

Might the UK's investor visa end in tiers?

Blog post by Practice Lead Tom King, 7 December 2018

The immigration debate in the UK has traditionally focused on the lower end of the labour market. The movement of large numbers of workers from across Europe and from further afield to take up roles in the UK economy captures attention from the media and the public. But the announcement that the Home Office is suspending the less familiar Tier 1 (Investor) immigration route until further notice shows it isn't just baristas, farmhands or electricians who could be affected by a post-Brexit clampdown.

The Tier 1 route has been the subject of considerable criticism from transparency and anti-corruption organisations. It is regarded as the oligarch's route of choice: such schemes are frequently known as 'golden visas' because they are easily purchased by the rich. In the UK's case, people have been able to apply as long as they have £2m to invest. The Migration Advisory Committee looked into the system in 2014 - and concluded that because Tier 1 investors mainly buy gilts, it is questionable whether there is any benefit at all to the UK economy.

The visa is popularly associated with wealthy Russians with ties to Vladimir Putin's government. Roman Abramovich had been planning to submit an application but withdrew it earlier this year after the Skripal case took a toll on UK-Russia relations. That case might help to explain the sudden urgency of the government's action in suspending the Tier 1 route. It was reported in September that the residency rights of more than 700 Russians living in the UK were under review after the Salisbury poisonings, which led to the death of a UK citizen. The geopolitical implications of Russian interference have been more commonly discussed in the context of digital activity, but here was an extremely tangible real-world incident that has substantially altered the UK government's stance.

The wider impact of the Home Office's decision could be important. In a context where there seems to be an intractable divergence of views on how the UK should position itself for a future in a rapidly changing world, acting suddenly to reduce the attractiveness of the country to international investors seems unwise. Business investment in Britain is already in recession, having decreased for three consecutive quarters. Adding still more uncertainty to the regime for people who genuinely want to help the economy and businesses grow is a considerable risk.

But perhaps it is the kind of risk the Conservatives will increasingly be prepared to take. The party has commonly welcomed high net worth individuals and has strong associations with foreign investors. It has frequently challenged attempts to create greater transparency in the global financial system, arguing with some justification that it would harm London's pre-eminence.

The announcement from the Home Office nonetheless makes a clear link between the Tier 1 route and ongoing attempts to clamp down on money-laundering and financial crime. This might be a hangover from the days of David Cameron, who had intended anti-corruption to be a crucial part of his legacy. But more likely it is a stab at creating a defence against Labour's attacks. Under Jeremy Corbyn and John McDonnell, Labour has become even more strident in its condemnation of offshore finance, tax avoidance and the rest. Neutralising that populist rhetoric will be difficult for the

Conservatives, a political party that has developed such deep and historic associations with globalisation, but this looks like another significant step.