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Investment-based citizenship and residence
programmes in the EU

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Abstract

This paper has two objectives. First, by mapping investment-based the legal provisions that may result in the direct acquisition of citizenship or residence rights through a pecuniary contribution in all the 28 European Union (EU) Member States, it clears the grounds for further normative inquiries in this issue. Second, it discusses the iterative relationship between European Union (EU) citizenship and investment-based citizenship programmes, taking into account the intuitive conflict between the values inherent in EU citizenship and the opportunity structures that it creates for countries to commodify their membership by exchanging it for investment. The paper starts by a theoretical examination of membership in national and supranational polities in order to discern the links between national and EU citizenship. This is followed by an empirical classification of the different investor and residence programmes in the 28 Member States of the EU, aimed at comparing how different countries regulate access to membership on grounds of wealth. The conclusion to the paper discusses of the effects of investor citizenship and golden residence programmes in the broader EU context, taking into account the unique characteristics of European citizenship.

Keywords

Citizenship, investment, EU citizenship

Introduction

In mid-January 2014, the European Parliament (EP) held a debate entitled ‘EU citizenship for sale’, to discuss the programmes adopted by a number of Member States of the European Union (EU) offering either residence or citizenship on grounds of investment. The debate was sparked by the decision of the government of Malta, in October 2013, to allow the wealthy individuals who invest 650,000.00 euros in the country to become Maltese, and by extension, EU citizens. The outcome of the EP debate was a resolution (2013/2995[RSP]), ascertaining that the matters related to citizenship are indeed an area of exclusive competence of the Member States, but that in regulating their membership, states should uphold the values enshrined in the EU treaties, with particular regard to mutual trust and rights attached to EU citizenship. Following the EP debate and talks with the European Commission, Malta amended its investor citizenship programme to include a one-year effective residence requirement but retained its prerogative to naturalise wealthy individuals.

The EP debate and Malta’s investor programme inform the two key objectives of this paper, which go beyond the normative implications examined in some of the contributions to the European Union Democracy Observatory (EUDO) on Citizenship forum (Shachar and Bauböck 2014). First, the academic studies so far have only tangentially examined and classified the citizenship and residence schemes that exist in all the 28 Member States of the EU. While Džankić (2012) proposed some general ideas on how the different types of global investment-based programmes could be analysed, Carrera (2014) offered a legal analysis of the Maltese scheme by focusing on the notion of sincere cooperation. Hence, this paper clears the grounds for further and more substantive studies on the topic of investment-based citizenship and residence programs in the EU. Second, the iterative relationship between these schemes as an access points for national membership and supranational EU citizenship, has also been given scarce attention in the scholarly literature. Thus the second objective of this study is to look at the paradox created by the notion of EU citizenship, which is simultaneously an embodiment of the EU’s values and an opportunity structure that the countries use to commodify their national, and by extension EU citizenship.

Citizenship of the EU (EU citizenship) has been established by the Maastricht Treaty as a mechanism of promoting European values and identity. Its further objective has been to protect the rights of citizens of the EU affected by increasing integration dynamics. The array of rights attached to EU citizenship has amplified with the Treaty of Amsterdam and the Lisbon Treaty to include the rights of free movement, diplomatic protection, linguistic rights, and rights of direct representation in the municipal and European parliament elections. However, the Danish rejection of the Maastricht Treaty in 1992 resulted in two provisions ascertaining that the supranational EU citizenship is only complementary to national citizenship. The guarantees that EU citizenship is not a federal one have thus been articulated in articles 9 and 20 of the Treaty on the Functioning of the European Union, confirming that the EU citizenship ‘shall be additional to and not replace national citizenship’. In other words, individuals possessing the citizenship of any of the Member States can claim benefits from the rights attached to EU citizenship, while the Member States have the sole prerogative to decide on their membership.¹

This results in a paradoxical iterative relationship between national and EU citizenship, whereby one citizenship regime has the potential to distort the other. Rights additional to those of national citizenship, activated through mobility in the EU, create an opportunity structure for states to treat their citizenship as a commodity and exchange it for investment. We can think of such programs as producing ‘stockholder citizens’ (Magni-Berton 2014), because investors have an instrumental interest in obtaining the citizenship of an EU Member State. For example, national citizenship of smaller

¹ However, the European Court of Justice ruling *Janko Rottmann v Freistaat of Bayern* (Case C-135/08) confirmed that the Member States must observe the principle of proportionality regarding withdrawals of citizenship.

European economies such as Malta and Cyprus do not have much of an allure for the investors. Instead, access to the European market and the rights of EU citizenship, particularly mobility, enhance the attractiveness of such national memberships in the eyes of investors. This differentiates the investment-based citizenship schemes from naturalisation of ordinary migrants, who by virtue of their involvement in the community are true ‘stakeholder citizens’ (Bauböck 2007: 2040).

In order to analyse the different investment-based programmes in the EU and to discern their effects on EU citizenship, this paper starts by a section that examines the links between membership in national and supranational polities. This is followed by an empirical classification of the different investor and residence schemes in the 28 Member States of the European Union, which maps how different countries regulate access to membership on grounds of wealth. The conclusion to the paper discusses the effects of investor citizenship and golden residence programmes in the broader EU context, taking into account the intricacies of European citizenship.

2. Citizenship in nested polities: derivation, activation, significance

To understand the implications of the various residence and citizenship schemes for investors on EU citizenship, it is essential to comprehend the relationship between national and EU citizenship. The EU citizenship does not and cannot exist on its own, but is linked to national citizenship of Member States. In this sense, the EU citizenship is of a derivative nature. Unlike national citizenships, EU citizenship is attached to a specific array of rights promulgated in the treaties. Many of these rights are *de facto* activated only when an individual crosses the borders of the Member State whose citizen he or she is. These two aspects of the relationship between national and EU citizenship are very much entangled, and are of particular relevance for understanding how access to national citizenship through investment can corrupt not only the symbolic and democratic values underpinning European citizenship, but also the rights and duties stemming from it.

The relationship between national and EU citizenship is that of a ‘citizenship constellation’, which Bauböck (2010: 848) defined as ‘a structure in which individuals are simultaneously linked to several political entities, so that their legal rights and duties are determined not only by one political authority, but by several’. As argued by Bauböck (2010: 848), ‘citizenship constellations’ apply not only to individuals’ migration between states, but also to states formed by subnational polities (e.g., federations, confederations) and to supranational polities established by states (e.g. the EU). In this sense, EU citizenship is both similar to and different from the citizenship of federal states.

On the one hand, the EU citizenship has evolved to give certain political rights to individuals beyond the territorial boundaries of their Member States. The transfer of these rights also occurs in cases of federal and confederal states, whereby membership in the nested polity results in the transfer of rights to subnational polities. Access to these polities is linked.

On the other hand, the nature of this transfer is very much different. In federal and confederal states, rights of citizenship are derived both ‘top-down’ and ‘bottom up’. This means that the nested citizenship gives access to rights at subnational level. By definition, the encompassing polity (i.e. the federation) is the access point for citizenship status and rights, which are then distributed to subnational polities. Some exceptions from this general definition exist, such as those in Austria and Germany, where federal provinces have some discretion in controlling migrants’ access to citizenship; or in Switzerland, where cantonal and municipal citizenships give rise to the federal citizenship (Bauböck 2007a). Even in these cases, the power of subnational units is derived from the federal level. By contrast, access to EU citizenship is exclusively regulated by national naturalisation conditions, while the transfer of rights is based on a ‘bottom-up’ dynamic. That is, the access to and the rights of EU citizenship are derived by automatism from the national level, but not vice-versa. Individuals cannot access EU citizenship directly, and then opt for a citizenship of a Member State. However, if they become nationals of any given Member State (and thus receive EU citizenship by default), they

may choose to ‘activate’ their EU citizenship by utilizing the rights that such citizenship presupposes (Kostakopoulou 2007).

Table 1. Activation: Rights developed through EU citizenship

Article	Right	Active in MSc	Active abroad
Political rights			
Article 22	Voting in European elections: a right to vote and stand in elections to the European Parliament, in an EU Member State other than their own		✓
Article 22	Voting in municipal elections: a right to vote and stand in local elections in an EU state other than their own, under the same conditions as the nationals of that state		✓
Article 15	Accessing documents of EU institutions: a right to access to European Parliament, Council, and Commission documents	✓	✓
Article 24	Petition to the European Parliament and the Ombudsman: the right to petition the European Parliament and the right to apply to the European Ombudsman	✓	✓
Article 24	Communication rights: the right to write to the EU institutions in one of the official languages and to receive a reply in that same language	✓	✓
Rights of free movement			
Article 21	Right to free movement and residence: a right of free movement and residence in the entire EU, and the right to work in any position (including national civil services, unless those involve that safeguard the national interests of Member States)		✓
Article 18	Freedom from discrimination on grounds of nationality: a right not to be discriminated against on grounds of nationality within the scope of application of the Treaty		✓
Rights abroad			
Article 23	Right to consular protection: an entitlement to protection by the diplomatic or consular authorities of any other Member State when in a third country, if there are no diplomatic or consular authorities from the citizen's own state		✓

The possibility ‘activation’ is another point of differentiation between EU citizenship and citizenship in tightly coupled multilevel polities, such as federal states. In the latter, most tiers of citizenship are active for an individual at any given time. In the former, most of the rights of EU citizenship, as presented schematically in Table 1 (above), are enforceable through mobility, i.e., once the individual crosses the physical boundaries of their own Member State. As a consequence of the possibility to

activate the rights of EU citizenship, both within the EU and outside of it (e.g. diplomatic and consular protection), the question of access becomes essential. It shows the iterative relationship between EU citizenship and investor citizenship, whereby one may have an adverse effect on the other.

EU citizenship enhances the value of national citizenship by virtue of additional rights enforceable beyond the specific Member State's borders. In such a manner, the EU citizenship amplifies the opportunities for Member States to attract investors to naturalise as their national membership offers an access point to the benefits of EU citizenship. The fact that the Member States see the EU citizenship as an opportunity structure distorts the meaning of national membership, as the latter is commodified and exchanged for a pecuniary contribution. In turn, this challenges the values of European citizenship, which has not been intended as an instrument for selectively amplifying the national membership, but rather as a set of rights reflecting sincere cooperation and mutual trust among the Member States. As Johnston noted (2013: 5), 'the act of exchanging a higher-value good (citizenship) for a lower value good (money) destroys the value of citizenship and corrodes public trust in that institution in a way that naturalization on other bases does not'.

Some of the countries that run investor programmes, have a low bar for investors to access the rights of EU citizenship and request only a clean criminal record, an oath of allegiance, or pose residence requirements that are as low as one year. In others, the exchange of membership for money is either not possible, or it is more complex and accompanied by multiple conditions. These conditions, which commonly correspond to the ones for ordinary migrants, seek to ensure that an individual's participation in the polity is not based on a simple instrumental interest, but rather a fundamental one, an interest that coincides with the well-being and the flourishing of the polity.

In the former case, we can describe membership as 'stockholder citizenship' where 'individual citizens are like a joint-stock company in which fellow-citizens invest' (Magni-Berton 2014). Put simply, 'stockholder' citizens see their membership in a polity as instrumental to the materialisation of their personal interest. This reduces the scope of citizenship, because the interests of stockholders are determined by the share of stocks that they have in the company. Moreover, stocks eventually become tradable – not only from the government to an individual, but also among individuals themselves, which has a further potential to distort and commodify citizenship.

In the latter case, membership is closer to 'stakeholder citizenship' (Bauböck 2007: 2040). 'Stakeholder citizenship' is different from that of 'stockholder' citizenship as it entails the idea of conceiving demos in the polity in the increasingly transnational communities through the idea of conferring membership to those whose interests are fundamentally affected by communal decisions. This implies that we cannot think of investors as stakeholders in the community, because they have only an accidental and instrumental interest in citizenship in a state that offers them a favourable investment environment.

For example, if a country applies the 'stockholder' citizenship principle, and views investment as the major, if not the only criterion for membership, such investment by automatism becomes a sufficient contribution for the nested EU citizenship. If it applies the 'stakeholder' citizenship, then the required contribution will extend to all the conditions required to prove an individual's commitment to the polity (e.g., residence, language tests, etc.).

If we look at the different types of investment based programmes in the EU Member States, we can, in principle, associate the investor citizenship schemes and discretionary naturalization on grounds of investment with the 'stockholder' citizenship, and the golden residence programmes with the potential to develop 'stakeholder' citizenship. That is, the former entail an outright exchange between money and citizenship, while the latter require the individual to make the new polity the focal point of his or her activities. However, this divide is not a clear-cut one and there are cases of golden residence programmes (with minimum residence requirements), which lean towards 'stockholder' citizenship. We will explore this trend in more detail in the empirical part of the paper.

3. Mapping investment-based citizenship and residence schemes in the EU

Given that the states have the ultimate competence in deciding on their membership, citizenship by investment can be obtained in different ways across the EU. The investment may result in the outright conferral of citizenship, or it may enable the individual to reside in a country and acquire citizenship by meeting other naturalisation criteria. In practice, we can distinguish between 1) fully discretionary naturalisation on grounds of (economic) national interest; 2) investor citizenship programmes, whereby investment leads to full membership with or without further criteria and 3) golden residence and entrepreneurial programmes, in which the pecuniary contribution results in different types of residence rights while citizenship is conditioned by meeting all other ordinary naturalisation conditions.

In the first two types of these programmes the investment results in citizenship regardless of ordinary naturalisation criteria. Although many countries in the world have the discretion to naturalise individuals on grounds of cultural, economic, or other achievements, only a few of them have detailed investor citizenship programmes. Such programmes, in place in Cyprus and in a few Caribbean island-states, entail an outright exchange between citizenship and money. Applicants are not bound by residence. The granting of citizenship is based on the assumption that the investment is a sufficient proof of an individual's commitment to the new polity. This implies a 'stockholder citizenship' approach to membership.

Three EU Member States, Malta, Bulgaria, and Romania operate ('hybrid') investor citizenship programmes, which unlike the ones listed above have a residence requirement (one year in Malta and Bulgaria, four years in Romania). The rationale for classifying the programmes in Malta, Bulgaria and Romania as investor citizenship and not as golden residence is twofold. First, these programmes are aimed at giving applicants citizenship and not residence. As a consequence, some of the ordinary naturalisation criteria, such as language competence, are alleviated. Despite the residence requirement, the waiver of other naturalisation conditions points to the 'stockholder citizenship' approach.

By contrast, golden residence programmes exist in a number of EU Member States, including Malta, Portugal, Bulgaria, Hungary, Spain, the Netherlands, Greece and the United Kingdom. The main rationale behind these programmes is the assumption that the investment will yield economic benefits, while also creating strong links between the applicant and the state. In many cases, the residence requirement is the same as the one for ordinary migrants, but some countries may act on a case-to-case basis and reduce the years of residence required for naturalisation (e.g., Austria, Belgium, Portugal). The golden residence programs thus show us the tension between 'stakeholder' and 'stockholder' citizenship. They also reveal the different approaches that the countries can have to the exchange between money and membership.

3.1. Discretionary naturalisation of investors

The practice of facilitated naturalisation of foreign nationals on grounds of their exceptional contribution to the country's society, economy, sports, or culture is common to many a states around the globe. This practice, which exists in the majority of the EU Member States, is based on the state's historical prerogative to naturalise individuals on grounds of its national interest, while waiving other naturalisation criteria. This type of naturalization is used only in a few cases annually, and sometimes the number is limited by law (e.g., not more than ten people annually in Estonia).² The data at the European Union Democracy Observatory (EUDO) on Citizenship indicate that out of the 28 Member States of the EU, 22 allow discretionary naturalization on grounds of special achievements, which may

² Bauböck and Wallace-Goodman 2010, 7.

include, in addition to the economic interest, cultural, sports or scientific one.³ The practice of the 28 Member States of the EU regarding this type of facilitated naturalization is presented in Table 2 (below).

Table 2. Facilitated naturalisation on grounds of national interest in the EU Member States⁴

Country (Article in Nat. Law)	Provision	Economic interest (explicit)	Residence
Austria (11(4))	Person has been resident in Austria for 6 years and acquisition of citizenship is in the interest of the country in the field of science, commerce , the arts or sport.	√	√
Austria (10(6))	Person has past or future achievements that are in the special interest of Austria (constitutional provision). No residence or secure income requirement and no renunciation of previous citizenship.		
Belgium (19)	Person legally resides in Belgium and has demonstrated exceptional achievements (scientific, sports, culture) that are in the special interest of the country.		√
Bulgaria (16)	Person has special achievements in the social and economic sphere, in science, technology, culture or sports.	√	
Croatia (12.1)	Person is someone whose acquisition of citizenship would be in the special interest of Croatia.		
Cyprus (CYP 111, Schedule 3 Article 2(f))	Person has performed special services to Cyprus for reasons of public interest.	√	
Czech Republic (16)	Person whose naturalisation is of benefit to the Czech Republic in the fields of science, education, culture, sports, or if it serves to implement the international commitments of the Czech Republic, humanitarian purposes, or another state interest.		√
Estonia (10)	Person has special merits in the area of science, culture, sports or in other areas (maximum of 10 persons per year).		
France (21-19(6), 21-18(2), 21-	Person is someone with exceptional services for France or a case of special public interest, has rendered or could render importance services for France because of her/his		√

³ The citizenship laws of the Denmark, Finland, Poland, Spain, Sweden and the United Kingdom do not contain provisions on naturalisation on grounds of special achievements. EUDO CITIZENSHIP (2015). *Global Database on Modes of Acquisition of Citizenship*. San Domenico di Fiesole: European University Institute. Available at: <http://eudo-citizenship.eu/global-modes-of-acquisition>. See information under “Mode A24, Special Achievements”.

⁴ Constructed by this author with data available at: EUDO CITIZENSHIP (2015). *Global Database on Modes of Acquisition of Citizenship*. San Domenico di Fiesole: European University Institute. Available at: <http://eudo-citizenship.eu/global-modes-of-acquisition>. See information under “Mode A24, Special Achievements”.

21)	capabilities and talents, or is of French background and contributes to the reputation of France and its international economic relations with her/his high skills. Residence requirement varies (maximum 2 years).		
Germany (8)	Person has been resident in Germany for 3 years and his or her acquisition of citizenship is in the special interest of the country, e.g. in the field of science, research, trade and industry, arts, culture, media, sports or public service.		√
Greece (13, 5(3))	Person has provided extraordinary services to Greece or his/her naturalisation would serve the country's extraordinary interests.		
Hungary (4 (7))	Person serves an important interest of Hungary.		
Ireland (12)	Person has done signal honour or rendered distinguished service to Ireland, or is the child or grandchild of such a person.		
Italy (9 (2))	Person has rendered distinguished services to Italy or the acquisition of citizenship would serve outstanding public interests.		
Latvia (13)	Person has rendered special meritorious service for the benefit of Latvia.		
Lithuania (20)	Person makes a substantial contribution to strengthening Lithuanian statehood, to increasing the country's might and to promoting its authority in the international community.		
Luxembourg (8)	Person has rendered exceptional services to Luxembourg.		
Malta (10 (9))	Person has rendered exceptional services to Malta or to humanity.		
Netherlands (10)	Person is a special case		
Portugal (6(6))	Person has rendered or is called to render relevant services to Portugal or to the Portuguese community.		
Slovakia (7)	Person is someone of special benefit to Slovakia in the area of economics , science, technology, culture, sport or society, or the person's acquisition is otherwise in the interest of the country.	√	√
Slovenia (13)	Person is an adult whose acquisition of citizenship is beneficial for the country due to scientific, economic , cultural, national or other similar reasons.	√	√

As the Table 2 (above) shows, the approach of the EU Member States to facilitated naturalisation on grounds of national interest is by no means uniform. While the authorities in most countries have the right to waive the residence requirement completely, in Belgium, France, Germany and Romania, this requirement exists even though, in some cases, the authorities may use the discretionary powers to reduce it. In Romania, for 'honorary citizenship', which does not grant full membership rights such as electoral rights, the residence requirement can be completely abolished. In Austria, if citizenship is

conferred on grounds of the constitutional provision 10(6), the residence is completely waived, while if the applicant is granted admission under article 11 of the Nationality Act, the mandatory residence equals to 6 years.

Table 2 also indicates that most of the EU Member States have the discretionary right to admit individuals on grounds of special interest. In only 4 out of 22 countries implementing this type of facilitated naturalisation, namely Austria,⁵ Bulgaria, Slovakia and Slovenia, ‘economic’ or ‘commercial’ interest has been mentioned in the nationality law as grounds for facilitated naturalisation. With the exception of Bulgaria, the remaining three countries require residence on their soil despite the state’s discretion to naturalise investors. In Austria, the state has the discretion to reduce the 10-year residence requirement to 6 years for investors (article 11(4)); Slovakia requires investors to be permanent residents (article 7); while Slovenia conditions this type of naturalisation with a one year of continuous residence on the country’s soil (article 13).

In 19 countries of the EU,⁶ provisions on the discretionary naturalisation on grounds of national interest do not explicitly mention economic interest. Even so, the state has the discretion to equalise the investment with ‘special interest’, or ‘exceptional services’ rendered to the state. The rationale for this is that the state seeks to reward those individuals who have *de facto* made a significant contribution to the state. It is assumed that the investment may enhance the country’s economy, and create additional job opportunities. Such instances lean more towards the notion of ‘stockholder citizenship’, as the investment-based activities are understood to be for the sake of the investor, rather than for the benefit of the new polity. Given that European citizenship is a nested one, and dependent on the national conception of demos, attributing a pecuniary value to national citizenship, is automatically linked to EU citizenship. That is, in such cases, the individuals receive the rights attached to EU citizenship without becoming stakeholders either in their new country of nationality, or in the EU.

3.2. Investor citizenship programmes in the EU

Investor citizenship programmes entail an exchange of money for membership. In the case of ‘pure’ investor citizenship programmes, such as the ones existing in the Caribbean islands of St. Kitts and Nevis, Commonwealth of Dominica and Antigua and Barbuda (Džankić 2012), other criteria include only due diligence and clean criminal record. In the EU, only Cyprus operates a scheme that can be classified as a pure investor citizenship programme. In the case of ‘hybrid’ investor citizenship programmes, in addition to the pecuniary contribution, due diligence, and a clean criminal record, applicants are required to reside in the new country prior to naturalisation. The residence requirement, however, is much lower than that in cases of ordinary naturalisation (e.g., one year for investors, ten years for other applicants). These hybrid programmes exist in Malta, Bulgaria and Romania from among the 28 EU Member States. The ways in which these schemes operate show the iterative relationship between investor citizenship and EU citizenship.

3.2.1. Cyprus

The investor citizenship programme in Cyprus was introduced on 24 May 2013, two months after the announcement of the international bailout of 10 billion euros by the Eurogroup, European Commission (EC), European Central Bank (ECB) and International Monetary Fund (IMF). Due to the levies imposed on uninsured benefits, many foreign investors who used the Cypriot favourable tax regime incurred multimillion losses. The goal of enhancing the country’s business climate, coupled with the

⁵ Provision 11(4), for 10(6), see below.

⁶ Austria has both types.

desire to compensate the foreign clients for their losses motivated the Cypriot government to revise the investor citizenship programme.⁷

While previously the Cypriot laws required an investment of 10 million euros in exchange for citizenship, the 2013 Scheme for Naturalisation of Investors in Cyprus by Exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2013 introduced several routes for the wealthy to obtain EU citizenship. One of these routes, presented in Table 3 (below) particularly aims at compensating the losses of investors incurred due to levies (A6). This route implies a ‘stockholder citizenship’ approach, because membership is commodified and exchanged not only for financial gain that the polity receives through investment, but also for the loss that the investors suffered due to the state’s policies. The programme was further revised in March 2014 and investment amounts have been changed.

Table 3. Citizenship by investment in Cyprus (revised, March 2014)⁸

Article	Contribution requirement	Other requirements A1 – A6
A1	Investment of 5 million euros in a state-owned company	- Clean criminal record
A2	Direct investment of 5 million euros	
	Purchase of property	- Not on the list of persons whose property is frozen in the EU
	Purchase of company based or active in Cyprus	
	Purchase of bonds	
	Participation in company that carries out public work	
	<i>** could be reduced to 2 million euros for collective purchase of property amounting to 10 billion euros **</i>	- At least one visit to Cyprus
A3	Incorporating, acquiring or investing € 5 million in Cypriot companies and employing 5 Cypriot nationals	
A4	Bank deposit of 5 million euros	
A5	Combination of A1, A2, and A3 in the amount of 5 million euros	
A6	Loss of investment of over 3 million euros due to measures introduced in the Bank of Cyprus or Popular Bank after 15 March 2013	
	<i>**Possibility of combining with A1 and A2 to balance out losses of less than 3 million**</i>	

As can be seen from Table 3 (above), the principal requirement for naturalisation through investment in Cyprus is the pecuniary contribution, which varies from 3 million for losses, to 5 million in direct investments, deposits, or acquisitions. Additional criteria include a clean criminal record and at least one visit to the country. Interestingly, the 2013 Scheme for Naturalisation of Investors in Cyprus also stipulates that periodic checks of whether applicants meet the conditions are possible, and that cases of breach may result in the deprivation of citizenship (B3, 2013 Scheme for Naturalisation of Investors in Cyprus). The latter provision has been generated by a 2011 controversy involving the wealthy investor

⁷ Citizenship by investment in Cyprus was not a part of the EU bailout but a decision of the national government.

⁸ Constructed by this author in line with the 2013 Scheme for Naturalisation of Investors in Cyprus by Exception on the basis of subsection (2) of section 111A of the Civil Registry Laws of 2002-2013.

Rami Makhlouf, a relative of the Syrian president Bashar al-Assad. On 4 January 2011, Makhlouf received the citizenship of Cyprus, a few weeks before the start of the protests in Syria. In May 2011, the EU imposed sanctions on Makhlouf due to his cooperation with the Syrian repressive regime. The EU sanctions led to the revocation of his Cypriot citizenship.

The above example shows the iterative relationship between EU citizenship and investor citizenship programmes. On the one hand, Cyprus uses the benefits of EU citizenship to increase the value of its national citizenship and to attract a greater number of investors. On the other hand, the EU, and particularly EU citizenship, has proven to offer both opportunities for and constraints to the Cypriot investor scheme. First, in the aftermath of the bailout, the Cypriot government revised the investor citizenship programme by lowering the investment amounts and by opening a special route for individuals who incurred losses due to levies. Second, restrictions and periodic checks were a direct product of the Cypriot EU membership. These provisions allow Cyprus to deprive from its national - and by extension from EU citizenship - those individuals whose property is frozen at the EU level. This indicates an interesting twist in the dynamic between the status of (EU) citizenship and property rights; a dynamic that was historically central to the development of the notion of citizenship (Morgan Kousser 1979). In the case of investor citizenship in Cyprus, the possession of property is a precondition for the status of (national and EU) citizenship, while the freezing or deprivation of property by the EU (and not necessarily the individual's material losses) may result in the loss of (national and EU) citizenship.

3.2.2. Malta

In October 2013, Malta adopted Act XV of 2013, which amended the Maltese Citizenship Act, Cap 188, and introduced the much-debated Individual Investor Programme (IIP). This first draft of the IIP sparked negative reactions both from within Malta and at the EU level, because it proposed a direct exchange of Maltese citizenship for a contribution of 650,000 euros (due diligence and criminal record checks apply). The rationale behind Malta's IIP programme has been the revenue associated with investor programmes. According to the country's Minister of Interior Emmanuel Mallia, "[n]ot only is this contribution paid by the applicant non-refundable but this will also help attract quality individuals to become Maltese citizens" (Maltese Community 2013, web). Similar remarks, noting that the investment is irreversible have also been made by the representatives of Henley and Partners, the company which helped to design the IIP, and received the concession for managing it (Camilleri 2013, web).

However, as the outright exchange of membership for money resulted in much domestic and international contention (van Gorp 2014, web), Malta revised its IIP in November 2013. The Act LN of 2013, that amended the Maltese Citizenship Act, Cap 188, and the IIP, stipulated additional criteria that the investors were required to meet in order to become eligible for the status of Malta and EU citizenship. These additional criteria included either the possession of property in the value of 350,000 euros, or the rental of property for at least 16,000 euros per year (article 4); and an additional investment of 150,000 euros into a project determined by the state authorities (article 5). That is, apart from increasing the amount of the contribution and specifying its targets, the amendments did not require further commitment on behalf of the investors.

The amended policy of Malta caused discontent among other EU Member States, which expressed concerns that such a programme could potentially negatively affect EU-wide security and result in an influx of wealthy individuals with criminal backgrounds (van Gorp 2014, web). As a consequence, the implementation of the IIP was put on hold for several months. Moreover, it spawned concerns over the effects of such schemes on the value of EU citizenship, which was a topic of the EP debate held in mid-January 2014. The conclusions to the EP debate reaffirmed that even though the regulation of citizenship was an exclusive competence of the Member States, highlighted that there was a concern 'that this way of obtaining citizenship in Malta, as well as any other national scheme that may involve

the direct or indirect outright sale of citizenship, undermines the very concept of European citizenship’ (M. 1. In EP resolution 2013/2995(RSP). Hence the conclusions represented a call upon Malta to revise its investor citizenship programme and bring it ‘into line with the EU’s values’ (M. 12. In EP resolution 2013/2995(RSP).

While the Maltese authorities received a strong signal from Brussels that IIP needs to be changed, no amendments were made immediately following the debate (Carrera 2014). Rather, the Directorate General Justice considered initiating infringement proceedings for the incompatibility of the scheme with EU law. Eventually, after a meeting between the representatives of Malta and DG Justice took place in late January, the two parties reached an agreement on amending the scheme to include a residence requirement as evidence of genuine ties with the country (EC Press Release MEMO/14/70, 29/1/2014). Subsequently, in February 2014, Malta amended its IIP adding a one-year effective residence requirement. The current conditions for obtaining the citizenship of Malta through investment are presented in Table 4 (below).

Table 4. Citizenship by investment in Malta⁹

Provision	Contribution requirement	Other requirements
2 (d), Schedule of fees 1 (a)	Contribution of 650,000 euros (main applicant)	One year residence in Malta (180 days) Clean criminal record, no major offences
	25,000 euros (spouse)	
	25,000 euros (each minor child)	
	50,000 euros (each unmarried dependant between 18 and 26 years of age)	
	50,000 euros (each dependant over 55 years of age)	
2 (e), 5 (a – I), or 5 (a-II)	Property purchase valued at 350,000 euros	Due diligence – proof of moral standing
	Lease of property at 16,000 euros per annum	
2 (f), 6	Investment of 150,000 euros in bonds, debentures, or other projects determined by the state	Health certificate and insurance
Schedule of fees	Due diligence fees	
2 (1) a	7,500 euros (main applicant)	Oath of allegiance
2 (1) b	5,000 euros (spouse)	
2 (1) c	3,000 euros (each child aged 13 to 18)	
2 (1) d	5,000 euros (each unmarried dependant between 18 and 26 years of age)	
2 (1) e	5,000 euros (each unmarried dependant between 18 and 26 years of age)	
2 (2) a	Passport fee 500 eur	
2 (2) b	Bank fee 200 eur	

Similar to Cyprus, the case of Malta also shows the iterative relationship between investor citizenship and EU citizenship. As regards the effects of EU citizenship on Malta’s IIP, it is manifested at two

⁹ Constructed by this author with reference A Bill entitled An Act to Amend the Maltese Citizenship Act, Cap 188.

levels. First, the association with EU citizenship increases the value of the citizenship of Malta as it is attached to rights that are enforceable beyond this country's borders. Second, in practical terms, the same association generated concerns among other EU Member States regarding the admission of investors in the nested polity, as other Member States are liable for enforcing the EU citizenship rights stemming from the investor's status as a Maltese national. While the former effect opened up opportunities for Malta to develop IIP, the latter resulted in top-down pressures that eventually generated the restriction to the programme through the introduction of the residence requirement. At the same time, Malta's IIP resonated at the level of EU citizenship. It showed how investment-based naturalisation distorts citizenship regimes, because some of the Member States approach their national membership as a commodity, and EU citizenship as an opportunity structure, which increases the worth of their citizenship on the market.

3.2.3. Bulgaria and Romania

The two countries that joined the EU in 2007, Bulgaria and Romania, operate 'hybrid' investor citizenship schemes. That is, the granting of citizenship in these countries is conditional upon maintaining residence rights given to the investor prior to his or her application for naturalisation. Such schemes differ from the one in Malta, where the application for residence is an integral part of the investor citizenship programme.

In September 2013, Bulgaria adopted changes to its Law on Foreigners, with the aim of attracting more investment in the country, and subsequently expanded opportunities for citizenship by investment. Article 25 (para 1, pt. 6) of the Law on Foreigners stipulates that a permanent residence permit can be obtained following an investment of 1 million Bulgarian leva (0.52 million euros) in either of the following: Bulgarian trade companies with tradable shares, state bonds, ownership of over 50% of a Bulgarian company, intellectual property and trademark, rights to concession in Bulgaria. According to the same article (article 25, para 1, pt. 8), an investment of 6 million Bulgarian leva (3.12 million euros) in Bulgarian trade companies with shares that are not tradable on the market, also gives the applicant the right to permanent residence. Alternatively, the applicant may use the provisions of the Investment Promotion Act in conjunction with article 25c of the Foreigners Act and invest in a class A project (amounts vary from 5.6 to 16.3 million euros) in order to obtain permanent residence.

These provisions of the Law on Foreigners are directly linked to article 14a of the Bulgarian Citizenship Act (Table 5 below), which stipulates that, individuals who have held a residence permit on grounds of article 25 (para 1, pts. 6 and 8) of the Law on Foreigners for at least one year become eligible for this country's citizenship. Equally, those individuals who have obtained permanent residence on grounds of article 25c and hold an approved class A project also become candidates for the Bulgaria citizenship by investment programme. Additional requirements include only that the applicant is of age (article 12, para 1, pt. 1) and that he or she has not been convicted of a premeditated crime by a Bulgarian court (or that the sentence has expired) (article 12, para 1, pt. 3).

Table 5. Citizenship by investment in Bulgaria¹⁰

Permanent residence (Law on Foreigners)		Citizenship by investment (Citizenship Act)	
Prov.	Contribution	Prov.	Condition
Article 25 (para 1, pt. 6)	1 million Bulgarian leva (€0.52 million)	14a	One year permanent residence
	Class A investment project (Investment Promotion act)	12, para 1, pt 1.	18 years of age
	€16.3 million Regular projects	12, para 1, pt 3.	Non-conviction in Bulgaria
	<i>Projects in areas with high unemployment</i>		
	€8.18 million <i>High technology in industry sector</i>		
Article 25c	€5.62 million <i>High technology in service sector</i>		

As can be seen from Table 6 (below), Romania also operates a ‘hybrid’ citizenship by investment scheme, which in addition to the 1 million euros investment requires compulsory residence, and the fulfilment of other criteria. However, the nature of the Romanian programme is somewhat different from the Bulgarian one. Rather than resulting in the outright conferral of citizenship following a one-year permanent residency, the investment gives the discretionary right to the Romanian authorities to reduce the ordinary residence requirement from 8 to 4 years (article 8, para 2d).

Table 6. Citizenship by investment in Romania¹¹

Provision	Contribution	Other criteria
Art. 8, para 2d	1,000,000 euros	Loyalty to the Romanian state 18 years of age Means for a decent living Non-conviction in Romania or abroad for any action that would make him unworthy of being a Romanian citizen Language and culture Constitution and anthem
		
<i>Residence reduced from 8 to 4 years</i>		

Unlike Bulgaria, which waives other ordinary naturalisation conditions, Romania retains all others including age, loyalty to the Romanian state, clean criminal record, language and culture, and the

¹⁰ Constructed by this author with reference to Bulgaria Citizenship Act and Law on Foreigners in the Republic of Bulgaria.

¹¹ Constructed by this author with reference to Romania Citizenship Act.

knowledge of the Constitution and the anthem (article 8, para 1). This makes this ‘hybrid’ scheme lean more towards ‘stakeholder citizenship’ than the Bulgarian one.

3.4. Investment-based residence programmes in the EU

Investment-based residence programmes require the applicant to reside in the country prior to naturalisation. In other words, the pecuniary contribution offers entry and stay in the country of destination to the applicant, with the prospect of obtaining citizenship in the future. The relationship between these programmes and European citizenship is somewhat different than that of pure and hybrid investor citizenship programmes. On the one hand, they do not offer the applicant the benefits of European citizenship, as they restrict residence and employment rights to a single Member State. On the other hand, they facilitate at least one of the criteria for naturalisation of wealthy individuals.

Empirical evidence points to two types of residence programmes based on pecuniary contribution: 1) golden residence programmes regulated clearly through residence laws, with amounts of the contribution and other criteria that such contribution should meet; 2) entrepreneurial schemes, which are less defined through laws and whereby residence is granted through authorities’ discretion on grounds of entrepreneurial activity. Some of the EU Member States operate both types of these programmes. Equally, the type of residence (long term, permanent) that these schemes give access to is different across the EU.

3.4.1. Golden residence programmes

Golden residence programmes are based on the pecuniary contribution as the key entry and stay criterion for the applicant. In order to ensure the effectiveness of the investment, these countries have established specific regulation of how the investment should be handled in order to enable the applicant to require renewal of the residence permit after one to two years, as well as the meeting of other naturalisation conditions to eventually receive citizenship.

Therefore, naturalisation is conditioned upon maintaining the resident status for several years in the given EU Member State. However, the definition of residency is by no means uniform in the underlying countries. In some countries, the applicant is required to spend only a few weeks each year in order to be able to retain the third-country resident status (e.g. Portugal). In others, the golden residence programmes require the investor to spend a substantial amount of time therein, or to relocate to the said country making it the focal point of his or her business activity (e.g. France). This has the potential to turn ‘stockholder into ‘stakeholder’ citizens.

Table 7 (below), represents a schematic overview of the criteria for investment, duration of residence granted in the first instance, the possibility to extend the residence granted, and the residence requirement needed to obtain the citizenship of these countries. It covers only those countries, which have clear programs, with amounts of investment included in their laws.¹² Criteria differ not only in terms of the amount of investment required, but also in terms of the type of investment and its effect on economy. There are also variations in the type and duration of residence across countries.

¹² Until August 2012, Germany offered a golden residence scheme provided that the applicant invests 250,000 euros and creates 10 jobs. Amendments to article 21 of the German Residence Act abolished the minimum thresholds for investment, but retained an entrepreneurial programme, granting a higher discretion to the authorities to decide on the economic priorities of the state.

Table 7. Golden residence in the EU28¹³

Country	Law /Programme	Contribution in euros	Duration and type of residence	Citizenship ¹⁴
Bulgaria	Aliens Act, art. 24 (19)	€ 0.306 million in real estate	1 year, temporary, renewable	5 years
		OR		
	Aliens Act, art. 24 (20)	€ 0.306 million in company shares	Jobs for 5 Bulgarian citizens	5 years
		AND		
France	Law no. 2011-672	€ 10 million	10 years, temporary, renewable	5 years
		AND		
		50 jobs in France		
Greece	Greece Alien Act, art 26.	€ 0.3 million	2 years, temporary, renewable	7 years
Hungary	Act No 2 on the Admission and Right of Residence of Third Country Nationals	€ 250,000	5 years, temporary, possibility to apply for a long-term national permit after 6 months	8 years
Ireland	Immigrant Investor	€ 2 million in immigrant investor	2 years, renewable	5 out of last 9

¹³ Constructed by this author with reference to the countries' residence regulation.

¹⁴ Residence requirement. In some cases, such as marriage, or exceptional contribution, this requirement can be reduced. Further immigration rules apply in all cases. For details of other requirements see EUDO CITIZENSHIP (2015). *Global Database on Modes of Acquisition of Citizenship*. San Domenico di Fiesole: European University Institute. Available at: <http://eudo-citizenship.eu/global-modes-of-acquisition>. See information under "Mode A06, Ordinary naturalisation".

Malta	Programme	bonds (5 years)		years
		OR		
		€ 1 million in a single Irish enterprise (3 years)		
		OR		
		Mixed investment of € 1 million: property (max 50%) and investment		
		OR		
		Donation of € 0.5 million in a project of public benefit		
	Global Residence Programme	Own a property of € 0.275 million in Malta (€ 0.22million in the south of Malta; €0.25 million in Gozo)	1 year, temporary, annual renewal	5 out of the last 7 years
		OR		
		Rent a property at minimum €9,600 per annum (€ 8,750 in the south of Malta and Gozo)		
Netherlands	Decree of September 23, 2013 establishing the entry into force of the Modern Migration Act, as regards the admission of wealthy foreigners	€1,25 million in a company located in the Netherlands.	1 year, temporary, renewable	5 years
Portugal	Regulation no 11820-A/2012	€1 million (investment must be maintained for 5 years)	1 year, temporary, renewed for 2-year periods after year 1	6 years
		OR		

Romania	Emergency Ordinance No. 194 from 12 December 2002, art. 43	Creation of 30 jobs	1 year, temporary, renewed annually for minimum investments.	8 years
		OR		
Romania	Emergency Ordinance No. 194 from 12 December 2002, art. 43	Purchase of property for at least € 0.5 million	1 year, temporary, renewed annually for minimum investments.	8 years
		€100,000 (stock company)/ €70,000 (limited company)		
Romania	Emergency Ordinance No. 194 from 12 December 2002, art. 43	OR	1 year, temporary, renewed annually for minimum investments.	8 years
		Create 10 jobs (limited company)/15 jobs (stock company)		
Spain	Law 14/2013, on the assistance to investors and their internationalisation	€2 million in debt bonds	2 years, temporary, renewable	10 years
		OR		
Spain	Law 14/2013, on the assistance to investors and their internationalisation	€1 million in Spanish companies	2 years, temporary, renewable	10 years
		OR		
Spain	Law 14/2013, on the assistance to investors and their internationalisation	Purchase of property for at least €0.5 million	2 years, temporary, renewable	10 years
		OR		
Spain	Law 14/2013, on the assistance to investors and their internationalisation	Entrepreneurial project resulting in jobs and development	2 years, temporary, renewable	10 years
		OR		
United Kingdom	Immigration Rules for the Tier 1 (Investor) category	Possess €1.21 million disposable in the UK	1 year, temporary, 1 year, renewable. ¹⁵	5 years + 1 year ILR
		OR		
United Kingdom	Immigration Rules for the Tier 1 (Investor) category	own assets valued at min. € 2.24 million	1 year, temporary, 1 year, renewable. ¹⁵	5 years + 1 year ILR
		OR		

¹⁵ Renewal conditions: within 3 months of entry in the UK (or 12 months preceding the entry), the individual must invest €0.91 million of the money possessed in government bonds, share capital or loan capital in UK companies, while the remaining €0.3 million must be used to purchase assets or held in a UK financial institution.

AND

Possess €1.21 million
loaned by a UK bank

In terms of the amounts of investment required under the golden residence programmes, there is a dynamic different from that under investor citizenship schemes, due to the linkage of the programme to a single country. Consequently, the contribution under golden residence programmes varies from 70,000 euros in Romania to 10 million euros in France. The reason for such a discrepancy in the amount of investment required under golden residence programmes is the economy, which in some countries is more favourable and thus more attractive to investors than in others. In the former (e.g., UK, France) the pecuniary contribution required for residence is higher than in the latter (e.g., Romania, Bulgaria). In other words, golden residence programmes already follow a market logic, whereby the price is set through the laws of supply and demand.

Yet, these programmes are not static, and since the start of the crisis in the Eurozone in 2009, several countries reformed or re-introduced golden residence programmes. Spain, Portugal, and Hungary are among those countries. The preamble to the Spanish legislation for this programme stipulates that, ‘Spain is experiencing a grave and large economic crisis, with acute social consequences. Between 2008 and 2012, almost 1.9 million companies in Spain have been destroyed [...]’ (Preamble, Lei 14/2013). This clearly correlates the country’s decision to revert to golden residence as a mechanism of dealing with the effects of the crisis. Similarly, Ireland, which operated an investor citizenship programme from 1989 to 1994, reverted to golden residence in 2012.¹⁶ Unlike the previous scheme, the new Irish golden residence programme, instead of involving an outright exchange between a pecuniary contribution and citizenship, in addition to an investment of over 1 million euros, entails compulsory residence and other criteria prior to naturalisation.

Malta, which in late 2013 launched its investor citizenship scheme, also runs a golden residence programme. Malta’s ‘Global Residence Programme’ was launched in mid-2013, substituting the previous ‘High Net Worth Individuals Scheme’. The comparison of these two residence-based programmes, reveals that the investment under the ‘High Net Worth Individuals Scheme’ was significantly higher: the minimum value of the purchased real estate was set at 400,000 euros (now 220,000-270,000); the minimum rental value was 20,000 euros (now 8,750-9,600); the lowest tax was set at 25,000 euros (now 15,000); and a 0.5 million euros bond was required. The lowering of the investment thresholds in Malta is an indicator of the ‘race to the bottom’, which does not happen as a result of the competition among countries. Rather, it depends on the competitiveness of the country itself and the changes in its economic outlook.

This dynamic can also be seen in the case of UK, which operates a golden residence programme for investors, in principle similar to those of other countries. However, the UK offers a more stable business climate than countries such as Malta, Spain, Bulgaria, etc. Ahead of the amendments to the UK immigration policy in April 2014,¹⁷ a debate took place on the possibility of auctioning residence,

¹⁶ The previous programme was based on article 16 (a) of the 1956 Irish Nationality and Citizenship Act, stipulating that exceptional naturalisation could be granted to people of ‘Irish descent or Irish associations’ while waiving other criteria. The interpretation of ‘Irish associations’ allowed for the development of the former Investment Based Naturalisation Scheme. The scheme was terminated in 1994 due to the perception that Irish passports would become depreciated, as the investors ‘have little or no connection with Ireland and [...] no plans to strengthen those connections’ (Seanad Eireann Debate 2002, web), but no legislative change took place. The 2002 Report of the Review Group on Investment Based Naturalisation considered such an interpretation of ‘Irish associations’ to be too broad. The subsequent Irish Nationality and Citizenship Act (2004) limited the associations to relationship to an Irish citizen by ‘by blood, affinity or adoption’ thus terminating the investor citizenship programme.

¹⁷ There are also proposals for increasing the investment thresholds to 2 – 2.5 million GBP.

i.e., granting golden residence to the highest bidders (Migration Advisory Committee 2014: 8). The proposal was to create two routes for investors to enter the UK: 1) investors using the regular Tier 1 route, who would invest a fixed amount and receive a one-year residence permit; and 2) investors entering the UK as highest bidders, who would receive a settlement permit after 2 years (instead of 5) and for whom residence requirements would be relaxed (Migration Advisory Committee 2014: 8). The second option, i.e. the auctioning of permits with special additional benefits, would bring this route of Tier 1 closer to investor citizenship programmes operating in Malta, Bulgaria, and Romania. The interesting development in this respect is the ‘pay-what-you-bid-for’ approach, where the individual investors, and not the state, determine the pecuniary value of residence. The proposals for the regulation of bidding for residence in the UK also include ‘sharing’ the bids, which would reduce the individual’s potential for success. Even though the proposal to auction residence rights was abandoned, such an approach, including explicit references to residence as a ‘product’ in the Migration Advisory Committee report (2014: 89), indicate a shift towards commodification of residence and citizenship in the UK.

3.4.2. Entrepreneurial residence programmes

Instead of the golden residence programmes, some EU Member States operate entrepreneurial residence schemes. These programmes aim either to attract migrants of independent economic means, or entrepreneurs who intend to set up a business in an EU Member State. Investors commonly obtain a one-year renewable residence permit and naturalisation is conditioned upon meeting the ordinary residence conditions. Such programmes exist in a number of EU Member States, including Austria, Belgium, Croatia, the Czech Republic, Denmark, Estonia, Finland, Germany, Lithuania, Slovenia, Slovakia, and Sweden. The regulation of these programmes is very diverse, and requires a comparison that exceeds the scope of this analysis.

Even though these programs offer access to the EU Member States on grounds of money, they also require the investor to engage, through entrepreneurial activity, with his or her destination country and to establish social, economic, and personal links with other members of the polity. Therefore, these programmes also have the potential to turn ‘stockholder’ citizens into genuine ‘stakeholders’ in both the national and, upon naturalisation, in the nested polity.

Conclusions and implications

In examining the membership of polities, it is important to consider the emergence of new transnational, supranational and subnational political spaces (Bauböck 2003). The EU, as a *sui generis* complex, nested, polity offers ample opportunities to discern how the relationship between individuals and the state reflects upon their rights and duties in the EU as the encompassing polity. Citizenship by investment is a lens that provides a fresh look on the intricacies of citizenship beyond the borders of the state.

Based on an empirical research of citizenship and residence laws in all the 28 Member States of the EU, the paper mapped the investment-based membership in three categories: 1) discretionary naturalisation on grounds of (economic) national interest; 2) investor citizenship programmes; and 3) golden residence and entrepreneurial programmes. Moreover, by considering the different approaches of countries to this type of facilitated naturalisation, the paper examined the iterative relationship between investor citizenship and EU citizenship. In other words, it looked into how the EU citizenship impacts on the opportunities and constraints for investor citizenship, and how investor citizenship affects the membership in a nested polity.

The analysis started with a section discerning the nuances of the relationship between national and EU citizenship. By looking at the activation of rights attached to EU citizenship, the section maintained that EU citizenship increases the value of national citizenship. This opens up avenues for

countries to adopt investor citizenship programmes, as national membership offers additional benefits at the level of the nested polity. The section then proceeded to analyse the implications that these programmes have on the value of EU citizenship, by counterpoising ‘stockholder’ and ‘stakeholder’ citizenship. ‘Stockholder’ citizens have only an instrumental interest in becoming members of a polity, and this interest can be materialised through a pecuniary contribution. By contrast, ‘stakeholder’ citizens have a genuine interest in the future wellbeing and prosperity of the community. The different countries in the EU apply both ‘stockholder’ and ‘stakeholder’ approaches to citizenship, which is legitimated by the fact that the regulation of citizenship is a prerogative of the Member State. However, the fact that all the EU states are members of a nested polity reveals a tension between preferential admittance of ‘stockholders’ when compared to ‘stakeholders’. This reveals the tension between national and EU citizenship. That is, regardless of whether membership was conceived through ‘stockholding’ or ‘stakeholding’ it gives rise to equal EU citizenship rights. These issues are manifested differently in the three types of schemes examined in the empirical part of the paper.

The perils of both the discretionary naturalization and the investor programmes are twofold. First, they have the potential to distort the relationship between national and of EU citizenship. Having in mind the market logic of competitiveness, treating citizenship as a product that can be exchanged for money, has already started to show a ‘race to the bottom’. With an increasing number of countries implementing investor citizenship programmes that give rise to EU-wide rights, countries seek to attract investors to obtain their citizenship, which will lead to lowering the bar for membership. This can be observed in the cases of Malta and Cyprus, in particular. Second, these programmes reflect not only a tension within EU citizenship itself, but also a problem regarding the Member States’ approach to national membership. That is, the rights attached to EU citizenship, based on values of mutual trust and sincere cooperation, create an opportunity structure for the Member States to offer rights beyond their borders. In other words, while the Member State governments appear to commodify their own passport (the status of citizenship) on grounds of access to EU-wide rights, they also open up the question of rights of citizenship that the respective status entitles the individual to enjoy (nationally and EU-wide). Moreover, while the Member States retain the ‘stakeholder citizenship’ for ordinary migrants and increasingly require evidence of integration, such conditions are abolished or alleviated for investors. This implies a ‘stockholder citizenship’ approach to national, and by extension, to EU citizenship.

The described tensions are somewhat less pronounced in the ‘golden residence’ and entrepreneurial programmes, based on an exchange between a pecuniary contribution and residence rights in given EU Member State. First, the investor is commonly subject to all other naturalisation criteria, including residence, language, integration, etc. By meeting these conditions, the investor is bound to establish durable personal, social, and economic ties to his or her new polity. Hence, the ‘stockholding’ can eventually become subsumed by ‘stakeholding’, if conditions for maintaining residence rights is the same for investors and ordinary migrants. Second, ‘golden residence’ and entrepreneurial programmes become linked to EU citizenship only once the individual becomes a citizen. In other words, they offer access to the country, with limited rights arising from residence, but neither to full citizenship rights nor to those arising from the country’s EU membership.

Despite being less contentious on these two matters, the ‘golden residence’ and entrepreneurial programmes still distort the values underpinning democratic citizenship. The empirical analysis of programmes applied in 11 EU Member States points to a dynamic different to that of the investor citizenship programmes. In terms of investment, these programmes already follow a market logic, whereby the price of access is determined through supply and demand. In other words, the varying amounts of contribution can be explained through the country’s economic and business climate and its attractiveness for foreign investors. Thus it is not surprising that the wealthier EU Member States require a higher investment than the new or the poorer Member States.

This said, it is worth mentioning here, that despite the fact that citizenship is a national domain, the schemes described in this paper raise further normative questions, such as whether it is proportionate

and just that access to the array of rights of EU citizenship is exchanged for money. Hence it is expected that further research on this topic will examine whether the effects of investor citizenship decrease the value of citizenship to a tradable commodity, voiding it of the sense of rights and duties and undermining citizens' solidarity, or if the economic benefits to states override these normative concerns.

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