in rural areas. In some areas it has a vital importance and value.

Thus I think it will be preserved, though some conditions of this programme might be changed. For instance, they may increase the investment threshold, which now stands on \$500,000. Investments are done through authorised Regional Centers and only some of them involve real estate deals.

Which is the cheapest property-linked visa regime? For how long is this visa valid?

There are dozens of states around the world with lower investment minimums and shorter application processing times.

Some of them offer the

chance to obtain a second citizenship through naturalization. For example, Georgia until recently was offering residency permits to those foreigners who buy a real estate property of at least \$35,000. However new amendments to the national legislation will very soon increase the investment threshold from \$35,000 to \$100,000.

Although probably the cheapest in the world is the Thailand Elite Residency programme, where the minimum investment layout starts from \$16,000. The best thing about Thai residency permit is that, you have to prolong it once every ten years.

As for about Caribbean citizenship by investment programs, real estate investment option is higher than the donation option. In St. Kitts and Nevis minimum investment threshold for real estate equals \$400,000 or \$200,000, while in Antigua and Barbuda is \$400,000, Grenada it is \$350,000 and St. Lucia it is \$300,000.

The cheapest in the Caribbean is the Dominica programme, which asks citizenship seekers to invest at least \$200,000 in the island's real estate approved projects in order to qualify for

the programme.

As of Europe the prices go up, however, the most affordable are Greek and Portuguese 'golden visa' schemes. Where in Greece the minimum investment is 250,000 Euros and in Portugal is 350,000 Euros.

The UAE has started liberalising its visa policy for foreigners, by introducing a 10-year investor visa and a five-year retiree visa. Do you think the UAE or GCC countries will introduce property-linked visa schemes?

Well, Dubai is already offering residency through real estate purchase. Emirates offer 'golden visas' to those foreigners who invest at least one million dirhams in property.

Visa issuing regulations intend to bring in foreign direct investment or skills into an economy.

Thus, every market follows a different approach towards visa norms. The UAE is leading to the correct direction.

Introduction of a five-year retiree visa is a move that could change how residents of the UAE choose to live out their golden years and help Emiratis to lead the capital inside the country. ■

Pej Mohyeddin, Managing Director of Bayat Group

How to 'buy' a new passport



At A Glance

\$20 billion

value of global investment immigration business

\$5 billion

annual investment into US by EB-5 Programme

\$6.7 trillion

contribution to global GDP by immigrants worldwide

\$2.5 trillion

migrants' contribution to North American economies

Buying a second passport is not that tough anymore. One has to just have the willpower and cash resources – up to \$100,000 at least....

Securing a second passport/citizenship remains one of the key objectives of many expatriate families living in the Gulf countries that allows them visa-free travel opportunity to more than 100 countries.

Business immigration, skilled immigration or Citizenship by Investment (CBI) and Residency by Investment (RBI) programmes are some of the most popular formats in immigration business worldwide.

Demand from UAE expats for Caribbean citizenship, for instance, has increased by

51 per cent, the highest in the world, according to reports.

Buying a second passport is not that tough anymore. One has to just have the willpower and cash resources – up to US\$100,000 at least.

One could opt for direct citizenship application for that amount, or invest in real estate – which has a higher ceiling and file the application. The application, if accepted, allows the applicant to own the property, live in there or benefit from rental income as well as gain the passport that allows visa-free

travel to more than 120 countries.

There are other CBI and RBI programmes in other countries where the investor in the government's bond programme invests in exchange of the passport. These were offered by a number of European countries that were suffering from debt crisis.

Some of the popular countries offering such schemes include St. Kitts and Nevis, Dominica, Grenada, Antigua and Barbuda and St. Lucia. Among the nationalities that have sought second citizenship are those from Syria,

Yemen, Lebanon, Saudi Arabia, Bahrain, Kuwait, Oman, India and Pakistan.

It has been well documented that immigrants contribute disproportionately to entrepreneurship. This is true both in the United States, where they represent 27.5 percent of all entrepreneurs but only 13 percent of the population, and in many other countries around the world.

On average, immigrants contribute twice as much to U.S. entrepreneurship as native-born citizens do. But immigrants aren't just creating more businesses; they're

creating more successful ones. A Harvard Business school study comparing immigrant-founded businesses to native-founded ones showed that immigrant-founded companies perform better in terms of employment growth over three- and six-year time horizons.

CIPs have become a major contributors to the gross domestic product (GDP) of many countries.

The first launched in 1984, a year after young, cash-strapped St Kitts and Nevis won independence from the UK. Slow to take off, it accelerated fast after 2009 when

passport-holders from the Caribbean island nation were granted visa-free travel to the 26-nation Schengen zone, a report published in *the Guardian* said.

"For poorer countries, such schemes can be a boon, lifting them out of debt and even becoming their biggest export: the International Monetary Fund reckons St Kitts and Nevis earned 14 percent of its GDP from its CIP in 2014, and other estimates put the figure as high as 30 percent of state revenue," the report says.

"Wealthier countries such as Canada, the UK and New

Zealand have also seen the potential of CIPs (the US EB-5 programme is worth about \$5 billion a year to the economy) but sell their schemes more around the attractions of a stable economy and safe investment environment than on freedom of movement."

Almost half of the EU's member states offer some kind of investment residency or citizenship programme leading to a highly prized EU passport, which typically allows visa-free travel to between 150 and 170 countries, the *Guardian* says.

"Malta's citizenship-for-sale

scheme requires a €675,000 donation to the national development fund and a €350,000 property purchase. In Cyprus the cost is a €2m investment in real estate, stocks, government bonds or Cypriot businesses (although the number of new passports is to be capped at 700 a year following criticism)," the report says.

"In Bulgaria, €500,000 gets you residency, and about €1m over two years plus a year's residency gets you fast-track citizenship. Investors can get residency rights leading longer term to citizenship – usually after five

PROGRAM COSTS

	St. Kitts & Nevis		St. Lucia		Grenada		Dominica		Antigua & Barbuda	
	Single Applicant	Family Of Four	Single Applicant	Family Of Four	Single Applicant	Family Of Four	Single Applicant	Family Of Four	Single Applicant	Family Of Four
PROGRAM FEES	USD (\$)	USD (\$)	USD (\$)	USD (\$)	USD (\$)	USD (\$)	USD (\$)	USD (\$)	USD (\$)	USD (\$)
PROCESSING FEES	N/A	N/A	2,000	5,000	1,500	4,000	1,000	1,000	25,000	25,000
APPLICATION FEES & FORMS	250	1,000	N/A	N/A	1,500	6,000	N/A	N/A	N/A	N/A
DUE DILIGENCE FEES (Varies Upon Age)	7,500	11,500	7,500	11,500	5,000	10,000	7,500	11,500	7,500	15,000
INVESTMENT	150,000	195,000	100,000	190,000	150,000	200,000	100,000	200,000	100,000	100,000
CERTIFICATE & STAMP FEES	N/A	N/A	N/A	N/A	N/A	N/A	250	1,000	N/A	N/A
PASSPORT FEES	1,000	4,000	250	1,000	250	1,000	65	260	300	1,200
TOTAL PROGRAM FEES	158,750	211,500	109,750	208,500	158,250	221,000	108,815	213,760	132,800	141,200

years, and subject to passing relevant language and other tests – for €65,000 in Latvia (equities), €250,000 in Greece (property), €350,000 or €500,000 (property or a small business investment fund) or €500,000 in Spain (property, and you have to wait 10 years to apply for citizenship).

More than 40 per cent of expats in the UAE have sold their properties in their home countries in order to obtain a second citizenship, latest data shows.

According to a recent report, about 23.7 per cent of applicants sold some of their own properties to apply for a second citizenship while 16.9 per cent sold their only house last year to secure another passport or nationality.

Among the expat communities seeking a second passport in the UAE, Pakistanis are No.1 followed by Syrians, Indians, Lebanese, Egyptians, Palestinians, Jordanians, Iranians, Iraqis and UAE nationals, according to the Savory and Partners re-

“The St. Kitts and Nevis passport is very well regarded and has excellent reputation, and only relatively few passports have been issued under this citizenship-by-investment programme by the Government. It is a cheapest programme to gain second citizenship for Americans...”

– Les Khan, CEO, St Kitts and Nevis CBI Unit

port. The top destinations for second passports are Commonwealth of Dominica, St Kitts and Nevis, Spain, Portugal and St Lucia.

The report noted that the Commonwealth of Dominica is the easiest option in terms of costs and document requirements for obtaining second passport for single applicants while Antigua and Barbuda and St Kitts and Nevis are the best bet for a family of four.

Around 56 per cent of UAE residents seeking second citizenship apply with their families while 41 per cent are single applicants. However, 39 per cent of people applying for second citizenship apply before the age of 40. More than 46 per cent of applicants have the St Kitts and Nevis citizenship as their favourite since it allows its holder to enter the UAE without a visa and it has an embassy in Dubai.

Cyprus citizenship, meanwhile, is the most favourite programme when it comes to Europe - but an applicant has to invest 2 million in real state.

Meanwhile, a top official of St Kitts and Nevis has urged Gulf residents to take advantage of the new Citizenship by Investment (CBI) programme that allows a family of four to migrate and obtain passports to the twin island state for US\$195,000 and avail visa-free travel to 133 countries in the world.

Most High-Networth Individuals (HNWIs) spend a lot of time in applying and waiting in queue for security clearances to obtain visas for business or leisure travel, to most important countries – resulting in time, business and opportunity losses.

According to the Passport Index 2018, the passport of St Kitts and Nevis is ranked 24 that allows holders of the passport to avail visa-free travel to 100 countries and visa upon arrival in 33 other countries. The country also

Migrants contribute \$6.7 trn to global economy

Migration is a key feature of a more interconnected world. Despite significant concerns about its economic and social implications, the movement of people across the world's borders boosts global productivity, according to a report by McKinsey Global Institute.

The countries that prioritise integration stand to make the most of this potential — improving outcomes for their own economies and societies as well as for immigrants themselves.

More than 90 percent of the world's 247 million cross-border migrants moved voluntarily, usually for economic reasons. The remaining 10 percent are refugees and asylum seekers who have fled to another country to escape conflict and persecution.

Roughly half of these 24 million refugees and asylum seekers are in the Middle



East and North Africa, reflecting the dominant pattern of flight to a neighboring country.

But the recent surge of arrivals in Europe focused the developed world's attention on this issue.

Roughly half of the world's migrants have moved from developing to developed countries, where immigration is a key driver of population growth. From 2000 to 2014, immigrants contributed 40 to 80 percent of labour force growth in major destination countries.

Workers moving to higher-productivity settings boosts global GDP. McKinsey Global Institute (MGI) esti-

mates that migrants contributed roughly \$6.7 trillion, or 9.4 percent, to global GDP in 2015 — some \$3 trillion more than they would have produced in their origin countries.

North America captured up to \$2.5 trillion of this output, while up to \$2.3 trillion went to Western Europe. Migrants of all skill levels make a positive economic contribution, whether through innovation, entrepreneurship, or freeing up natives for higher-value work.

Extensive academic evidence shows that immigration does not harm native employment or wages, although there can be short-

term negative effects if there is a large inflow of migrants into a small region, if migrants are close substitutes for native workers, or if the destination economy is experiencing a downturn.

The costs of managing entry are typically less than 0.2 percent of GDP across major destinations but can escalate when there is a large wave of refugees. Most studies indicate that immigrants have a small but net positive fiscal impact in their destination countries and play a positive role in easing pension burdens.

Narrowing the wage gap between immigrant and native workers from 20 – 30 percent to 5 – 10 percent through better economic, social, and civic integration would translate into an additional \$800 billion to \$1 trillion in global output annually.

The success or failure of integration across areas such as employment, education, health, and housing can reverberate for many years, influencing whether second-generation immigrants become fully participating citizens or remain in a poverty trap. ■

allows dual citizenship and holders of its passport can also keep and the original passport of the country of the immigrant's origin.

St Kitts and Nevis offers Citizenship by Investment (CBI) programme – that allows foreigners to obtain a passport in exchange for investment of \$150,000 for a single person and \$195,000 for a family of four – that allows the person to travel across the world without having to stand in the queue for visas.

“The St. Kitts and Nevis passport is very well regarded and has excellent

reputation, and only relatively few passports have been issued under this citizenship-by-investment programme by the Government. It is a cheapest programme to gain second citizenship for Americans,” said Les Khan, Chief Executive Officer of the St Kitts and Nevis Citizenship by Investment Unit.

However, according to the recently published Henley Passport Index, St Kitts and Nevis' passport was ranked the world's 26th most powerful and the best in the OECS.

The ranking measures a country's passport strength based on the number of des-

tinations its holders can access, with St Kitts and Nevis adding 15 new territories to its list since last year.

Sam Bayat, CEO of Bayat Group, said, “This is perhaps the best time for pursuing the second passport as most countries have reduced fees and investment outlay. This is the best time to spend money in getting a new passport and avail visa-free travel to most of the countries in the world.

“People spend a lot of time wasting in visa processing and waiting for immigration and security clearance for visa issuance that result in

wastage of time, money and possible loss in business opportunities.”

The fastest and most affordable route to St Kitts and Nevis' coveted citizenship is through a one-off contribution to the Sustainable Growth Fund (SGF), which starts at \$150,000 for a single applicant.

The new investment plan was conceived by Prime Minister Timothy Harris with the purpose of using the collected funds for socio-economic development on the islands, in education, infrastructure, tourism and indigenous entrepreneurship. ■



Citizenship fetches €9.2b to EU countries

Citizenship and residency by investment schemes have positive economic impacts in on European Union member-states, especially in the real estate sector, reveals the study by the European Parliamentary Research Service (EPRS).

According to the report, Citizenship by Investment (CBI) and Residency by Investment (RBI) schemes have increased foreign investment in the EU States that offer them.

European countries benefited from CBI and RBI by €9.2 billion from 2008-2018

period, says the EPRS study.

"The inflows of investments can be qualified as foreign portfolio investment (FPI) and property investments. Indeed, the investments under those CBI/RBI schemes are of a passive nature, consisting mostly of foreign portfolio investments in securities and other foreign financial assets that are passively held by the foreign investor. But in a long run perspective, FPIs contribute to sustainable growth of the economy," the report said.

EPRS study shows that Cyprus CBI has generated around €4.8 billion between

the years of 2008-2017. Portugal's Golden Visa programme has attracted more than €4 billion in just five years from 2013 to 2018.

Ireland has accumulated more than €200 million between the years of 2012 to 2016 and Malta has also generated more than €203 million through its Individual Investor Programme (IIP) from the year of 2013 to 2018. But the report lacks statistics from Bulgaria, Estonia, Latvia, Italy, Cyprus, and Malta residency schemes.

"The spillover effects of CBI/RBI schemes on job creation are similarly uncertain.

But it is clear that RBI/CBI schemes make finances more accessible for the companies and they greatly contribute to the growth of real estate sector," the report said.

"In theory, the benefits of CBI/RBI schemes for both newcomers and destination Member States are straightforward. For potential investors, these schemes are attractive because they offer a faster or easier route to change residency, they provide insurance against political or economic disturbance at home, or they give access to visa-free travel.



in the real estate market when the Latvian RBI was introduced. In some regions of Latvia, the share of real property transactions in which foreigners were involved reached more than 50 percent.

Even if the number of deeds decreased by 6 percent between 2015 and 2016 in Malta, the aggregate volume amount of transactions on the property market rose by 12 percent during the same period, meaning that there are fewer but bigger transactions, says EPRS study.

According to the available data, in 2016, the Maltese CBI scheme represented 0.43 percent of the total number of sales in Malta, but 5.43 percent of the total sale prices. These data clearly suggest that the Maltese property market is impacted by the CBI scheme, with a potential effect of a rise in house prices.

In Portugal, from 2012 to 2018, €3.5 billion was invested in property through its RBI scheme. During the same period of time, the number of property transactions rose by more than 100 percent. The rapid increase in RBI applications has reportedly boosted the construction sector and real estate market, which in turn led to the rise in prices, especially for luxury property.

But it has also to be mentioned that the commodification of Lisbon's historic centre is partly due to the Portuguese RBI scheme.

The study by EPRS also argues that investments in the property market lead to the increase of the housing costs, thus increasing anxieties. ■

"In exchange, destination Member States enjoy the benefits of new investments, including revenues and job creation. At aggregate level, however, the economic impacts of CBI/RBI schemes are often modest and elusive.

The vast majority of these schemes rely partly or totally on investments in the property sector. In Cyprus, Latvia, and Malta (together with other forms of investment) the investments should be made in the real estate. It could be argued that investment in property can stimulate construction activity and

thus create jobs. "However evidence of these impacts in practice is scarce", says the study.

But official statistics show that in Cyprus, the number of deeds of sale transactions in the real estate sector has increased by 43 percent in 2016 compared to 2015. It is noteworthy that 25.67 percent relate to sales to foreign buyers. This is a 34.44 percent increase compared to the previous year and can be attributed to the fact that Cyprus has attracted foreign investors via its CBI/RBI schemes.

"Cyprus has, in fact, saved

its economy after 2012-2013 financial crises by reshaping its citizenship by investment scheme," says Sam Bayat, founder of Bayat Legal Services, a boutique firm based in Dubai and specialising on investment migration.

"Cyprus citizenship scheme accountable for the 2.5 percent of the country's GDP revenues, by contrast, the agriculture sector there generates only 2.3 percent of the GDP. Thus, Cyprus Investment Programme is vital for the economy," Bayat adds.

Latvia is another EU state, which witnessed a huge rise