

American University in Cairo

AUC Knowledge Fountain

Faculty Journal Articles

Summer 6-25-2019

Citizenships for Sale?

Laila El Baradei

American University in Cairo, lbaradei@aucegypt.edu

Follow this and additional works at: https://fount.aucegypt.edu/faculty_journal_articles



Part of the [Public Affairs, Public Policy and Public Administration Commons](#)

Recommended Citation

APA Citation

Baradei, L. (2019). Citizenships for Sale?. *PATIMES*,
https://fount.aucegypt.edu/faculty_journal_articles/4405

MLA Citation

Baradei, Laila El "Citizenships for Sale?." *PATIMES*, 2019,
https://fount.aucegypt.edu/faculty_journal_articles/4405

This News Article is brought to you for free and open access by AUC Knowledge Fountain. It has been accepted for inclusion in Faculty Journal Articles by an authorized administrator of AUC Knowledge Fountain. For more information, please contact fountadmin@aucegypt.edu.

This is an author's draft of an article published in the PA Times.

The final version, the version of record, is available online at:

<https://patimes.org/citizenships-for-sale/>



Citizenships for Sale?

Serving and valuing citizens is the core of public administration, so the idea of offering citizenships for sale is quite intriguing. A few days ago the Egyptian parliament approved a new legislation to allow foreigners to acquire the Egyptian citizenship after paying the necessary fees. This came as a surprise to many. How come are we now offering the Egyptian citizenship for sale? For many decades past, it has always been one of the most difficult citizenships to acquire. Unlike the United States, for example, you do not acquire citizenship based on birth. As a minimum you have to have an Egyptian father and/or mother to be recognized as Egyptian, or to prove you have Egyptian ancestors going as far back as 1914. It was a great fight for many Egyptian women married to foreigners to win the right to pass on their citizenship to their offspring. It was only approved in 2004. Up till now it is not automatic, and is still a lengthy process. Foreign women married to Egyptians can only apply for citizenship after two years of marriage, while foreign men married to Egyptian women do not have a similar right to apply.

The newly approved law to allow foreigners to buy Egyptian citizenship was quietly endorsed with little debate. It triggers a number of questions; Why now and why all the fuss before? What has changed? What other countries offer their citizenship for sale and why? What are the pros and cons?

The new Egyptian legislation amends earlier citizenship laws through offering citizenship to foreigners in return for investment, buying real estate or making bank deposits in foreign currency. A unit will be established at the cabinet of ministers to review applications and will have representation from the ministries of foreign affairs, interior, investment, international cooperation and security agencies. The application will be presented to the newly established unit together with a fee of ten thousand dollars.

Although the law has been approved by parliament, there are some objections voiced by members of the opposition. Main areas of concern cover the fact that the region is relatively unstable, and there are fears that citizens of neighboring countries may try to abuse the law for money laundering or seeking political refuge. This may affect the societal values and overtime even influence political priorities and agendas. Some are even suspicious that the decision may be related to the new peace agreement being arranged in the region, referred to in Arabic as, “The Deal of the Century,” which is rumored to include offering a bulk of

Palestinians the option of the Egyptian nationality. Additionally, acquiring Egyptian citizenship is not really perceived as a deterrent to potential foreign investors. There are many other ways to attract investors, including offering them tax holidays and land use permits or selling them land with payment facilities.

Proponents of the law deny any possibility of endangering national security, claiming that all applications will be thoroughly reviewed by the concerned security agencies. Moreover, in defense of the law, supporters of the Government decision point to similar legislation in many different parts of the world where foreigners can obtain citizenship in return for investments.

Some preliminary investigation into other countries experiences with selling citizenship showed the following. There are 23 countries, aside from Egypt, where you can buy a second passport. Most notable among them are the United States, Australia, Spain, Portugal, Turkey, Cyprus, Jordan, Canada and others. Citizenship by Investment, where you basically buy a second passport in return for a sum of money, is a thriving business. It has an acronym CBI, brokers, consulting and advisory firms, and an Index! The latest CBI Index was published by *Financial Times Magazine* in 2018. It ranks CBI countries according to cost, ease and perks. The first CBI

program was offered in 1984 by Saint Kitts and Nevis, a small island state in the Caribbean, while other countries followed the practice much later. On a continuum ranking countries CBI programs based on cost, Thailand, Latvia and Saint Lucia are on the cheap end, while New Zealand and the United Kingdom are on the high end.

Countries differ widely in how they regulate CBI in terms of process, required investment cost and tax policies. In Saint Kitts and Nevis, there is no income tax, but you have to pay property tax. In the United Kingdom, tax liability is determined by the number of days of residence within the country, regardless of whether you are a citizen or not. The United States may be the only country that imposes taxes on citizens' incomes acquired globally. In the Netherlands, when you invest 1.25 million Euros you are entitled to a Golden Visa, and later citizenship, but without voting rights.

As to why people seek to buy a second passport, there are a number of reasons, including: seeking a safe haven, coming from a fragile state or an unstable economy, enjoying better health and education services, free movement across the globe without a need for visas in most cases, benefiting from a lower tax burden when applicable or just as a status symbol. Countries on the other hand offer CBI packages mainly to attract foreign direct investments and realize economic gains.

To sell citizenships, or not to sell? This is still an enduring question. Shakespeare's Hamlet may have been similarly baffled by this question!