

Transparency International EU

The global coalition against corruption

Golden Visa programmes in Europe pose major corruption risk

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Berlin / Brussels, 5 March, 2018 – Today, a series of investigations published by the Organised Crime and Corruption Reporting Project (OCCRP) have detailed how citizenship- and residence-by-investment schemes, commonly referred to as ‘Golden Visa’ programmes are vulnerable to abuse and undermine the fight against corruption in the European Union and neighbouring countries. The stories show how European countries are selling access to the Schengen visa-free travel area, and even EU citizenship, to foreign investors with little scrutiny, transparency or due diligence.

Transparency International is calling on the EU to closely monitor these schemes and act in order to maintain the integrity of European borders against the corrupt and their assets.

OCCRP reporters investigated the Golden Visa programmes of eight EU member states – Austria, Bulgaria, Cyprus, Hungary, Latvia, Lithuania, Malta and Portugal – as well as programmes proposed in Armenia and Montenegro.

“It is clear that due diligence procedures in some EU countries, such as Hungary and Portugal, have not been rigorous enough,” said Casey Kelso, advocacy director at Transparency International. *“Citizenship and residency are among the most valuable assets a country can offer an individual, but EU member states have not even been applying the same minimum checks that banks are supposed to apply to their high net-worth customers.”*

Programmes in all eight EU countries maintain secrecy around recipients of Golden Visas. The origins of beneficiaries’ wealth is not sufficiently scrutinised and the public lacks details of the investments and who ultimately benefits from them. In the absence of public or media scrutiny, Golden Visa programmes create opportunities for current and former officials to escape prosecution and funnel illicit funds across borders.

According to the OCCRP’s findings, Montenegro, which is currently in negotiations to join the EU, has granted citizenship to individuals indicted in other jurisdictions, such as the former president of Thailand and Palestine’s former minister of security, who have been charged with corruption and embezzlement, respectively.

“The Hungarian case is especially peculiar since profits from the Golden Visa programme do not appear to benefit the country but rather find their way into unknown pockets via

companies, all but one of which are seated in offshore tax havens that trade in Hungary's Golden Visa bonds,” said Miklós Ligeti, head of legal affairs at Transparency International Hungary.

New EU citizens under these schemes include persons from the ‘Kremlin list’ who are believed to be close to Russian President Vladimir Putin (Malta); and Tatyana Yeltsin, daughter of former Russian president Boris Yeltsin (Austria). Several members of Angola’s ruling class may have qualified for the scheme through their real estate purchases in Portugal.

“Money laundering through real estate is not a new phenomenon, but the Golden Visa programme facilitates it exponentially,” warned Susana Coroado, vice chair of Transparency International Portugal.

The European Parliament warned about the risks of Golden Visa programmes back in January 2014 in its joint resolution on the sale of EU citizenship. The European Commission is due to publish a report with findings on the impact of Golden Visa schemes later this year. The Commission must take heed of today’s revelations and ensure that proper oversight is in place if these programmes are to continue, according to the anti-corruption group.

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What is a Golden Visa?

Residency- and citizenship-by investment programmes are commonly known as ‘Golden Visas’. The idea is simple: Governments trade citizenship or residence rights for – usually sizable – investment. Arrangements differ from country to country, and requirements may include investment in business, real estate or government bonds. A period of residence is also listed among the eligibility criteria in some countries.

In one or another form, over 20 countries or territories currently offer Golden Visa programmes. Among them are 13 European countries: **Austria, Belgium, Bulgaria, Cyprus, Greece, Latvia, Lithuania, Malta, Monaco, Portugal, Spain, Switzerland**, and the **United Kingdom**. Austria, Cyprus and Malta offer both citizenship and residence programmes.

In recent years, EU-candidate country **Montenegro** has been granting honorary citizenship to investors but is considering introducing a Golden Visa programme, too. Among EU neighbours, **Armenia** is looking into the option of setting up a similar investment migration programme.

Hungary ran its Golden Visa programme between 2013 and 2017. Hungary may relaunch the program after the April 2018 parliamentary elections.

The Global Anti-Corruption Consortium

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