

Bond University
Research Repository



What If, When Borders Reopen, CBI Citizens Actually Move to Their COVID-Free Island Havens?

Krakat, Michael B.

Published in:
Investment Migration Insider

Licence:
CC BY-NC-ND

[Link to output in Bond University research repository.](#)

Recommended citation(APA):
Kratat, M. B. (2020). What If, When Borders Reopen, CBI Citizens Actually Move to Their COVID-Free Island Havens? *Investment Migration Insider*. <https://www.imidaily.com/industry-trends/what-if-when-borders-reopen-cbi-citizens-actually-move-to-their-covid-free-island-havens/>

General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

For more information, or if you believe that this document breaches copyright, please contact the Bond University research repository coordinator.

This article has previously been published in the *Investment Migration Insider* (2020) September 23rd, available at <https://www.imidaily.com/industry-trends/what-if-when-borders-reopen-cbi-citizens-actually-move-to-their-covid-free-island-havens/>. (Last accessed March 6th 2021). ©2021

‘What If, When Borders Reopen, CBI Citizens Actually Move to Their COVID-Free Island Havens?’ (2020) September 23rd, *Investment Migration Insider*

Michael B. Krakat

Introduction

Residence- and citizenship by investment (RCBI) laws allow the sale of passports with negligible or zero naturalization requirements. Any country may consider RCBI, holding recourse to its international recognition as a state to create, tap into, and leverage the asset of citizenship.

In times of pandemics, physically spending prolonged periods in any given place may have become a factor no longer to be avoided but, rather, one that is now actually aimed-at. Physical presence and time in a safe place have regained renewed importance, and so has the bordered paradigm and the claim of the nation-state over a globalized world.

The pandemic is emphasizing the importance of local, physical, and territorial presence. Medium- and long-term strategic relocations have become the subject of renewed focus. In other words, the intentions of those buying passports today may have shifted.

Preparing for a potential deluge

The objective of amplifying visa-free travel opportunities may, in times of pandemics, take a back seat to considerations pertaining to actual relocation. What this means is that, when the music starts again, there may be a sudden – albeit only temporary – influx of actual immigrants, including physical relocations from one place to another, for which small island state RCBI nations, especially, should prepare now.

How do small island havens in the South Pacific fare in terms of RCBI and in view of the pandemic? In Vanuatu, as gazetted, the state of emergency for – initially – cyclone Harold and now only COVID19 has been further [extended until December 31st, 2020](#), and borders remain closed until then, with exceptions for repatriations and the like, subject to controlled quarantining.

One needs to hold no recourse to prophecies to be able to predict that the new world, post-COVID, may likely see the need for *expedient* economic recovery, which in turn could incent non-RCBI hold-out countries to now seriously consider engaging in the practice. In such case, global (new) market logic of RCBI would have become self-validating through a global crisis, stepping up its game to challenge the conventional systems of bordered power and control, potentially supercharging RCBI globally in unprecedented ways.

Here, in RCBI terms, the ‘value’ of high-demand passports from countries that never even had any case of outbreaks of the virus in their territory may perhaps be on the rise. The [list of countries that seem to be without a current case of COVID19](#) is, regrettably, very short but includes Vanuatu, as well as the Solomon Islands, Samoa, Kiribati, the Federated States of Micronesia, Tonga, the Marshall Islands, Palau, Tuvalu, and Nauru.

Supply-side growth?

Passport sales are nothing new to the region and the early proto-CBI schemes had a problematic past, which is important knowledge if only for realizing how far the field has come in terms of improvements.

[See also: The Bizarre Story of How the King of Tonga’s Court Jester Lost \\$26 Million Made From Passport Sales](#)

One specific question for safety over mobility is the opening of borders and the potential for a sudden influx of actual passport holders into non-COVID19 small island states’ territories.

Take the rather isolated small island state of Nauru, for example: Having depleted its natural resources of phosphate unsustainably, the country today relies heavily on U.S. license payments for fishing rights within its exclusive economic zone (Nauru is a party to the U.S.-Pacific Islands Multilateral Tuna Fisheries Treaty) and on the operation of

regional processing centres for asylum seekers to Australia, rather than real estate or tourism.

What if Nauru had revamped an actual, workable RCBI program today (learning from the flaws of the [early schemes](#) including its own), selling passports in the thousands? It would now need to urgently consider a factor that was perhaps less pressing pre-COVID: Actual physical territory available to new citizens and residents (vis-à-vis the infinite political space vested in the legal matrix, only conceptually linking the person to the State). Had Nauru sold large numbers of passports today, would the nation's infrastructure actually be able to accommodate all those that may have initially bought the passport for visa-free travel alone?

[See also: 14 Countries That May Open a Citizenship by Investment Program in 2020](#)

Or take a country like Saint Kitts & Nevis, home to just 54,000 people. Should the citizens that have naturalized through its CIP, only a tiny fraction of whom reside in the island nation, decide to actually move there, the country's population would effectively grow by nearly 40%.

Is the infrastructure prepared for a potential deluge of new residents?

In the unique circumstances of small island states, in particular, special care needs to be taken when establishing RCBI programs: Among the many considerations should

perhaps be the now no longer merely theoretical but pressing question: Not what if, but when will there be an influx of larger numbers of passport purchasers (the ceiling is: all purchasers past and present at any one time), focusing on exercising their right to residence, possibly appearing virtually overnight upon the re-opening of borders? All RCBI countries, but especially the small island nations without COVID cases, may now need to urgently consider strategies for the time after any re-opening of the borders. Again, these numbers could now include those who may, before pandemics, have never had the intention to reside, but had merely purchased to increase global mobility in form of visa-free access into other countries. This issue is then heightened with any sudden movements and developments triggered by upcoming visa-waiver agreements, and, most likely, by further pandemic waves.

In times before the pandemic, it was often uncertain whether a passport purchaser would ever set foot in the country of sale, let alone move there on a permanent basis. The margins of space and time as to RCBI arrivals were a conundrum.

Today, small, COVID-free nations should – by now – have developed certain capacities to deal with that issue, assuming that there may perhaps be an RCBI-specific “pandemic run” as soon as borders re-open. This, again, only considers existing passport holders, not even counting new purchasers as well as all other (ordinary) visa holders. For example, if (or, better, when) a non-pandemic small island state in the Pacific is to re-open its borders to the world, all care should be taken so that the entire infrastructure is not becoming challenged overnight, not least the existing system of healthcare.

An important consideration for the moment is that COVID-free status alone may not necessarily equate a safe place overall, including safety from the pandemic. As [John](#)

[Koetsier opines](#), the ranking of actually safe places depends on overall infrastructure and ‘[i]sn’t what most people expect: it’s not just about how many infections there are right now, or how many deaths COVID-19 has already caused. Rather, it’s about a complex series of assessments on multiple medical, economic, and political factors.’ However, any such rankings referred to (ie. in this case, the report by Deep Knowledge Group), as Koetsier admits, may again be contentious or circumstantial.

Conclusion

To summarize: In a post-COVID world, there could now be a shift in the balance between the seeking of safe havens and of global mobility, with safety now potentially on the rise, both from the individual’s perspective of strategic relocation and the selling state’s perspective of infrastructure. From the perspective of Pacific safe havens, and the logic of lock-down safety, there may then be no sudden re-openings until the global threat of COVID19 is somewhat contained, which is, regrettably, an indeterminate factor.

- *End of Article* -