How tycoons can go shopping for a new passport

Level 3 • Advanced

1 Warmer

- What citizenship(s) do you have?
- Have you ever had a different one?
- Are / Were your parents or grandparents citizens of any other countries?
- If you could get any citizenship, which country’s would you choose and why?

2 Key words

Match the key words and phrases with the definitions. Then, find them in the article to read them in context.

<table>
<thead>
<tr>
<th>Definition</th>
<th>Word</th>
</tr>
</thead>
<tbody>
<tr>
<td>allow someone to have or do what they want</td>
<td>grant</td>
</tr>
<tr>
<td>used for emphasizing what is the most important feature of something</td>
<td>cap</td>
</tr>
<tr>
<td>increasing or growing very fast</td>
<td>barometer</td>
</tr>
<tr>
<td>not having as much money as you need</td>
<td>cash-strapped</td>
</tr>
<tr>
<td>an area comprising 26 European states that have officially abolished</td>
<td>undermines</td>
</tr>
<tr>
<td>dodge sanctions in essence</td>
<td>barometer</td>
</tr>
<tr>
<td>exponentially</td>
<td>undermines</td>
</tr>
<tr>
<td>Schengen zone</td>
<td>barometer</td>
</tr>
<tr>
<td>something useful that brings great benefits</td>
<td>cap</td>
</tr>
<tr>
<td>something that shows how a situation is changing or how people feel about</td>
<td>cap</td>
</tr>
<tr>
<td>something deliberately doing things that make something appear less</td>
<td>cap</td>
</tr>
<tr>
<td>important or less important</td>
<td>cap</td>
</tr>
<tr>
<td>the money a company or person receives from mysterious sources</td>
<td>cap</td>
</tr>
<tr>
<td>avoid threats of punishment</td>
<td>cap</td>
</tr>
<tr>
<td>considered to be very important or valuable</td>
<td>cap</td>
</tr>
<tr>
<td>set a limit on the amount of something that is available</td>
<td>cap</td>
</tr>
</tbody>
</table>

3 Descriptive terminology

Find at least five terms in the article that are used to describe people who have huge amounts of money.
Citizenship for sale: how tycoons can go shopping for a new passport

Citizenship-by-investment programmes offer the super-rich an opportunity to acquire a new nationality

Jon Henley
2 June, 2018

1 It's the must-have accessory for every self-respecting twenty-first-century oligarch and a good many mere multimillionaires: a second – and sometimes a third or even a fourth – passport.

2 Israel, which helped Russian billionaire Roman Abramovich out of a spot of bother recently by granting him citizenship after delays in renewing his expired UK visa, offers free nationality to any Jewish person wishing to move there.

3 But there are as many as two dozen other countries, including several in the EU, where someone with the financial resources of the Chelsea football club owner could acquire a new nationality for a price: the global market in citizenship-by-investment programmes – or CIPs as they are commonly known – is booming.

4 The schemes’ specifics – and costs, ranging from as little as $100,000 to as much as €2.5m – may vary but not the principle: in essence, wealthy people invest money in property or businesses, buy government bonds or simply donate cash directly in exchange for citizenship and a passport.

5 Some do not offer citizenship for sale outright but run schemes usually known as “golden visas” that reward investors with residence permits that can eventually lead – typically after a period of five years – to citizenship.

6 The programmes are not new but are growing exponentially, driven by wealthy private investors from emerging market economies including China, Russia, India, Vietnam, Mexico and Brazil, as well as the Middle East and, more recently, Turkey.

7 The first launched in 1984, a year after young, cash-strapped St Kitts and Nevis won independence from the UK. Slow to take off, it accelerated quickly after 2009, when passport-holders from the Caribbean island nation were granted visa-free travel to the 26-nation Schengen zone.

8 For poorer countries, such schemes can be a boon, lifting them out of debt and even becoming their biggest export: the International Monetary Fund (IMF) reckons St Kitts and Nevis earned 14% of its GDP from its CIP in 2014 and other estimates put the figure as high as 30% of state revenue.

9 Wealthier countries such as Canada, the UK and New Zealand have also seen the potential of CIPs (the EB-5 programme in the USA is worth about $4bn a year to the economy) but sell their schemes more around the attractions of a stable economy and safe investment environment than on freedom of movement.

10 Experts from the many companies, such as Henley and Partners, CS Global and Apex, now specializing in CIPs and advertising their services online and in inflight magazines, say that unlike Abramovich, relatively few of their clients buy citizenship in order to move immediately to the country concerned.

11 For most, the acquisition represents an insurance policy: with nationalism, protectionism, isolationism and fears of financial instability on the rise around the world, the state of the industry serves as an effective barometer of global political and economic uncertainty.

12 But CIPs are not without their critics. Malta, for example, has come under sustained fire from Brussels and other EU capitals for its programme, run by Henley and Partners, which, according to the IMF, saw more than 800 wealthy individuals gain citizenship in the three years following its launch in 2014.

13 Critics said the scheme was undermining the concept of EU citizenship, posing potential major security risks and providing a possible route for wealthy individuals with opaque income streams to dodge sanctions in their own countries.

14 Several other CIPs have come under investigation for fraud, while equality campaigners increasingly argue the moral case that it is simply wrong to grant automatic citizenship to ultra-high-net-worth individuals when the less privileged must wait their turn – and, in many cases, be rejected.

The Caribbean

The best-known – and cheapest – CIP schemes are in the Caribbean, where the warm climate, low investment requirements and undemanding residency obligations have long proved popular. Five countries currently offer CIPs, often giving visa-free
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travel to the EU, and have recently cut their prices to attract investors as they seek funds to help them rebuild after the 2017 hurricanes.

In St Kitts and Nevis, a passport can now be had for a $150,000 donation to the hurricane relief fund, while Antigua and Grenada have cut their fees to $100,000, the same level as St Lucia and Dominica.

Europe

Almost half of the EU’s member states offer some kind of investment residency or citizenship programme, leading to a highly prized EU passport, which typically allows visa-free travel to between 150 and 170 countries.

Malta’s citizenship-for-sale scheme requires a €675,000 donation to the national development fund and a €350,000 property purchase.

In Cyprus, the cost is a €2m investment in property, stocks, government bonds or Cypriot businesses (although the number of new passports is to be capped at 700 a year following criticism).

In Bulgaria, €500,000 gets you residency and about €1m over two years plus a year’s residency gets you fast-track citizenship. Investors can get residency rights leading longer term to citizenship – usually after five years and subject to passing relevant language and other tests – for €65,000 in Latvia, €250,000 in Greece or €500,000 in Spain (and you have to wait ten years to apply for citizenship).

Rest of the world

Thailand offers several “elite residency” packages costing $3,000–$4,000 a year for up to 20 years’ residency, some including health check-ups, spa treatments and VIP handling from government agencies.

The EB-5 US visa, particularly popular with Chinese investors, costs between $500,000 and $1m depending on the type of investment and gives green-card residency that can eventually lead to a passport.

Canada closed its CA$800,000 federal investment immigration programme in 2014 but now has a similar residency scheme, costing just over CA$1m, for “innovative start-ups”, as well as regional schemes in, for example, Quebec.

Australia requires an investment of AU$1.5m and a net worth of AU$2.5m for residency that could, eventually, lead to citizenship. New Zealand – popular with Silicon Valley types – requires an investment of up to NZ$10m.

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Comprehension check

Answer the questions using information from the article.

1. What are CIPs and how do they work?
2. Which was the first country to offer CIPs, when and why?
3. What change encouraged wealthy people to buy into this particular nation’s CIP?
4. How do countries that offer CIPs benefit from them?
5. Why might wealthy individuals want to take advantage of a CIP?

Expressions

a. Complete the expressions with the missing word. Find the expressions in the article to check your answers.

1. a spot of _______________
2. offer (something for sale) _______________
3. come under sustained _______________

b. Decide what the expressions mean and write a definition for each one.

c. Use each one in a sentence of your own.

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6 Discussion

a. Read this excerpt from the article and discuss how you feel about it.

… equality campaigners increasingly argue the moral case that it is simply wrong to grant automatic citizenship to ultra-high-net-worth individuals when the less privileged must wait their turn – and, in many cases, be rejected.

b. Read the information about CIPs in the Caribbean, Europe and the rest of the world again. Which CIP sounds the most fair and which the most unfair to you?

7 Webquest

a. Discuss the graphic that accompanies the article:


b. Is there a citizenship test for your country (or the country you live in)?

If so, research:

• the kind of questions that are asked in the test;
• what is available to help people study for the test;
• how much it costs to take the test;
• the pass rate.

If not:

• decide what facts people should know about the country before they decide to live there.
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KEY

2 Key words

1. grant
2. in essence
3. exponentially
4. cash-strapped
5. Schengen zone
6. boon
7. barometer
8. undermining
9. opaque income streams
10. dodge sanctions
11. highly prized
12. cap

3 Descriptive terminology

tycoons (headline)
the super-rich (subtitle)
oligarch (para 1)
multimillionaires (para 1)
billionaire (para 2)
wealthy people (para 4)
wealthy private investors (para 6)
wealthy individuals (paras 12 and 13)
ultra-high-net-worth individuals (para 14)

4 Comprehension check

1. citizenship-by-investment programmes – Wealthy people invest money in property or businesses, buy government bonds or donate cash directly in exchange for citizenship and a passport.
2. St Kitts and Nevis in the Caribbean; After they won independence from the UK in 1984, they found themselves short of money and needed to find a way to bring cash into their country.

3. In 2009, passport holders from St Kitts and Nevis were allowed visa-free travel to countries in the Schengen zone.
4. Poorer countries can lift themselves out of debt and CIPs may even become their biggest export. Wealthier countries such as Canada, the UK and New Zealand have also seen the potential of CIPs and the financial investment they can bring.
5. For most, CIPs are a kind of insurance policy because of the nationalism, protectionism, isolationism and fears of financial instability that are on the rise around the world.

5 Expressions

1. bother – a problem that is small and not serious but nevertheless needs to be dealt with
2. outright – give someone something immediately or in a single process
3. fire – be criticized again and again