



# IN A RAPIDLY CHANGING WORLD, MIGRATION DOMINATES THE GLOBAL CONVERSATION

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Globalization has transformed every aspect of our lives. Some changes are easy to detect and track: enhanced labor markets, expanding networks of communication, and stunning technological advancement. Other changes are less tangible, but just as significant: changes to the way we think and view the world around us — changes to the very contours of the worlds we inhabit.

According to the International Organization for Migration, 258 million people were living outside the country of their birth in 2017. The latest projections suggest that this extraordinary figure will grow to 405 million people by 2050.

We have only begun to register the effects of unprecedented global migration, and there is still a great deal for us to learn and understand. What is clear is that we are experiencing an epochal shift, one so significant that Klaus Schwab, the Founder and Executive Chairman of the World Economic Forum, argues that “clinging to an outdated mindset and tinkering with our existing processes and institutions will not do. Rather, we need to redesign them from the ground up, so that we can capitalize on the new opportunities that await us”.

## Getting to grips with a rapidly changing world

But what does this mean in practical terms? Now that questions of migration and global mobility are central to the consideration of geopolitics at every level, what does it mean to redesign or rethink old ways of doing things? These are just a few of the questions that the recently published *Henley Passport Index and Global Mobility Report* has attempted to answer. The report, which is the first of its kind, brings together commentary and analysis from leading scholars, experts, and industry leaders in examining global and regional mobility trends, with a key focus on the overall improvement in global mobility, as well as on the divisions created by war, climate change, economic inequality, and political instability.

Among other things, the report shows that the world has had to develop pragmatic and coordinated migration policies in response to these ever-growing complexities. It also finds that despite rising isolationist sentiment in some parts of the world — Brexit and the recent government

shutdown in the US over the proposed border wall being just two examples — there is simply no real alternative to co-operation and communication between nations. Tensions will not be resolved by working at cross-purposes, and the challenges of the 21st century will not be met by clinging to the old ways of doing things. Global mobility and migration are indisputable facts of life, and those who accept this will be best placed to capitalize on the opportunities that present themselves — something made very clear in the report’s analysis of recent trends in wealth and talent migration. The report finds that, as ever, wealth and talent will go where they are wanted and stay where they are well treated, and that wealthy and talented immigrants have an overwhelmingly positive impact on their host nations, contributing significantly to economic growth and innovation.

## Where wealth travels – and where it stays

In 2018, 108,000 high-net-worth individuals migrated, up from 95,000 in 2017 and 82,000 the year before. Safety (particularly women’s safety), financial stability, quality of life, and religious or political tensions are a few of the factors driving these wealthy citizens to seek expanded opportunities abroad. Demand for alternative residence or citizenship is highest from China, Russia, and the Middle East, with around four-fifths of visas under the US EB-5 residence-by-investment program going to Chinese nationals, for instance.

After Australia, the US, Canada, the UAE, and the Caribbean nations are ranked as the most appealing destinations for high-net-worth individuals, in that order, while Malta, Cyprus, Portugal, and Spain are also attracting significant numbers of wealthy individuals in search of enhanced global mobility and security and all the attendant benefits. The report confirms what is already widely accepted and established: these benefits work both ways. For instance, the latest available statistics indicate that nearly half of the 17 countries that saw the biggest percentage increases in wealth from 2016 to 2017 were assisted by inflows of wealth from high-net-worth individuals.

Cyprus, Malta, Mauritius, Monaco, and Portugal in particular saw significant wealth inflows in 2017, and the report notes that several of these nations are benefiting from residence- and citizenship-by-investment programs. Malta is singled out for special notice, given that the country saw a 12% increase in its ultra-wealthy population in 2016, primarily due to its citizenship-by-investment program. Europe is generally the most popular region for those seeking alternative citizenship through investment migration, and it is widely acknowledged that residence- and citizenship-by-investment programs have been fundamental to several countries’ economic recovery following both the global financial crisis and the European sovereign debt crisis. In fact, a recent report

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estimates that investment migration has brought approximately EUR 25 billion of foreign direct investment into EU countries since 2010. The extraordinary growth of the investment migration industry over the past decade, and the transformative effect it has had on the lives of those global citizens who favor a borderless world, is a prime example of how rethinking the old ways of doing things can yield dramatically positive results.

## Rethinking the meaning of citizenship

In an increasingly globalized world, “citizenship” has many meanings, and the latest trends in global wealth migration show that wealthy individuals are embracing these expanded definitions and the opportunities that come with them. Overall demand for a second passport continued to grow in 2018: more than a third of global ultra-high-net-worth individuals (those with a net worth exceeding USD 30 million) already hold one, and another 29% are planning to obtain one.

In terms of talent migration, the report offers a slightly less optimistic picture — one very much clouded by the looming impact of Brexit. As Dr. Simone Bertoli, Professor of Economics at Université Clermont Auvergne (CERDI) in France and a Research Fellow at the Institute of Labor Economics in Germany, observed, “the future status of EU nationals in the UK is still unclear, and the attractiveness of this destination for talented individuals could substantially deteriorate. Indeed, net migration flows from the EU to the UK have plummeted over the past two years.” In his essay on the latest trends in talent migration, Dr. Bertoli notes that British academic institutions anticipate a decline in their ability to recruit scholars, given the loss of access to EU sources of funding. London’s finance sector could also see a decline in its appeal, and there is a strong possibility that other European countries (notably, France, Germany, and Ireland) could decide to strengthen policy measures to attract financial sector workers. While highly educated and highly skilled individuals may feel pushed out of traditional migration destinations, they are being welcomed across Asia, a region which is pursuing an increasingly generous policy of visa-openness.

## The impact of visa-openness on growth and democracy

Fascinatingly, there appears to be a direct correspondence between the growth of these

open-visa policies and the improvement in a country’s democracy score. Using data from the 14-year history of the Henley Passport Index, political scientists Ugur Altundal and Ömer Zarpli find “the number of visa-free destinations held by a country has a positive and statistically significant effect on that country’s democracy score.” This study is the first one of its kind, one which its authors hope will precipitate a timely debate about the political and economic effects of various visa policies. More broadly, it is estimated that the spread of ‘open door’ policies could potentially contribute to the global economy by generating USD 206 billion in tourism revenue and creating as many as 5.1 million jobs.

We live in a world where all major issues have become cross-border: the confines of the state no longer limit the ambitions, expectations, and imaginations of millions of people around the world. 2019 brings with it its share of formidable challenges, but the growing trend towards overall global mobility and visa-openness is an unambiguous spark of hope.



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Dr. Juerg Steffen is the Chief Executive Officer of Henley & Partners. Juerg has over 30 years’ experience in the financial services industry and is widely regarded as a leader of the investment migration industry. Before joining Henley & Partners, Juerg was a personal advisor in the family office of one of Europe’s wealthiest families. Juerg has also been a Director in the Cross-Border Wealth Planning department of UBS in Zürich, where he advised high-net-worth individuals and key clients in complex matters regarding financial, tax, succession, and residence and citizenship planning. He has also established and developed a private bank operation for one of the leading banks in Switzerland and is the editor of the definitive books on HNW relocation to Austria and Switzerland.