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When will golden visas lose their glitter?

Alessandro · Thursday, March 21st, 2019

Last October, together with Global Witness, Transparency International presented evidence secretive ‘golden visa’ programmes. Our joint report, *European Getaway – Inside the Murky World of Golden Visas*, explained how they have opened the EU’s doors to the criminal and corrupt. Since exposing the corruption threat that golden visas pose, they have been under the spotlight, and calls from civil society, EU and international bodies for Member States to take action have intensified.

In November 2018, the Organisation for Economic Co-operation and Development (OECD) published a [list of countries](#) offering high-risk golden visa schemes – including Cyprus and Malta – that could potentially be abused to avoid international tax rules. Today, the OECD is again raising this issue for [discussion](#) on the occasion of the [OECD Global Anti-Corruption and Integrity Forum](#) held in Paris this week.

Next, in January 2019, the European Commission published a [long-awaited report](#) on residency and citizenship for investment schemes in the EU. The Commission’s report stated that the schemes are “deliberately marketed and often explicitly advertised as a means of acquiring EU citizenship” with Bulgaria, Cyprus and Malta disregarding EU law by selling passports without requiring applicants to live in their country. Unexpectedly, the Bulgarian government [announced](#) the suspension of its citizenship scheme in anticipation of the Commission’s report, but Cyprus and Malta are still trading in EU passports.

Disappointingly, the recent report from the Commission [fell short of the urgent action](#) needed to clean up the shady industry. They failed to propose EU-wide due diligence standards and shifted most of the responsibility back to those who have little incentive to end these lucrative schemes – the Member States.

The European Parliament on the other hand, has voiced strong concerns around EU passports being up for sale. A [report](#) from the Special Committee on Financial Crimes and Tax Evasion (TAX3), which passed committee vote on 27 February, advised that countries with golden visa schemes should abandon the practice and phase out their programmes. The report cited “potentially hundreds of billions of euros being laundered through the EU every year by Russian companies and individuals looking to legitimise the proceeds of corruption” as just one of the risks. The European Parliament is scheduled to vote on these findings in plenary next week and it is expected to gain cross-party support.

Should

European lawmakers once again express their frustration over the failure of EU Member States to take responsibility for their dodgy golden visa schemes, the European Commission must pay attention.

What will it take for countries to stop selling EU rights, such as freedom of movement, to the criminal and corrupt? Clearly, golden visas still haven't lost their sparkle, but their time may almost be up.

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