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Cyprus Papers: Golden visa schemes are broken beyond repair, EU must act

The European Commission must take decisive action against Member States' scandal-ridden 'golden visa' schemes, which a new leak of documents shows remain vulnerable to corruption and money laundering, Transparency International said today.

The [Cyprus Papers](https://transparency.eu/cyprus-papers/)

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(<https://www.aljazeera.com/investigations/cypruspapers/>) – a new series by Al Jazeera's Investigative Unit – shows that the European Union (EU) is currently defenceless against the haphazard sale of EU citizenship and residency to criminals and the corrupt.

Investigative reporters obtained a trove of documents that appear to show how an investment of over €2 million in Cyprus secured EU citizenship for 1,400 wealthy individuals and their 1,100 family members from 2017 to 2019. Reportedly among the primary applicants were at least 30 individuals with pending criminal charges or convictions, as well as 40 politically exposed persons.

These investigations demonstrate that – despite sporadic reforms in response to criticism and public scandals – Cyprus's golden passports scheme has remained vulnerable to corruption and money laundering. Some on the list appear to have bought their passports after the government introduced more stringent eligibility criteria in May 2019. For example, former Gazprom official Nikolay Gornovskiy was on Russia's wanted list for corruption when he reportedly bought EU citizenship in 2019.

“The government of Cyprus has previously admitted mistakes, committing to fix loopholes and to revoke citizenship from those who should not have been granted it in the first place. But the Cyprus Papers show that the problem is far greater than occasional lapses of judgement. By design, the Cypriot scheme is prone to abuse and the only adequate response is to suspend it,” said Laure Brillaud, Senior Policy Officer at Transparency International EU.

These investigations add to the mounting evidence that Member States have little incentive to sufficiently reform their golden visa schemes to prevent abuse.

Other European Union bodies have already spoken in favour of a complete phase-out of the investor visa schemes, in light of unacceptable risks to the entire Union. After two years of stalling, the European Commission should take heed of these calls and propose a roadmap for ending risky golden visa programmes.

“It has now been more than two years since the first golden visa scandals broke out. And yet, we are still waiting for the Commission to deliver on its commitment and stop the EU from being a safe haven for the corrupt and criminal,” added Brillaud.

The European Commission should also examine all available evidence for potential breaches of EU law and consider initiating formal infringement procedures against the Member States whose golden visa schemes jeopardise EU values and objectives.

The COVID-19 economic crisis should only accelerate EU efforts to close the loopholes enabling transnational corruption and money laundering. In March, the government of Cyprus reportedly called for the fast-tracking (<https://in-cyprus.philenews.com/fast-track-processing-of-citizenship-by-investment-applications/>) of citizenship applications to reduce the processing time of six months, risking to further weaken due diligence checks.

Note to editors

Timeline of key events:

- March 2018: Gold for Visas (<https://www.transparency.org/en/press/golden-visa-programmes-in-europe-pose-major-corruption-risk>) investigations by the Organized Crime and Corruption Reporting Project (OCCRP) illustrate rampant sale of EU citizenship and residency to the ultra-rich with few checks.
- October 2018: A report by Transparency International and Global Witness *European Getaway – Inside the Murky World of Golden Visas* (https://www.transparency.org/whatwedo/publication/golden_visas) details the corruption risks inherent with the golden visa programmes. The watchdogs find that, in the absence of harmonised standards at the EU level, these schemes open EU's doors to the criminal and corrupt.
- January 2019: A report by the European Commission recognises (<https://www.transparency.org/en/press/commission-sees-corruption-risks-needs-to-get-tougher-on-golden-visas>) that golden visa schemes present “inherent” risks to EU's collective integrity and security. The Commission announces plans to convene a ‘group of experts’ from Member States to recommend minimum security and due diligence checks for investor schemes by the end of 2019.
- March 2019: The European Parliament calls for a phase-out (<https://www.europarl.europa.eu/news/en/press-room/20190321IPR32109/tax-crimes-meps-want-eu-financial-police-force-and-financial-intelligence-unit>) of all investor schemes and singles out Cyprus and Malta for weak due diligence.
- November 2019: The European Economic and Social Committee (EESC) demands an end (<https://www.eesc.europa.eu/en/news-media/news/eesc-demands-end-all-investor-citizenship->

and-residence-schemes-eu) to all investor citizenship and residence schemes in the EU.

- December 2019: The group of experts convened by the Commission meets for the fourth time (https://ec.europa.eu/info/policies/justice-and-fundamental-rights/eu-citizenship/eu-citizenship/activities-group-member-state-experts-investor-citizenship-and-residence-schemes_en) but the release of minimum security and due diligence checks for investor schemes has stalled.
- April 2020: The EU Justice Commissioner Didier Reynders told European Parliament's LIBE committee (<https://twitter.com/anticorruption/status/1253656672041656321>) that the Commission has entered into a dialogue with the governments of Bulgaria, Cyprus and Malta to recommend the phasing out of their citizenship programmes and to convince them not to "go too far with these schemes."

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Golden Visas (<https://transparency.eu/project/golden-visas/>)

Following the 2008 financial crisis, new kinds of investor schemes have blossomed across Europe. Their names and modalities differ from one Member State to the other – the Tier 1 investor visa in the UK, the Autorização de Residência para...

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