

## How Selling Citizenship is Now Big Business

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Buying and selling citizenship is now a global industry worth an estimated \$25bn a year

**You can be born into it, you can earn it, and you can lose it. Increasingly, you can also invest your way into it.**

The "it" is citizenship of a particular country, and it is a more fluid concept than ever before. Go back 50 years, and it was uncommon for countries to allow dual citizenship, but it is now almost universal.

More than half of the world's nations now have citizenship-through-investment programmes. According to one expert, Swiss lawyer Christian Kalin, it is now a global industry worth \$25bn (£20bn) a year.

Mr Kalin, who has been dubbed "Mr Passport", is the chairman of Henley & Partners, one of the world's biggest players in this rapidly growing market. His global business helps wealthy individuals and their families acquire residency or citizenship in other countries.

He says that our traditional notions of citizenship are "outdated". "This is one of the few things left in the world that is tied to blood lines, or where you are born," he says. He argues that a rethink is very much due.



The government of the Pacific island state of Vanuatu will sell you a passport for about \$150,000

"It's super unfair," he says, explaining that where we are born is by no means down to our own skill or talent, but instead "pure luck". "What is wrong with regarding citizenship like a membership," he adds. "And what is wrong with admitting talented people who will contribute?"

There are those who support his argument. But for many, the idea that passports, so tied to identity, are in some way a commodity, doesn't sit well.

We followed the citizenship trail to the tiny Pacific island nation of Vanuatu. Since the country introduced its new citizenship scheme four years ago, it's seen an explosion of interest. Passports now provide the biggest source of its government's revenues.

For many aspirational Vanuatu-passport holders, the biggest draw is visa-free travel throughout Europe.

Most foreign recipients of Vanuatu passports never even step foot in the country. Instead they apply for their citizenship in offices overseas, like the licensed Vanuatu citizenship broker PRG Consulting, based in Hong Kong.

Hong Kong is one of the world's biggest citizenship marketplaces. In a cafe at Hong Kong airport, we met the citizenship agent MJ, a private businessman who helps an increasing number of mainland Chinese obtain a second or even third passport.

"They don't feel safe [in China]," he says of his clients. "They want access to Europe to open a bank account, to buy property or to start businesses."



MJ says that many wealthy Chinese use a Vanuatu passport to get into Europe

Citizenship is a competitive global market, and for many small and island nations, notably in the Caribbean - the price for a passport is around \$150,000. The cost of a Vanuatu passport is said to be around the same level.

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### **How much does it cost to buy a passport?**

- Antigua and Barbuda; from \$100,000
  - St Kitt's and Nevis; from \$150,000
  - Montenegro; from \$274,000
  - Portugal; from \$384,000
  - Spain; from \$550,000
  - Bulgaria; from \$560,000
  - Malta; from \$1m
  - US; between \$500,000 and \$1m invested in a business creating 10 jobs
  - UK; from \$2.5m
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A Vanuatu passport, MJ explains, is "so fast" to arrange (you can get one in just 30 days), and that helps make it a popular choice. But Mr Kalin and others caution that Vanuatu has a reputation for corruption. As a result, Henley & Partners and others do not deal with the Vanuatu citizenship programme.

However, this doesn't stop the interest from China. A few years ago Hong Kong television channels aired catchy TV advertisements promoting Vanuatu citizenship, aimed at the territory's steady flow of visitors from the mainland.

So how many Chinese clients actually visit Vanuatu, after receiving citizenship? Maybe one in 10, guesses MJ.

## **Vanuatu is a Pacific country that comprises some 80 islands**



Port Vila is the capital of Vanuatu, and a city of contrasts. The roads are often flooded and scarred with potholes. There's not a single set of traffic lights, but congestion is worsening thanks to the growing number of shiny four-wheel drives.

It's a tax haven, and recently rejoined the EU's "blacklist" of countries, over transparency and corruption issues.

The country's people - known as Ni Vanuatu - were only officially recognised as citizens themselves in 1980, when the country achieved independence. Previously it was an Anglo-French condominium called the New Hebrides, and the people are scattered over a daisy chain of more than 80 islands.

Less than 40 years ago, they were stateless. A fact not lost on former Prime Minister Barak Sope.



Former Prime Minister Barak Sope says that Vanuatu's citizenship scheme is a "betrayal"

"I didn't have a passport until 1980," he says, sitting in a hotel and casino on Port Vila's main road. "I had to travel with a piece of paper the British and the French gave to me. It was humiliating."

Mr Sope says it is a "betrayal" for Vanuatu to sell its citizenship, and points to the flood of Chinese investment in the region. "The Chinese have so much more money than us," he says exasperated.

The Chinese investment is criticised by locals such as Mr Sope, who complain that the Chinese companies keep all the money, and only employ Chinese labour.

Vanuatu's all male government, one of only three countries in the world where women are entirely excluded from politics, was not keen to speak to us about its citizenship scheme. But we tracked down a government appointed citizenship agent, Bill Bani, who explains his take on the initiative.



Bill Bani says that the citizenship scheme is a vital way for Vanuatu to make money

"We have to look at Vanuatu on a global scale," he says. "Other countries sell passports to make their living, we don't have a lot of natural resources. It's bringing in a lot of money to Vanuatu."

But for the mainly rural population the policy has been highly controversial since its inception in 2015.

Anne Pakoa, a community leader, shows us around a typical village made up of corrugated iron shacks. It's just 10 minutes' drive down a dirt road from the shops and restaurants of the capital but feels a world away.

Anne says that local communities aren't seeing the money from the passport sales, despite promises that the scheme would rebuild infrastructure and homes after the devastating Cyclone Pam in 2015.



Anne Pakoa says that the country's rural villages haven't seen any of the money

"Our ancestors died for our freedom. Now people are carrying the same green passport I carry? For \$150,000? Where is the money? I think this has to stop," she says.

Susan, another woman from the same village, shows us a dirty well. "I want the government to provide a running tap, so that the children can have a shower, and drink clean and safe water," she says.

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