Council of Europe Speaking notes for
Mr Bruno L'ecuyer, chief executive of the Investment Migration Council
Monday 2nd December 2019, Paris

Thank you for inviting me here today.

I would like to emphasize that the trade body I represent completely shares your guiding values: the respect of the rule of law, equality, protection of minorities, democracy, and the fight against corruption and terrorism.

As I have ten minutes, I have prepared a short overview of what this industry is, the drivers, the impact, the trends and the key areas that need to be addressed.

Investment Migration is a complex legal and technical phenomenon, and, as national governments are quick to assert, it is an absolute clear principle of EU law with regard to the acquisition of citizenship and immigration that this is the exclusive competence of member states.

This notwithstanding, I submit that it is important to consider the views of industry experts as these could prove extremely valuable to policymakers, especially when they wish to base their political recommendations on fact-based evidence of the trends, advantages, and standards that define this legal form of migration today.

We also prepared a briefing document entitled understanding Citizenship by Investment and this will be distributed today or tomorrow by the committee secretariat.

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What is the widely accepted description of Investment Migration?

Investment migration is a form of legal migration used by over 80 sovereign states globally. It comprises various citizenship and residence by investment programmes which allow individuals to gain citizenship or residence rights in return for investments in their host countries.

This should not be confused with Tax Residency which implies the determination of one's personal tax jurisdiction. This distinction is of the utmost importance since residency and citizenship in such programmes is different from the determination of Tax Residency.

Investment migration programmes are also often structured around entrepreneurship potential — already a well-established practice in general immigration policy used in many OECD countries.

When managed effectively, this creates benefits to the individual, the host country, and wider society, facilitating peaceful integration in an increasingly interconnected world.

Drivers

Investment migration involves mainly 3 groups of actors:

1. Individuals

Investor migrants come from across the globe. They may be celebrities, sportspersons, world-class doctors, businesspersons, or others generally looking to relocate and build a better life for themselves and their families. Security, better education, career opportunities, and greater mobility are the main reasons why individuals apply to citizenship or residence by investment programmes.

2. Sovereign States

Countries ranging from the largest and most powerful to smaller peripheral economies run investment migration programmes to attract talent, experience, and investment. It is increasingly argued that investment migration positively contributes to UN Sustainable Development Goals (SDGs), although more research is clearly needed here to verify this argument.

3. Professional Service Providers

The investment migration industry is serviced by law firms, due diligence providers, banks and professional consultants who assist governments and individuals, who are expected to ensure that appropriate checks are conducted on applicants and their sources of funds.

The Benefits

Broadly go into two categories:

1- Benefits to Host Countries and Wider Society

Investment migration generates billions of euros in direct and indirect revenues. In smaller countries on the global periphery this revenue is often a lifeline to foreign investment and development finance.
The investments provide direct capital injections of non-debt liquidity to national balance sheets and thus also helps reduce the debt burden in many countries. For many host countries, such as those in the Caribbean, investment migration is critical in funding key government activities such as disaster relief and social programmes.

Programmes draw entrepreneurs who create business activity, which provides local employment and tax revenue for the State. The skills and talent they bring help to modernise and diversify local economies, providing a more sustainable basis for a country's future.

For example, in Ireland, the investment migration programme has raised over half a billion euros since its launch in 2012.

There are also other aspects of successful investment migration programmes.
Often, the benefits to the receiving country are very local and directly enriching the community. There are many examples around the world, but the media often ignores those positives as they are not newsworthy.

Take, for example, the late Thai entrepeneuer Mr Vichai Srivad-dhan-prabha. He was predominantly famous for investing in Leicester Football club – at least that is what media focused on. However, Vichai was a lot more than that. He was an investment migrant in the UK who, throughout his stay in Leicester city, gave away £2m in donations towards a new children's hospital, and a £1m gift to the city's university medical department.

These human stories show us that when investment migration programmes are well regulated, and all the necessary due diligence procedures are carried out, they are benefitting the society, they represent success stories for the locals and the migrants.

2- Benefits to Individuals

Individuals often use investment migration to start a new business in their chosen jurisdiction, to benefit from greater mobility, better education and job opportunities for their children, or simply to live in a country with greater political stability and rule of law. They see themselves as part of a global community in which migration is sustainable and mutually beneficial.

Trends
There is a trend towards greater maturity in the market, with an emphasis on attracting talent and not simply wealth as well as professionalising the industry.

5 years ago, most of the programmes were real estate based with the intended consequence of propping up the construction industry while that strategy has given results, governments now realise that in order to sustain this inflow of capital they must diversify the product. (cite Portugal, Malta).

There is a trend towards entrenching sustainable programmes, which require long-term credibility and trust rather than seeking short-term capital with little regard for its source.

An important trend also evidenced is the increasing options for potential migrants that are being considered and also proposed by sovereign states these include financing options for residence and citizenship programmes not previously available

Key Areas to Address
The investment migration sector faces concerns around issues such as transparency, due diligence, and the potential for illegal activities such as money-laundering or tax evasion that can occur when investment migration is abused.

There is currently a lack of common harmonized standards governing investment migration as well as many small firms that often lack a professional approach across the world. Each state administers its own programme.

This is a challenge for both industry and governments – one which is broadly acknowledged and understood by states and companies across the entire investment migration sector.

The IMC was founded with the intention of raising standards by bringing the stakeholders together through our nonprofit forum.

We wholeheartedly support enhanced ethics, transparency and information-sharing mechanisms for governments that operate programmes – this is an area we have spoken to the EC about many times this year, and we share the concerns of our civil society colleagues. Implementing adequate data reporting obligations and ensuring that funds invested through investment migration are put to good use for the benefit of society are of paramount importance.

What have we been doing?

One of the first things we did in 2015 was launch a code of ethics and professional Conduct standards for the industry back in 2015, we have subsequently launched an anti-bribery and corruption code – both specifically targeting stakeholders.

We strongly support the development of enhanced common due diligence standards to ensure only bona fide applicants are approved across all investment migration programmes. Further, investment migration programmes should not compete on their levels of due diligence.

This year we have commissioned independent research into DD with a view of creating a common framework of guidelines for governments and agents to adopt which meet the concerns that I have highlighted already.

The IMC seeks to ensure that all experts working on the field of investment migration are equipped with the required skills and knowledge to advise clients and follow the industry standards. That is why, in line with other recognised professions, we have initiated an education programme which provides professionals with the possibility to become qualified in investment migration.

Legally, the acquisition citizenship remains a national competence, including for EU member states. However, that is not to say that multinational institutions cannot have an impact. On the contrary, we believe that it could be possible to agree on common due diligence standards for investment migration without affecting the conditions for attributing nationality. Those standards will work only if agreed on a supranational level.

Ideally, in the long run, such certification will become mandatory for all the professionals working in the industry.

Evidence

Research by the International Monetary Fund (IMF) shows that investment migration is critical to foreign direct investment and government revenues in smaller states - in some Caribbean states it can account for 10-20% of GDP.

European Parliamentary Research Service (EPRS) research estimates that investment migration contributed 0.58% to Malta's GDP and 2.5% of Cyprus' GDP. (More than Cyprus' entire agricultural sector.)

The EPRS also estimated that at least €9 billion has been invested through IM programmes across eight EU Member States in 10 years. The Irish programme alone has raised over half a billion euros since its launch in 2012.

Furthermore, the IMC publishes peer-reviewed multidisciplinary working papers dedicated to the analysis of investment migration around the world.
The series aims to advance understanding of the law, politics, sociology, economics, and history of the topic. The papers analyse the processes and long-term implications of investment migration and examine how investment migration programmes function in different countries.

The Role of the Industry
The IMC and its members are working proactively to develop:

Regulations
Effective best practice guidelines and regulation of investment migration should ensure the full benefits of programmes are realised while mitigating the risks of abuse. We believe the IMC has a crucial role to play in developing new rules and standards.

Mandatory Qualifications
A programme of mandatory specific qualifications is essential for all investment migration professionals to ensure standards are raised across the board – in line with other recognised professions.

Ongoing Gathering
Gathering better data and information will lead to a well-informed policy debate on this important and fast-growing sector. The IMC is proactively working with industry stakeholders to provide independent research into key areas that we have identified as priorities including: Due Diligence in Investment Migration, Setting Global Standards, National Security and Investment Migration, and Societal Benefits of Investment Migration.

Closing remarks:
To fairly assess the merits of Investment Migration, one should consider and address its benefits as well as its risks, both to the individual and to the wider society of a country offering citizenship or residency to investors.

Hopefully I've shown a balanced view of the industry, and I'm keen to address any questions you might have.