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Europe: Reinforcing Cohesion in Turbulent Times

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Good afternoon and thank you to [Mr. Georgiades] for the kind introduction. My comments today will focus on both the past and the future of Greece's highly successful investment migration program.

As for the past, I'll speak of the positive impact the Golden Visa Program has had on Greece's economy. And for the future, I'll venture to imagine the immense *additional* benefits that current events and trends suggest the program could bring to Greek shores, and how those benefits could prove to be transformative for Greece and its economy.

It is really very fitting to be discussing the many positives of investment migration with you here in Athens, as from a Western perspective, ancient Greece was the birthplace of the concepts of both citizenship and cosmopolitanism — or global citizenship.

It was in this very city, too, that ancient Athenians pioneered the practice of what I have termed *ius doni* — granting citizenship in return for an exceptional contribution to the state. In those times only the privileged could hold citizenship, but occasionally it was awarded to deserving rulers and diplomats. By 230 BC, however, it was mostly 'men of commerce' who were granted citizenship in recognition of their financial success or contributions to the government.

Fast forward two millennia, and while they don't date back quite as far, investment migration programs as we know them today are not a new phenomenon either. *Henley & Partners* created the concept of residence and citizenship planning in the 1990s, so the modern programs have existed for several decades, and most developed countries now offer some form of investment migration program. Over the past 20 years, the number of programs has grown rapidly as more nations have realized their value in the competition for capital and talent.

Contrary to what many believe, residence and citizenship programs are not the exclusive domain of nations that are struggling economically or starved for foreign capital. Nineteen of the Group of 20 nations, including the UK and the US, offer a mechanism to attract inward investment in exchange for residence rights. 2/3 of EU member states offer investment migration programs. Again, these highly developed nations design and implement investment migration programs for the same reasons small and developing nations do — to attract foreign capital, skills, and knowledge to stimulate their domestic economies.

Stimulating economic activity is certainly a non-negotiable for any sovereign in the current context, so let me briefly enumerate some of the *direct* economic benefits nations with investment migration programs typically experience.

- Growth in the real estate sector and construction industry
- Growth in the number and size of local businesses
- Increased liquidity in the commercial banking system
- Overall employment growth, including both direct and indirect job creation
- Increased revenue streams through duties and taxes on imported goods
- A rise in tourism

- Increased hotel-room supply
- Increased air traffic

These many benefits tend to be cumulative and reinforcing and they also create interconnected positives such as increased tax revenues, infrastructure development, better fiscal performance, and a reduction in the host nation's dependence on debt and international aid.

Investment migration programs encourage high-net-worth families to relocate and contribute to the local economy through both entrepreneurial and consumer activity. What is more, successful applicants arrive in their adopted countries with less tangible resources such as unique skillsets, valuable commercial knowledge, and rich global networks.

I called this dynamic 'sovereign equity'. Sophisticated global high-net-worth investors literally 'buy in' to the sovereign state to gain the long-term yield of enhanced mobility and to diversify their global investment portfolios. However, unlike traditional sovereign securities, sovereign-equity-generating investment migration programs do not increase the debt of sovereign states. Instead, they create significant sovereign and societal value by delivering a source of sustainable liquidity that provides monetary and fiscal autonomy as it is an equity injection, not increased leverage, *and* it can be used to drive economic growth and core infrastructure, enhancing the lives of all citizens. Not only a source of income, the programs are also proven drivers of foreign direct investment streams — literally marketing platforms that are also income drivers by their very nature.

I would argue that while the Golden Visa Program is an excellent start, there are options available to the Greek government with regard to sovereign equity that could contribute substantially further to the ongoing prosperity of the nation and its citizens.

There are multiple benefits for investors, too, and not least for those who acquire alternative residence in a European country such as Greece. Europe has much to offer, from its rich cultural heritage to its economic resilience, health security, and robust liberal democratic institutions. A Greek residence permit offers many benefits, including access to world-class education and healthcare, ease of conducting business, visa-free travel in Europe's Schengen Area, and safety and security.

When considered in conjunction with the Greek government's 'non-dom' program to attract wealthy individuals to reside in Greece, its strategy to enhance the real estate and related sectors through various initiatives, and the proposed flat income tax rate for foreign retirees who transfer their tax residence to Greece, it is clear that the Golden Visa Program is an important element of a multi-pronged approach.

Wealth and wealth migration figures are of course excellent gauges of the financial health of an economy, and Greece has certainly succeeded in attracting affluent individuals in recent years. In 2018, Greece experienced one of the biggest wealth inflows in the world for the first time, with 1,000 high-net-worth individuals choosing to relocate to Greece.

Governments expect to benefit when they set up investment migration programs, and the programs provide invaluable economic security to the countries that offer them. As we enter the worst recession since the Great Depression, countries with operational programs are better equipped to weather the storm, as they provide an injection of debt-free foreign capital to buffer the impact of the pandemic. Going forward, nations *without* investment migration programs will find themselves increasingly handicapped in the global competition for investment and talent.

Greece is in a strong position, with a head start in the form of an extremely successful residence program that has raised over 2.2 billion euros in investment since its inception in 2013. The Golden Visa Program had a record-breaking year in 2019, with approximately 1 billion euros in total investment, also making it the best performing European residence program. This represents significant growth over previous years and attests to the quality and desirability of residence in Greece, as well as to the success of the program's implementation.

One billion euros in debt-free investment is significant for an economy of around 187 billion euros. Yet if we consider Greece's abundance of sovereign equity, coupled with the growing global demand for alternative residence and citizenship, there is a burgeoning opportunity to increase the impact of Greece's Golden Visa Program dramatically, taking it from significant to transformative.

Many investment migration programs have features that Greece could implement to scale up the size and impact of its current program.

Imagine for a moment that the Golden Visa Program is scaled to attract not 1 billion, but 10 billion euros each year. The impact on Greece's economy, both in terms of immediate investment and economic activity, as well as the longer-term benefits of diverse talent and knowledge relocating inside Greek borders, and you will have a program that is truly transformative for Greece.

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