GLOBAL RESIDENCE & CITIZENSHIP
Government Report
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Introduction

In advanced economies, wealth is in human capital. Immigration is the trade of human capital. At the higher end of human capital, in terms of output, are the wealth creators—your successful business people. Individuals with the capacity to create jobs and growth. And in the case of foreign ones, the possible ability to facilitate trade between countries and inject capital. Understanding the potential and the limitations of RCBIs is key in defining to what degree it can improve your country's economy.

RCBIs should be viewed as economic development policies designed to satisfy economic needs. Many will question the contribution of these programs. It's normal; it is not easy to design economic policies that will have a significant impact. But let's not forget the place immigration will have in the coming decades. All of the advanced economies are suffering from the same things: low fertility rate and aging population, which translates into shrinking economies and higher deficit. If used efficiently, RCBIs can help address all these problems; we just have to help governments find the right formula.

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Addressing the elephant in the room

The EU is standing on top of the citizenship industry with the power to crush it. Not many in the industry have been able to formulate good reasons for the EU to support such schemes. The U.S. already views these schemes as a threat to its national security. If the EU was to shut down any country with a CBI by terminating the visa liberalisation agreement with them or by simply telling them to shut it down, in the case of Cyprus and Malta, the industry would quickly collapse. Let's not forget that the CBI main offering is a passport with visa-free travel to the EU. But there are genuine reasons for the EU to support CBI, and mainly for them to get more involved in the practice. The first reasons are humanitarian. Like we saw with the hurricane that devastated the Caribbean, CBI money went a long way in helping the region get back on its feet on its own. Instead of cash aides to small and less fortunate nations, enabling CBI helped them indirectly provide humanitarian aid to some of those in need. The recent progress of these Caribbean nations in terms of economic development can be significantly attributed to the CBI programs that slowly brought investors and tourism to them. Furthermore, many of those applying are wealthy people from emerging countries with a great desire to travel to Europe. Europe would welcome a first line of due diligence on filtering the good ones from the risky ones. They would gladly welcome rich Chinese nationals willing to spend a fortune visiting the continent. If CBIs can provide watertight due diligence, at a level higher than that of their own agencies, then the EU has only to gain from it. This is why Europe needs to implement a standard of due diligence that CBIs will need to uphold in order to create a satisfying level of security that enables all parties to feel victorious in the practice.

Furthermore, I would add that, although nationalism may hold back the practice of CBI in Europe, CBI and RBI should be seen as economic development strategies. I go into lengthy detail about the benefits of RBI as a tool for economic development and increasing trade. But CBI can also be a powerful tool for smaller nations to reduce their government debt, even if the program is run only for a few years just to reduce their national debt to a certain level, e.g. 50 percent of GDP. This can be a powerful tool for the EU to permit nations to balance the sheet. CBI can attract high-quality candidates, with a due diligence level much higher than that of other forms of immigration.

Economic development vs. immigration policy

An immigration program will tend to facilitate the move into a country. Imagine someone wants to move to Canada, and this program is a better fit for him. For example, think of a French entrepreneur whose clients are mostly in North America and he wants to move to Canada. Therefore, he might choose the Quebec entrepreneur program to facilitate his relocation into Canada.

In contrast, an economic development program will try to attract business people that weren't necessarily looking to move into the country. Its aim is to entice business people and their capital to relocate to our shores. The program has specific economic goals it aims to achieve such as reducing unemployment, or is explicitly marketed around the world and could provide financial benefits to the private sector marketing the program. One is set to be competitive in the global market, and the other is not.

What we will discuss in this report are RCBI programs in the sense of being economic development tools, and how an entrepreneur program for instance can have an impact on the economy of a country and its regions. Programs that have specific sets of economic objectives can track performance and adjust themselves over time.

Addressing the critics

There is really an old debate on the Old continent: the demonization of the rich. Some people still think that the rich are corrupt and are responsible for all of the world's problems. In essence, these are the same people that, if they were born rich, would blame the poor for all the world's problems. The people that see the world in black and white; it's them versus us. They are two sides of the same coin, the extremists of both ends. The ones that dehumanize the other.

Discrimination and false accusations against "the rich" is de facto acceptable. They are the lucky ones; they have nothing to complain about. Fighting discrimination, if limited to the opinion of the majority, is discriminatory itself. Free society's mandate is to uphold equal footing to everyone regardless of their wealth, religious beliefs, ethnicity and sexual orientation. Everyone can be divided into a minority, even when you are white, Christian and middle-class—whether it is due to a medical condition, political affiliation, or physical attribute. The fight to protect minorities from the persecution of the majority is a fundamental battle of every forward-thinking society.

Rich-bashing has been ingrained in many societies, some of them understandably due to barriers in class mobility. In France, rich people are not seen in a positive light, whereas in countries like the U.S. they are admired. In Canada, wealthy people have a more balanced perception as class mobility is one of the world's best. That's because in an economy like Canada's, rich business people are not seen as people hoarding all the wealth from the other folks but rather as wealth and job creators.

How to build RCBI programs

This year we decided to change the indicator section to be clearer in its relation to the different business migration schemes. We have linked each indicator with the type of program it would help establish, e.g. real estate investment with property prices, affordability index, etc.

Many countries are in dear need of business migration schemes designed to attract capital or growth agents into their struggling economy. Growth agents such as high-quality entrepreneurs are very hard to get your hands on and the competition to attract the best is fierce. Most smaller

Current account balance, percent of GDP (percent of GDP)

Source: IMF

COUNTRY	2018	3-YEAR TREND
Macao SAR	35.9	8.9
Singapore	18.5	-0.5
Taiwan	13.8	0.1
Malta	11.6	4.6
Switzerland	10.2	0.8
Netherlands	9.9	1.9
Thailand	9.1	-2.6
Germany	8.1	-0.4
Norway	7.8	4
Denmark	7.7	0.4
Ireland	7.4	11.6
United Arab Emirates	7.2	3.5
Slovenia	6.3	0.8
Russian Federation	6.2	4.3
Korea, Republic of	5	-2
Luxembourg	4.9	-0.2
Japan	3.6	-0.3
Hong Kong SAR	3.4	-0.6
Malaysia	2.9	0.5
Croatia	2.7	0.1
Sweden	2.6	-1.7
Bulgaria	2.4	0.1
Iceland	2.4	-5.1
Hungary	2.3	-3.7
Austria	2.2	0.1
Estonia	2.2	0.3
Italy	2	-0.6
Spain	1.2	-0.7
Finland	0.9	1.2
Uruguay	0.9	0.1
Lithuania	0.3	1.4
Belgium	0.1	0
Portugal	0	-0.6
Czech Republic	-0.4	-2
Greece	-0.8	0.3
Poland	-0.8	-0.5
France	-0.9	-0.1
FYR Macedonia	-1.1	1.6
Saint Lucia	-1.6	0.3
Slovak Republic	-1.8	-0.3
Latvia	-2	-3.4
Chile	-2.5	-1.1
United States	-2.5	-0.2
Australia	-2.8	0.5
Canada	-3	0.2
Barbados	-3.1	1.2
Cyprus	-3.1	1.8
Costa Rica	-3.3	-1
Romania	-3.5	-1.4
United Kingdom	-3.5	1.7
New Zealand	-3.6	-1.3
Argentina	-3.7	-1
Fiji	-4.7	-1.8
Serbia	-5.7	-2.6
Turkey	-5.7	-1.9
Bosnia and Herzegovina	-6	-1.1
Panama	-7	-1.5
Albania	-7.1	0.5
Moldova	-7.4	-4
Grenada	-7.5	-4.3
Mauritius	-8.2	-3.9
Vanuatu	-8.5	-3.9
Saint Kitts and Nevis	-9.9	0.8
Antigua and Barbuda	-13.8	-14
Montenegro	-16.8	-0.6
Seychelles	-18.4	1.7
Dominica	-32.7	-33.5

economies would rather bank on residence and citizenship schemes that concentrate on capital injection.

It is easy to argue that every country needs foreign investment, but some countries require it explicitly more than others. Perhaps the clearest indication of a country's need for the capital injection that most residence and citizenship-by-investment programs provide is the current account balance. The current account is the sum of the balance of trade, the net income from abroad, and net current transfers.

This comes as no surprise that of the bottom 10, eight of them have a citizenship-by-investment program. The remaining two have long been speculated on as possible future CBI countries.

ENTREPRENEUR

Effective entrepreneur programs are quite difficult to build, especially if you are looking to push it toward an economic policy. Difficulty resides in identifying the numerous processes and making sure that they perform. Entrepreneur programs are the most difficult programs to build as they imply creating jobs and providing growth. Most "traditional" entrepreneurs are not economic development policies and when they are, the results are below expectation. The very few countries that can label their "entrepreneurs program" as a success are places that are business meccas or hubs in their region such as Hong Kong, Singapore or Dubai. It is mostly other factors that make these programs successful, not the design of their program. Most entrepreneur programs we survey have very limited economic impact. They lean more toward an immigration program rather than an economic development program. They facilitate the relocation of an entrepreneur rather than being built to attract entrepreneurs from around the world. An entrepreneur program/economic policy would look to attract, for example, 1,000 applicants a year and create 5,000 jobs a year. What needs to be understood before building an entrepreneur program is the different processes behind such an endeavour:

1. Marketing the program
2. Filtering the leads
3. Gathering documentation and assisting in producing business plans
4. Evaluating the quality and feasibility of the project
5. Implementing the project
6. Overseeing the business project
7. Evaluating performances of the project

All these steps can be assisted with by the private sector, but the first four steps are the ones they usually perform. First of all, expertise is a key word. The boutique immigration law firm does not necessarily have the expertise in evaluating the quality of a business project, so it is important to attract interest from companies within the private sector who have the expertise to do the require tasks. The expertise in evaluating the quality and feasibility of a project is not cheap. It costs at least a couple thousand dollars. If you need to go through a hundred business plans before finding a good project, your cost can run in the hundreds of thousands; this is where filtering becomes valuable. Let's say for a moment that the cost of steps 1 to 4 for a private-sector firm to find qualifying projects is $25,000. That means the private sector needs to be paid in one way or another more than $25,000. What demand and supply taught us is that the more the private sector is able to make above that $25,000 cost price, the more qualifying projects you will receive and, most likely, the quality will also be better. If your government was paying $500,000 for each start-up that was relocating to your shores, you would have thousands upon thousands of qualifying projects. It is obvious that it might not be cost-efficient for a government to commission this much, but it is also a mistake to not take into consideration the fact that money needs to be earned for services rendered. The hardest part is to create a system that will father economic activity so that the private sector finds its share of returns in doing its process

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NO INCENTIVE ⟷ **TOO MUCH INCENTIVE**

For example, the Quebec Immigrant Investor program was a pioneer in that effect by enabling a financing option. The program allowed the five-year investment in bonds to be financed by a financial intermediary. Today the vast majority of investors put down something like one-third of the total investment and forfeit it in exchange for not having to provide additional funds. The financial intermediary earns a few hundred thousands of dollars from financing, which makes it very profitable for them. This amount isn't coming from the government, but rather is money earned from providing a service. The government, by enabling the private sector to finance the investment, created economic activities. The same reasoning must be applied in order to reduce the commission from the government.

If you are looking to do 1,000 applicants a year, it's also important that each process, at default of being simple, at the very least can be factory-like: it must be able to manufacture thousands because the process is the same. If each applicant requires a custom process, the private sector will not be able to supply at a high level. This is why immigrant investor programs can more easily reach thousands of applicants, as the process is uniform: invest here, sign here, next!

This is why I strongly advise governments to forgo mandatory business plans for certain types of entrepreneur programs (see below). It's an unnecessary process if you are providing temporary residence, and in most cases the business plan is not worth much before the entrepreneur has actually landed and researched the new economic market.
We advise governments to select entrepreneurs based on skill set, professional background, and the availability of funds. The entrepreneur will then receive a one-year temporary residence permit from which he will need

to accomplish the specific objectives of the permit to be renewed or made permanent. This works much better with a post-landing economic integration structure (e.g. incubator) that will direct the entrepreneur towards the correct path. It will help the entrepreneur build their business plan and implement it in order to follow the conditions of the business allowed.

Traditional immigrant entrepreneur programs are defined as programs allowing an applicant to:

- create or invest in a company
- create a certain number of jobs
- show proof of viability after a few years

Entrepreneur programs categorized as "immigration schemes" rather than "economic development schemes" could have 50 to 250 applicants a year relative to the size of the country. Our study of entrepreneur programs has us believing that this is not an efficient format for entrepreneur schemes looking to be economic development policies. You should have a self-employed program to cater to the needs of certain individuals, but to achieve efficient results an entrepreneur program should be divided into four categories:

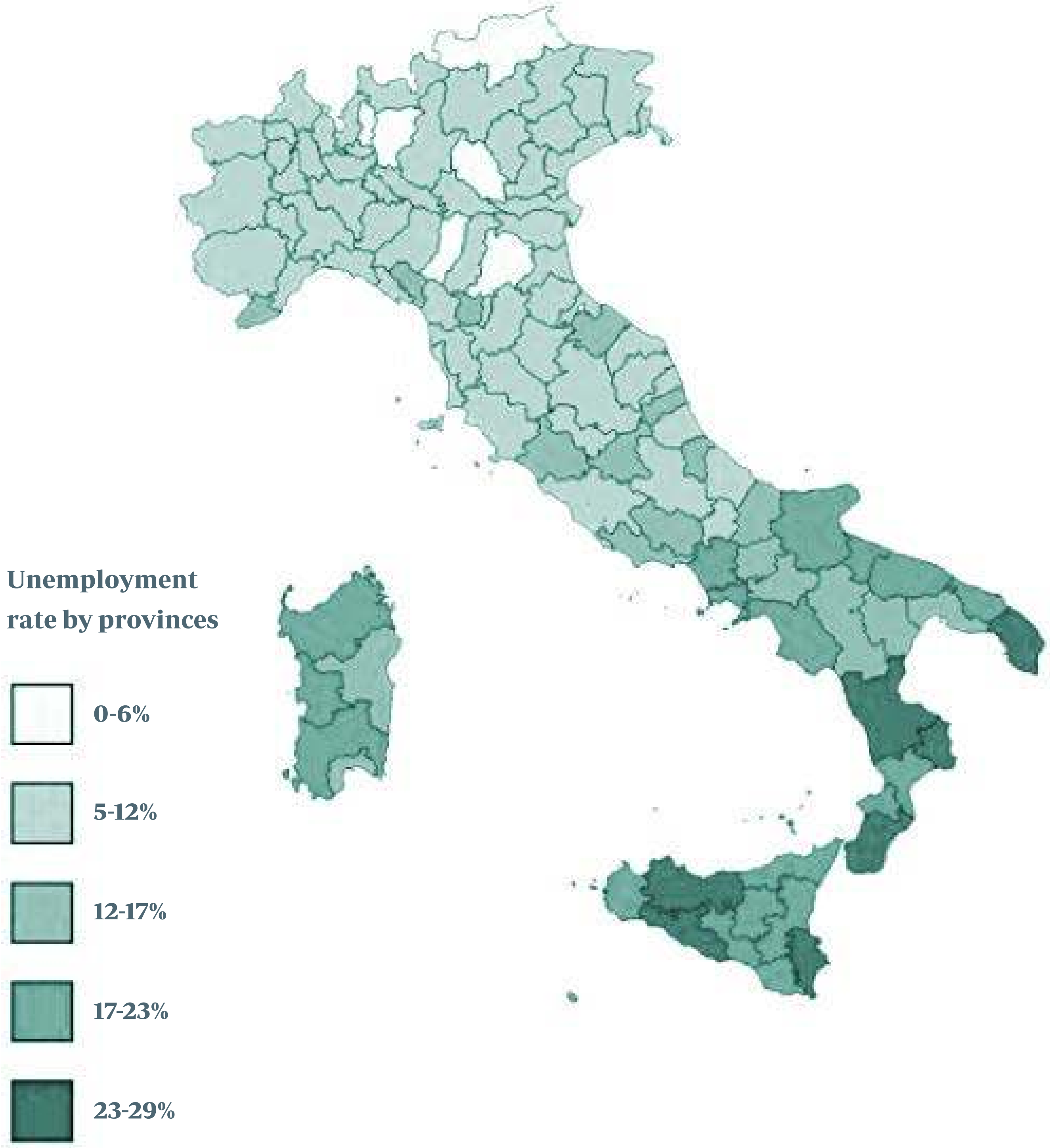
- Regional entrepreneur
- Entrepreneurial succession
- High-potential start-up
- Export agent

Regional Entrepreneur

Regional entrepreneur is a program that channels the traditional entrepreneur towards regions that need him the most. The regulation is quite loose, but entrepreneurs can only relocate in selected regions. Applicants might not even need a business plan, just proof of funds to receive their temporary residence. They can be given a one-year temporary resident permit to learn the language, find a business idea, and launch their business. Different regions will have different investment minimums; for example, in Italy, high-unemployment regions could see lower investment minimums than others. Applicants would not be allowed to settle in a Tier 1 city such as Rome or Milan. This type of scheme requires post-landing business support from local intermediaries to assure a high rate of success.

Italian unemployment rate in 2017

Source: ISTAT



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Entrepreneurial succession

Outside Canada, not many are familiar with entrepreneurial succession. Based on a report by the Canadian Federation of Independent Business, entitled Passing on the Business to the Next Generation, close to half of small- and medium-sized enterprise owners are looking to exit their business in the next five years, which is a sharp increase from 2006, which had one-third. This is due to the demographic problem that Canada faces, just like many other advanced economies, with the post-WWII baby boomer generation stepping into retirement. In Canada, about 1 trillion Canadian dollars will have to be transferred to another generation of entrepreneurs. Close to 50 percent of all those assets will require selling the business to a third party outside the family circle. That is an estimated 500B in the next 10 years, so 50B a year. When surveyed, most SME owners expressed difficulties in finding a buyer for their business. Other important concerns were finding financing for the buyer and accessing cost-efficient professional advice. The concern for Canada is that demographic challenges have made it unlikely that the current pool of SME owners will find buyers for their business within Canada. Immigrants to Canada have shown to be particularly entrepreneurial, and buyers are more easily found in cities with large immigrant populations. The most severe problems are faced in regions outside the main cities, in towns that are not growing in population and are not a destination for immigrants. Billions are at risk of simply evaporating as businesses without succession simply close down. Entrepreneurial succession goes a long way in ensuring that these elders have a more stable retirement.

For an immigrant entrepreneur program to be effective in answering the entrepreneurial succession problem, it is important that the sale and purchase are synchronized in a way that it doesn’t weight negatively on both actors. You don’t want the seller to have to wait four years for the buyer to get his immigration papers.

It is even more important that the process is not left in the hand of everyone. These are processes that can be easily manipulated to the advantage of unethical intermediaries that will find businesses for the immigrant to purchase. A program of this caliber needs solid and reliable intermediaries in order to flourish. We are talking about intermediaries that have a certain degree of expertise in that process and have a financial benefit in dealing with businesses. In this case, we are talking about banks and financial institutions that provides banking services to businesses, and that will find it profitable to gain new clients and the possibility to provide financial services to both the seller and the buyer. This is where the bank can also help provide financing to entrepreneurs. An entrepreneur will usually dispose of between $100,000 to $500,000; there aren’t many businesses you can purchase at that price.

For the success of such a plan it is imperative to supply the different regions with their required estimated number of foreign buyers. For example, if the program has the same requirements applied to the whole of Quebec province, immigrant entrepreneurs will very likely all go towards Montreal. If Montreal is categorized as a no-go zone, they will most likely go to the adjacent regions to Montreal and the second-tier cities. Some areas will continue to be deprived of entrepreneurs because they don’t have enough pulling power. This is why each region needs to be indexed for each to be at a certain equilibrium; e.g. Montreal will have stricter set of requirements and

demand investment amounts of 500,000 CAD minimum, Quebec City would be 350K CAD, and other regions could start at 125,000 CAD. An easy way to index your regions is by cost of living. It is usually a fair assessment of the demand there is to live in each area. The more you divide the territory, the fairer the distribution will be. In many cases it is also relevant to link certain regions to certain types of industries. For example, a certain region might have a high number of farms that will require buyers in the next decades, others small manufacturing businesses, etc.

Post-landing settlement programs for these types of entrepreneur programs are also very important as jobs are at stake if the business fails following the succession. Professional help is very important and is needed to supplement the assistance offered by the seller the first year or so. There needs to be a support structure in place to facilitate the transition from being a foreigner to becoming a Canadian business owner. Obviously the more the entrepreneurs are spread across different parts of the country, the harder it is to provide the post-landing assistance effectively. This is where the intermediaries gain additional importance in providing post-landing assistance.

Indicators for an "entrepreneurial succession program" are not necessarily easy to find. In this case, all information was obtained by survey. It could be obvious to estimate if, like Canada, your country has been experiencing low fertility rates for the past three or four decades. Nevertheless, it is rather difficult to estimate the number of business owners that will require an immigrant entrepreneur to purchase their business. For the case of Canada, we can estimate that number at a few thousand a year. The succession problem has been voiced by me and others for the past decade, and it has become mainstream in the last few years. The issue is known in the Canadian government, but the changing governments over that period of time have not yet addressed this problem. This could be in part placed on the fact that the Immigration, Refugees and Citizenship Canada department doesn't have the expertise to address such problems, and such affairs could fall under the Ministry of Innovation, Science and Economic Development or the Ministry of Small Business and Export Promotion.

LET'S LOOK AT THE KEY INDICATORS

Methods of Exiting Business (% response)

Source: Passing on the Business to the Next Generation Report

METHODS OF EXITING BUSINESS	POURCENTAGE
Sell to buyer(s) unrelated to my family	48
Transfer to family member (s)	19
Sell to family member(s)	18
Other	5
Wind down (close) the business	5
Don't' know	5

Barriers to Succession Planning (% response)

Source: Passing on the Business to the Next Generation Report

BARRIERS TO SUCCESSION PLANNING	POURCENTAGE
Finding a buyer/suitable successor	56
Valuing the business	54
Financing the Successor	48
To much dependence on my active involvement	41
Access to cost effective professional advise	18
Conflicting business vision of family members	17
Conflucting business vison of key employees	10
Other	4

Expected Business Exit Date (% response)

Source: Passing on the Business to the Next Generation Report

EXPECTED BUSINESS EXIT DATE	POURCENTAGE
In the next 1 to 5 years	38
In the next 6 to 10 years	29
More than 10 years from now	17
Within 12 months	10
Don't' know	5
Don't' know	5

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High-potential start-ups

High-potential start-ups are the dream of every advanced economy: high-quality jobs, fast growth and small environmental footprint. Every country welcomes them with open arms, but it remains to be seen how wide-open those arms will be. Today innovative start-ups with high potential have doors wide-open for them. Unless you are Hong Kong, Singapore, Silicon Valley or London, you might have to offer incentives for high potential start-ups to come to your shores.

There are many indicators that will help to assess your need for start-ups and how sweet your offer will need to be. Keep in mind that high potential start-ups will look to relocate in a main city. Your government is unlikely to be able to attract them to a rural area.

At the other end, you will receive applications from diverse sets of countries. All start-up programs and many entrepreneurs hope to bring in talented entrepreneurs that will bring some new and innovative to their country. It is unlikely that a start-up from North Korea would have anything innovative to propose to Denmark, whereas a Danish start-up is more likely to bring something innovative to North Korea. It's a question of how advanced the country is and how sophisticated its production processes are. Everyone would love to have Swiss or Japanese entrepreneurs relocate to their shores, but how likely is your country to sway them out of their own country? There are a few countries you might want to concentrate your marketing on, like Malaysia, India, China and Thailand.

LET'S LOOK AT THE KEY INDICATORS

Unemployment Rate

The first indicator is the unemployment rate. If your city has low unemployment, there is no point of looking to create thousands of new jobs. On the contrary, if unemployment is high you will want to have the maximum number of new jobs created.

COUNTRY	2018	3-YEAR TREND
FYR Macedonia	21.1	-2.7
Greece	19.9	-3.7
Bosnia and Herzegovina	18.4	-7
Spain	15.6	-4
Serbia	13.8	-2.1
Albania	13.5	-1.7
Croatia	12	-3
Turkey	11	0.1
Italy	10.8	-0.9
Barbados	10.3	0.4
Cyprus	9.5	-3.5
Bahamas, The	9.2	-3
Argentina	8.9	0.4
France	8.8	-1.3
San Marino	8.2	-0.4
Costa Rica	7.9	-1.6
Latvia	7.9	-1.7
Uruguay	7.9	0
Finland	7.7	-1.1
Slovak Republic	7.5	-2.2

COUNTRY	2018	3-YEAR TREND
Mauritius	7.1	-0.2
Portugal	7	-4.1
Chile	6.9	0.4
Estonia	6.7	-0.1
Lithuania	6.5	-1.4
Belgium	6.4	-1.5
Panama	6.3	0.8
Sweden	6.2	-0.8
Canada	6.1	-0.9
Slovenia	5.8	-2.2
Bulgaria	5.6	-2.1
Denmark	5.4	-0.8
Luxembourg	5.4	-0.9
Australia	5.3	-0.4
Ireland	5.3	-3.1
Austria	5.2	-0.8
Romania	4.7	-1.2
Fiji	4.5	-1
New Zealand	4.5	-0.6
Malta	4.1	-1.2

COUNTRY	2018	3-YEAR TREND
Moldova	4.1	-0.1
Poland	4.1	-2.1
United Kingdom	4.1	-0.8
Hungary	3.9	-1.2
Netherlands	3.9	-2.1
Norway	3.8	-0.9
Taiwan	3.8	-0.1
United States	3.8	-1.1
Korea, Republic of	3.7	0
Germany	3.5	-0.7
Iceland	3.2	0.2
Malaysia	3.2	-0.3
Seychelles	3	0.3
Japan	2.9	-0.2
Switzerland	2.8	-0.5
Hong Kong SAR	2.6	-0.8
Czech Republic	2.5	-1.4
Macao SAR	2	0.1
Singapore	2	-0.1
Thailand	0.7	-0.1

GDP Growth

Start-up visas have been very popular in Europe due to high unemployment and low GDP growth. We can see that Italy and France are in a position where the economy is growing at a slow pace. It was therefore not surprising to see them create a start-up visa in the last few years.

Real GDP growth (Annual percent change)

Source: IMF

COUNTRY	2018	3-YEAR TREND
Macao SAR	6.3	7.2
Malta	5.7	0.5
Ireland	4.7	-0.2
Malaysia	4.7	0.5
Panama	4.6	-0.4
Thailand	4.6	1.3
Slovenia	4.5	1.4
Poland	4.4	1.4
Albania	4	0.6
Chile	4	2.7
Cyprus	4	0.6
Hungary	4	1.8
Luxembourg	4	0.9
Romania	4	-0.8
Serbia	4	1.2
Mauritius	3.9	0.1
Slovak Republic	3.9	0.6
Hong Kong SAR	3.8	1.6
Moldova	3.8	-0.5
Vanuatu	3.8	0.3
Estonia	3.7	1.6
Iceland	3.7	-3.7
Latvia	3.7	1.5

COUNTRY	2018	3-YEAR TREND
Montenegro	3.7	0.8
Bulgaria	3.6	-0.3
Grenada	3.6	-0.1
Seychelles	3.6	-0.9
Antigua and Barbuda	3.5	-1.8
Lithuania	3.5	1.2
Turkey	3.5	0.3
Saint Lucia	3.4	0
Costa Rica	3.3	-0.9
Australia	3.2	0.6
Bosnia and Herzegovina	3.2	0
Fiji	3.2	2.5
Czech Republic	3.1	0.6
New Zealand	3.1	-1
Switzerland	3	1.4
Singapore	2.9	0.5
United Arab Emirates	2.9	-0.1
United States	2.9	1.3
Austria	2.8	1.3
Croatia	2.8	-0.7
Korea, Republic of	2.8	-0.1
Netherlands	2.8	0.6
Saint Kitts and Nevis	2.7	-0.2

COUNTRY	2018	3-YEAR TREND
Spain	2.7	-0.5
Taiwan	2.7	1.3
Finland	2.6	0.1
Sweden	2.4	-0.3
Bahamas, The	2.3	4
Portugal	2.3	0.7
Canada	2.1	0.7
Norway	2.1	1
Denmark	2	0
Greece	2	2.2
Uruguay	2	0.3
Germany	1.9	-0.3
FYR Macedonia	1.6	-1.3
France	1.6	0.5
Belgium	1.5	0.1
San Marino	1.4	-0.8
United Kingdom	1.4	-0.4
Italy	1.2	0.3
Japan	1.1	0.1
Barbados	-0.5	-2.8
Argentina	-2.6	-0.8
Dominica	-14.1	-16.7

Attract/Retain Talent

Your ability to attract talent is very important, not only as an indication of how likely you are to attract talented entrepreneurs, but also of your ability to provides start-ups with the talent needed for them to grow. Unfortunately, a significant factor is wages paid to top talent, which are higher in the countries at the top of the list. Nevertheless, high wages are not necessarily a positive thing for start-ups.

Country capacity to attract talent, 1-7 (best)

Does your country attract talented people from abroad?
[1 = not at all; 7 = attracts the best and brightest from around the world]
Data Set: World Economic Forum Global Competitiveness Index

COUNTRY NAME	2017-2018	3-YEAR TREND
Switzerland	6.24	0.12
United Arab Emirates	6.13	0.18
United Kingdom	5.96	0.03
Singapore	5.92	-0.05
United States	5.83	0.03
Luxembourg	5.55	0.08
New Zealand	5.25	0.51
Hong Kong SAR, China	5.2	-0.19
Canada	5.17	-0.14
Netherlands	5.09	0.12
Ireland	5.04	-0.3
Germany	5.04	0.36
Malaysia	4.9	-0.4
Panama	4.77	-0.19
Australia	4.74	-0.01
Norway	4.64	0.03
Malta	4.58	0.31
Sweden	4.33	0.11
Seychelles	4.32	0.29

COUNTRY NAME	2017-2018	3-YEAR TREND
Chile	4.27	0.04
Belgium	4.17	-0.07
Denmark	4.05	0.13
Iceland	4.03	0.38
Mauritius	4.02	0.06
Costa Rica	3.93	0.15
Austria	3.91	-0.09
Korea, Rep.	3.86	-0.08
Thailand	3.81	-0.04
Finland	3.65	0.11
Estonia	3.46	0.31
France	3.43	-0.38
Portugal	3.39	0.09
Cyprus	3.27	0.1
Japan	3.26	0
Czech Republic	3.25	0.09
Spain	3.21	0.37
Argentina	2.9	0.4
Uruguay	2.73	-0.07

COUNTRY NAME	2017-2018	3-YEAR TREND
Turkey	2.63	-0.11
Italy	2.62	0.07
Montenegro	2.59	-0.19
Hungary	2.54	0.05
Poland	2.52	0.09
Slovenia	2.5	-0.04
Lithuania	2.38	-0.17
Bulgaria	2.32	0.12
Albania	2.29	-0.18
Latvia	2.28	-0.36
Slovak Republic	2.01	-0.29
Romania	1.98	-0.59
Serbia	1.95	0.31
Greece	1.9	-0.32
Moldova	1.84	0.09
Croatia	1.8	-0.11
Bosnia and Herzegovina	1.59	-0.21
Macedonia, FYR	0	0.06

GLOBAL RESIDENCE
Government Report 2018

Ease of Doing Business/Starting a Business

The ease of doing business or starting a business is a major factor for start-ups. Many European countries have imposing barriers to start a business. There need to be incentives for start-ups to consider relocating in France or Germany.

Ease of Doing Business Report 2018 Ranking

ECONOMY	DOING BUSINESS (RANK)	STARTING A BUSINESS
New Zealand	1	1
Singapore	2	6
Denmark	3	34
Korea, Rep.	4	9
Hong Kong SAR, China	5	3
United States	6	49
United Kingdom	7	14
Norway	8	19
Sweden	10	13
Macedonia, FYR	11	22
Estonia	12	12
Finland	13	26
Australia	14	7
Taiwan, China	15	16
Lithuania	16	27
Ireland	17	8
Canada	18	2
Latvia	19	21
Germany	20	113
United Arab Emirates	21	51
Austria	22	118
Iceland	23	55

ECONOMY	DOING BUSINESS (RANK)	STARTING A BUSINESS
Malaysia	24	111
Mauritius	25	40
Thailand	26	36
Poland	27	120
Spain	28	86
Portugal	29	48
Czech Republic	30	81
France	31	25
Netherlands	32	20
Switzerland	33	73
Japan	34	106
Kazakhstan	36	41
Slovenia	37	46
Slovak Republic	39	83
Montenegro	42	60
Serbia	43	32
Moldova	44	23
Romania	45	64
Italy	46	66
Hungary	48	79
Bulgaria	50	95
Croatia	51	87

ECONOMY	DOING BUSINESS (RANK)	STARTING A BUSINESS
Belgium	52	16
Cyprus	53	50
Chile	55	65
Turkey	60	80
Costa Rica	61	127
Luxembourg	63	70
Albania	65	45
Greece	67	37
Panama	79	39
Malta	84	102
Bosnia and Herzegovina	86	175
Vanuatu	90	128
St. Lucia	91	69
San Marino	93	112
Uruguay	94	61
Seychelles	95	141
Dominica	98	67
Fiji	101	160
Antigua and Barbuda	107	126
Argentina	117	157
Bahamas, The	119	108

English Language

The language barrier is often a real problem for start-ups to relocate. English-speaking countries are usually advantaged by it since English has established itself as the language of technology and business. Countries with high proficiency in English can get by, but countries with English as an official language are in the front of the line. Nevertheless, a country like France can also benefit from tech start-ups emerging from French-speaking countries in Africa, Belgium or Quebec.

English Proficiency

Source: EF English Proficiency Index

COUNTRY	PROFICIENCY INDEX	ENGLISH OFFICIAL
Australia		Yes
USA		Yes
UK		Yes
New Zealand		Yes
Canada		Yes
Ireland		Yes
Vanuatu		Yes
Fiji		Yes
Mauritius		Yes
Singapore	68.63	Yes
Hong Kong, China	56.38	Yes
Sweden	70.72	
Netherlands	70.31	
Norway	68.38	
Denmark	67.34	
Luxembourg	66.33	
Finland	65.86	
Slovenia	64.84	

COUNTRY	PROFICIENCY INDEX	ENGLISH OFFICIAL
Germany	63.74	
Belgium	63.52	
Austria	63.13	
Poland	62.45	
Switzerland	61.77	
Romania	60.31	
Croatia	60.16	
Serbia	60.04	
Portugal	60.02	
Czech Republic	59.99	
Hungary	59.51	
Greece	58.49	
Slovakia	58.11	
Bulgaria	57.95	
Lithuania	57.81	
Argentina	57.58	
India	57.13	
South Korea	56.27	

COUNTRY	PROFICIENCY INDEX	ENGLISH OFFICIAL
Spain	55.85	
Italy	55.77	
France	55.49	
Costa Rica	55.01	
Belarus	53.53	
Uruguay	53.41	
Russia	52.96	
Ukraine	52.86	
Macau, China	52.57	
Georgia	52.28	
Chile	52.01	
China	51.94	
Taiwan	51.88	
Japan	51.8	
Albania	51.49	
Brazil	50.93	
Turkey	47.17	
Azerbaijan	45.85	

Export agents

This is a program of our own creation and no country has already in place such a program. The purpose of the program is to find foreign business people that will export products and services from your country. Such a program requires the assistance of the export and investment arm of the country to be effective and to guide the entrepreneur toward products and services. Diversification of the country of origin of the entrepreneurs also becomes an important aspect to diversify trade. Countries with advanced production sophistication can look to emerging markets.

Production sophistication table

Production process sophistication, 1-7 (best) - In your country, how sophisticated are production processes? [1 = not at all-production uses labor-intensive processes or old technology; 7 = highly-production uses sophisticated and knowledge-intensive processes]

COUNTRY NAME	2017-2018	3-YEAR TREND
Switzerland	6.53	0.06
Japan	6.39	0.01
Norway	6.17	0.14
Sweden	6.15	-0.04
Netherlands	6.15	0.07
Finland	6.13	-0.08
Austria	6.07	0.04
Belgium	6.03	0.03
United States	5.94	-0.13
Germany	5.9	-0.34
United Kingdom	5.87	0
Luxembourg	5.87	0.21
Denmark	5.79	0
Ireland	5.74	-0.1
Singapore	5.61	-0.09
France	5.59	-0.01
Canada	5.57	0.09
Hong Kong SAR, China	5.43	0.27
Iceland	5.39	0.04
United Arab Emirates	5.25	0.15

COUNTRY NAME	2017-2018	3-YEAR TREND
Korea, Rep.	5.22	0.05
Italy	5.2	0.04
Australia	5.16	0.14
Malaysia	5.09	-0.23
New Zealand	5.09	-0.07
Malta	4.79	0.27
Slovak Republic	4.77	0.19
Czech Republic	4.76	-0.35
Spain	4.75	0.06
Slovenia	4.67	0.25
Portugal	4.59	0.03
Costa Rica	4.53	-0.03
Lithuania	4.46	-0.01
India	4.46	0.51
China	4.46	0.35
Chile	4.39	0.02
Mauritius	4.37	0
Thailand	4.32	0.23
Poland	4.22	-0.02
Turkey	4.19	-0.08

COUNTRY NAME	2017-2018	3-YEAR TREND
Estonia	4.18	0.05
Latvia	4.07	-0.03
Panama	4.04	0.05
Greece	4	0.16
Cyprus	3.99	-0.12
Albania	3.98	0.01
Brazil	3.93	-0.05
Russian Federation	3.88	0.35
Argentina	3.82	0.12
Seychelles	3.81	-0.06
Croatia	3.7	0.16
Kazakhstan	3.59	-0.23
Hungary	3.54	-0.22
Uruguay	3.53	-0.09
Romania	3.39	-0.26
Montenegro	3.27	-0.09
Bosnia and Herzegovina	3.22	0.28
Moldova	3.2	0.09
Serbia	3.18	0.5

CASH DONATION SCHEMES

Cash donation is mostly seen in citizenship-by-investment programs rather than residence programs. And when an RBI offers one, it is usually complementing another form of investment or in the shape of application fees. Donation to a government fund is the most common form of donation. It is not the most lauded form of contribution, but it remains the most effective when a government is fighting debt and deficit.

Of all the investment types we see under citizenship-by-investment, donation is the one that causes the most discomfort in the local population as some might see it as selling its nationality. It takes a certain amount of political sacrifice for a government to initiate a citizenship-by-investment program. Nevertheless, it is usually more popular than drastic austerity measures. Citizenship-by-investment is usually a last-resort economic policy, the donation option even more.

Government budget balance % GDP

Data Source: World Economic Forum Global Competitiveness Index

COUNTRY NAME	2017	3-YEAR TREND
Korea, Rep.	-3.62	-29.14
Norway	-20.56	-19.02
Moldova	-17.05	-6.08
Serbia	-0.01	-3.26
Argentina	-5.79	-3.09
Denmark	-1.04	-2.85
Seychelles	-4.77	-1.65
Chile	-2.86	-1.45
Latvia	-8.1	-0.96
Macedonia, FYR	-3.23	-0.81
New Zealand	-1.68	-0.61
United States	-3.94	-0.51
Hong Kong SAR, China	4.8	-0.48
Panama	-1.02	-0.48
Sweden	-0.08	-0.3
Cyprus	-0.33	-0.23
Thailand	-2.7	-0.2
Canada	-1.95	-0.19
Estonia	0.27	-0.1
Malaysia	-3.96	0.01
Luxembourg	1.5	0.1
Germany	0.76	0.14
Uruguay	-14.57	0.2
Spain	-5.68	0.24
Turkey	-3.6	0.34
Belgium	-2.68	0.51
Slovenia	-3.53	0.57
Switzerland	1.2	0.6
Italy	-2.43	0.6
Montenegro	-4.15	0.74
Hungary	-1.82	0.77
Finland	-1.91	0.8
Australia	-2.71	0.87
United Kingdom	-4.36	0.97
France	-2.6	1
Singapore	-1.98	1.05
Czech Republic	0.17	1.12
Lithuania	1.72	1.22
Netherlands	0.62	1.22
Portugal	-3	1.4
Mauritius	-2.88	1.74
Austria	-1.42	1.91
Poland	-2.3	2.22
United Arab Emirates	-3.11	2.58
Greece	0.04	2.75
Ireland	-0.89	2.97
Bosnia and Herzegovina	0.03	3.08
Croatia	-1.49	3.48
Malta	-0.06	3.52
Albania	-1.68	3.9
Slovak Republic	-1.78	4.03
Bulgaria	1.63	5.34
Japan	-3.41	6.61
Iceland	11.32	9.48

All the countries offering CBI have been battling with severe debts for years. A country like Greece is unlikely to consider a CBI, but can use its existing RBI to collect cash amounts that can contribute to lowering the debt, as Latvia and Malta have done. This can also be collected indirectly via taxes on property such as property transfer tax or VAT on new constructions.

General government gross debt (Percent of GDP)

Source: IMF

COUNTRY	2018	3-YEAR TREND
Japan	238.2	2.6
Greece	188.1	4.6
Italy	130.3	-1.7
Barbados	123.6	-25.5
Portugal	120.8	-9.1
Singapore	112.9	6.1
Cyprus	112.3	5.7
United States	106.1	-0.7
Belgium	101.2	-4.8
Spain	97.2	-1.8
France	96.7	0.1
Antigua and Barbuda	88.2	2
Dominica	87.8	16.1
United Kingdom	87.4	-0.5
Canada	87.3	-3.8
Austria	74.2	-9.4
Croatia	74.2	-8.1
Montenegro	74.2	7.8
Saint Vincent and the Grenadines	73	-9.8
Saint Lucia	71.8	2.6
Hungary	71.3	-4.7
Albania	71	-2.2
Slovenia	69.7	-8.9
Uruguay	68.1	6.5
Ireland	66.6	-7
Grenada	64.6	-17.4
Mauritius	63.9	-2.2
Saint Kitts and Nevis	63.6	2.1
Argentina	62.7	7.7
Finland	60.5	-2.4
Seychelles	59.9	-9.2
Germany	59.8	-8.1
San Marino	59.2	36.7
Serbia	58.8	-14.3
Malaysia	55.1	-1.1
Bahamas, The	54.5	4
Costa Rica	53.7	8.8
Netherlands	53.1	-8.2
Vanuatu	51.3	5.2
Poland	50	-4.2
Fiji	49.8	2.3
Slovak Republic	49.2	-2.6
Malta	45.1	-11.2
Thailand	41.9	0.1
FYR Macedonia	41.5	2
Australia	40.5	-0.1
Korea, Republic of	40.4	0.5
Switzerland	40.2	-1.6
Bosnia and Herzegovina	38.3	-5.8
Sweden	37.9	-4.4
Panama	37.4	0
Romania	37.2	-1.6
Iceland	37	-14.7
Lithuania	37	-3.1
Norway	36.4	0
Latvia	35	-2.4
Denmark	34.7	-3.2
Taiwan	34.4	-1.8
Czech Republic	33.2	-3.6
Moldova	32.5	-3.3
Turkey	32.3	4
New Zealand	30.4	-3.1
Comoros	29	1.3
Chile	24.8	3.8
Bulgaria	23.3	-4.1
Luxembourg	22.8	2
Kazakhstan	17.8	-1.9
United Arab Emirates	17.8	-2.4
Estonia	8.8	-0.6
Hong Kong SAR	0.1	0
Macao SAR	0	0

Brainstorming for a CBI

If your government is contemplating creating a citizenship-by-investment program, there are few questions you will need to ask yourself:

1. Is our citizenship/passport valuable?
2. How much can a CBI bring in contribution?
3. What is our debt level?
4. What would be the backlash?
5. What would be the alternative?
6. Is it worth it?

The donation option is usually the foundation of a citizenship-by-investment program. In that regard, it's the country's passport that becomes the main asset when looking to set investment amounts. If your passport doesn't provide visa-free travel to the EU, it is unlikely to gain much popularity. If your passport is valuable, we estimate an EU citizenship to be able to generate 500 million EUR a year in cash donations on the basis of 1,000 applications a year, or 5B in 10 years. For example, a country like Croatia that has around 38B Euro in national debt would be able to reduce its debt as percentage of GDP from 74 percent to 64 percent.

The backlash for a country like Croatia could take a few forms. First, it would come from its opposition parties that would highlight the unpatriotic gesture and turn it into a political debate. Then the debate would arise with the EU; then, the U.S. might also turn up as the Croatian passport provides visa-free travel to the United States. They could both raise concerns over security and money laundering.

When looking at the trend of the last three years in Croatia's debt level, you see that the debt was reduced by 8.2 pts and that the government budget is relatively well balanced. With a positive account balance and a decent GDP growth, the Croatian economy is now far from the economic crisis suffered between 2008–2014 that led to austerity measures. Today Croatia is not in need of a CBI, but one could pave the way to an earlier relaxation of the austerity measures.

Is it worth it? The situation is improving in Croatia and they are not facing the precipice any longer. The timing was better a few years ago when Croatia was losing the battle against budget balance. Nevertheless, a CBI at this time would obviously help the economy and the finances of the country. It becomes a political question at this point.

Has it worked?

When analyzing the data, we realized that only one country running a CBI has reduced their debt. This does not necessarily mean they have used the cash receipts in other ways, like in their budget expenditure or to grow their economy. Other factors could have led the debt level to increase or be reduced.

General government gross debt (Percent of GDP)

Source: IMF

COUNTRY	CREATED	GOVERNMENT DEBT IN 2018 (IN B. USD)	CHANGE SINCE CREATION (IN B USD)	LAST 3-YEAR TREND (IN B USD)
Antigua and Barbuda	2013	1.42	0.29	0.16
Cyprus	2002	26.91	19.94	5.41
Dominica	1993	0.43	0.29	0.01
Grenada	1996	0.77	0.61	-0.10
Malta	2014	6.44	-0.73	0.09
Saint Kitts and Nevis	1984	0.64	0.49	0.05
St Lucia	2015	1.27	0.17	0.14
Vanuatu	2013	0.49	0.32	0.12

Malta is expected to collect roughly 1.62B euro from cash donations and fees in the lifespan of the program, which sunsets at 1,800 applicants. In the first few years it had collected roughly 510 million euros for 566 main applicants and their families, or 900,000 euro per application just in cash.

PASSIVE INVESTMENT SCHEMES

Passive investment schemes include all immigrant investor programs that don't require the investor to be actively involved in his investment, excluding real estate investment. This can include investment in government bonds, bank deposits, investment in a company or projects, and investment in stocks. Except for investment in a company or project, the other forms have a relatively easy process and can easily gather thousands of applicants.

Government bonds & bank deposits

At default of being able to launch a citizenship-by-investment program with a donation option, indebted countries can create government bonds programs to ease off the burden on the government. A classic and highly successful model is the Quebec Immigrant Investor program in its ability to attract investors and its relationship with the private sector. The Quebec government has also been very happy with the way the funds were used. The investor to the QIIP will forgo the interest on its "government bond" for the next five years. The forgone interest is offered to local companies' research and development. The main issue with the QIIP was that with the drop in the interest rate, the benefit of the program dropped significantly. To remedy that, they increased the investment amount from 400,000 to 800,000 to 1.2M, every time with few years behind creating significant opportunity cost. Other than the increase of the investment amount, the Quebec government could have imposed a fixed interest rate, for example 7 percent for the five years. If the interest rate drops below 7 percent, the Quebec government could dip into the investment amount to compensate.

For example, a 400,000 CAD investment placed for five years with a 7 percent fixed rate would pay 28,000 CAD a year, or 140,000 CAD during five years. If the market interest rate is of 0 percent, that would mean that the 140,000 CAD will be taken from the 400,000 CAD investment, returning 260,000 CAD to the investor after the five years.

Indicators for the government are relatively the same as for the CBI donation: current accounts, government debt and government budget. Interest rates have to be considered when creating the program unless you use a fixed rate, as shown previously. Government bonds programs on market rates have dropped significantly in value the last few years; today only a handful of countries have any interest in such schemes, such as Turkey, Argentina, the Seychelles, Uruguay and Moldova.

Government budget balance % GDP

Data Source: World Economic Forum Global Competitiveness Index

COUNTRY NAME	2017	3-YEAR TREND
Korea, Rep.	-3.62	-29.14
Norway	-20.56	-19.02
Moldova	-17.05	-6.08
Serbia	-0.01	-3.26
Argentina	-5.79	-3.09
Denmark	-1.04	-2.85
Seychelles	-4.77	-1.65
Chile	-2.86	-1.45
Latvia	-8.1	-0.96
Macedonia, FYR	-3.23	-0.81
New Zealand	-1.68	-0.61
United States	-3.94	-0.51
Hong Kong SAR, China	4.8	-0.48
Panama	-1.02	-0.48
Sweden	-0.08	-0.3
Cyprus	-0.33	-0.23
Thailand	-2.7	-0.2
Canada	-1.95	-0.19

COUNTRY NAME	2017	3-YEAR TREND
Estonia	0.27	-0.1
Malaysia	-3.96	0.01
Luxembourg	1.5	0.1
Germany	0.76	0.14
Uruguay	-14.57	0.2
Spain	-5.68	0.24
Turkey	-3.6	0.34
Belgium	-2.68	0.51
Slovenia	-3.53	0.57
Switzerland	1.2	0.6
Italy	-2.43	0.6
Montenegro	-4.15	0.74
Hungary	-1.82	0.77
Finland	-1.91	0.8
Australia	-2.71	0.87
United Kingdom	-4.36	0.97
France	-2.6	1
Singapore	-1.98	1.05

COUNTRY NAME	2017	3-YEAR TREND
Czech Republic	0.17	1.12
Lithuania	1.72	1.22
Netherlands	0.62	1.22
Portugal	-3	1.4
Mauritius	-2.88	1.74
Austria	-1.42	1.91
Poland	-2.3	2.22
United Arab Emirates	-3.11	2.58
Greece	0.04	2.75
Ireland	-0.89	2.97
Bosnia and Herzegovina	0.03	3.08
Croatia	-1.49	3.48
Malta	-0.06	3.52
Albania	-1.68	3.9
Slovak Republic	-1.78	4.03
Bulgaria	1.63	5.34
Japan	-3.41	6.61
Iceland	11.32	9.48

General government gross debt (Percent of GDP)

Source: IMF

COUNTRY	2018	3-YEAR TREND
Japan	238.2	2.6
Greece	188.1	4.6
Italy	130.3	-1.7
Barbados	123.6	-25.5
Portugal	120.8	-9.1
Singapore	112.9	6.1
Cyprus	112.3	5.7
United States	106.1	-0.7
Belgium	101.2	-4.8
Spain	97.2	-1.8
France	96.7	0.1
Antigua and Barbuda	88.2	2
Dominica	87.8	16.1
United Kingdom	87.4	-0.5
Canada	87.3	-3.8
Austria	74.2	-9.4
Croatia	74.2	-8.1
Montenegro	74.2	7.8
Saint Vincent and the Grenadines	73	-9.8
Saint Lucia	71.8	2.6
Hungary	71.3	-4.7
Albania	71	-2.2
Slovenia	69.7	-8.9

COUNTRY	2018	3-YEAR TREND
Uruguay	68.1	6.5
Ireland	66.6	-7
Grenada	64.6	-17.4
Mauritius	63.9	-2.2
Saint Kitts and Nevis	63.6	2.1
Argentina	62.7	7.7
Finland	60.5	-2.4
Seychelles	59.9	-9.2
Germany	59.8	-8.1
San Marino	59.2	36.7
Serbia	58.8	-14.3
Malaysia	55.1	-1.1
Bahamas, The	54.5	4
Costa Rica	53.7	8.8
Netherlands	53.1	-8.2
Vanuatu	51.3	5.2
Poland	50	-4.2
Fiji	49.8	2.3
Slovak Republic	49.2	-2.6
Malta	45.1	-11.2
Thailand	41.9	0.1
FYR Macedonia	41.5	2
Australia	40.5	-0.1
Korea, Republic of	40.4	0.5

COUNTRY	2018	3-YEAR TREND
Switzerland	40.2	-1.6
Bosnia and Herzegovina	38.3	-5.8
Sweden	37.9	-4.4
Panama	37.4	0
Romania	37.2	-1.6
Iceland	37	-14.7
Lithuania	37	-3.1
Norway	36.4	0
Latvia	35	-2.4
Denmark	34.7	-3.2
Taiwan	34.4	-1.8
Czech Republic	33.2	-3.6
Moldova	32.5	-3.3
Turkey	32.3	4
New Zealand	30.4	-3.1
Comoros	29	1.3
Chile	24.8	3.8
Bulgaria	23.3	-4.1
Luxembourg	22.8	2
Kazakhstan	17.8	-1.9
United Arab Emirates	17.8	-2.4
Estonia	8.8	-0.6
Hong Kong SAR	0.1	0
Macao SAR	0	0

Latest interest rate

Source: IMF

COUNTRY	LAST INTEREST RATE (%)
Argentina	71.39
Turkey	24
Seychelles	12.45
Uruguay	9.25
Moldova	6.5
Costa Rica	5
Iceland	4.25
Bosnia and Herzegovina	3.74
Mauritius	3.5
Malaysia	3.25
Serbia	3
Barbados	2.93
Chile	2.75
Guatemala	2.75
Macedonia	2.75
Croatia	2.5
Hong Kong	2.5
Macau	2.5
Romania	2.5
United Arab Emirates	2.5
United States	2.25
Canada	1.75
New Zealand	1.75
Australia	1.5

COUNTRY	LAST INTEREST RATE (%)
Czech Republic	1.5
Poland	1.5
South Korea	1.5
Thailand	1.5
Taiwan	1.38
Panama	1.36
Comoros	1.14
Singapore	1.11
Albania	1
Hungary	0.9
Norway	0.75
United Kingdom	0.75
Fiji	0.5
Austria	0
Belgium	0
Bulgaria	0
Cyprus	0
Estonia	0
Finland	0
France	0
Germany	0
Greece	0
Ireland	0
Italy	0

COUNTRY	LAST INTEREST RATE (%)
Latvia	0
Lithuania	0
Luxembourg	0
Malta	0
Netherlands	0
Portugal	0
Slovakia	0
Slovenia	0
Spain	0
Japan	-0.1
Sweden	-0.5
Denmark	-0.65
Switzerland	-0.75
New Zealand	30.4
Comoros	29
Chile	24.8
Bulgaria	23.3
Luxembourg	22.8
Kazakhstan	17.8
United Arab Emirates	17.8
Estonia	8.8
Hong Kong SAR	0.1
Macao SAR	0

Access to capital schemes

Immigrant investor programs can also be used to improve access to capital in an economy and improve the growth of innovative companies. They can have many forms; even special government bond programs can end up using the collected funds to improve access to capital. It is really about finding the most efficient form of RBI structure. The relevant question is, who takes the risk between the investor and the government? The investor can shoulder the risk, whether he makes the investment personally or a third party makes it for him. Business investor programs where the investor goes and finds himself a company to invest in are difficult for the private sector to channel at a high capacity of thousands per year. And investment in a project like the EB-5 TEA can take years to take off, as the private sector needs to create a workable structure to access companies or projects and process the investment. The easiest structure is for the government to create an investment fund that will gather the money and invest in companies and projects, or to channel the funds through venture capitalist funds. In this format, the difficulty is finding balance between the risk and the reward—who will be liable for the risk and entitled to the reward?

Indicators for this type of passive investor program usually include everything related to access to capital in your economy. For example, the USA usually leads the way in each of the indicators, highlighting how loose the access to capital is. The EB-5 TEA is expected to improve access to capital to areas with high unemployment.

Every country needs this type of program to a certain extent, but some need it more than others. In Europe, countries like Greece and Italy constantly rank very low in the different indicators. Greece has been taking steps by creating different investment options for its Golden Visa in the business investor and bank deposit options, although the business investor option does not seem to have gathered much interest until now. And Italy has recently launched an RBI with two options, looking to improve the flow of capital.

Most of these programs are not very popular, because the private sector that markets these programs do not necessary find it lucrative for them to work those schemes. It becomes risky for the immigration lawyer to advise clients on investment since it is rarely his expertise to do so. Hiring that expertise can also be costly. This is why it is always recommended for a government to engage with large financial institution as intermediaries with the expertise to channel investment. It important to set strict guidelines for these intermediaries to make sure the funds are distributed where they need to be with the level of risk agreed upon. You want to make sure your financial intermediaries get a fair share of the pie; you just need to make sure they pass on the rest of the pie afterwards. Ensure your financial intermediaries create financial products for the investor to create economic activity around it, such as a financing option modeled on the QIIP.

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In your country, how easy is it for start-up entrepreneurs with innovative but risky projects to obtain equity funding?

[1 = extremely difficult; 7 = extremely easy]

Source: World Economic Forum, Executive Opinion Survey.
For more details, refer to Chapter 1.3 of [i]The Global Competitiveness Report 2017–2018[i]

COUNTRY	SCORE 1-7 (BEST)
United States	5.6
Germany	5
Finland	4.9
Malaysia	4.7
Singapore	4.7
Sweden	4.5
United Arab Emirates	4.4
United Kingdom	4.4
Hong Kong SAR	4.3
Luxembourg	4.3
New Zealand	4.2
Switzerland	4.1
Japan	4.1
Netherlands	4.1
Norway	3.9
Taiwan, China	3.9
Estonia	3.8
Belgium	3.8
France	3.7

COUNTRY	SCORE 1-7 (BEST)
Canada	3.7
Czech Republic	3.6
Thailand	3.6
Australia	3.6
Chile	3.5
Spain	3.5
Iceland	3.4
Panama	3.4
Denmark	3.4
Slovak Republic	3.3
Hungary	3.3
Austria	3.3
Ireland	3.3
Montenegro	3.2
Bulgaria	3.2
Korea, Rep.	3.2
Portugal	3.1
Slovenia	3.1
Lithuania	3

COUNTRY	SCORE 1-7 (BEST)
Latvia	3
Malta	3
Mauritius	3
Serbia	2.8
Poland	2.7
Seychelles	2.7
Turkey	2.7
Albania	2.7
Uruguay	2.7
Costa Rica	2.6
Cyprus	2.5
Argentina	2.4
Croatia	2.4
Romania	2.4
Bosnia and Herzegovina	2.3
Italy	2.3
Greece	2

In your country, to what extent do new companies with innovative ideas grow rapidly?

1 = not at all; 7 = to a great extent]

Source: World Economic Forum, Executive Opinion Survey.

COUNTRY	SCORE 1-7 (BEST)
United States	5.8
Sweden	5.4
Germany	5.4
Malaysia	5.3
Netherlands	5.3
United Kingdom	5.2
Switzerland	5.2
Luxembourg	5.1
Hong Kong SAR	5
United Arab Emirates	5
Japan	5
Ireland	5
New Zealand	4.9
Finland	4.9
Denmark	4.9
Singapore	4.8
Austria	4.7
Iceland	4.7
Canada	4.7
Australia	4.6

COUNTRY	SCORE 1-7 (BEST)
Taiwan, China	4.6
Thailand	4.6
Estonia	4.6
Belgium	4.5
Slovenia	4.5
Lithuania	4.5
Korea, Rep.	4.5
Norway	4.4
Portugal	4.4
Czech Republic	4.3
France	4.3
Slovak Republic	4.2
Turkey	4.2
Latvia	4.2
Malta	4.1
Pakistan	4.1
Albania	4.1
Panama	4
Chile	4
Costa Rica	4

COUNTRY	SCORE 1-7 (BEST)
Argentina	3.9
Bulgaria	3.9
Montenegro	3.9
Spain	3.9
Italy	3.9
Romania	3.9
Seychelles	3.8
Mauritius	3.8
Poland	3.8
Serbia	3.7
Cyprus	3.6
Uruguay	3.6
Macedonia, FYR	3.5
Hungary	3.5
Greece	3.3
Croatia	3.3
Bosnia and Herzegovina	3.2
Moldova	3.2

In your country, to what extent can small- and medium-sized enterprises (SMEs) access finance they need for their business operations through the financial sector?

[1 = not at all; 7 = to a great extent]

Source: World Economic Forum, Executive Opinion Survey.

COUNTRY	SCORE 1-7 (BEST)
United States	5.8
Germany	5.3
Finland	5.3
Singapore	5.2
Malaysia	5.2
Taiwan, China	5
Hong Kong SAR	5
Switzerland	5
New Zealand	5
Luxembourg	4.9
Sweden	4.9
Norway	4.9
Japan	4.8
Australia	4.7
United Arab Emirates	4.7
Netherlands	4.7
Canada	4.6
United Kingdom	4.6
Thailand	4.5

COUNTRY	SCORE 1-7 (BEST)
Czech Republic	4.5
Iceland	4.5
Belgium	4.5
Austria	4.5
China	4.4
Estonia	4.4
Denmark	4.4
Malta	4.2
Slovak Republic	4.2
Panama	4.1
Chile	4.1
Korea, Rep.	4
Montenegro	4
Hungary	4
Spain	4
France	3.9
Mauritius	3.9
Slovenia	3.9
Poland	3.9

COUNTRY	SCORE 1-7 (BEST)
Seychelles	3.8
Albania	3.8
Portugal	3.7
Uruguay	3.7
Bulgaria	3.7
Ireland	3.7
Turkey	3.7
Lithuania	3.7
Costa Rica	3.6
Serbia	3.6
Cyprus	3.5
Croatia	3.4
Moldova	3.3
Romania	3.3
Macedonia, FYR	3.2
Italy	3
Bosnia and Herzegovina	2.9
Argentina	2.8
Greece	2.4

EASE OF ACCESS TO LOANS, 1-7 (BEST)

In your country, how easy is it to obtain a bank loan with only a good business plan and no collateral?

[1 = extremely difficult; 7 = extremely easy]

Source: World Economic Forum, Executive Opinion Survey.

COUNTRY NAME	2017-2018	3-YEAR TREND
New Zealand	5.67	1.63
United States	5.54	1.61
Singapore	5.45	0.93
Finland	5.44	1.46
Japan	5.22	1.48
United Arab Emirates	5.17	0.42
Germany	5.15	1.81
Norway	5.14	0.83
Hong Kong SAR, China	5.08	0.58
Sweden	5.08	0.99
Panama	5.06	1.1
Australia	5.01	1.69
Chile	5	1.34
Luxembourg	4.98	0.61
Switzerland	4.94	1.36
Canada	4.92	1.15
Malaysia	4.71	-0.07
Slovak Republic	4.69	1.4

COUNTRY NAME	2017-2018	3-YEAR TREND
Belgium	4.67	1.34
Estonia	4.66	1.39
Austria	4.66	1.8
Iceland	4.56	1.76
Thailand	4.54	0.93
Czech Republic	4.51	1.18
United Kingdom	4.43	1.74
Malta	4.35	0.54
Denmark	4.29	1.38
Hungary	4.28	2.28
Poland	4.27	1.68
Netherlands	4.27	1.22
Mauritius	4.21	0.7
Uruguay	4.12	1.28
Turkey	4.1	1.23
Lithuania	4.09	1.54
France	4.08	0.3
Bulgaria	3.94	0.95
Spain	3.69	1.95

COUNTRY NAME	2017-2018	3-YEAR TREND
Portugal	3.65	1.25
Bosnia and Herzegovina	3.63	1.64
Serbia	3.6	1.43
Montenegro	3.6	0.56
Korea, Rep.	3.52	1.34
Costa Rica	3.5	1.28
Latvia	3.49	1
Albania	3.48	1.61
Croatia	3.45	1.02
Ireland	3.44	1.22
Slovenia	3.29	1.69
Moldova	3.23	0.79
Seychelles	3.13	0.13
Argentina	3.06	1.33
Romania	3.01	0.08
Italy	3	1.39
Cyprus	2.88	0.49
Greece	1.84	0.17

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Stock market investment

The stock market investment type of scheme is usually included in a broader business investment option or in an immigrant investor program such as the Australian Significant Investor program. Business investor programs will usually require the applicant to invest a certain amount of money into a company, sometimes including the possibility of buying shares of company listed in their stock market. Immigrant investor programs enabling investment strictly in the stock market are quite rare, but nevertheless it can become very popular in the right form. Investors buying stocks on a stock market that is foreign to them and having to hold those investments over a period of time is not logical. We are talking about investing in a portfolio of stocks and holding such an investment for X number of years. A few investors who are experts in trading will go on their own to have a portfolio, but for the private sector to produce at high capacity, it would require financial intermediaries that will take the funds for X number of years and invest in the stock market as they see fit. The balance of risk and reward can swing both ways.

International Stock Indexes

Source: Wall Street Journal, Wednesday, October 24, 2018

INDEX (REGION/COUNTRY)	YTD % chg	3-YR % CHG
BIST 100 (Turkey)	-19.6	5
Hang Seng (Hong Kong)	-15.6	2.9
FTSE MIB (Italy)	-15.4	-6.7
Kospi (South Korea)	-15	0.9
Bel-20 (Belgium)	-13.8	-0.9
IBEX 35 (Spain)	-13.6	-6.1
DAX (Germany)	-13.4	1.2
WIG (Poland)	-13.1	2.7
OMX Copenhagen (Denmark)	-11.7	-1.4
FTSE 250 (U.K.)	-11.2	2.2
Straits Times (Singapore)	-10.9	-0.4
ATX (Austria)	-10.8	7.3
Santiago IPSA (Chile)	-9.8	6.7
FTSE 100 (U.K.)	-9.4	2.6
Topix Index (Japan)	-9.1	2.2
PSI 20 (Portugal)	-8.5	-3.1
Weighted (Taiwan)	-8.3	4
S & P/TSX Comp (Canada)	-8	2.2

INDEX (REGION/COUNTRY)	YTD % chg	3-YR % CHG
Nikkei 300 (Japan)	-7.5	1.8
SET (Thailand)	-7.4	4.7
BUX (Hungary)	-7.4	18.5
Swiss Market (Switzerland)	-7	-0.7
CAC 40 (France)	-6.8	0.2
AEX (Netherlands)	-6.8	3
Merval (Argentina)	-6.3	35.5
FTSE Bursa Malaysia KLCI(Malaysia)	-5.9	-0.4
OMX Helsinki (Finland)	-4.8	2.8
S & P/ASX 200 (Australia)	-3.9	2.9
All Ordinaries (Australia)	-3.9	3.2
Nikkei Stock Avg (Japan)	-3	5.5
OMX Stockholm (Sweden)	-2.9	2.9
RTS Index (Russia)	-2.5	8.8
Prague PX (Czech Republic)	-1.5	2.5
S & P/NZX 50 (New Zealand)	2.9	13.1
Oslo Bors All Share (Norway)	9.2	14

REAL ESTATE SCHEME

The surge in property prices has become the focus of many governments around the world. The real estate market remains the primary backer of debt and the main constituent of assets in an individual's net worth. Housing is also the main expense associated with living in a city, thus weighting significantly on cost of labor and therefore competitiveness of an economy. Diving property prices can lead to a financial crisis and lowering of the collective wealth, but surging property prices leads to higher cost of production for companies and overall competitiveness of the private sector. This is why it is important that governments have a certain control on their property market, especially in their global cities that are the main producers of good and services. The aim is to find a balance and to maintain a certain equilibrium.

Many variables come into play in determining the evolution of a property market. These variables are usually divided into socio-economic variables and demographic variables. Socio-economic variables are interest-rate, property tax rate, consumer confidence, etc. They all weight in differently. There is never one single reason for a property market to balloon; it's an accumulation of variables. In most normal case, problems in the property market come down to lack of oversight, slow government intervention, or simply bad policies.

Today, most of the world's global cities have an unaffordable property market. It's a global phenomenon, but the level of unaffordability is something to be worried about. Using real estate investment as a medium for residence-by-investment is not recommended when your property market is overheating or already quite unaffordable. Nevertheless, there are certain cases where such programs are beneficial to the economy.

Prime numbers

Cities house-price index, latest - Real terms, Q1 2011-100

Sources: Bank for International Settlements; Economist Intelligence Unit; Nomisma; Thomson Reuters; vdpResearch; Zillow; national statistics; The Economist

City (1995 – 2011 – 2018)	% change on 1 year	% change on 5 years	Under/overvalued against income*
Berlin	13.2	63.1	n.a.
Copenhagen	12.9	45.1	+48%
Hong Kong	12.6	39.3	+94%
Vancouver	12.3	60.4	+65%
Doublin	11.7	78.5	+25%
Amsterdam	10.6	54.4	+49%
Brussels	10.1	18.9	+67%
Singapore	8.9	-3.1	-3%
San Francisco	8.2	49.1	+27%
Madrid	7.0	18.4	+15%
Paris	5.8	6.3	+70%
Lisbon	4.7	17.9	n.a.
New York	4.5	16.2	+4%
Zurich	1.0	14.5	+22%
Auckland	-0.2	56.4	+75%
Tokyo	-0.3	4.1	-8%
Milan	-0.6	-9.0	+1%
London	-1.2	39.6	+59%
Shanghai	-1.2	52.5	n.a.
Stockholm	-1.8	41.0	38%
Sydney	-2.7	54.8	+50%
Oslo	-12.2	31.6	+53%

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When a property market has plummeted

The financial crisis of 2008 led to the fall of many property markets across Europe. Many of them recovered in the last five years, but some still haven't returned to the pre-crisis price levels. In that basket you can find Greece, Italy and Spain, just to name a few. It's important for the economic recovery that the property market is supported, and residence by investment made in real estate can help accelerate the recovery.

When an economy is heavily reliant on tourism

Small nations with exotic climates tend to bank on their assets by becoming a touristic destination. Residence or citizenship by investment in real estate provides part-time residents, which are the equivalent of tourists that stay extended periods of time and that return every year. Revenues and jobs created by thousands of resident tourists with significant purchasing power has helped many small nations strengthen their economy.

When a country doesn't levy income tax

Some small jurisdictions don't levy income tax on individuals and corporations, or simply rely heavily on tax revenue from consumption and real estate. If your jurisdiction has no income tax or a very low one, but has a property buyer tax in the double digits, property purchase can have a significant impact on growing the tax revenue.

Annual real estate price changes

COUNTRY	Y TO Y CHANGE
Australia	3.03
Austria	2.41
Belgium	1.63
Brazil	-4.43
Bulgaria	5.25
Canada	5.53
Chile	-0.35
China	3.18
Colombia	4.08
Croatia	6.74
Cyprus	1.55
Czech Republic	5.68
Denmark	3.01
Estonia	0.96
Finland	0.6
France	2.19
Germany	4.81
Greece	0.09
Hong Kong	11.81
Hungary	4.45
Iceland	10.41

COUNTRY	Y TO Y CHANGE
India	2.17
Indonesia	0.01
Ireland	11.12
Israel	0.18
Italy	-1.23
Japan	1.47
Kazakhstan	-5.31
Korea	0.35
Latvia	5.45
Lithuania	2.57
Luxembourg	5.02
Macedonia	5.31
Malaysia	2.31
Malta	2.92
Mexico	0.76
Morocco	-1.22
Netherlands	7.05
New Zealand	4.79
Norway	-3.03
Peru	-10.14
Philippines	7.18

COUNTRY	Y TO Y CHANGE
Poland	1.43
Portugal	8.95
Qatar	-11.55
Romania	2.52
Russia	-5.46
Serbia	-4.34
Singapore	0.62
Slovak Republic	3.94
Slovenia	8.56
South Africa	0.37
Spain	5.72
Sweden	1.16
Switzerland	-0.86
Taiwan	0.7
Thailand	6.38
Turkey	-0.29
Ukraine	-17.13
United Arab Emirates	-8.55
United Kingdom	1.94
United States	3.95
Vietnam	-2.95

Real credit growth

Source: OECD

COUNTRY	REAL CREDIT GROWTH, IN ANNUAL PERCENT CHANGE	LATEST QUARTER
Greece	-6.9	2017Q2
Ukraine	-6.16	2018Q1
Portugal	-5.61	2017Q2
Ireland	-5.38	2017Q2
Spain	-5.05	2017Q2
India	-4.39	2018Q1
Italy	-4.02	2017Q2
Cyprus	-2.76	2017Q2
Austria	-2.62	2017Q2
United Kingdom	-2.42	2018Q1
Hong Kong	-2.38	2018Q1
Latvia	-2.1	2017Q2
China	-2.08	2018Q1
Netherlands	-1.43	2017Q2
Brazil	-1.32	2018Q1
Croatia	-1.11	2018Q1
Singapore	-0.24	2018Q1
Malta	-0.05	2017Q2
Luxembourg	0.53	2017Q2
Slovenia	1.15	2017Q2
South Africa	1.46	2018Q1
Malaysia	1.76	2017Q3
Germany	1.9	2017Q2
Finland	2.18	2017Q2

COUNTRY	REAL CREDIT GROWTH, IN ANNUAL PERCENT CHANGE	LATEST QUARTER
Belgium	2.5	2017Q2
Australia	2.75	2018Q1
Estonia	2.81	2017Q2
Switzerland	3.37	2017Q1
Colombia	3.6	2018Q1
United States	3.71	2016Q4
Japan	3.85	2017Q4
France	3.91	2017Q2
Sweden	4.23	2018Q1
Thailand	4.38	2018Q1
Norway	4.44	2018Q1
Canada	4.65	2018Q1
Indonesia	4.84	2018Q1
Russia	5.42	2018Q1
Iceland	6.15	2018Q1
Korea	6.19	2018Q1
Mexico	7.27	2018Q1
Turkey	7.97	2018Q1
Slovak Republic	11.09	2017Q2
Philippines	13	2018Q1
FYR Macedonia	41.5	2
Australia	40.5	-0.1
Korea, Republic of	40.4	0.5
Switzerland	40.2	-1.6

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Price to Income

Source: OECD

COUNTRY	PRICE-TO-INCOME RATIO, INDEX, 2010 = 100	LATEST QUARTER
New Zealand	143.44	2017Q4
Austria	135.74	2018Q1
Luxembourg	133.48	2018Q1
Canada	129.08	2018Q1
Sweden	122.85	2018Q1
Australia	120.01	2018Q1
Switzerland	119.89	2018Q1
Chile	116.77	2017Q4
Germany	114.89	2018Q1
Portugal	111.6	2018Q1
Estonia	110.91	2018Q1
United States	110.84	2018Q1
Ireland	110.14	2018Q1
United Kingdom	109.63	2018Q1
Norway	108.84	2018Q1
Czech Republic	106.98	2018Q1

COUNTRY	PRICE-TO-INCOME RATIO, INDEX, 2010 = 100	LATEST QUARTER
Belgium	106.62	2018Q1
Japan	104.47	2018Q1
Latvia	101.97	2018Q1
Denmark	101.48	2018Q1
Slovak Republic	99.34	2018Q1
France	97.95	2018Q1
Finland	94.45	2017Q4
Hungary	93.56	2018Q1
Netherlands	93.48	2018Q1
Slovenia	89.85	2018Q1
Lithuania	89.67	2018Q1
Korea	84.38	2018Q1
Greece	83.2	2018Q1
Spain	80.82	2018Q1
Italy	80.05	2018Q1
Poland	74.71	2018Q1

Price-to-rent Ratio

Source: OECD

COUNTRY	PRICE-TO-RENT RATIO, INDEX, 2010 = 100
Canada	146.72
New Zealand	146.54
Colombia	143.74
Sweden	135.51
Luxembourg	132.17
Iceland	131.18
Israel	131.13
Turkey	130.63
Mexico	129.07
Latvia	125.64
Germany	123.05
Norway	122.69
Slovak Republic	121.09

COUNTRY	PRICE-TO-RENT RATIO, INDEX, 2010 = 100
Switzerland	119.43
Australia	119.18
Austria	115.64
Japan	114.5
Chile	113.94
Hungary	112.95
United Kingdom	112.89
Czech Republic	112.53
United States	109.35
Denmark	107.52
Belgium	106.98
Portugal	103.16
Ireland	100.63

COUNTRY	PRICE-TO-RENT RATIO, INDEX, 2010 = 100
South Africa	98.75
France	98.54
Slovenia	95.45
Korea	93.98
Poland	89.19
Netherlands	87.83
Finland	87.21
Spain	84.59
Greece	83.34
Italy	79.42
Lithuania	78.31
Estonia	77.84
Russia	56.04

Focus on Spain

Spain has experienced severe devaluation of its property market since the 2008 financial crisis. The drop in price also highlighted the degree of overvaluation and investor involvement in the property market. In most cases, Spain's autonomous communities suffer more than 20 percent percent drop in value in the last 10 years. This does not signify that Spain should try to reach the 2008 property prices as they might have been overinflated.

Recent trends have shown that prices are recovering in certain places faster than others. In the best of both worlds, the price would grow at the pace of salaries. Unfortunately, this is rarely the case and the size of dwellings tends to get smaller as a consequence of unaffordability. It is important to track the affordability index of each region and city to try to contain price increases. When certain markets are overheating, cooling actions should be taken by the government.

Housing Price Index

Housing price index (HPI). Base 2015. Autonomous Communities index: general, new dwelling and second-hand dwelling. Units: Index, Rates
Source: https://www.ine.es/jaxiT3/Tabla.htm?t=25173

	2018QII	3-YEAR TREND	5-YEAR TREND	10-YEAR TREND
Andalucia	110.695	10.095	14.132	-24.483
Aragón	108.946	7.719	6.71	-67.325
Asturias	105.095	4.592	3.509	-40.619
Balears	121.782	22.158	29.31	-18.859
Canarias	113.327	11.989	15.276	-27.323
Cantabria	113.437	12.599	19.142	-41.783
Castilla y León	106.521	5.571	5.061	-47.384
Castilla	103.544	2.861	3.067	-47.224
Cataluña	127.004	26.264	32.973	-39.663
Comunitat Valenciana	109.036	7.962	12.879	-37.226
Extremadura	104.122	3.889	1.199	-36.109
Galicia	106.771	6.242	7.106	-34.301
Madrid	132.253	31.718	40.199	-20.75
Murcia	105.157	4.331	7.328	-35.335
Navarra	107.657	6.416	0.073	-76.377
País Vasco	113.955	13.698	14.174	-47.696
Rioja	108.493	7.478	6.923	-63.554
Ceuta	121.003	19.751	25.212	-18.929

CITY	AFFORDABILITY INDEX
Granada	2.59
Malaga	2.27
Zaragoza (Saragossa)	2.23
Santa Cruz de Tenerife	2.14
Valencia	2.12
Seville (Sevilla)	2.08
Alicante	1.97
Corunna	1.4
Madrid	1.35
Las Palmas de Gran Canaria	1.34
Palma de Mallorca	1.29
Bilbao	1.23
Barcelona	1.21

In Spain, the economic recovery has profited many and 2017 has experienced important growth in Spaniards buying additional property. Secondary buyers represented 13.8 percent of all the residential transactions in Spain in 2017, an increase of 20 percent since last year, and is a segment that has experienced fast growth in the last few years. It is the fastest-growing segment of buyers for the cities of Cuenca, Toledo, Ciudad Real, Huesca, Guadalajara, Avila and Segovila. Foreign buyers are also an important segment that consists of investment/ leisure types of purchase. They represent 16.8 percent of all transactions in 2017. Foreign buyers are heavily concentrated on the Mediterranean coast of Spain. When we look at the result from the Spanish Golden Residence permit, Barcelona received the largest share of investment, with 1,384 investments made in the city's real estate market. Given that Barcelona is suffering from severe unaffordability, it would have been logical to close Barcelona to the Golden Residence program. It would make more sense to narrow the investment opportunity to regions that need it the most.

International buyer activity

House purchases by foreign nationals as a percentage of total property transactions, Jan - Mar 2018
Source: Ministry of Development

REGION	INTERNATIONAL BUYERS	Q1 TRANSACTIONS	ANNUAL CHANGE
Andalucia	16.05%	4,196	0.41%
Aragon	9.61%	355	0.72%
Asturias	3.37%	80	0.66%
Balearic Islands	33.67%	1,357	0.69%
Basque Country	3.40%	171	0.01%
Canary Islands	38.89%	2,485	3.55%
Cantabria	3.89%	54	0.29%
Castile and Leon	4.43%	254	0.73%
Castile-La Mancha	7.59%	390	1.07%
Catalonia	13.75%	2,897	2.32%
Cueta	2.27%	3	1.81%
Extremadura	2.56%	52	0.46%
Galicia	2.46%	102	0.12%
La Rioja	9.98%	113	0.78%
Madrid	9.20%	1,831	0.00%
Melilla	16.35%	26	1.96%
Murcia	24.44%	1,022	0.33%
Navarra	8.52%	112	0.48%
Valencia	33.58%	6,952	0.79%

Property Investment in cities by Golden Visa investors from (2014 to 2018)

CITY	NUMBER OF INVESTMENT
Barcelona	1384
Madrid	490
Malaga	476
Alicante	232
Valencia	130
Girona	125
Balearic Islands	87
Tenerife	52
Tarragona	36
Rest	131

The recent surge in property price in Spain has helped kick back the construction sector with new construction permits on the rise and new certificates of completion. Andalusia has seen a significant rise in the number of construction permits issued in 2017. The stimulation of the construction industry is an important aspect to consider when designing a residence/citizenship-by-investment program. To that effect, real estate investments need to be directed at new constructions, and those of a certain price. It also has the benefit of being a taxable consumable good.

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Next Gen of RCBI

As countries evaluate their need for business migration programs, we used our indicators to evaluate which country needs what type of program the most. Indicators showing that there is a drastic need, for example, to address unemployment could create an entrepreneur program to provide relief. We are not suggesting that these will come to be in the future, but rather that indicators have shown that these countries could benefit the most from these types of schemes base on economic indicators.

REGIONAL ENTREPRENEUR	ENTREPRENEURIAL SUCCESSION	START-UP	CBI – CASH DONATION	GOVERNMENT BOND	ACCESS TO CAPITAL	STOCK MARKET
Greece	Japan	Argentina	SVG	Argentina	Moldova	Turkey
Spain	Germany	Greece	Seychelles	Seychelles	Bosnia and Herzegovina	Hong Kong
Croatia	Italy	Croatia	Fiji	Japan (fixed term)	Argentina	South Korea
Turkey	Greece	Belgium	Albania	Belgium (fixed term)	Croatia	Belgium
Italy	Austria	Uruguay	Macedonia	France (fixed term)	Romania	Germany
Argentina	Bulgaria	Turkey	Bosnia and Herzegovina	Croatia (fixed term)	Macedonia, FYR	Denmark
France	Spain	Japan	Barbados	Austria (fixed term)	Serbia	Austria
Costa Rica	Netherlands	Finland	Bahamas	Slovenia (fixed term)	Albania	Chile
Latvia	Finland	Sweden	Serbia	Finland	Uruguay	Japan
Uruguay	Switzerland	Germany	Croatia	Bahamas	Poland	Taiwan

REGIONAL ENTREPRENEUR

Immigrant entrepreneur programs are extremely difficult to turn into a success with a good vision and strategy. Nevertheless, these are the most common form of residence-by-investment and pretty much every country in the world has something resembling an immigrant entrepreneur program. It is normal for every country to have one, but the countries below would need a very efficient one in order to help reduce their unemployment rate. Most of the countries below have an entrepreneur program of some form, but are not really effective enough in its present form to have a significant economic impact.

We have also discussed the regional entrepreneur scheme whose aim is to direct entrepreneurs outside of the main cities, in areas that do not have the same pulling power. European countries of a certain size such as France, Spain, and Italy have much to gain by implementing a regional entrepreneur program.

COUNTRY	UNEMPLOYMENT RATE	GDP GROWTH
FYR Macedonia	21.1	1.6
Greece	19.9	2
Bosnia and Herzegovina	18.4	3.2
Spain	15.6	2.7
Dominica	14.9	-14.1
Serbia	13.8	4
Albania	13.5	4
Croatia	12	2.8
Turkey	11	3.5
Italy	10.8	1.2
Barbados	10.3	-0.5
Cyprus	9.5	4
Bahamas, The	9.2	2.3
Argentina	8.9	-2.6
France	8.8	1.6
San Marino	8.2	1.4
Costa Rica	7.9	3.3
Latvia	7.9	3.7
Uruguay	7.9	2
Finland	7.7	2.6
Slovak Republic	7.5	3.9

ENTREPRENEURIAL SUCCESSION

Entrepreneurial succession is about maintaining jobs and facilitating the transfer of access from one generation to another in countries where there could be a shortage. It is a significant problem in Japan and in Europe that is, in most cases, completely forgotten. Many countries could see billions of wealth disappear in the next decade without addressing this issue. Precise data on the problem per country is not published and this is a very low-key problem.

COUNTRY/TERRITORY	MEDIAN AGE
Japan	47.3
Germany	47.1
Italy	45.5
Greece	44.5
Austria	44
Bulgaria	42.7
Spain	42.7
Netherlands	42.6
Finland	42.5
Switzerland	42.4
Canada	42.2
Denmark	42.2
Portugal	42.2
Czech Republic	42.1
South Korea	41.8
Belgium	41.4
France	41.4
Sweden	41.2

START-UP VISA

The popularity of such schemes has exploded in the last few years, with pretty much every European country launching its own. It's a bit early to assess the performance of such schemes yet, but the number of start-ups usually varies from 50 to 100 at best. It is a very competitive environment and attracting the best start-ups requires providing strong incentives, especially if you are not regarded as a business mecca

COUNTRY	NEED FOR START-UP VISA	CAPACITY TO ATTRACT START-UPS
Argentina	2.76	7.82
FYR Macedonia	2.58	5.12
Greece	2.32	8.20
Barbados	2.20	#N/A
Bosnia and Herzegovina	1.77	6.81
Italy	1.68	11.22
Spain	1.66	12.76
San Marino	1.35	#N/A
France	1.35	13.52
Croatia	1.27	8.60
Bahamas, The	1.15	#N/A
Belgium	1.14	13.20
Uruguay	1.12	7.86
Serbia	1.05	8.83
Albania	1.02	8.67
United Kingdom	0.94	18.63
Turkey	0.93	9.52
Portugal	0.93	12.68
Japan	0.92	13.85
Canada	0.91	16.54
Finland	0.90	16.08

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CASH DONATION

Cash donation is most common in the context of a citizenship-by-investment program. From our indicators we were able to compile a list of countries to whom a CBI with a cash donation option would help the most to relieve their government debt. Our initial list included countries already running a CBI with donation option, and all of them were already in the top 10. The estimated CBI revenue per year is based on the program running efficiently with only the donation options, so that other investment options don't take away from the total cash revenue. We also estimated the likeliness that other countries would consider a CBI. Many other countries would welcome cash donation, but for a heavily indebted country like Greece or Italy, for example, 500 million a year is a drop in the ocean. Their economies are too big for a CBI to have a significant impact. The political loss from a CBI would be difficult to justify.

INDICATORS	GOVERNMENT BUDGET	GOVERNMENT DEBT IN % OF GDP	GOVERNMENT DEBT IN USD	YEAR TO REACH 50% DEBT/GDP	POTENTIAL
COUNTRY	GOVERNMENT DEBT % OF GDP	DEBT IN USD	ESTIMATED CBI REVENUE A YEAR IN B USD		
Dominica	87.8	0.43	0.15	1.2	Existing
San Marino	59.2	1.05	0.35	0.5	Very unlikely
Vanuatu	51.3	0.49	0.15	0.1	Existing
Saint Vincent and the Grenadines	73	0.60	0.15	1.3	Likely
Saint Kitts and Nevis	63.6	0.64	0.15	0.9	Existing
Grenada	64.6	0.77	0.15	1.2	Existing
Seychelles	59.9	0.94	0.15	1.0	Not unlikely
Saint Lucia	71.8	1.27	0.15	2.6	Existing
Antigua and Barbuda	88.2	1.42	0.15	4.1	Existing
Malta	45.1	6.44	0.5	N/A	Existing
Fiji	49.8	2.60	0.15	N/A	Not unlikely
Montenegro	74.2	4.00	0.2	6.5	Existing
Bahamas, The	54.5	7.05	0.35	1.7	Not unlikely
Moldova	32.5	3.72	0.15	N/A	Existing
FYR Macedonia	41.5	5.14	0.15	N/A	Not unlikely
Bosnia and Herzegovina	38.3	7.65	0.2	N/A	Not unlikely
Barbados	123.6	6.39	0.15	25.4	Not unlikely
Mauritius	63.9	8.97	0.15	13.0	Existing
Cyprus	112.3	26.91	0.4	37.3	Existing
Albania	71	10.74	0.15	21.2	Not unlikely
Slovenia	69.7	38.31	0.5	21.7	Unlikely
Croatia	74.2	44.50	0.5	29.0	Unlikely
Slovak Republic	49.2	52.61	0.5	N/A	Unlikely
Serbia	58.8	28.02	0.2	21.0	Not unlikely
Costa Rica	53.7	32.66	0.15	15.0	Not unlikely
Uruguay	68.1	41.50	0.15	73.5	Not unlikely

GOVERNMENT BOND

The government bond program is essentially the investor loaning the government money for a set number of years. There could be interest paid every year to the investor, but many of the current government bonds programs do not pay interest to the investor. The higher the interest rate forfeited by the investor, the more interesting it becomes for the government in question. In countries with low interest rates, countries can put fixed interest rates on their government bond program for it to still be profitable.

For the government bond program, the list is very long and could be even longer if a government would use fixed rates to guarantee benefit. The cost of such programs can also be pretty high for the investor based on currency depreciation over years. The opposite can also be true: if the currency is relatively strong, the investment can be of benefit, even when forfeiting the interest.

The following countries are in a position to benefit the most from a government bond program. Argentina and Turkey in their current economic disposition are the two countries that are to gain significantly from a bond program where investors would forfeit their interest rate.

COUNTRY	LAST INTEREST RATE	DEBT % GDP	GOVERNMENT BUDGET BALANCE AS % OF GDP
Argentina	71.39	62.7	-5.79
Uruguay	9.25	68.1	-14.57
Moldova	6.5	32.5	-17.05
Turkey	24	32.3	-3.6
Seychelles	12.45	59.9	-4.77

The remaining heavily indebted countries would also benefit if there was a fixed rate payable by the investor to the government. A country like Japan has a current interest rate of -0.1 percent. There are no benefits for Japan to create a government bond program, even thus suffering from government debt and budget balance. The same goes for most EU countries that have very low interest rates. Setting a fixed rate payable by the investor to the government (e.g. 7 percent) would suddenly make a lot of bond programs much more profitable and less liable to drop in value due to low interest rates. Here are a few of the countries that would benefit the most from a government bond program with a fixed rate.

Many of these countries already have government bond programs or have had them in the recent past. Greece and Italy have recently launched a bond option at a very steep ticket price. This could have been reduced with a fixed-rate bond.

COUNTRY	LAST INTEREST RATE	DEBT % GDP	GOVERNMENT BUDGET BALANCE AS % OF GDP
Japan	-0.1	238.2	-3.41
Greece	0	188.1	0.04
Italy	0	130.3	-2.43
Barbados	2.93	123.6	-4.2
Portugal	0	120.8	-3
Singapore	1.11	112.9	-1.98
Cyprus	0	112.3	-0.33
United States	2.25	106.1	-3.94
Belgium	0	101.2	-2.68
Spain	0	97.2	-5.68
France	0	96.7	-2.6
United Kingdom	0.75	87.4	-4.36
Canada	1.75	87.3	-1.95
Montenegro	1.06	74.2	-4.15
Croatia	2.5	74.2	-1.49
Austria	0	74.2	-1.42
Hungary	0.9	71.3	-1.82
Albania	1	71	-1.68
Slovenia	0	69.7	-3.53

COUNTRY	LAST INTEREST RATE	DEBT % GDP	GOVERNMENT BUDGET BALANCE AS % OF GDP
Uruguay	9.25	68.1	-14.57
Ireland	0	66.6	-0.89
Mauritius	3.5	63.9	-2.88
Argentina	71.39	62.7	-5.79
Finland	0	60.5	-1.91
Seychelles	12.45	59.9	-4.77
Germany	0	59.8	0.76
San Marino	1.08	59.2	-0.28
Serbia	3	58.8	-0.01
Malaysia	3.25	55.1	-3.96
Bahamas, The	4	54.5	-5.8
Costa Rica	5	53.7	-5.4
Netherlands	0	53.1	0.62
Vanuatu	0.71	51.3	-8
Poland	1.5	50	-2.3
Fiji	0.5	49.8	-4.2
Slovak Republic	0	49.2	-1.78
Malta	0	45.1	-0.06

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ACCESS TO CAPITAL SCHEMES

Some of the main RBIs are designed to improve the flow of capital into the economy. These aim at improving the access to funds to businesses and/or their innovative projects. It can take many different forms: venture capitalist fund, capital investment, or financing of a project. The EB-5 TEA is designed to improve the access to capital for projects in target areas; the QIIP also takes the interest forfeited by the investor on government bonds and finances local R&D of SME. The U.S. EB-5 is the largest program of the sort, with over 1B USD poured into the economy by foreign investors. Many countries looking to improve the access to capital in their economy have launched such schemes. Both Greece and Italy have launched schemes to improve the access to capital. It can be argued that many countries have residence-by-investment programs designed to improve access to capital, but we have reservations on many about their success due to their structure. Greece technically already has put in place such an option to its Golden Visa, so there is no need to suggest they create one; nevertheless, we would advise them to review the form of these options for it to be efficient and produce better results.

You could create such programs for RBI or CBI. For example, a Moldova RBI would not gather much interest from the public, whereas a CBI from Moldova with such an option would, depending on the form. In our next-gen Top 8 we have not included countries in similar situations as Moldova in the Balkans. Other than the reason we previously stated, a CBI with cash donation allows the government to do whatever it wants with the money.

COUNTRY	VC FUND AVAILABILITY	FINANCING OF SME	GROWTH OF INNOVATIVE COMPANIES	EASE OF ACCESS TO LOANS
Greece	3.3	2	2.4	1.84
Moldova	3.2	2	3.3	3.23
Bosnia and Herzegovina	3.2	2.3	2.9	3.63
Argentina	3.9	2.4	2.8	3.06
Italy	3.9	2.3	3	3
Cyprus	3.6	2.5	3.5	2.88
Croatia	3.3	2.4	3.4	3.45
Romania	3.9	2.4	3.3	3.01
Macedonia, FYR	3.5	3	3.2	3
Seychelles	3.8	2.7	3.8	3.13
Costa Rica	4	2.6	3.6	3.5
Serbia	3.7	2.8	3.6	3.6
Albania	4.1	2.7	3.8	3.48
Uruguay	3.6	2.7	3.7	4.12
Latvia	4.2	3	3.5	3.49
Poland	3.8	2.7	3.9	4.27
Montenegro	3.9	3.2	4	3.6
Turkey	4.2	2.7	3.7	4.1
Bulgaria	3.9	3.2	3.7	3.94
Slovenia	4.5	3.1	3.9	3.29
Portugal	4.4	3.1	3.7	3.65
Mauritius	3.8	3	3.9	4.21
Hungary	3.5	3.3	4	4.28
Spain	3.9	3.5	4	3.69
Korea, Rep.	4.5	3.2	4	3.52
Lithuania	4.5	3	3.7	4.09
Ireland	5	3.3	3.7	3.44
Malta	4.1	3	4.2	4.35
France	4.3	3.7	3.9	4.08

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STOCK MARKET INVESTMENT

An RBI with this investment option would normally be interesting for any country to have. It could help stabilize markets experiencing high volatility and strengthen foreign investment. Certain listed countries below already offer a scheme that can directly or indirectly invest the funds in the stock market, such as Spain, Italy, the UK, Singapore, Portugal and Thailand.

INDEX (REGION/COUNTRY)	YTD % CHG	3-YR % CHG
BIST 100 (Turkey)	-19.6	5
Hang Seng (Hong Kong)	-15.6	2.9
FTSE MIB (Italy)	-15.4	-6.7
Kospi (South Korea)	-15	0.9
Bel-20 (Belgium)	-13.8	-0.9
IBEX 35 (Spain)	-13.6	-6.1
DAX (Germany)	-13.4	1.2
WIG (Poland)	-13.1	2.7
OMX Copenhagen (Denmark)	-11.7	-1.4
FTSE 250 (U.K.)	-11.2	2.2
Straits Times (Singapore)	-10.9	-0.4

INDEX (REGION/COUNTRY)	YTD % CHG	3-YR % CHG
ATX (Austria)	-10.8	7.3
Santiago IPSA (Chile)	-9.8	6.7
FTSE 100 (U.K.)	-9.4	2.6
Topix Index (Japan)	-9.1	2.2
PSI 20 (Portugal)	-8.5	-3.1
Weighted (Taiwan)	-8.3	4
S & P/TSX Comp (Canada)	-8	2.2
Nikkei 300 (Japan)	-7.5	1.8
SET (Thailand)	-7.4	4.7
BUX (Hungary)	-7.4	18.5

PRICING FAMILY MEMBERS

Pricing the investment amount has a lot to do with market price, but you won't sell a product even at market price if it is at a loss. Many CBIs offer package deals when it comes to family members where, for example, a single applicant would have to donate 100,000 USD but a single applicant with three additional family members would donate 200,000 USD instead of 400,000 USD. First off, each new citizen has a cost for a government and its different levels of governance. That cost will vary depending on the policy in each jurisdiction and how much is at charge of the government. For example, if healthcare and education is at charge of the government, suddenly admitting dependents such as children and parents becomes much more expensive. Of course, these new citizens have to be present in the country to use most of those services and their presence also has a positive economic impact, especially if they are wealthy and consume a lot. This is why a country with very few social policies towards CBI applicants will not charge much for dependents, whereas a country offering free healthcare could bar parent dependents from applying, and those offering free higher education could charge a high price for child dependents. The same principle would apply for residence-by-investment schemes.

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EU Parliament Reports

In November 2018 the EU Parliament published a draft report on financial crimes, tax evasion and tax avoidance. This draft report "Concludes that the potential economic benefits of CBI and RBI schemes do not offset the serious money laundering and tax evasion risks they present; calls on Member States to phase out all existing CBI or RBI schemes as soon as possible..."

Now, these conclusions were based on another report published a month earlier titled Citizenship by Investment (CBI) and Residency by Investment (RBI) schemes in the EU – State of play, issues and impacts. Even though it's not clear and explicit, the report wants to affirm that jurisdictions with special tax regimes offering an RCBI are the most at risk to be used for tax evasion and money laundering.

I took a few days to analyse the report and found:

- 33 misleading statements
- 13 unfounded/incorrect statements
- 8 biased statements
- 3 conflicting statements

In the report, it remains vague whether their negative critique of RCBIs is targeted to a handful of programs or all of them. They seem to limit the scope of RCBIs to Cyprus, Malt, Bulgaria, Portugal, Latvia, Ireland, Estonia and Italy. But the language starts dissipating that line as you go through the report. This has led to many misleading statements.

The whole methodology process of distinguishing which immigration program falls under their definition of RBI and which of those are targeted in the report can lead to confusion. The RCBI schemes in the EU report created three categories:

- EU level CBI/RCBI, which includes all active investment programs, e.g. entrepreneur programs and startup visa.

- The RCBI schemes for the purpose of the study that exclude entrepreneur and startup programs and schemes that offer temporary residence.

- The RCBI schemes of concern in countries with special tax benefits.

The language used throughout the report leads the reader to believe that all RCBI applicants benefited from special tax treatment and lax due diligence. It tries erroneously to point out facts singling out RCBI applicants when they are actually applicable to every other temporary resident and, sometimes, any other resident, foreign or national.

The report forgoes certain fundamental points:

- **RCBI applicants in the EU are third country nationals. They are not EU citizens and roughly 1% are OECD nationals. Taking that in consideration, it is illogical to state it could erode the tax base. it is completely illogical to view it as a way for EU nationals to evade tax. The report, during its arguments, time and time again forgets to take into consideration that RCBI applicants are from outside the EU and 99% are from outside the OECD.**

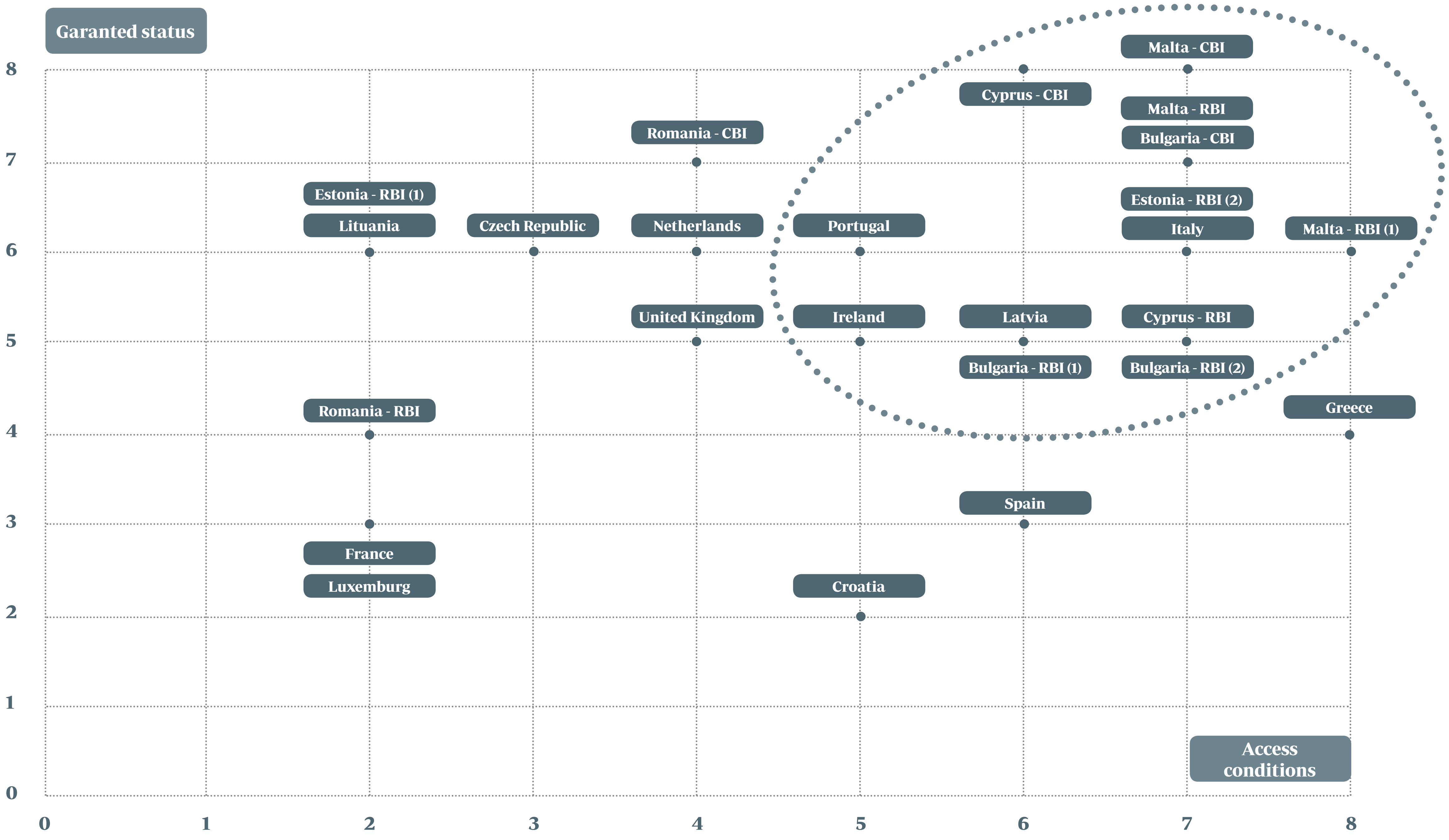
- **It singles out RBI with arguments that apply to any other immigration path. All the arguments are leveled against the tax regime of specific countries and target RCBI as a potential risk, but those potential risks are also true for any other form of migration.**

- **The report fails to realise that RCBIs have, in most cases, a high level of due diligence applied on the applicants; Malta CBI, for example, has the strictest level of due diligence applied to any naturalisation application process in the world, and Cyprus is now looking to match that. Many of the RBIs in Europe impose a high level of due diligence on its applicants. This is not the case for other immigration paths within the EU, where in some cases a simple self-reporting of past crimes is enough on the application.**

What is even more fascinating is that the authors, after pages and pages of linking RCBIs with tax evasion and lax due diligence, candidly point out the obvious:

Fig.1 - CBI/RBI chart representing eligibility conditions in function of granted rights

EU existing CBI and RBI schemes



- **From a tax transparency perspective, even though the schemes do not themselves offer a solution to escaping reporting standards (and notably CRS)...**

- **due diligence on criminal activity is a challenges apply to any kind of migration.**

- **As the OECD pointed out, CBI/RBI schemes do not in themselves offer a way to escape reporting under the CRS, which requires tax payers to self-certify in all their jurisdictions of residence for tax purposes. Residence status granted by these schemes indeed does not necessarily grant tax residence status.**

The EU report on RCBI certainly had a feel of bias toward wealthy individuals. An academic report will first research information, analyse the content of the research, and then provide conclusions. In this case, it seems as if the conclusions were there to start with and the research and analysis were made to try to link the dots. In this scenario, you often have illogical and irrational conclusions.

It certainly feels like the commission is leveraging RCBI to try and squeeze the countries in the EU with RCBI and special tax benefits to have to choose one or the other. It is exercising pressure on member countries to change their tax laws. There is a legitimate argument that balance should be searched for in the tax legslation across the EU. For the collective benefit, that balance should be found. But that doesn't mean uniformity for every country.

The report also highlights some true concerns that have been voiced by many, including me, such as:

- Naturalisation decisions adopted by one member state are 'not neutral' with regard to the EU as a whole. Indeed, granting citizenship in one member state gives access to rights stemming from EU citizenship.

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- Naturalisation decisions adopted by one member state are 'not neutral' with regard to the EU as a whole. Indeed, granting citizenship in one member state gives access to rights stemming from EU citizenship.

- The EU should have more oversight and define common guidelines in terms of due diligence.

- Transparent and precise tracking of the program results, including number of applicants, country of origin, and economic impact, should be implemented.

LIST OF STATEMENTS

Misleading (33)

> All of the EU Member States have various incentives in place to attract foreign investment from non-EU nationals. Most of them have citizenship by investment (CBI) or residency by investment (RBI) schemes (so-called 'golden passports' and 'golden visas'), (Page 5)

There are actually three CBIs and dozens of RBIs (depending on your definition). There are 28 member states; most of them would have 15 programs at least. A reader will get the impression that there is much more CBI than there is in reality. A correct and balanced statement would have been: most of them have a form of RBI whereas a few have a CBI.

> The schemes under scrutiny require none to very low physical presence on the territory to obtain residency or citizenship status (Page 5)

This statement applies to the vast majority of temporary residence permits. Temporary residence in EU members rarely imposes a physical presence requirement. In some cases, it simply requests that the holder notify authorities if they plan on leaving the country for six months or more.

> Furthermore, obtaining a residence permit and/or citizenship through these schemes gives access to very favourable tax regimes (e.g., low level of tax on personal income or tax provisions that exempt taxation on foreign income). While all of the schemes under scrutiny grant residency status, three of them offer de facto EU citizenship (Bulgaria, Cyprus and Malta). (Page 5)

This implies that RCBIs are the gateway to these tax schemes, whereas you don't need them to access these privileged tax statuses.

> Large investment inflows related to CBI/RBI schemes can also adversely impact financial stability in small states and make them particularly vulnerable to a decrease in demand for these schemes, exacerbating macroeconomic vulnerabilities. (Page 6)

These programs are created by governments to attract FDI, and it would be logical to believe that they intended to have foreign capital inflow. The possible instability should be something for them to consider and plan for, and should not be advertised as a deterrent.

At social level, increased property prices can make access to housing more difficult for low-level income sections of the population. (Page 6)

This is a true statement, but linking this to the RCBI is misleading. Countries with RCBIs in real estate investment (e.g. Spain, Greece, Portugal) suffered from great property market losses post-2008 financial crisis. They launched those programs to help the property sector recover. Furthermore, RCBIs in real estate can be directed towards specific zones if needed and can exclude certain zones that are overheating. The same cannot be said about other forms of immigration or the will of investors.

They do not necessarily require applicants to spend time on the territory in which the investment is made. (Page 12)

In most cases in Europe the investor receives temporary residence, which has the same conditions as the other immigration category; therefore, this is not exclusive to RBI.

CBI/RBI schemes are primarily meant for 'long-distance' citizens or migrants; they are not necessarily meant to attract migrants who will actively take part in society. As such, some have pointed out that CBI/RBI schemes depart from the 'egalitarian thrust that underlines rules of birth right citizenship as well as residence-based naturalization', long-term residence being 'what makes immigrants' relation to the political community equal to that of native citizens' – therefore not an arbitrary criterion for access to citizenship. (Page 21)

Except CBI, the remaining RBI naturalization process remains the same for every foreigner who has immigrated to the country.

The European Parliament has played a key role in raising these issues: in its resolution of 16 January 2014,45 it clearly expressed its concerns 'as regards possible discrimination because these practices by Member States only allow the richest third-country nationals to obtain EU citizenship, without any other criteria being considered'. (Page 21)

The authors should really specify CBI in that context as RBI applicants follow the same naturalisation process as any foreigner.

According to Carrera, 'by attaching a higher value to the applicants' wallet, investor residency schemes may even undermine one of the main goals of the EU Long-term Residence Directive, which frames the five years of residence on the territory of a Member State as the most relevant criterion for acquiring the status of long-term resident.' This five year residence requirement is intended to require a substantial physical presence: in the Directive, 'continuous residence' is calculated over the whole period of five years – allowing only for absences from the territory of less than six consecutive months and no more than ten months over the whole period. This provision of the Directive was explicitly laid down to ensure 'the person has put down roots in the country' (Recital 6). In addition, as Shachar notes, while 'real connections' are treated as mandatory preconditions for naturalisation and take the form of civic tests and cultural integration for the vast majority of people, those who are in a position to pay for membership are exempt for such requirements (Page 24)

RBI applicants do not fall in a distinct category when applying for EU LTR or citizenship.

Henley & Partners has additionally developed its own property branch,74 proposing a list of pre-selected properties that qualify for the Maltese CBI scheme to their clients. The activities of these firms that simultaneously provide advice for governments and offer strategic consulting services in the set-up and operation of some residence and citizenship programmes have spurred much criticism and concern.75 In particular, they raise the question of the oversight of background checks carried out on the individuals and their families applying for these schemes (see section 3.2). (Page 27)

This seems to imply that firms like Henley & Partner oversee the background checks, whereas the due diligence process is carried out by the government and hired due diligence firms (e.g. Thompson Reuters).

Despite these legal provisions, the accuracy of the performed checks is questionable. Various scandals have been unveiled in the last few years, shedding light on the risks these schemes bear in relation to the integrity of the applicants, money laundering and corruption. (Page 27)

"...the accuracy of the performed checks is questionable". The authors make a statement without providing evidence of how the due diligence was faulty. It later provides examples of corruption of government institutions without once showing evidence that crimes by applicants were committed or know of law enforcement prior to application to an RCBI. Furthermore, no process is perfect; the goal is to minimize the occurrence of error. Assessment of the integrity of these schemes should be made in comparison to other immigration paths.

When due diligence checks are outsourced to private agencies, the level of scrutiny is similarly unclear. This type of management of CBI/RBI schemes deserves particular scrutiny, since they are vulnerable to lack of oversight and conflicts of interest. Indeed, some private firms simultaneously market the CBI/RBI schemes, pre-screen the applicants, and provide advice to the government, thus raising legitimate concerns (see section 3.1). (Page 32)

The authors try to mislead the reader by making them believe that the private agencies outsourced to perform due diligence are the same private firms that market the program.

The schemes offering access to special tax regimes have been pointed as particularly risky from a tax transparency perspective and vulnerable to tax evasion. In particular, they offer potentials to circumvent reporting under the common reporting standard (CRS). (Page 32)

The authors try to falsely make the reader believe that these countries' tax regimes and their RCBIs are mutually inclusive. The authors claim that these tax regimes can be used potentially to circumvent CRS. It tries to lead the reader into believing the RCBI schemes and the actual tax regime are the same.

OECD's initial assessment is that the risk of abuse of CBI/RBI schemes is particularly high when the schemes have one or more of the following characteristics:

- The scheme imposes no or limited requirements to be physically present in the jurisdiction in question, or no checks are carried out to determine physical presence in the jurisdiction;
- The scheme is offered by either: low/no tax jurisdictions; jurisdictions exempting foreign source income; jurisdictions with a special tax regime for foreign individuals that have obtained residence through such schemes; and/or jurisdictions not receiving CRS information (either because they are not participating in the CRS, not exchanging information with a particular (set of) jurisdictions, or not exchanging on a reciprocal basis); and
- The absence of other mitigating factors. Such measures could, for instance, include: the spontaneous exchange of information about individuals that have obtained residence/citizenship through a CBI/RBI scheme with their original jurisdiction(s) of tax (Page 33)

This would qualify as any temporary immigration path to any low-tax jurisdictions.

As noted in the Tax Justice Network report, if a country levies no income tax, or has a very low income tax rate, or has no comprehensive personal income tax, falsifying residence may be tempting, for example by acquiring residency or a citizenship. By levying no income tax or having no comprehensive personal income tax regime, a country's CBI/RBI schemes therefore become riskier. (Page 34)

The key terms are "FALSIFYING RESIDENCE MIGHT BE TEMPTING". There is still no indication of why RCBIs are riskier than other immigration paths or other legitimate bi-nationals.

As Cyprus exempts taxes on foreign income, anybody obtaining a passport through Cyprus' citizenship by investment scheme could evade taxes on their offshore wealth in their original home jurisdictions (and in Cyprus) by opening a bank account outside the European Union, and registering as (tax) resident in Cyprus. (Page 35)

You don't need Cyprus citizenship to register as a tax resident in Cyprus. You can do exactly that by simply being a temporary resident in Cyprus. Cyprus is one of many countries that don't levy tax on foreign income, but that doesn't mean that taxes are not paid at the source in the form of withholdings.

Table 3 – Total amount (non-exhaustive) of investment through CBI/RBI schemes in selected Member States
Source: EPRS, Authors' summary

MEMBER STATES	YEARS	TOTAL AMOUNT INVESTED IN THE SCHEMES (IN €)
Bulgaria		No data available
Cyprus RBI		No data available
Cyprus CBI120	2008-2017	4 800 000 000
Estonia		No data available
Ireland121	2012-2016	209 650 000
Italy		No data available
Latvia	2010-2017	No data available
Malta – RBI		
Malta – CBI	2013-2018	203 673 427
Portugal	2013-2018	4 004 151 395
Total (low estimation)	2008-2018	9 217 474 822

(Page 37)

The authors start the report stating that most of the 28 members have RCBIs, then evaluate and judge the quality of the economic impact of RCBIs on four schemes on different timelines. Then, they manage to take the widest time range of 2008–2018 to state that 9B euro in 10 years were invested.

I estimate that around 8B euro was invested through RCBIs in 2018 alone in EU member states.

> Since CBI/RBI beneficiaries are not obliged to spend time in the Member States, holders of residence permits or citizenship obtained through CBI/RBI schemes do not necessarily make any additional contribution to the Member State's economy, for instance through VAT or other spending related taxes. (Page 38)

In this case it should be pointed out that they also don't incur a cost to the state.

> Potentially harmful tax competition Undeniably, fiscal policies are part of Member States' sovereignty. However, harmful tax competition could arguably erode tax revenues146 and limit the potential of the single market.147 (Page 41)

Although the authors don't directly refer to RCBIs, as a reader we are led to believe that RCBIs could arguably erode tax revenues of EU countries. This is illogical to assume, since RCBI applicants are third-country nationals. EU RCBIs could erode tax revenue in emerging countries, not the EU; on the contrary, it is more likely to increase tax revenues than to erode them.

> n relation to these key factors, some CBI/RBI schemes could lead to harmful tax competition,150 especially when they offer a wide range of fiscal advantages for attracting mobile capital without paying attention to their licit, or illicit, nature and/or facilitating the avoidance of exchange of information with other jurisdictions – as seen in section 3.3 above. (Page 41)

The authors erroneously link the nature of the programs that requires capital transfer to the facility mobility of illicit capital. Some RCBIs impose strict due diligence on the funds of the investor. No other immigration schemes do that. RCBIs are therefore less likely to facilitate the mobility of illicit capital than other schemes.

> 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. In addition, a large and sudden influx of private investment can also impact the quality of new construction, as a result of demand pressures and if regulation of construction projects does not keep pace.151 (Page 42)

The authors should specify that the evidence is scarce not because it is not true, but because the governments don't have precise reporting of the economic impact.

GLOBAL RESIDENCE
Government Report 2018

4.2.1. ACCESS TO HOUSING
As demonstrated above (section 4.1.4.), house prices could rise due to CBI/RBI schemes. As housing costs represent an important share of a household's income, this could lead to vulnerable groups experiencing increasing difficulties to access housing, in addition to an greater burden on household incomes – potentially leading to indebtedness, increasing vulnerability to repossession, foreclosure and eviction and ultimately, homelessness. (Page 43)

When a government creates a real estate option in its RCBI, it is because it believes that the property market is in need of such investment. It is that government's responsibility to direct the flow of investment towards areas that don't suffer from housing affordability.

For example, research shows that the commodification of Lisbon's historic centre is partly due to the Portuguese RBI scheme.157 The gap between actual and potential property rent in Lisbon's historic centre owes much to the gap between domestic and external market purchasing powers.

Every major city in the world is suffering from housing unaffordability. Nevertheless, real estate options of RCBI should always exclude certain zones that don't need further investment and target zone that do. Most governments don't follow this logical aspect. I would put the blame on the government for that, not the concept of RBI.

Furthermore, acquiring a new citizenship can be used to evade law enforcement and prosecution in a home country: if a CBI applicant is granted citizenship in a country that does not have an extradition convention with their home country, they could escape prosecution thanks to their newly acquired citizenship. (Page 44)

Extradition applies to both citizens and foreigners.

The threat to security and justice associated with CBI/RBI schemes has been acknowledged by many, including by the EU Commissioner for Justice, Vera Jourová, who recently stated that these schemes 'pose a serious security problem because they allow the beneficiaries to move freely across the EU' 159 (Page 44)

RCBIs are not the only ones that can move freely within the EU; most other migrants can (in practical terms, all of them can take a car and drive anywhere). Tourists with a Schengen visa can travel freely within the Schengen zone and the millions of EU citizens with criminal records can also travel within Europe freely.

The Latvian case here is enlightening. As previously underlined in section 3.2., when the minimal amount of investment was increased to €250 000 and checks on applications reinforced over concerns on threat to national security, this resulted in an increase of permit rejections or annulments of existing ones. 160 (Page 44)

This should n't be used as a stick to beat RCBI. On the contrary, to highlight that Latvia increased RBI due diligence checks is a good thing and should be applied to other forms of immigration paths if possible.

4.2.3. CITIZENS' FREEDOM OF MOVEMENT
Poorly conceived CBI/RBI schemes in terms of security checks could also have a negative impact on citizens' freedom of movement in general. Policies related to visa waivers and visa-free travel agreements between countries mainly rely on the assumption that their citizens

In 2018, which RCBI in Europe doesn't impose security checks? Most EU RCBIs require applicants to pay thousands in application fees. They are basically paying for strict due diligence to be performed on them. Are tourists paying thousands of euros for their visa application to receive strict due diligence? What percentage of Europe's population have a criminal record? Somewhere around 5 percent? In France alone there were 573,000 sentences for crimes in 2015.

A sense of perspective should be applied here.

Therefore, a scheme deemed as 'risky' could jeopardise these agreements. This scenario occurred in 2001, when the Canadian authorities made the decision to suspend visa-free travel for citizens of Grenada in 2001 precisely due to concerns about the background of the beneficiaries of the Grenada CBI

That was over 17 years ago. Isn't it possible that the background check process might have changed? The authors could have given the example of Antigua and Barbuda in 2017 instead.

4.3.3. PERCEPTION OF CITIZENSHIP
The nature of CBI schemes certainly has an impact on the perception of citizenship. As described in section 3.1, the economic logic of the market is replacing the political foundation of citizenship by turning citizenship into a commodity. This has been analysed as 'a political inclusion that, deprived of cultural belonging, is emptying citizenship from within'.172 A global market for citizenship status is seen as corrupting democracy by breaking down the barrier that separates the spheres of money and power.173 (Page 46)

The authors present the perception of Shachar and Baubock (reference 173) as a fait-accompli.

4.3.4. QUALITY OF EVIDENCE-BASED POLICY
The lack of available data, as underlined in section 1.1, is an obstacle to designing and conducting long-term sustainable policies. As Member States do not release data on their CBI/RBI schemes systematically, possible costs and benefits of the programmes are difficult to assess, triggering difficult ex-post analysis of the existing schemes, and preventing the development of evidence-based policies. Reliable and robust data are not only critical to forecasting the vulnerabilities triggered by CBI/RBI schemes, they would also strengthen the reputation and sustainability of these policies over the long-term. (Page 46)

The majority of EU RCBIs do publish some data. Few of them are new; some are in line with the data on the other immigration categories, some are more precise, and some are opaque. In most cases where data is missing it is because they simply don't publish elaborate immigration data.

The successive Anti-Money Laundering (AML) Directives have significantly increased the exchange of information and transparency that makes it harder to launder money. The EU AML framework has expanded the number of 'obliged entities' required to comply with EU standards of due diligence and inform their respective FIUs if they suspect that money laundering is being or has been committed or attempted. These include in particular credit and financial institutions, tax advisors, and estate agents. The fifth AML Directive178 adopted in May 2018 additionally requires obliged entities to apply enhanced customer due-diligence measures when business relationships or transactions involve high-risk third countries (i.e., that show significant weaknesses in their AML regime). Annex III of the Directive also makes explicit reference to CBI/RBI schemes. It now includes third country nationals who apply for residence rights or citizenship in an EU Member State in exchange of capital transfers, purchase of property or government bonds, or investment in corporate entities in the list of factors of potentially higher risk to be taken into account by obliged entities. (Page 48)

All these investments can also be done without RCBI and without due diligence.

UNFOUNDED/ INCORRECT STATEMENT (13)

While in principle, checks on criminal records are included in the legal framework governing these schemes, their accuracy is questionable. The adequacy of the checks performed on the applicants and the origin of the funds invested is also questionable. (Page 5)

How is it questionable? The authors don't back their statement with any proof or even additional details. If those are questionable, what is there to say about every single other immigration path that doesn't apply mandatory due diligence checks?

These social impacts are supplemented by possible hindrance to the mobility of EU citizens. As policies related to visa-waivers and visa-free travel agreements between countries mainly rely on the assumption that their citizens are safe to admit, poorly conceived CBI/RBI schemes in terms of security checks and deemed as 'risky' could jeopardise these agreements. (Page 6)

There are millions of EU citizens with a criminal record that travel freely in the union and in most of the countries offering visa-free travel to EU citizens.

CBI/RBI schemes have increased dramatically in the past decade. While countries like Australia, the United States (USA) or the United Kingdom (UK) have offered residence rights in exchange for investment since the 1980s and the 1990s, the Caribbean islands of Saint Kitts and Nevis were the first to offer citizenship rights in exchange for investment. (Page 11)

None of the listed countries had an RBI in the '80s (Australia Investor Visa (1990), US EB5 (1992), UK Tier 1 Investor (1994)).

In addition, tax-related incentives provided by CBI/RBI schemes constitute an important factor driving demand. (Page 6)

Currently the world's most popular RBI programs (U.S., Canada, Greece) do not provide any sort of special tax benefits. The most popular in 2017, the US EB5, provides tax exemption on foreign income of $104,100. But this is widely regarded as one of the worst possible tax regimes imaginable for a wealthy foreigner due to the green card holder and citizen of the U.S. being liable to tax on their worldwide income wherever they live in the world.

As recently recalled by the EU Commissioner for Justice, Věra Jourová, if one Member State does not apply the necessary security and criminality checks, this can affect all Member States. These social impacts are supplemented by possible hindrance to the mobility of EU citizens. (Page 6)

RCBIs have the highest level of due diligence applied on its applicants of all immigration paths, whether on character or on wealth. The reason is very simple, really: Strict due diligence costs thousands of euro. You can charge that to a rich immigrant but you can't charge that to regular folks, and governments don't necessarily have the budget to conduct due diligence on every residence or nationalization application.

…including 4 that operate CBI schemes in addition to RBI schemes (Bulgaria, Cyprus, Malta, Romania). (Page 13)

It would be inaccurate to put all of them in the bag of CBI, especially Romania.

Three schemes offer citizenship (that grants de facto EU citizenship) with a price tag of €400 000 (in Bulgaria), €1 150 000 (in Malta), and €2 million (in Cyprus). For Bulgaria and Malta, residence for a certain period of time preceding the issuing of a certificate of naturalisation is required. (Page 17)

False for Bulgaria. It requires 1m BGN twice, so 1.22m euro total for the fast-track citizenship.

Malta and the allegations surrounding its CBI scheme

The Maltese CBI scheme is of particular interest in relation to its associated vulnerabilities. The case is also being addressed at EU level, with the personal involvement of the EU Justice Commissioner, Věra Jourová, and the mobilisation of the European Parliament.

The Pilatus case

Ali Sadr Hasheminejad (Chairman of the Pilatus Bank, licensed in Malta) was arrested in March 2018 in the United-States (USA) and charged with breaching sanctions against Iran, bank fraud, and money laundering. In parallel to the case handled in the USA, the adequacy of the supervision of Pilatus Bank ensured by the Malta Financial Intelligence Analysis Unit (FIAU) is currently under investigation. Leaked FIUA reports show serious shortcomings in the bank's compliance with anti-money laundering laws and raised suspicions regarding the use of Pilatus Bank to launder the proceeds from illegal kickbacks related to the sale of Maltese passports.

Investigations into breaches of EU law

During a fact-finding mission conducted in Malta in June 2018, EU Justice Commissioner Věra Jourová d expressed the view that the question remains whether the Pilatus Bank case is just an isolated case or whether it revealed a systemic problem. In July 2018, the European Banking Authority (EBA) conducted a full investigation, which concluded that the FIAU had indeed breached Union law by failing to exercise effective supervision of Pilatus Bank. This was followed by a number of recommendations to the FIAU. The EBA is planning to visit the FIAU next year to ensure that the recommendations have been implemented properly. In the meantime, it is also investigating a possible breach of Union law by the Maltese Financial Services Authority. This investigation is ongoing at the time of writing.

The European Parliament also tackled the issue of rule of law in Malta and conducted a fact-finding mission to Malta. In a November 2017 resolution, the European Parliament demanded that the rule of law in Malta be monitored closely, to ensure proper law enforcement and compliance with EU rules on money laundering and banking activities. Parliament called on Malta to 'make it clear who has purchased a Maltese passport and all the rights that come with it, and what safeguards are in place to ensure that all these new citizens have actually spent a year in Malta prior to the purchase'. (Page 29)

The authors proceed to provide the case against Pilatus Bank, which is accused of violating the U.S. sanctions on Iran in 2018, a crime only in the US since it unilaterally withdrew from the Iran nuclear treaty. An investigation is underway to assess all the violations committed by the bank and its relationship with the FIUA. The authors try to tie the Pilatus case to vulnerability of the Malta CBI by using the unproven suspicion leveled by the notorious reporter Daphne Caruana Galizia of illegal kickbacks related to the sale of Maltese passports. In a research study, uncorroborated accusations should not serve as a basis for argument.

According to the 2018 Knight Frank 'wealth report',106 34 % of high net worth individuals (HNWIs) already hold a second citizenship and passport. Nearly half of all HNWI's without a second passport are planning to invest to obtain one. While it is difficult to quantify the numbers of individuals applying for CBI/RBI schemes for tax purposes,107 the wealth report stressed that tax-related incentives provided by CBI/RBI schemes is an important factor driving demand. (Page 32)

The authors state: it is difficult to quantify the numbers of individuals applying for CBI/RBI schemes for tax purposes,107

Reference 107 states the opposite: In its contribution to the OECD consultation on preventing abuse of residence by investment schemes to circumvent the CRS, Henley & Partners indicates that according to an internal review of applicants, only 3 % chose to apply for tax purposes, while around 20 % did so seeking a better lifestyle, professional opportunities, free access to more countries and security.

The authors then decide to disregard that 3 percent, to use the Knight's Frank 2018 Wealth Report, to argue "that tax-related incentives provided by CBI/RBI schemes is an important factor driving demand." Nowhere in the WR18 have they linked RCBI schemes and tax incentives. The authors are falsely using the WR18 to back their argument.

Our research on HNWI and the reasons they relocate have me believe that tax incentives are an important factor for HNWI from OECD countries to relocate. Tax incentives are not an important driving factor for Chinese, Russians, or Indians relocating into the EU.

Use of an RBI scheme to circumvent the CRS
John, an individual resident in Russia has an account with Bank X in Portugal. Under the CRS, Bank X should have started reporting John's account information to the Portuguese tax authorities in June 2018, who will in turn exchange the CRS information with the Russian tax authorities.
To circumvent reporting under the CRS, John applied for residence in Portugal under its RBI scheme in 2016. To obtain this status, John purchased a house in Portugal worth €500 000.
John has provided his Portuguese temporary residence permit and utility bills relating to the house in Portugal.
As a consequence, and in line with the residence address test for pre-existing individual accounts, the due diligence procedures applied by Bank X lead to the conclusion that John is resident in Portugal. As such, no CRS information about the account held by John will be reported to Russia. (Page 33)

Any migrant would fall into that category. You just have to rent an apartment before opening a bank account. Most, if not all, immigration paths in Europe require the applicant to demonstrate to the authority proof of accommodation before applying for a resident permit.

According to the report's findings, among the schemes captured in the upper right corner of the graph in section 1, Cyprus presents the highest risk, followed by Ireland, and Malta, while Bulgaria, Estonia, Italy and Portugal present moderate risks. This assessment is supported by:
Cyprus is deemed at higher risk because the country chose to apply 'voluntary secrecy' in the framework of the OECD Multilateral Convention on Administrative Assistance in Tax Matters (the Multilateral Tax Convention) and the Multilateral Competent Authority Agreement (MCAA). As explained by the Tax Justice authors, countries implementing the CRS need to have a legal framework enabling automatic exchanges. While it is possible to do this bilaterally (e.g. signing double tax agreements or tax information exchange agreements that allow automatic exchanges pursuant to the CRS), most countries choose the multilateral route: they are parties to the Multilateral Tax Convention and have signed the MCAA. The MCAA however allows countries to choose 'voluntary secrecy' by being listed

under Annex A of the Agreement. This means that these countries agree to send banking information to other countries, but refuse to receive it. (Page 34)

Ninety-nine percent of RCBI applicants to the EU are not OECD nationals. This becomes a fictitious problem; double tax treaty would apply.

4.2.2. THREAT TO SECURITY AND JUSTICE
As presented in section 3.3., the background of CBI/RBI scheme applicants can be quite controversial. The admission to the EU, whether by citizenship or residency rights, of people with a criminal background certainly raises questions in terms of security and justice. (Page 44)

Section 3.3, "Risks for tax transparency", has not demonstrated in any way how background checks can be controversial. It doesn't even mention the background of the applicants, but rather how applicants could circumvent CRS.

In the EU context, security threats associated with such schemes are multiplied, since a threat to one Member State affects all EU Member States. As stressed by the European Commission, 'if one Member State does not apply the necessary security and criminality checks, then this can affect all of us' 161 (Page 44)

As a criminal or a terrorist you might want to enter the continent in a way that is not going to cost you hundreds of thousands of euros. For example, getting a touristic visa is easier, or applying for a resident permit in any other way. It is even easier to apply for refugee status, or simply cross illegally.

In order to avoid the potential conflicts of interest raised in section 3.2, private firms should be precluded from simultaneously advising governments on CBI/RBI schemes, implementing them on behalf of the government, promoting them and offering counselling for individuals interested in these schemes. (Page 51)

A private company basically wins a public tender, just like in any other industry. The government should put in place mechanisms to protect itself against embezzlement, of course. But none of those firms have a say in who gets approved and who doesn't. The idea of conflict of interest can be easily exaggerated; in this case it is unfounded. Regulation of these intermediaries is of course something that should be implemented, and Europe has been lagging in comparison to Canada for example.

BIAS STATEMENT (8)

Besides, allowing the richest TCNs to obtain fast-track citizenship or residency can rightly be perceived as discriminatory in nature. (Page 6)

Only a handful of countries provide different naturalisation provisions to investors.

Immigration is discriminatory in its nature. It is not first come, first serve; rather, it is based on a number of criteria that usually translate into who can contribute the most and who is the most adaptable to our values and language. For naturalisation, RBI investors don't have preferential treatment over other categories of immigrants; they a receive a temporary resident permit and need to qualify for PR and citizenship the same way as others do. This argument can be turned in every direction and shows the true bias one could have towards the subject. The investor could say, 'Why do we need to pay much more in application fees than other immigrants? Why are we subject to stricter due diligence checks than other migrants? Why do we have to invest hundreds of thousands of euros to prove our worth when others don't have to?'

In the current context of EU tensions over the refugee crisis, CBI/RBI schemes have been particularly condemned. It has been pointed out that some EU Member States that demonstrate considerable interest in integrating immigrant investors into their territory are not similarly open to refugees. While some Member States have applied a cap of successful applications per annum for foreign investors, these contrast sharply with the quotas allotted in the EU plan on relocation mechanism. (Page 21)

To accuse immigrant investors of taking the place of refugees is quite an extraordinary statement, given that there aren't only two classes of immigration. Furthermore, this disregards the link between immigration and economic policy: some immigrants create jobs, others seek jobs. When your unemployment rate is high, you welcome the job creators and you reduce your number of job seekers. In that context, giving preference to job creators is not discrimination; it's economic sense. It could lead to bringing more job seekers in consequence.

4.1. ECONOMIC IMPACTS
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 (see section 1). In exchange, destination Member States enjoy the benefits of new investments, including revenues and job creation.117 At aggregate level, however, the economic impacts of CBI/RBI schemes are often modest and elusive.118 (Page 36)

Quote 118 is taken from a report published in October 2014, provided that the data was most likely of the year 2013. In the EU, of the 20 recognizable RCBI programs in 2018, only five were created before 2012.

4.2.4. INCREASED DISCRIMINATION
A critical social impact of the CBI/RBI schemes relates to the issue of fairness explained in section 2.1. As simply put in some academic research, 'rich people have access to rich countries' membership, and poor people remain on the wrong side'.163 Allowing the richest TCNs to obtain fast-track citizenship or residency is arguably discriminatory in nature. As previously mentioned, CBI/RBI schemes largely contradict the recent Member States' efforts to resubstantiate citizenship through tests and integration requirements.164 Why civic knowledge and other integration requirements – which are found in an increasing number of Member State requirements to access citizenship – are deemed necessary for some and not for others raises important questions. (Page 45)

Naturalisation in Europe is based on integration and contribution to society. In most cases you need to demonstrate that you have been paying your taxes and you are not using social assistance. I have not seen an immigration system that is just an open door and serves on the basis of first come, first served. There are generally economic migration and humanitarian migration (family reunification, asylum seekers). Economic migration is based on how well you can contribute to the country, so on the contrary, money can be an important factor in that case. RBI applicants are imposed the same conditions for naturalisation as anyone else.

4.3.1. EROSION OF TRUST IN THE INSTITUTIONS
The vulnerabilities associated with CBI/RBI schemes described throughout this study can negatively affect the population's trust in the institutions. This trust may be particularly eroded when scandals and allegations associated with these schemes arise. In Malta, a Eurobarometer survey recently showed that the Maltese citizens trust the justice system and police less than the EU average: trust in the Maltese justice and legal system stands at 35 %, which is less than the EU average of 50 %. The police are trusted at a level of 53 %, also below the 72 % EU average.166 The survey took place in early November 2017, in the aftermath of the murder of journalist Daphne Caruana Galizia. While it is difficult to determine a direct causal link, arguably the multiplication of allegations and ongoing investigations in Malta probably have an impact on its population. (Page 45)

The author candidly highlights the bias of the survey.

Adoption of a systematic risk-based approach to the process of verifying tax residence status could also be recommended to Member States. For newly opened bank accounts, financial institutions should treat the account as high risk and require supporting evidence of previous tax residence status. (Page 49)

The authors are suggesting that RCBI applicants should be discriminated against and considered high risk.

In this regard, and to facilitate this process, the European Commission could provide some guidance on the transparency standards to be followed by the Member States. This could include making the most relevant information and data they hold publicly available, in at least an annual breakdown of:

- The number of main applications and their dependants received (by country of origin);
- The number of citizenship and residencies granted (by country of origin);
- The intermediaries involved in the process and their role;
- The amount of revenues earned;

- Statistics on the total number of accounts and the total account balance of account holders who appear not to be relevant for tax purposes in that jurisdiction, e.g. because they do not have to file tax returns in that jurisdiction.189 (Page 50)

It is hard not to see discrimination in the underlined process.

Moreover, and to ensure a spirit of sincere cooperation and mutual trust among EU Member States, a structured exchange of information between Member States could be set up. Information exchanges could include, for instance, the name (or taxpayer identification number – TIN) of unsuccessful applicants and the reasons for the refusal decision, as well as the name (or TIN) of successful applicants, including information on their country of origin and citizenships. (Page 51)

The authors would like a certain group of people to be treated differently than the rest.

CONFLICTUAL STATEMENT (3)

From a tax transparency perspective, even though the schemes do not themselves offer a solution to escaping reporting standards (and notably the common reporting standards – CRS), they enable false statements to be made on residency and can thereby undermine due diligence procedures. (Page 6)

The authors start by pointing out that this scheme does not offer solutions in escaping CRS, but then try to argue they are at fault because applicants could make false statements.

As the OECD pointed out, CBI/RBI schemes do not in themselves offer a way to escape reporting under the CRS, which requires tax payers to self-certify in all their jurisdictions of residence for tax purposes. Residence status granted by these schemes indeed does not necessarily grant tax residence status. (Page 33)

After pages and pages of trying to make the readers believe that RCBIs and tax evasion are mutually inclusive, it finally points out the obvious.

While this challenge applies to any kind of immigration, CBI/RBI schemes are particularly prone to concerns regarding applicants' backgrounds, since this type of immigration is based on a financial transaction. It can indeed be argued that the higher the investment, the more pressure will be placed on immigration officials to be more lenient on the applicant, thereby contributing to greater impunity for crime and/or favouring provision of safe havens to conduct criminal activities. (Page 44)

The authors start the sentence by finally admitting that this challenge applies to any kind of migration. But then, they continue with arguments that require a lot of mental gymnastics: financial transaction = concern about an applicant's background = safe haven for criminal activities.

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