Cash-Strapped Nations Race to Attract Chinese Immigrants

Best Deals Come From Countries in Caribbean and Southern Europe

By JASON CHOW

Cash-strapped governments are slashing requirements for visas and citizenship to attract wealthy Chinese immigrants in the hope of drawing capital to their shores.

While investor immigration programs are technically open to all, immigration lawyers say that governments are targeting anxious Chinese who are looking for potential escape plans for their families and protection for their assets in case of turmoil at home.

"There is an all-out immigration war emerging for the Chinese," said Jean-Francois Harvey, an immigration lawyer at Harvey Law Group in Hong Kong.

The best deals of the moment come from countries in the Caribbean and Southern Europe suffering from weak economies and heavy public debt loads. The attractions are visas or citizenship that allow for relatively unfettered travel and cheap real estate, either for investment purposes or for homes.

In the eastern Caribbean, the island nations of St. Kitts & Nevis and Antigua & Barbuda are battling it out to attract immigrants. Both nations are struggling in a region wrecked by hefty public debt loads and anemic growth; the International Monetary Fund forecasts the Caribbean region's 2013 growth at just 1.25%

St. Kitts, a tiny island nation with a population of about 53,000 that lies 1,200 miles southeast of Miami, has led the charge in easing citizenship requirements in the region. Citizenship is granted to those who spend $400,000 on real-estate investment or donate $250,000 to the country's Sugar Industry Diversification Fund. A St. Kitts passport offers visa-free travel to most Western countries.

Not to be outdone, Antigua & Barbuda, St. Kitts's neighbor 70 miles to the west with a population of about 90,000, is set to launch its own program. Modeled on the St. Kitts program, an Antigua citizenship can be acquired for a limited time for a donation of $200,000 to the country's national development fund.

"It's a niche product, but a niche product for China is still big numbers," said Hong Kong-based immigration lawyer Denny Ko, whose firm, Henley & Partners, was hired by Antigua to help set up the investor immigration program.

Although Antigua's program hasn't started yet—politicians are debating whether the country should require participants to live in the country for a number of days each year—the marketing for it has already begun.

Government officials in both Antigua and St. Kitts didn't reply to requests to comment.

Another battle over residency visas is playing out in Southern Europe. Greece's government is promising renewable five-year resident visas to foreigners who spend at least €250,000 ($328,000) on residential property—undercutting its neighbors' visa offers by at least €50,000. The program, which is about to be launched, offers visas that allow free travel in most of Europe for 90 days every six months. Portugal last year began offering a "golden visa" to foreigners who purchased a house valued at least €500,000, while Cyprus also launched a program for those who spent at least €300,000 on a property.

"Everybody in Europe is coming to us to sell their houses to the Chinese," said Hong Kong-based immigration lawyer Wendy Wong at S.W. Wong & Associates who serves mainland Chinese clients.

A spokesman at the government agency Invest in Greece said that the lower price was intended to attract more residents to the country.

A spokesman for government-run Cyprus Investment Promotion Agency said 1,000 properties have already been sold to Chinese investors, mostly in the coastal town of Paphos. "We can't comment on whether Chinese investors would be interested in Greece," he said. "We're focused on ensuring that the Chinese people who invest in and move to Cyprus are warmly welcomed," the spokesman said.

Spain is planning a similar residency option but it hasn't released details.

But for some Chinese investors, the visa isn't everything. Hungary last year began offering five-year residency visas to those who invest €250,000 in a special government bond program, but programs like these are less interesting to Chinese, who typically want to buy real estate for use as rental properties, vacation homes or simply leave them empty in hopes of a rise in housing prices.

"The mentality among most Chinese is they look at the real estate first, and the visa second," said Mr. Ko. "Some just view the visa as a bonus."

Wealthier countries are also eager to attract Chinese but the price is steeper. In the U.S., the cost is US$500,000 and the creation of a certain number of jobs. In the fiscal year ending September 2012, 80% of the 7,641 applicants to the program came from mainland China, according to data from the U.S. State Department.

Australia last November launched a "significant investor" visa that allows foreigners to settle for up to four years in exchange for a 5 million Australian dollar (US$4.6 million) investment into bonds, managed funds or equity investments. As of May, the country attracted 170 applicants, most of which are believed to be Chinese, representing a total investment of A$850 million.