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EU Pressures Lead to Major Overhaul of Caribbean Citizenship Programs

Saint Lucia opts out as four Caribbean states reform investment programs for EU compliance

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Four member countries of the Organization of Eastern Caribbean States (OECS) have agreed to raise the price of entry into their respective Citizenship by Investment Programs (CBIPs), following years of increasing pressure and scrutiny mainly by the European Union.

On March 20, Antigua and Barbuda, Dominica, Grenada, and St. Kitts & Nevis – which operate four of the five CBI programs in the OECS – signed a memorandum of understanding to harmonize their CIP programs. At a recent press conference in Dominica, Prime Minister Roosevelt Skerrit said that the agreement allows the four to work together to address EU concerns about the security of the CBI programs in each of these countries, and to hopefully preserve visa-free access to the Schengen zone.

The ability for Caribbean passport holders to travel to Europe without needing visas has come under threat in recent years, as the EU has become increasingly concerned about the potential use of CBI programs for trans-national criminals to travel without triggering sufficient legal scrutiny. In November of last year, the Financial Action Task Force (FATF), the global money laundering and terrorist financing watchdog, published a report that found CBIPs “can and are being exploited by criminals and the corrupt, who want to launder their money, hide their identity and assets, and carry out further crimes,” according to FATF President T. Raja Kumar.

For example, reporting from the Organized Crime and Corruption Reporting Project (OCCRP) found that as of October 2023, nearly a dozen people had purchased Dominican citizenship before fleeing legal troubles in their home countries. These include a Taiwanese couple who allegedly orchestrated a multi-million dollar fraud, an immigration attorney from California who was also indicted for fraud, and several Nigerian nationals who allegedly operated Ponzi schemes.

Last October, another report came out, this time from the European Commission, which found that a large number of people applying to OECS CBI programs were from China, Russia, Syria, Iran, Iraq, Yemen, Nigeria and Libya, all nationalities which would otherwise require visas to enter the EU. Even more concerning, according to the EU report, is that the CBI programs “allow successful applicants the possibility to change identity after having obtained citizenship by investment.” The report concluded that “the operation of such schemes could post certain risks for the security of EU Member States.”

As a result of the increasing concerns, at the beginning of 2024, EU officials convened a meeting with representatives of the four OECS countries named above and Saint Lucia, the fifth OECS member state which operates a CBI program. The week-long technical meeting focused on “the impact on the internal security of the European Union and its Member States, stemming from the visa-free access to the EU granted to the beneficiaries of the CBI programmes,” said Wayne Lewis, a spokesperson for the Delegation of the European Union to the OECS. Two months later, EU officials drafted a plan that would allow the zone to suspend visa-free access to countries which operate CBI programs that do not meet minimum standards. These include programs like those in the OECS, where “citizenship is granted without any genuine link to the third country concerned, in exchange for pre-determined payments or investments.” None of the OECS CBI programs currently require applicants to reside or even visit their intended new country to obtain a passport.

The agreement between four of the five OECS CBI countries seemingly came as a response to the EU’s move. Under the terms of the MOU, which will come into effect on June 30, passport prices will be set at a minimum of USD$200,000, double the current fee. A regional authority is also expected to be established which will set standards for programs across the region. CBI agents will also be more tightly regulated, and countries will share information on applicants, exchange best practices, and collaborate on due diligence processes. Joint training programs and capacity-building initiatives are also on the cards, as countries scramble to ensure that their native-born citizens are not banned from visa-free travel to Europe as a result of their countries’ CBI programs.

After June 30 Saint Lucia, having not signed the agreement alongside its OECS neighbors, will become the only OECS country where citizenship is still available for as low as $100,000, plus related fees.