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For Anxious Hong Kong Elite, the U.S. Isn't the Top Escape Route



▲ Riot police stand guard in front of a bus station in Central on Oct. 5. Photographer: Justin Chin/Bloomberg

- Tax rules, political rhetoric, gun violence seen as deterrents
- Many are leaving Hong Kong, but U.S. 'isn't No. 1 destination'

As protests in Hong Kong intensified this summer, Bernard Wolfsdorf, a Los Angeles immigration lawyer, anticipated “a new wave of immigration” to the US So he travelled to China and met with regional immigration advisers.

They told him not to get excited.

“What I heard is, while many are leaving Hong Kong, the US isn't the number one destination,” Mr Wolfsdorf said. “The US is simply not seen as the most desirable option presently.”

When things go sideways around the globe, the US has traditionally served as an island of safety and security, particularly for the world's wealthy. The US is already home to more Hong Kongers than any country outside of mainland China, and recent data suggests more are looking to leave. Applications for a key emigration document, the “good citizenship card”, are up 54 per cent in the past year, according to official data.

But anti-immigrant political rhetoric, high-profile incidences of gun violence and impending changes to the “investor visa” program have encouraged Hong Kong's would-be emigres to consider alternatives such as Australia, Canada, Singapore and Taiwan.

The street demonstrations, which raise fundamental questions about the future of Hong Kong, escalated this month with the shootings of two teenage protesters by police.

Even before the protest movement began, the US was losing lustre. In a December survey by Chinese University of Hong Kong, one-third of the city's citizens said they'd consider leaving. Among them, the most popular destinations were Canada and Australia, with at least 18 per cent of respondents each, followed by Taiwan, at 11 per cent, and Singapore at 5 per cent. The US was the top choice for 2.9 per cent.



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Australia is a favourite for clients of John Hu, founder and principal consultant at John Hu Migration Consulting in Hong Kong. Advantages include a small time difference with China and mild climate. Canada is also popular, Mr Hu said, especially for clients who want to follow family members who previously emigrated there.

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Canada last year recorded its biggest influx of immigrants since 1913. Under Prime Minister Justin Trudeau, the country has aggressively wooed immigrants. Its Global Skills Strategy programme, for example, offering temporary work permits to applicants in as little as two weeks, has lured about 40,000 workers and their family members over the past two years.

Family ties make the US attractive. So does the EB-5 investor visa programme, which offers residency to anyone able and willing to make a US\$500,000 investment in a business or other project that creates jobs. Applications from Hong Kong citizens are processed separately from investors from the mainland, which means that once an application is considered, it can often be approved with little if any wait.

The price of those visas is about to surge, however. Starting on Nov 21, the minimum investment rises to US\$900,000, part of a reform of the EB-5 programme.

Even for those currently in the queue, a bureaucratic backlog means it can take years to get a visa. The US Department of Homeland Security has slowed its handling of paperwork to a crawl, making applicants wait years for an answer to their petitions. The department was buried in 930,311 pending cases of all types at the end of June, government data shows, double the number of pending cases from 2015.

The estimated wait for processing investor visas is at least 28.5 months, according to the US Citizenship and Immigration Service. "EB-5 is not likely an answer to people in Hong Kong who say they need a quick exit strategy," said H Ronald Klasko of Klasko Immigration Law Partners in Philadelphia. "It will probably be at least three years before that's going to get them to the US."

People who don't want to wait often find other ways to enter and stay in the US, including student and visitor visas. "During these troubles, my clients have been in the US and Canada visiting," said Carolyn Lee, an immigration lawyer based in Ithaca, New York.

A less formal immigration status can also overcome another barrier daunting wealthy people who want to move to America: its unique and costly tax rules. For example, new immigrants must disclose all foreign holdings to the Internal Revenue Service, a level of scrutiny that many aren't prepared for.

"Many of my Hong Kong-based are considering alternatives" to the US, said K Eli Akhavan, a partner at CKR Law in New York. "The tax bite can be quite heavy."

Mr Hu, the immigration consultant, said American tax rules often take a backseat to quality-of-life issues for families considering the US "Hong Kong media's frequent coverage of school shootings in the US has also made people worry about safety", he said. Another concern for some, he added, is that "racial discrimination is relatively serious in certain areas".

Still, the US remains a popular place to do business, educate children, and park money. And even in the most stable times, the global super rich often see spreading assets around the world as an important way to protect their fortunes, said Kathryn von Matthiessen, partner at Katten Muchin Rosenman LLP in New York.

"Most families I work with are looking to create dynastic wealth," she said. "That means they have to manage political volatility and geographic volatility."