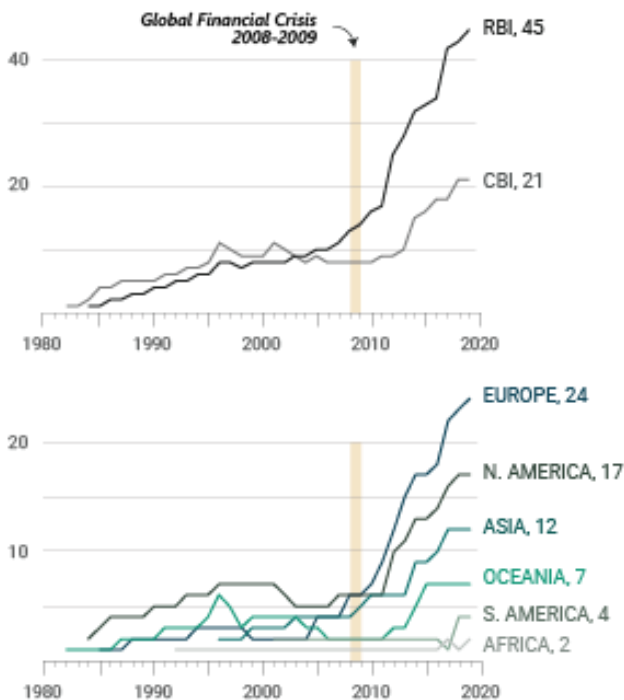




The Changing Landscape of Immigrant Investment Programs

Immigrant investment programs (IIPs), also known as “golden visas,” “golden passports,” and citizenship-or residency-by-investment (CBI, RBI) programs, among other names, are distinct from other immigration channels—such as family ties or employer sponsorship—in that the applicant is required to make a financial contribution for the benefit of the host nation. Criteria and expectations range widely across programs, yet all IIPs grant an immigration benefit to the approved applicant in exchange for a sizable financial contribution to the private or public sector (sometimes both). The first official IIP was established in St. Kitts and Nevis in 1984, followed by one in Canada in 1986 and in the United States in 1990 (P.L. 101-649). There are now more than 50 actively promoted IIPs around the world, and more than 100 countries have immigrant investment legislation in place. The number of IIPs has increased by almost 50% over the past 10 years (see **Figure 1**). Some of the lowest IIP rates are found in North America’s Caribbean islands, including the Dominican Republic’s RBI, which accepts an investment of at least \$100,000. Austria’s CBI tops the market rate, requiring an investment of approximately \$10 million.

Figure 1. Growth in Immigrant Investment Programs by Program Type and Region: 1980-2019



Sources: Government websites, various immigration investment consultancy and service provider websites.

Notes: The y-axis shows the number of countries and jurisdictions with immigrant investment legislation that offer permanent residency and citizenship, where enactment dates are available. Long-term only and temporary visa programs are not included.

Program Types

Residency-by-investment (RBI) programs make up the majority of IIPs offered, including those in the United States, Portugal, and Australia. RBI total revenues are estimated to exceed tens of billions of dollars annually. Through a clearly defined process, RBI candidates are granted permanent residence in exchange for a significant economic contribution, which can be extended in some cases to citizenship after a designated period of time.

Citizenship-by-investment (CBI) programs make up about a quarter of the current IIPs offered globally, and program revenues are approximately \$3 billion annually. Like RBIs, there is an equally delineated process, however, CBIs waive naturalization requirements, such as residency and language proficiency, and grant approved candidates’ citizenship in exchange for a substantial economic contribution. CBIs can be found all over the world, including in Grenada, Cyprus, Turkey, Cambodia, Russia, and Vanuatu.

Program types vary across countries and jurisdictions. While some countries have legislation in place for investment in exchange for an immigration benefit, the process may not be clearly structured, investment amounts may be decided on a case-by-case basis, or there may be no active promotion of the program by the government, among other variances. These programs—including the CBI in Austria and both the CBI and RBI Cabo Verde—are generally considered unofficial.

Investment Options

Private sector investment options aim to stimulate the economy and create jobs. Examples of such programs include the U.S. Immigrant Investor Program (EB-5) and Singapore’s Global Investor Program. A small subset of this group admits applicants in exchange for real estate purchases in that country. This option is available in Greece, Spain, Portugal, and Latvia, whose property markets were severely hit by the 2008-2009 financial crisis.

Public sector investment options require investors to give money directly to the government in the form of a donation or low-interest loan (i.e., purchase of government bonds). These funds are managed differently across programs, but are typically used for economic development and other public interest purposes. Examples of such programs can be found throughout the Caribbean, as well as in the United Kingdom (UK) and Malta (which requires both a public donation and private investment).

Program Effectiveness

Experts suggest that the clearest public gains come from programs that encourage financial donations to the government or a national development fund, also seen as “cash-for-passports.” The overall effectiveness of this

model depends on how the funds are used. They may be spent to support long-term economic growth and provide other forms of social support, but such assurances are typically not written into the policies. Lack of transparency and minimal residency requirements of some programs make this model highly controversial, and program outcomes are ultimately a question of implementation and oversight. Foreign direct investment from IIPs can result in new and flexible capital flows both to the public and private sectors for developing, recovering, and transition economies. Some programs have served as a lifeline for governments recovering from the global recession, but critics raise questions over program misuse, security concerns, and corruption in light of the lack of global industry standards.

EB-5 and the U.S. Economy

After the 2008 U.S. financial crisis, banks tightened lending and businesses suffered. As a result, entrepreneurs found alternative financing through EB-5, which led to a dramatic increase in its popularity. EB-5 recipients increased 92% from 2007 to 2017, reaching its annual cap of 10,000 visas issued in 2014 and 2015 and oversubscription from China (limited by a per country cap of 7%) since 2014. For more see CRS Report R44475, *EB-5 Immigrant Investor Visa*.

Changing Landscape

Over the last decade, interest in and the availability of IIPs have surged. The growth in IIPs may reflect a combination of growing wealth in emerging markets; a rise in global uncertainties; interest by governments seeking more ways to raise revenue and boost talent inflows; and a resulting niche of IIP service and advisory industry (lawyers, financial advisors, visa consultancies, etc.). Reports suggest that wealthy populations from areas affected by economic or political turbulence—Iran, Brazil, and Venezuela—are expected to increase demand for second passports in the near term. Fears of Brexit and political unrest in Hong Kong have also fueled inquiries about and demand for IIP options. Based on currently available statistics, an average of 80% of RBI applicants worldwide are from China but source countries vary by region and country. IIPs in Europe are popular with Russians, for example.

IIPs in Traditional Migrant Destinations

Historically, the most popular IIPs are residence programs in traditional migrant destinations. Of the more than 36,000 investment visas granted globally in 2014, more than 80% were issued by the United States, Canada, the UK, Australia, and Hong Kong (Hong Kong's IIP closed in 2015). Created in 1990, the United States Immigrant Investor Program or "EB-5" stands out as the world's largest and most popular program in terms of estimated revenue and participation, surpassing Canada's Federal IIP since 2013. According to the latest U.S. Commerce Department assessment (2017), an estimated 174,039 U.S. jobs were created by \$16.7 billion total investment (\$5.8 billion in direct EB investment capital) in FY2012 and FY2013. EB-5 is distinct due to its significantly lower investment minimum—currently \$500,000 for pooled investments in underserved areas. (Program thresholds are set to increase significantly, in November 2019, unless

Congress acts to stop these and other program changes.) EB-5 requires a non-guaranteed, "at-risk" investment in a private sector entity that creates jobs. In contrast, the UK's Tier-1 Investor visa and Australia's Significant Investor Visa allow for "low-risk" investment in government bonds or a combination of public and private assets.

The Caribbean

Five Caribbean nations—St. Kitts and Nevis, Dominica, Grenada, Antigua and Barbuda, and Saint Lucia—currently offer citizenship in exchange for a contribution to the government, a national development fund, or an investment in a designated sector, such as real estate. CBIs have provided these governments—often saddled with large public debts and devastated by recurring natural disasters—with a relatively low-cost, non-debt-bearing revenue source (up to a third of GDP for some) outside of traditional lending options, which are often conditional. Some governments have significantly discounted their program rates in an effort to raise emergency funds after natural disasters, sparking concerns that such programs may be vulnerable to abuse and subject to laxer vetting standards.

The European Union

Most IIPs in the EU were established or redesigned following the 2008-2009 global financial crisis and subsequent Eurozone crisis. Roughly half of the EU member states offer residency pathways, and Cyprus, Malta, Bulgaria, and Austria offer citizenship programs. Disagreements exist within the EU over the benefits and risks of such programs. The European Parliament has strongly recommended phasing out IIPs, in light of the potential security concerns and corruption risks they present.

Visa Waiver Liberalization and Visa Attractiveness

In an effort to increase IIP attractiveness and demand, advisory firms have helped facilitate more inclusive visa-waiver agreements with governments in desirable locations, including the EU, Schengen Area, and China. Such visa liberalization is of particular concern with certain high-risk CBIs, notably St. Kitts and Nevis, Antigua and Barbuda, and Cyprus, and governments may be reluctant to accept "purchased" passports for fear of admitting illicit actors and possible terrorists. For the CBI programs of Austria, Grenada, Jordan, Turkey, and Moldova, advisory firms and immigration lawyers market the United States' E-2 visa as a selling point. According to industry professionals, a growing number of applicants are choosing to first invest in a Turkish CBI and then apply for the U.S. E-2 entrepreneur visa.

Issues for Congress

At a time when global immigration policies are becoming more restrictive, the rights and freedoms awarded by IIPs have come into sharper focus. Regulatory pressures coming from intergovernmental organizations on anti-money laundering and anti-corruption legislation are increasing pressure for tighter controls. As the market matures, Congress may examine the ongoing evolution of IIPs and consider various reforms of IIP industry rules and standards, as well as domestic application and assessment procedures for visa-free travel and E-2 treaty agreements.

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