The Impact of Covid-19 and the Future of Global Mobility

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The great irony of the past year was that amid the unprecedented lockdown of international borders, the yearning for mobility had never been greater. The preceding year provided ample evidence of this yearning: 1.5 billion international travelers and tourists, and over 270 million people living outside their countries of origin. Despite the uncertainty surrounding the future course of the Covid-19 pandemic, we are already witnessing early signs of the next migration wave, as people seek to move from inefficient and weak states to those that are better-governed and more resilient. In other words: from 'red zones' to 'green zones'.

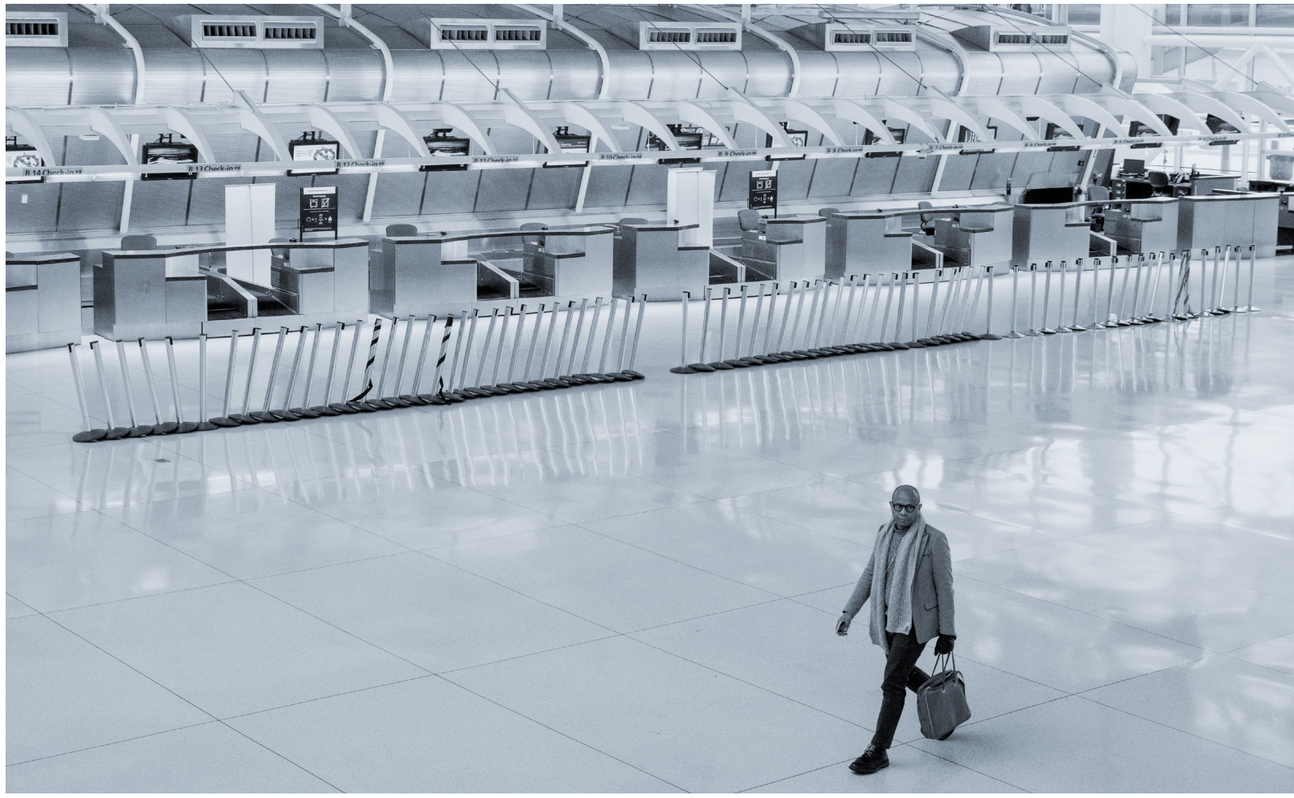
The demise of once premium passports as Europe prevails

The linkage between health governance and travel mobility is not new. Citizens of countries with a high incidence of yellow fever (or travelers to those countries), for example, have long had to carry a certificate of vaccination. But the speed with which entire nationalities accustomed to relatively frictionless mobility were suddenly restricted due to their governments' poor Covid-19 performance was shocking — especially to Americans. Border closures meant that as 2021 commenced, USA passport holders had access to fewer than 75 destinations despite their visa-free score of 185 on the Henley Passport Index.[1] Both Canada and Mexico temporarily closed their borders to Americans, while the EU kept the USA off its 'safe list'.

For Americans, the combination of Covid-19, the implications of the Foreign Account Tax Compliance Act (FATCA), the country's waning diplomatic prestige, and the prevailing political uncertainty has pushed record numbers to seek second passports or to expatriate. Nearly 6,000 have done so in the first half of 2020, almost twice the total for 2019. EU countries are popular destinations for Americans leveraging their European heritage to acquire passports with greater access.[2]

Brexit has had a similar impact on British expatriation. Not only has the UK slipped from the top spot on the Henley Passport Index in 2013 to 7th position in 2021,[3] but, more fundamentally, unprecedented numbers of British citizens are seeking citizenship of EU member states.[4]

Given that continental European passports have retained high global travel mobility and rank highest in the *Kälin – Kochenov Quality of Nationality Index*, it is no surprise that Americans, Asians, and Britons have increasingly sought to acquire European citizenship. A pressing question is whether Europe will continue to permit investment migration programs in their current form or seek to curtail them. While a handful of European nations (such as Cyprus, Malta, and Portugal) have attracted billions of dollars in investment by granting residence or citizenship rights to several thousand foreign citizens over a number of years, core European powers have been critical of the tax arbitrage and wealth flight the process has enabled, from their borders and coffers. While the EU has failed to stem expatriation to non-EU member Switzerland, it may be more successful in restricting the smaller EU member states, demanding greater conditionality



as part of the evolving EU-wide, post-Covid-19 stimulus package. Such measures could include corporate tax harmonization and greater scrutiny over citizenship-by-investment (CBI) programs.

The growing allure of 'green zones'

With tax hikes likely across North America and Europe to cover the costs of the Covid-19 bail-out, it is likely that CBI programs will continue to gain prominence, especially in places that have earned the 'green zone' label from their handling of the pandemic. The programs have a proven track record of reviving the economies of host countries, creating employment, and thus bringing value to societies. Tourism-dependent economies, in particular, are ramping up their investment migration offerings to compensate for lost tourism revenues. St. Lucia and St. Kitts and Nevis are

1 2021 Henley Passport Index ranking, as of 5 January 2021 *henleypassportindex.com*
2 V. Safronova, 'The New American Status Symbol? A Second Passport', (20 Aug 2020) *nytimes.com/2020/08/20/style/golden-visa-second-passport-dual-citizenship.html* accessed 7 October 2020
3 The Henley Passport Index 2013 and 2021, *henleypassportindex.com/passport* accessed 5 January 2021
4 Euronews, 'Brexit Uncertainty: Study Shows 30% Rise in UK citizens Moving to EU Countries Since 2016' (5 August 2020) *euronews.com/2020/08/05/brexit-uncertainty-study-shows-rise-in-uk-citizens-moving-to-eu-countries-since-2016* accessed 6 October 2020

already known for their CBI programs, and in recent months other Caribbean nations have sought to lure remote workers on long-term visit visas that could perhaps be converted into citizenship in due course.[5]

Such developments illustrate the temporary nature of what constitutes a genuinely safe space for relocation. In the early months of the pandemic, countries in the northern latitudes with lower population densities were thought to be less prone to societal health risks than countries with more dense urban environments. While this has remained generally true, neither Sweden nor Russia, for example, have proven to be reliable 'green zones' in terms of public health.

As people search for healthcare-oriented 'green zones', they may find themselves in countries with intermediate passport strength but that offer open-ended residence. Countries such as Australia, New Zealand, and Switzerland have some of the world's most effective healthcare systems and strong passports, but can be difficult to migrate to. Thailand, meanwhile, has branded itself as a 'health oasis' and its Thailand Elite Residence Program includes a free annual medical screening. The program allows up to 20 years of residence and looked set to reach a cumulative total of 10,000 visas issued by the end of 2020.[6] Dubai, like Bangkok, is a well-connected global hub, but its 90%-foreign population is declining because of the pandemic-induced economic recession. In response, Dubai is redoubling its efforts to attract foreign retirees over the age of 55 to invest in property in the emirate and enjoy low-cost health services.[7] Both Thailand and Dubai's programs are, in effect, indefinite medical tourism in safe, prosperous locations.

The triumph of technology

The more countries there are that promote themselves as 'green zones', the more technology will play an increasingly prominent role in enabling the next wave of international mobility. This applies to harmonizing due diligence practices around the verification of wealth sources and criminal records, as well as newer factors such as health immunity.[8]

As the realities of a global pandemic converge with forces already in play, such as digital disruption, and trends in political alienation and tax competition, the landscape of competition for investor migrants is certain to intensify. That much is visible even from the restricted vantage point of a world in artificial lockdown.

5 L.B. Bloom, 'Want to Live and Work in Paradise? 7 Countries Inviting Americans to Move Abroad' (30 July 2020) *forbes.com/sites/laurabegleybloom/2020/07/30/live-work-remote-move-abroad-coronavirus/#16bb2d633381* accessed 6 October 2020

6 C.H. Nesheim, 'After Record 2019, Thailand Elite Visa Eyes 10,000-Member Milestone in 2020', (16 January 2020) *imidaily.com/asia-pacific/after-record-2019-thailand-elite-visa-eyes-10000-member-milestone-in-2020/* accessed 6 October 2020

7 A. Al Lawati, Z. Fattah, and A. Abu Omar, 'Dubai Dusts Off Plan to Lure Wealthy Retirees as Expats Head Out' (3 September 2020). *bloomberg.com/news/articles/2020-09-03/dubai-seeks-to-attract-wealthy-retirees-after-expatriate-exodus* accessed 6 October 2020

8 Oxford Analytica, 'Due diligence in investment migration: Best approach and minimum standard recommendations' (January 2020) *refinitiv.com/content/dam/marketing/en_us/documents/partners/due-diligence-in-investment-migration-best-approach-and-minimum-standard-recommendations.pdf* accessed 6 October 2020



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