



The Exciting New Trend In Citizenship By Investment Programs

Citizenship by Investment, also known as Economic Citizenship, has gained popularity in recent years as a means of acquiring a second passport. One of the achievements of the “immigration consultancy” business as a whole has definitely been to make the whole process more respectable.

By Peter Macfarlane

Ample evidence of this sea-change was [The Independent Investor Immigration Summit](#), a conference I attended just before Halloween at a luxury hotel around the corner from Harrods in

London. Run by a very large conference producer, the conference's delegates were mainly high ranking politicians, diplomats and lawyers who convened from all corners of the globe to discuss Citizenship by Investment and residence programs.

Way back, "selling passports" was considered more than a little dodgy: in the eighties and nineties passport sale scandals rocked countries like Belize, Dominica, Grenada and Costa Rica to name but a few. These days, however, I believe the "Citizenship-by-Investment" industry has done a great job of turning its reputation around – by a combination of playing politics well and genuinely cleaning up their acts with regard to strict due diligence.

Stepping back to view the big picture, I am surprised how much this business has matured. Even five years ago, a high level conference like this would have been unthinkable, as few countries back then wanted to admit to running such programs.

These days it's the opposite – new countries are jumping on the bandwagon every day, Malta being the latest.



Malta

Other countries such as Grenada – one of the most promising and best value new entrants in my opinion, partly due to its

family-friendly pricing – are proudly relaunching their programs, with a new emphasis on keeping things up-market. Thomson Reuters, a \$12-billion global information company, was one of the leading sponsors of this event and is responsible for maintaining due diligence processes in many of these CBI countries.

The entire Citizenship by Investment industry has grown up as a short-term manifestation of a longer term trend. As I've written in previous articles, multiple citizenships are a natural result of globalization of the economy. Whereas a generation ago having more than one citizenship was rare, these days plenty of my friends' kids are born with not just dual citizenship but even four or five different passports and parents think nothing of it.

Hungary, for example, is one EU country that is giving away thousands of passports, besides having its own investor immigration program. A [recent BBC report](#) explains how just one obscure Hungarian consulate in Serbia alone has more than 50 staff working full time on processing Hungarian citizenship applications and is responsible for approving more than 100 new Hungarian citizens every day.

Even the government of [Denmark](#), which once had very strict laws prohibiting dual citizenship, has promised to pass new laws soon to permit multiple citizenships for the first time. As a substantial investor in Denmark myself, I am wondering if the Macfarlane clan will soon be able to carry Danish passports?

I think that within a couple of generations, there will be little demand for citizenship by investment as everyone will already have multiple citizenships. Probably by this time citizenship (at least in the sense of being property of a government) will have less impact on our daily lives. Right now, however, it's still important – and there's a generation of wealthy people who do not qualify for citizenship via

ancestry but understand very well the benefits of having another passport. It is these people that Citizenship-by-Investment programs are targeting, and doing very well out of thank you.

The half a million dollars or so required in investment to qualify for an almost instant passport in places like St Kitts-Nevis or Grenada may seem like a lot of money to some of us, and there is a fair argument that a lot of the real estate that is a key feature of these programs is sold at an inflated price.

To look at it from the other side, however, half a million dollars barely buys you a broom cupboard in Central London these days – and wealthy Arabs, Russians and Chinese are increasingly seeing that a luxury beachfront pied-a-terre in the Caribbean that comes with a ‘Plan B’ second citizenship from a stable, neutral country and visa-free access to most of the world for the whole family and future generations is a real bargain... when it can be purchased for the same price as an ex-council-flat in Deptford. The smart salesman throws in a marina slip as a sweetener and it’s a done deal!

Of course Americans (citizens of the USA to be more precise) are also a major group of investors buying into these programs – and their motivations are typically different.

Americans are frustrated by worldwide taxation and restrictive extra-territorial laws that affect their ability to do business or even invest internationally – with FATCA being the tipping point for many.

Anyhow, I haven't told you yet why I attended this conference...

Attending this conference and one or two of the after-parties in London consulates that took place in the evenings was part of my process of interviewing some of the key players for Q Wealth.

For the past few months I have been busy putting together a brand new 2014 edition of the Second Passport Report, that will be available for Members Only in the [Q Wealth Members' Area](#)

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