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EXPERT COMMENTARY

Citizenship-by-Investment

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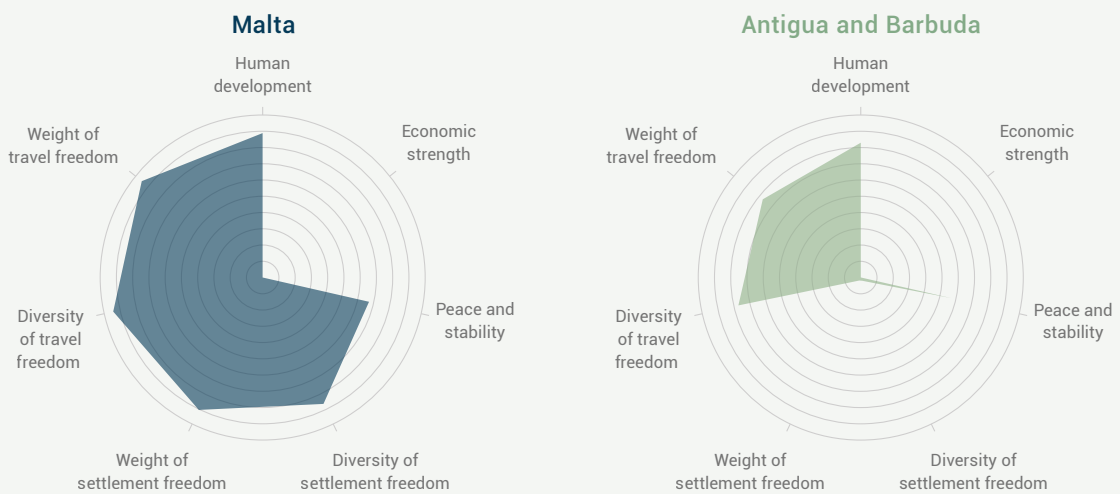
Citizenship-by-Investment



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The acquisition of citizenship-by-investment is an accelerating global trend. Rather than through the lengthy periods of residence, language tests and other requirements typically part of naturalization procedures, countries increasingly offer foreign individuals the option to become citizens if they make a significant direct contribution to the country. A few countries have permitted citizenship-by-investment for many years, including Austria and St. Kitts and Nevis, and in recent years increasingly many countries have started to introduce such options. The following looks at how such countries are positioned in the QNI.



As expected, the European nationalities – Austrian, Cypriot and Maltese – come out very high, both in the overall ranking as well as in the very relevant Settlement Freedom ranking. The Austrian nationality is in the top 10 in the General Ranking every year (ranked 7th in 2016 and scoring 79.9% as an Extremely High Quality nationality), while all three are in the top 15 in the Settlement Freedom ranking. This is no surprise, as EU citizenship is exceptionally strong: it gives the right of free movement and settlement in one of the world’s wealthiest regions and largest economic areas, with over 500 million people.



Accordingly, these three countries also have the highest requirements: in Austria, no specific amount is set in law or by regulation, but current practice requires several million Euros in the form of a donation for public purposes or investments which create employment. Malta requires a donation to its National Development and Social Fund of at least EUR 650,000, plus investments in government bonds of EUR 150,000 and real estate of EUR 350,000 or the rental of an equivalent property for at least five years. The least expensive option in Europe is currently Cyprus, which requires a recoverable real estate investment of EUR 2 million.

There are now five Caribbean countries which run citizenship-by-investment programs: Antigua and Barbuda, the Commonwealth of Dominica, Grenada, St. Lucia, and St. Kitts and Nevis. They are all part of the CARICOM, which provides (conditional) mutual freedom of settlement.¹ The nationalities of the Commonwealth of Dominica, Grenada and St. Lucia improved significantly in 2016 due to the Schengen visa liberalization, being among the top five risers in 2016, along with the nationalities of Timor-Leste and St. Vincent and Grenadines. The nationality of the Commonwealth of Dominica rose 25 places in 2016 (ranked 68th, scoring 38.2%), Grenadian nationality rose 24 places (ranked 67th, scoring 38.9%), and St. Lucian nationality rose 22 places (ranked 64th, scoring 39.6%). The nationality of Antigua and Barbuda was ranked 56th in 2016, scoring 42.0%, which is a two-place improvement and up 4% over the previous year. Similarly, the nationality of St. Kitts and Nevis rose two places and 3.8%, ranking 57th and scoring 41.5% in 2016. The improvement in the nationalities of Antigua and Barbuda and St. Kitts and Nevis is due to their improved Travel Freedom in 2016. A Caribbean passport can be acquired through contributions to national development funds or the



¹ As a CARICOM citizen, you also need a skills certificate along with your passport to avail yourself of the freedom of movement. Nationality alone does not qualify

Henley & Partners is the global leader in residence and citizenship planning. Each year, hundreds of wealthy individuals, families and their advisors rely on our expertise and experience in this area. Our highly qualified professionals work together as one team in over 25 offices worldwide.

The concept of residence and citizenship planning was created by Henley & Partners in the 1990s. As globalization has expanded, residence and citizenship have become topics of significant interest among the increasing number of internationally mobile entrepreneurs and investors whom we proudly serve every day.

The firm also runs a leading government advisory practice which has raised more than USD 6 billion in foreign direct investment. We have been involved in strategic consulting and the design, set-up and operation of the world's most successful residence and citizenship programs.

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