

Transparency International EU

The global coalition against corruption

Quiz: How serious is the European Commission about ending golden visa abuse?

Alessandro · Wednesday, October 21st, 2020

The European Parliament will debate EU golden visas on October 22. Here are five questions we would ask the Justice Commissioner, if we were there.

During tomorrow's plenary session, the Members of the European Parliament "will quiz" the European Commission about ways to curb the threats posed by Member States' 'golden visa' schemes to the entire bloc.

The European Parliament debate follows an undercover Al Jazeera investigation that implicated Cypriot politicians in corruption and the European Commission's decision to launch infringement procedures against Cyprus and Malta over the sale of EU citizenship.

While we commend the European Commission for starting to take decisive steps, the systemic and inherent problems with these schemes will remain unless complemented by EU-wide reforms.

Here are a few quiz questions we're hoping will get answered tomorrow.

OUR QUESTIONS

Question 1. Will the European Commission demand accountability for past abuses of Cyprus and Malta citizenship schemes?

- Cyprus and Malta are already facing infringement procedures. It is enough to fix the problem going forward.
- The European Commission will ask the governments of Cyprus and Malta to inform of their ongoing efforts to improve governance of the schemes.
- The European Commission will deploy fact-finding missions or audit the schemes in question. Past awards will be re-examined. In cases where citizenship has been awarded to politically exposed persons, suspected or convicted criminals as well as sanctioned individuals – whether directly or through a family member – the European Commission will oversee passport revocations. In addition, enhanced due diligence checks should be extended to their invested funds and referred for further legal action and asset confiscation, if needed.

Hint: There is *overwhelming evidence* that the golden visa schemes of Cyprus and Malta have been serving corrupt interests, not the common good.

Question 2. Are Cyprus and Malta – and, as the Commission indicated, possibly also Bulgaria – the only Member States that sell citizenship to wealthy investors in violation of Union law?

- a. Yes.
- b. The Commission is determined to examine other arrangements that, indirectly or directly, sell EU citizenship, including those available in Austria and Portugal.
- c. The Commission will pressure other governments if their failures are exposed through new scandals.

Hint: Cyprus and Malta are not the only countries where EU citizenship can be bought. Wealthy investors can also obtain citizenship from Austria, Bulgaria and Portugal.

Question 3. Last year, the European Commission convened a group of experts from the Member States to come up with a list of common security and due diligence checks by the end of 2019. What happened to those guidelines?

- a. The idea to come up with a non-binding list of security checks was a bad one, to begin with. The Commission has abandoned this plan.
- b. The group of experts continues its work. The Commission plans to use its outcome as the basis of legislative proposals.
- c. The group of experts has failed to reach a consensus. There will be no guidelines.

Hint: Transparency International and Global Witness said last year that the decision to convene a group of experts to recommend checks did not go far enough to address the risks recognised by the European Commission.

Question 4. Golden visas and passports don't sell themselves. A multi-billion industry that's behind it operates virtually unregulated, posing money laundering risks. What can be done about that?

- a. The European Commission will subject the private sector intermediaries to anti-money laundering obligations.
- b. The EU's existing anti-money laundering defences are sufficient to manage the risk.
- c. Self-regulation is the way forward for the private sector intermediaries.

Hint: Together with our 14 national chapters from across the EU, Transparency International recently called on the European Commission to extend anti-money laundering rules to the golden visa industry.

Question 5. A January 2019 report by the European Commission recognised that golden visa schemes present "inherent" risks to EU's collective integrity and security. Later, the European Parliament resolution called for a complete phase-out of the schemes. What will the Commission do?

- a. The Commission will present legislative proposals to phase out the golden visa and passports schemes completely.
- b. The Commission will seek to harmonise the standards at the EU level to avoid the 'race-to-the-bottom' and passport- and visa-shopping.
- c. All of the above.

Hint: *It is Transparency International's [position](#) that the Commission should heed the Parliament's calls not only to protect its own integrity, but also to ensure that it does not enable theft of public funds elsewhere by offering kleptocrats a safe haven.*

THE ANSWERS WE WANT

We know the European Commission is on the right path, if tomorrow's debate confirms that:

1. The Commission will deploy fact-finding missions or audit the schemes of Cyprus, Malta and possibly others.
2. The Commission plans to examine other arrangements that, indirectly or directly, sell EU citizenship, including those in place in Austria, Bulgaria and Portugal.
3. Recognising that the idea to draft a non-binding list of security checks is insufficient to fix the problems, the Commission will use the outcome of the consultations with the Member States' expert group as the basis of legislative proposals.
4. The Commission will present legislative proposals to phase out the golden visa and passports schemes completely.
5. The Commission will present legislative proposals to phase out the golden visa and passports schemes completely and the Commission will seek to harmonise the standards at the EU level to avoid the 'race-to-the-bottom' and passport- and visa-shopping.

Read more about our positions in the [note we have sent to the Members of the European Parliament](#) ahead of Thursday's debate.

This entry was posted on Wednesday, October 21st, 2020 at 3:51 pm