

The Rise of Global Citizens from Asia: Trends and Developments in Investment Migration

Two senior executives from global investment migration consultancy Henley & Partners presented a lively, detailed and insightful Workshop at the Hubbis Asian Wealth Solutions Forum to highlight the opportunities available around the world for Asia's wealthy to invest and thereby become residents or even citizens of other countries. Nirbhay Handa, Director – GSAT, and Scott Moore, Director – Private Clients, explained the reasons for investment migration, briefly explained some of the steps required, and advised how their firm can work with individuals and their families, offering key details on some of the most appealing alternative citizenship or residence options around the globe.

HANDA AND MOORE INTRODUCED THEMSELVES BRIEFLY AND EXPLAINED THAT HENLEY HAD BEEN LEADING THE WORLD IN RESIDENCE AND CITIZENSHIP PLANNING FOR MORE THAN TWO DECADES. Although a little-known concept when Henley began, they said, investment migration has today become an integral part of wealth management and of the strategies put in place by forward-thinking families.

They started out by sharing a few interesting facts, telling the audience that over 29% of ultra-high net worth (UHNW) individuals globally already have a second residency or citizenship, and noting that this percentage is going to rise to 35% not before long.

“The investment migration industry is worth about USD3 billion at present, but it is predicted to be a USD20 billion industry by 2025, following a remarkable surge in interest globally,” said Handa. Pointing to some excellent slides (see attached link) he showed the movement of UHNWIs from SE Asia and South Asia, noting that about 5,000 wealthy Indians have migrated from India in the last three years, moving to countries which are politically benign, neutral, and which are good for wealth preservation, places such as Malta, Cyprus, the UK and Canada.



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Global impetus

This global trend towards offshore residence and citizenship is currently in strong evidence in Asia due to the phenomenal rise in the number of HNWI and UHNWIs in the wider Asia Pacific region, which last year set a new record of 6.2 million HNWI worth USD21.6 trillion, according to Capgemini's World Wealth Report 2018.

Handa highlighted, that India, for example, is seeing rapid growth in private wealth and subsequently in the investment migration market, and has more wealth outflows than most other wealthy countries. India, he said, has a HNWI population of around 350,000 today and a roughly 3,500-strong ultra-HNWI population worth at least USD50 million each.

"A lot of the wealth management experts here today," he noted, "will be advising these individuals and we work very closely with them including private banks, to advise their clients on the best citizenship and residence options available. So, we are ready and happy to talk with you, and of course we also work on sensible economic arrangements that make it worthwhile working with us."

They explained that Canada, the US, the UK, and Australia have historically all been popular destinations for any HNWI to move to. Looking more broadly, some of the key programmes Henley currently recommends for either residence-by-investment (RBI) or citizenship-by-investment (CBI), include several countries in the Caribbean, EU countries such as Greece and Portugal (for residence) and Malta and Cyprus (for citizenship) as well as the latest, Montenegro, also in Europe although not currently in the EU.

More choice today

"Over the last 10 years the range of options on offer in Europe has risen from just two or three countries offering these programmes to 20 or 30 of them today," Moore told the audience. "Supply is, therefore, meeting demand. For example, aside from Moldova, Montenegro recently launched its citizenship-by-investment programme in the last few months and is already generating significant interest."

Henley's activities span the private practice, which focuses on the needs of high net worth (HNW) and ultra-HNW clients who seek secondary residence or

citizenship through investment, as well as a government advisory practice, where Henley works with countries to design, implement and promote their investment migration programmes.

RBI or CBI

Handa explained that Henley has built both a global presence and unparalleled expertise advising HNWI and the ultra-rich on obtaining either citizenship-by-investment or residence-by-investment. "Anyone in Asia considering this route needs the best professional advice and for that Henley is the proven expert," he reported. "We are pioneers and leaders in this sector for more than 20 years now, with a worldwide staff of over 300 across 32 offices, and with more than 60 of our people here in Asia."

RBI is a less complex option, whereas CBI is, understandably, the more demanding and expensive option. CBI programmes confer on the successful individual, and their families, the same rights as born citizens of those countries; the solution is permanent and includes voting rights and passports and typically little to no physical presence requirements. The great advantage of CBI is that



it bypasses the traditional route of an HNWI and the entire family relocating to another country in order to earn citizenship.

Many reasons to consider RBI and CBI

On the private client side, Handa explained that there are various reasons why private clients come to Henley. A core motivation for many people in Asia is the relative weakness of their passports from a travel freedom perspective. Singapore, Japan, Korea, as well as Australia and New Zealand are very high up the ranks of the annual global Henley Passport Index, which measures how many countries a passport holder can visit without a prior visa.

While countries such as Singapore and Malaysia both have an excellent passport from a travel perspective, other passports in the region, including those from India, Bangladesh, and several ASEAN countries, are far more limited in terms of their visa-free travel potential.

The motivation towards CBI is therefore often for travel freedom. If you are born in a country like India, the Philippines, Bangladesh or China, from a travel perspective your passport is very restrictive, and this impacts your ability to do business and to

access global opportunities, the Henley experts explained.

Another reason is to seek greater stability. “We might, for example, have a family from a troubled country that is seeking second citizenship, literally as a lifeline against political or economic uncertainty,” Handa explained.

A similar motivation is having a ‘Plan B’, which is effectively an insurance policy in the event that someone’s home country becomes unstable, where there is sovereign risk, political or economic uncertainty, or any other major problem one might encounter.

“Having an alternative residence or even citizenship offers a secure alternative in the face of these types of risks, not just for the individual but for their whole family as well as future generations,” Moore observed.

Good value

They also pointed to retirement, noting for example that property prices in major Asian cities are very expensive, whereas in Greece you can buy a beautiful apartment, and you can also get a permanent residency for EUR250,000, with all the associated travel benefits including access to EU’s Schengen Area.

They also noted the typical private client is cash-rich but time-poor. They explained that

most clients do not actually move to the new country, even if they obtained alternative citizenship, and that generally their motives are driven by additional freedom and flexibility. As long as clients pass the various anti-money laundering and strict due diligence checks, invest the required sums and pay the necessary fees, they can become citizens of these countries and obtain a second or alternative passport and all the benefits that it brings.

Working directly with governments

Handa explained that aside from the private practice, the other element of Henley’s business is its government advisory practice, where the firm strategically advises governments on the design, set-up and implementation of their various programmes. To date, Handa noted, the company has helped governments raise more than USD8 billion in foreign direct investment in a number of countries, including Antigua and Barbuda, Malta, St. Kitts and Nevis, Thailand and most recently the Republic of Moldova.

Moore highlighted some government advisory milestones, dating back to 2000 when the firm began working with St. Kitts and Nevis, which boasts the oldest

programme in the world, available since 1984. “The programme had been relatively dormant for many years until our government advisory team helped them to restructure to a model which since then has been followed by the whole of the Caribbean.”

And he also pointed to Henley’s work with the UK on refining its Tier 1 investor visa requirements and more recently, Antigua and Barbuda in the Caribbean and Malta, which today offers one of the most exclusive CBI programmes in the world. And he reported that Henley is currently working with the Thai Government on the Thailand Elite programme, as well as with Moldova on its CBI programme.

Every year, the firm releases its [Henley Passport Index](#), which ranks a citizen’s passport according to the number of countries that the holder has visa-free or visa-on-arrival access to. The Singapore passport offers visa-free access to 189 countries, so it is a great passport to hold and to travel with. But the Indian passport only offers access to 58 countries visa-free.

Citizenship alternatives – Caribbean

Handa then launched into more detail on the programmes on offer. In the Caribbean, the main focus is really on the travel freedom, with five countries offering CBI programmes, namely Antigua and Barbuda, St. Kitts and Nevis, Grenada, Dominica and St. Lucia.

The Caribbean model is typically one whereby the applicant has the option to either donate to a government fund or invest into real estate which then they can hold for three to seven years depending on which country they choose. The costs will range anywhere from USD100,000 to about USD300,000 in terms of the investment amount required.

The main applicant and his or

her spouse can be included as well as children below 18 years old, while dependent adult children can also be included up to specific ages, as well as dependent parents of the main applicant and their spouse.

As to processing time from the date of submission of the application, this takes between three and six months. In the Caribbean, Henley clients can obtain outstanding passports from British Commonwealth countries, offering easy access to Europe, the UK, Singapore, Hong Kong, and so forth. Grenada is unique in that it is one of only 15 countries approximately in the world that has visa-free access to China, which is of considerable value for anyone seeking closer business ties with China.

As to the types of investments associated with such programmes, these are very often high-grade assets. Henley clients are typically investing into branded five-star resorts, or hotels, getting a title deed on a unit or several units that are part of the resort, which are managed by a renowned, brand-name operator, meaning that this is generally a reputable, hassle-free investment.

Citizenship alternatives – Europe

Focusing then on Europe, Moore highlighted some key opportunities, noting that over the last 10 years the range of options on offer for either citizenship or residence has risen from just two or three countries doing these programmes to more than 20 today.

For EU citizenship, besides Malta and Cyprus, Austria offers what is perhaps the ‘Rolls Royce’ of programmes, but it comes at a hefty price. “Austria does not have an actual CBI programme,” he reported, “but if an individual significantly contributes economically to the country they can be granted citizenship, and that means starting with a





donation of at least EUR3 million or investment of EUR8 million.”

Malta

Malta is another good example, benefitting from significant uplift in its revenues through its [Malta Individual Investor Programme \(MIIP\)](#). Malta is an EU member with a population of slightly more than 400,000 residents, offering a passport with visa-free travel to 182 countries, including the US.

The MIIP was launched in 2014 and requires a donation of EUR650,000 to the government for the main applicant, plus EUR25,000 for their spouse, as well as EUR25,000 for each applicant under 18 years old.

The applicant must also buy a property in Malta at a value of at least EUR350,000 (they can rent a property for at least EUR16,000 per year for five years) and must invest in a Maltese financial instrument of at least EUR150,000 with a holding period of at least five years. And the applicants must hold private health insurance. The all-in cost for Malta will thus typically range between EUR900,000 to EUR1.2 million depending on the size of the family and the processing time to actually get the passport takes about 16 to 18 months, including a mandatory 12-month residence period, although that does not mean the applicant needs to be physically residing in Malta throughout that time.

“At the first stage of the process,” Handa told delegates, “which is quite quick, we submit the residency application, which is granted usually within a week or two. They then need to just hold that card for 12 months before the citizenship is approved. The resident card actually is very useful to our Indian clients as it offers free movement to any Schengen country without having to get a visa. Upon citizenship, you will then hold a European passport.”

Cyprus

Moore focused then on Cyprus, which along with Malta is the current ‘go-to’ programme in the EU. Cyprus requires an investment of EUR2 million, usually into real estate which must be held for five years. The applicant will also have to donate EUR75,000 to the Institution of Research and Innovation as well as another EUR75,000 to the Cyprus Land Development Organisation.

Cyprus also offers the opportunity for individuals to achieve tax residence through only spending 60 days per year in the country itself. It offers a 12.5% corporate tax rate and no inheritance or gift tax and is one of the most attractive tax jurisdictions in Europe. A further appeal of Cyprus is a new casino-resort development, City of Dreams Mediterranean, which will be Europe’s largest casino, due to open in 2021, owned and operated by the Macau-based owner of City of Dreams as principal.

Moldova enters the scene

Meanwhile, the latest entrant in Europe is the recently introduced [Montenegro CBI programme](#). In addition to being a NATO member, Montenegro is a recognised candidate for future membership of the European Union and is currently aligning its policies with those of the EU as part of the standard accession process.

Montenegro offers visa-free travel to 122 countries and has an admirable safety record and a strong commitment to the rule of law. The World Bank classifies Montenegro as one of the fastest growing Balkan economies, and the nation is quickly establishing itself as a key strategic destination for some of the world’s most important industries (tourism, energy, infrastructure and agriculture), as it strives to become the business hub of South-East Europe. The Montenegro

Citizenship-by-Investment Program will be limited to just 2000 applicants and will offer individuals several options in terms of investment, including a EUR 450,000 investment in projects in developed areas or a EUR250,000 investment in projects in less developed areas. The government will, in addition, charge a fee of EUR100,000 per application. The compensation will be directed to a special fund for the development of underdeveloped areas.

Residency schemes

They then turned their attention to the RBI schemes, noting that a lot of families in Asia are not sure if they want to give up their citizenship, if they come from a country such as India or Indonesia, which do not permit dual nationality.

“So, for them getting RBI is a natural route and if you get that in Europe, it still allows them to travel anywhere in the Schengen Area,” Moore explained. “With an Indian passport, for example, you can only travel to 58 countries, but with a Portuguese residence you can travel to another 26 countries in the Schengen Area, which means you can travel to more than 84 places globally without the need of a prior visa.”

He explained that RBI generally involves investing into a country, obtaining a residence visa for four to five years, and if the client spends enough time there, keeps their investment, learns the local language, they may often qualify to apply for citizenship later. “The main drivers here are education and lifestyle,” he added, “so this route is really more about physically uprooting and moving to another country to enjoy these benefits.”

The historical favourites

As to alternatives, Canada, a long-time favourite destination, especially for Chinese people from

China and Hong Kong, remains immensely sought after even today, but Canada’s only option nowadays is via Quebec and requires a CAN\$1.2 million zero-interest loan to the government for five years to obtain permanent residence. And for the US, a green card requires USD900,000 into a regional centre that creates 10 jobs.

The UK historically has had a lot of interest from Asian families. If you are wealthy in Asia, many will want to have a property in the UK and perhaps send their children for education there.

The UK Tier 1 investor visa is still very popular particularly with Henley clients. Instead of sending the children to the UK on a Tier 4 student visa, which when they finish studying ends their legal right to remain in the UK, Henley recommends doing it under the Tier 1 investor visa. In that case, when the children finish their studies, they can become UK permanent residents which is known as ‘indefinite leave to remain’ in the UK. And if they end up spending enough time in the UK, they can also become citizens after six years.

Greece and Portugal beckon

The other two very popular RBI options in Europe are Portugal and Greece. Portugal requires a real estate investment of a minimum of EUR350,000 while Greece requires an investment of just EUR250,000, resulting in permanent residence granted in two to three months. Both are in the EU and also in the Schengen zone.

Greece is wonderful, they reported, and for just EUR250,000 you can get a property which is very pleasant, by the most beautiful sea in the world, and additionally, it gives you free access to public healthcare and education.

Meanwhile, Portugal has also enjoyed great interest in Asia. Portugal requires a minimum of EUR350,000 invested into real



estate for residence, and the applicant effectively needs to spend only seven days every year in Portugal. After the fifth year, the applicant is also eligible to apply for citizenship.

The door to Asia

And in Asia, there are some interesting programmes, such as [Thailand Elite](#). Henley is the official concessionaire for the Thai government. The programme is welcoming and geographically easy to reach, its residency programme has garnered a lot of interest across Asia, from China to India. It offers one of the most price competitive residency programmes in the market right now, from as low as USD16,000 for five years, or USD32,000 for a 20-year visa.

Singapore has become increasingly popular, but it is also ever tougher as a residence or citizenship option. For the Singapore Global Investor Programme (GIP), the individual must prove himself as an entrepreneur, showing a good track record for the past three years. The applicant must own at least 30% of a company, which must have a turnover of at least SGD50 million in the most recent year, and an average of SGD50 million for the past three years. If so, the individual can then invest at least SGD2.5 million to set up or expand an existing business in Singapore in order to gain permanent residence.

Moreover, the Singapore Economic Development Board (EDB) scrutinises the applicant’s background and the businesses must also be in an industry that the Singapore government prioritises, such as technology, fintech or medical-related, all of which are in demand. And, for later renewal, the business must hit certain milestones at the three- and five-year marks.

Singapore also offers appealing family office incentives, but this is for the ultra-wealthy, as it requires the main applicant to have a personal or direct net worth of SGD400 million and then to invest SGD2.5 million into establishing a single-family office in Singapore. The family office must then have SGD200 million of assets under management in Singapore in order to acquire permanent residence.

A much more economically appealing option is Malaysia. There has been significant interest amongst Asian families acquiring residency in Malaysia, and the Malaysia My Second Home option it offers a 10-year residency and is straightforward. The applicant only needs to deposit USD75,000 in a fixed deposit, or half of that amount if they are 50 years old or older.

Finally, also within the Asia Pacific region, there are the jewels of Australia and New Zealand, which remain very popular. Australia is still the number one destination for HNWI’s to move to, with investments required

from AUD1.5 to AUD5 million. If the applicant invests only AUD1.5 million they must physically spend two out of four years there to become a permanent resident, but if they have the money and don’t have the time then, the applicant can invest AUD5 million, and they only have to spend 40 days a year there to get permanent residence after four years.

For New Zealand, the programme is similar, with a range of between NZD3 million requiring the client to spend more time, and NZD10 million with less time in-country required.

Working with wealth managers

Handa closed the fascinating Workshop by noting that a considerable portion of the Henley private client business is generated through relationships with private banks, independent asset managers, family offices, law firms and other advisory businesses.

“We like to build and expand our relationships with the wealth management community,” he explained. “We have a 60-plus team in Asia and a fully global presence, so if you have clients that are interested, feel free to introduce us to them, and we can work professionally and responsibly together to educate the clients and your teams with the objective of taking your clients through to realising their end-goals.” ■

