

s22(1)(a)(ii)

Title: Pacific: 2021 economic and fiscal outlook - update
MRN: s22(1)(a)(ii) 14/05/2021 04:28:42 PM ZE10
To: s22(1)(a)(ii) ; Pacific Posts s22(1)(a)(ii)
Cc: RR : Multilateral Development Bank Posts
From: Canberra
(CHCH/DFAT)
From File:
EDRMS
Files:
References: s22(1)(a)(ii)

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Response: Routine, Information Only

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revenue came from the citizenship scheme, s47C

One-third of Vanuatu's 2020 domestic

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Title: Pacific: 2021 economic and fiscal outlook - November update
MRN: s22(1)(a)(ii) 24/11/2021 03:57:17 PM ZE10
To: s22(1)(a)(ii) ; Pacific Posts s22(1)(a)(ii)
Cc: RR : Multilateral Development Bank Posts
From: Canberra
(CHCH/DFAT/OTP/POD/LMB)
From File:
EDRMS
Files:
References: s22(1)(a)(ii)

s22(1)(a)(ii)

Response: Routine, Information Only

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Title: Vanuatu: Economic Outlook - confusing nambas
MRN: s22(1)(a)(ii) 27/08/2020 09:55:08 AM ZE11
To: Canberra, s22(1)(a)(ii) Pacific Posts
Cc:
From: Port Vila
From File:
EDRMS
Files:
References: s22(1)(a)(ii)
Response: Routine, Information Only

Comments:
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Summary

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It does appear that revenues are holding up, based on surging passport sales. The government is using some of this revenue for advance repayments of its debt.

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2. At the half way point in the budget cycle (comment: their budget operates on a calendar year), Vanuatu has posted VUV a 3.8 billion vatu surplus (AUD 45 million) - around a 24 per cent increase from the same period in 2019. This has been largely driven by strong growth in its citizenship programmes (Vanuatu Development Support Program and Vanuatu Contribution Program), which grew by more than 30 per cent for the comparable period in 2019 and now stands around VUV 7 billion (AUD 85 million). Value Added Tax (VAT) is the second largest source of income with VUV 3.6 billion (AUD 44 million) collected as of June, slightly less than last year. VAT collections are 17 per cent below the projected collections in 2020 budget.

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Comment

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From: s22(1)(a)(ii)
To: [Media](#)
Cc: [Gerald Thomson](#); s22(1)(a)(ii)
Subject: RE: **REFERRAL** : Media enquiry: Vanuatu visas [SEC=OFFICIAL]
Date: Thursday, 15 July 2021 5:44:33 PM
Attachments: [image001.jpg](#)
[image002.jpg](#)

OFFICIAL

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Our response is:

"Australia is aware of Vanuatu's Citizenship by Investment program. The issuing of Vanuatu passports is a sovereign matter for the Government of Vanuatu."

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Director
Vanuatu Section
Office of the Pacific
Department of Foreign Affairs and Trade
s22(1)(a)(ii)

[@dfat.gov.au](#)

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Vanuatu: Bilateral Relations

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Is Australia concerned about the integrity of Vanuatu's Citizenship Scheme, or Vanuatu's growing reliance on revenue from the sale of passports?

- . This is not a matter for Australia to comment on
 - the granting of citizenship is a sovereign matter for the Government of Vanuatu.

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Background

Passports

An article by The Guardian in July 2021 identified “fugitives, politicians and disgraced businesspeople” were recipients of passports under Vanuatu’s Citizenship by Investment Scheme. The Scheme allows foreigners to purchase citizenship, which provides access to a Vanuatu passport, for approximately \$US130,000. The passports enable visa-free access to Schengen Zone countries (including the EU and UK). The Scheme is like those run by several Caribbean nations and has grown rapidly in recent years. In 2020, the Scheme generated approximate \$175 million of revenue for the Government of Vanuatu (35% of GDP).

The Guardian identified that passports had been granted to a Syrian businessman with US sanctions against his businesses, a suspected North Korean politician, an Italian businessman accused of extorting the Vatican, a former member of a notorious Australian motorcycle

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gang, and South African brothers accused of a \$3.6bn cryptocurrency heist. DFAT fielded multiple media requests following the release of this article.

Vanuatu's Financial Intelligence Unit appear to be stepping up their due diligence checks of applicants following the release of the Guardian article. In August 2021, Syrian national Abdul Rahman Khiti became the first applicant under the Scheme to have his citizenship revoked by the Vanuatu Citizenship Commission.

In September 2021, the Vanuatu Post newspaper reported that passport sales are down, and that between two and five percent of applicants had adverse records following due diligence checks.

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Relevant Media Reporting

- On 16 July 2021, [The Guardian](#) released an article on Vanuatu's Citizenship by Investment Scheme, revealing some recipients of passports to be "disgraced businesspeople and individuals sought by police in countries all over the world".

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Division: OTP – Office of the Pacific/Pacific Bilateral Division	
PDR No: XXX-XXXXX	
Prepared by: s22(1)(a)(ii) Mob: s22(1)(a)(ii) Ext: N/A - WFH Date: 28 September 2021	Cleared by Branch/Division Head: Mat Kimberley Mob: s22(1)(a)(ii) Date: 1 October 2021

Vanuatu Citizenship Program

s33(a)(iii)

Current schemes

In 2017, Vanuatu launched the Vanuatu Development Support Program (VDSP; available globally) and Vanuatu Contribution Program (VCP; available in China).

The current price of a single application is USD 130,000 (of this, the GoV gets USD 80,000 and the agent retains the rest). There are also bundles for couples (USD 150,000) and families.

What citizenship does and doesn't offer

Key benefits include s33(a)(iii)

- Tax haven status: no income tax; international off-shore finance centre
- Visa free access to 125 countries, including UK & whole of Europe, Russia, Hong Kong, Singapore.
- Ease of application

Individuals who become citizens under the DSP have restricted privileges compared to naturalised citizens. Dual citizens (that are not a naturalised citizen) cannot hold or serve in any public office; be involved in Vanuatu politics, affiliate with political parties, stand for national or municipal elections.

Process, s33(a)(iii)

Processing is fast with citizenship usually granted within 30-60 days, s33(a)(iii)

Uptake

More than 5,200 passports have been sold since 2017 (including more than 700 so far in 2020). Citizenship schemes are now the largest source of Government revenue, representing a third of overall revenue. The citizenship scheme yielded AUD 153 million in 2019 and AUD 75 million from January-May 2020.

s33(a)(iii)

Passport revenue has started funding a growing portion of the recurrent budget, illustrating a growing reliance on this revenue stream (particularly as tourism revenue has collapsed due to COVID-19). Revenue from citizenship schemes has also provided a buffer from the economic impacts of COVID-19.

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Vanuatu Citizenship Program

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Vanuatu Citizenship Program

Key benefits of Vanuatu Citizenship

- Visa-free to 125 countries – UK & whole of Europe, Russia, Hong Kong, Singapore.
- The only Citizenship by Investment (CBI) program of its kind in the Asia Pacific Hemisphere.
- Tax-free country (other than the indirect taxes of VAT and Customs).
- International off-shore finance centre since 1972.
- International Banks present – such as ANZ Bank, Bred Bank, BSP (Bank of South Pacific)
- Simple company and bank account formation procedures.
- Stable, peaceful country – does not even have Regular Armed Forces.
- An English/French speaking British Commonwealth Member Country.
- Simple and fast application process – as little as 45 days.
- Simple, transparent pricing structure. Attractively priced – particularly for family applications.
- A stunning tropical island nation – both for tourism and living.
- Low cost real estate – from prime beach front to whole islands for sale.
- Secure, long term land tenure – all land Government owned and leased. Nominal rental rates.
- A country with tremendous economic growth prospects and investment opportunities.

Vanuatu citizenship provides many things to many people, each looking at their own unique reason for taking up our program.

- *Second passport – global freedom and privacy in moving around the world.*
- *Second home for your family – safe and friendly.*
- *Tax efficient country – zero tax, making it a great tax haven.*
- *Corporate set up and Banking – avoidance of high taxes in current place of residence by utilizing the Vanuatu option.*
- *Remote and private – worried about the world's pressures and volatility? Then, welcome to paradise – Officially, the 4th "Happiest Place in the World".*

Vanuatu Citizenship Program

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s47E(d)

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s47E(d)

Title: Vanuatu: Passports: Selling sovereignty by the seashore
MRN: s47E(d) 28/10/2020 06:17:20 PM ZE10
To: Canberra
Cc: RR : Beijing, Brussels, Canada DFAIT, EU Posts, NZMFAT, Pacific Posts, Paris EMB, UKFCO
From: Port Vila
From File:
EDRMS
Files:
References: s47E(d)
s33(b)

Response: Routine, Information Only

Comments:
s22

Summary

Five years after entering the citizenship sales market, Vanuatu's citizenship program now contributes over a third of Government revenue and has put down deep roots in the Vanuatu system. s33(a)(iii)

Revenue from Vanuatu's citizenship by investment (CBI) programs has skyrocketed since the program commenced in 2017 and is bolstering Vanuatu's budget bottom line. CBI revenue is now the largest source of Government revenue, making up one third of inflows and double the total (on-budget) grant aid provided to Vanuatu in 2019 (Comment: the proportion is likely to have increased with the collapse of tourism revenue). The program yielded VT 12.3 billion (AUD153 million) in 2019 and a total of VT 6 billion (AUD75 million) between January and May 2020 alone. s33(a)(iii), s33(b)

s33(a)(iii), s33(b)

s22

s47E(d)

s33(a)(iii), s33(b)

s33(a)(iii)

s33(b)

s33(a)(iii)

5. Public opinion on mainstream and social media has been strongly opposed to the CBI due to concerns about Vanuatu's sovereignty and exposing the country to potential international terrorists and criminals. Although CBI citizens do not have political rights, concerns have nevertheless been raised about foreigners exercising political influence. s33(a)(iii)

s33(a)(iii)

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s33(b)

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s47E(d)

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