



Henley & Partners • Kochenov

QNI Quality of
Nationality
Index

2nd Edition • 2016

EXPERT COMMENTARY

EU Citizenship

By: Dimitry Kochenov

H&P Henley & Partners

Dimitry Kochenov

EU Citizenship



Dimitry Kochenov
*Faculty of Law,
University of Groningen,
The Netherlands*



Although the EU is not a state, it boasts a citizenship like many others, established more than 20 years ago by the Treaty of Maastricht. This citizenship allows the Union to distinguish between 'European citizens' and foreigners, termed 'third-country nationals' in contemporary Euro-speak. By law, every national of each of the EU's (still) 28 Member States is a citizen of the Union. EU citizens enjoy an array of crucially important rights, including residence, work and non-discrimination in the territory of all the members of the Union, as well as some political rights, including participation in European Parliament elections and municipal elections in any of the Member States where they chose to reside.



As the biggest economy in the world, boasting very high levels of Human Development, the EU can legitimately be expected to be home to the best nationalities in the world – and it is. EU citizenship has steadily occupied one of the leading places among the nationalities of Very High Quality in the QNI ranking, consistently placed right alongside US citizenship and above those of Australia, Canada and Japan. Only citizenships of the European Economic Area – countries not included in the EU but enjoying full access to the EU territory for settlement and work without any prior authorizations – score higher than the US and EU citizenships. Indeed, were the individual EU nationalities excluded from the QNI (since these are component parts of EU citizenship, just as the citizenships of, say, Utah and Vermont are parts of the normative package of US citizenship¹), EU citizenship would then end up in the top 10 of the world, right below Norway, Iceland, Switzerland and Liechtenstein and the US, steadily occupying the sixth place in the world.



QNI Ranking of Top 10 Nationalities with all the Individual EU Member States Excluded

2015			2016		
1.	Norway	81.7	1.	Iceland	81.3
2.	Iceland	81.6	2.	Norway	81.0
3.	Switzerland	80.7	3.	Switzerland	79.6
4.	Liechtenstein	80.0	4.	Liechtenstein	78.8
5.	US	63.5	5.	US	68.8
6.	EU	62.7	6.	EU	63.0
7.	Japan	56.2	7.	Japan	56.7
8.	New Zealand	53.4	8.	New Zealand	54.4
9.	Canada	52.7	9.	Australia	54.2
10.	Australia	52.5	10.	Canada	53.9

¹ The score of the citizenship of the EU has been updated significantly in this edition to ensure that this citizenship does not benefit from the intra-EU travel and settlement rights, thus putting it on par with any other federation in the world.



Europeans, except Croats, travel on standardized EU-model burgundy-colored passports, which display all the essential information in the 24 official languages of the EU and contain an inscription 'The European Union' in the respective language right above the name of the Union Member State that issued the passport.

Unlike other international organizations around the world which mandate their members to issue passports which look similar, such as CARICOM, the EU ones are actually a sign of a robust legal status hiding behind the burgundy design. While the internal EU rights of the holders of such passports are very far-reaching, as mentioned above, the status of EU citizenship is also of crucial significance externally. Of importance here is not only the right that EU citizens enjoy within the EU, but also outside the EU, where citizens have the right to receive protection and services from the consulates of any EU Member State in countries where their own Union Member State of nationality is not represented. For instance, if a Maltese national loses a passport in Gabon, the UK consulate will issue a replacement document to enable return to the EU. It goes without saying that this right is of huge importance, in particular, for EU citizens coming from the small Member States, which cannot boast large networks of diplomatic and consular offices worldwide. The EU citizenship right to receive protection abroad will thus be of much greater importance for a Maltese or Lithuanian EU national, than for a German or a Pole.

The importance of the status goes much further. The majority of EU Member States agreed that the Union, not the individual states, will be responsible for the visa regime and visa-free arrangements applicable to foreigners coming to the EU. This has far-reaching implications: the Union is absolutely prohibited by its own law from tolerating any discrimination between its own citizens traveling on documents issued by different Member States – in the context of visa-free entry, to all the countries in the world enjoying visa-free access to Europe. The law is crystal clear: any country whose citizens enjoy visa-free travel to the EU which treats EU passports issued by different Member States differently will see the visa-free regime granted to it revoked. In other words, if Canada allows Germans in visa-free but asks a Czech or a Romanian to apply for a visa, the EU is obliged by its own law to introduce visas for all Canadians traveling anywhere in the EU, in an effort to deal with such discrimination. Only one country in the world refused to cooperate with the EU on this point: the US, while Canada and Australia – to provide just two examples – changed their visa regimes to preserve visa-free access to the EU for their nationals. The dispute with the US, which currently discriminates against EU passports issued by Bulgaria, Croatia, Cyprus, Poland and Romania, not allowing the holders of these documents to enter the US territory via the Electronic System for Travel Authorisation, is ongoing. The worst case scenario here, as the European Parliament concluded in early 2017, is the introduction of entry visas for US citizens for travel to any EU Member State – a move which will undoubtedly affect the quality of both EU and US citizenships sharply to their detriment, but is virtually unavoidable as long as the US discriminates between EU citizens who acquired the status by virtue of a nationality connection with different EU Member States.



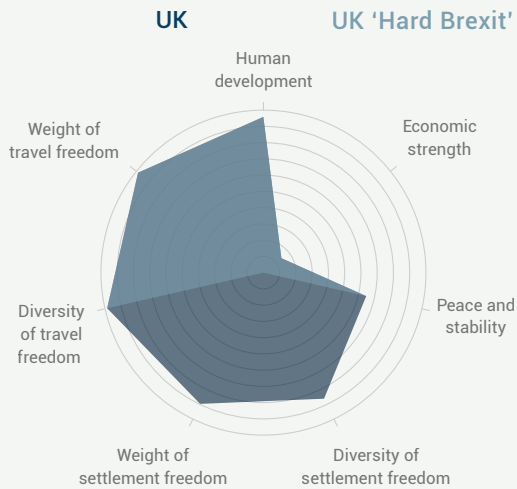
The QNI looks at the average values of Weight and Diversity of Travel Freedom enjoyed by all the nationalities of the EU (with the complete exclusion of intra-EU travel and settlement rights, which are inherent in the status) to arrive at the figure for the Union nationality. This explains why EU nationality actually occupies a lower place on the QNI rankings than the nationalities of many of the individual Member States of the Union, such as German, Estonian and Finnish, for instance. The discrepancy between German nationality and the general EU nationality is even better explained by looking, specifically, at Settlement Freedom – since EU nationality aggregates the EU territory, the internal ability to settle across EU Member States, which is enjoyed by EU nationals, is not taken into account as an external component of the quality of EU nationality. This is only logical, since when QNI ranks the nationalities of federations, such as Brazil, India or the US, the ability to travel and settle between individual states within the federations is not taken into account outside of the scope of the factors contributing to the internal quality of the given nationality. The EU is no different for the purposes of the QNI methodology. The fact that it is subdivided into Member States underlines why the quality of EU nationality is lower than some of the EU's component parts. German nationality, to return to the same example, benefits from the added external value of the settlement rights which all the Germans enjoy in all the other Member States of the EU, while EU nationality only boasts of settlement rights in some countries outside of the Union, in countries such as Iceland, Norway and Switzerland.

All in all, the QNI makes it absolutely clear that the quality of EU and US nationalities have consistently remained at a relatively similar, very high level. Importantly, while being attached to extremely important economies, both nationalities enjoy a lot of preferential treatment around the world through asymmetrical travel access for short-term tourist and business travel: just like the Americans, Europeans are not required to obtain visas in advance to visit the vast majority of the countries in the world, even if some discrepancies can be found here between the two nationalities: US citizens need visas to travel to Iran and Brazil, for instance, while these destinations are visa-free for Europeans. Where the EU and US are similar is that many countries around the world whose own citizens cannot visit the US or the Schengen Area of the EU without a visa, would not apply reciprocity to EU and US citizens, reflecting the power balance in the contemporary world and reconfirming Yossi Harpaz's analysis of the key quality of nationality trends.

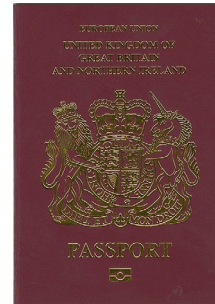


In a way, even though EU nationality ranks below the US one in the QNI, it is somewhat undervalued in the QNI, since the value of the US nationality is calculated on the assumption that the EU is a combination of 28 Member States. Should that value be recalculated, replacing visa-free travel to 28 EU states with one (the EU), which would be most logical for the purposes of our thought experiment, the gap between the quality of the US and EU nationalities would increase to a great extent.

The last issue to mention in the context of EU citizenship are the implications of its loss for the state withdrawing from the Union. 'Hard Brexit' will land the UK with a nationality which does not bestow settlement and work rights in 27 leading states, in terms of HDI and Economic Strength, thus overwhelmingly impairing the quality of UK nationality. Research shows that such an impaired UK nationality – even if we presume no economic loss to the UK as a result of leaving the EU and thus uniquely focus on the external rather than internal components of nationality quality – will be in a free fall in terms of its quality, losing its value very sharply, and by far exceeding the losses experienced by the countries in the midst of bitter political and armed conflicts, as well as divided societies, whose nationalities



are at the forefront of failing to perform, such as the Syrian, Libyan and Ukrainian nationalities. This is a sobering facts-based warning for the UK's Prime Minister, Theresa May, which is no doubt known to the populists in power in the UK very well. The UK is about to establish a world record in terms of profoundly undermining the quality of its nationality without going through any violent conflict, falling from the elite group of Extremely High



Quality nationalities to the High Quality group, changing its neighbors in the ranking from the likes of Switzerland and Germany to the likes of China and the Russian Federation. The moral is simple: EU citizenship is an extremely valuable resource and getting rid of it – crippling citizens' horizon of opportunities – should not be taken lightly.

Henley & Partners is the global leader in residence and citizenship planning. Each year, hundreds of wealthy individuals, families and their advisors rely on our expertise and experience in this area. Our highly qualified professionals work together as one team in over 25 offices worldwide.

The concept of residence and citizenship planning was created by Henley & Partners in the 1990s. As globalization has expanded, residence and citizenship have become topics of significant interest among the increasing number of internationally mobile entrepreneurs and investors whom we proudly serve every day.

The firm also runs a leading government advisory practice which has raised more than USD 6 billion in foreign direct investment. We have been involved in strategic consulting and the design, set-up and operation of the world's most successful residence and citizenship programs.

Antigua and Barbuda
+1 869 465 6220
antigua@henleyglobal.com

Australia
+61 3 8658 5994
australia@henleyglobal.com

Austria
+43 1361 6110
austria@henleyglobal.com

Canada
+1 514 288 1997
canada@henleyglobal.com

Croatia
+385 21 321 027
croatia@henleyglobal.com

Cyprus
+357 2531 1844
cyprus@henleyglobal.com

Dubai (UAE)
+971 4 392 77 22
dubai@henleyglobal.com

Grenada
+1 473 443 4000
grenada@henleyglobal.com

Hong Kong
+852 3101 4100
hongkong@henleyglobal.com

Jersey/British Isles
+44 1534 514 888
jersey@henleyglobal.com

Latvia
+371 66 05 1009
latvia@henleyglobal.com

Lebanon
+961 76 834 632
lebanon@henleyglobal.com

Malaysia
+603 2731 9340
malaysia@henleyglobal.com

Malta
+356 2138 7400
malta@henleyglobal.com

Philippines
+632 669 27 71
philippines@henleyglobal.com

Portugal
+351 213 970 977
portugal@henleyglobal.com

Singapore
+65 6438 7117
singapore@henleyglobal.com

South Africa
+27 21 850 0524
southafrica@henleyglobal.com

South Korea
+82 10 5147 2300
korea@henleyglobal.com

St. Kitts and Nevis
+1 869 465 6220
stkitts@henleyglobal.com

St. Lucia
+1 758 458 9777
stlucia@henleyglobal.com

Switzerland
+41 44 266 22 22
switzerland@henleyglobal.com

Thailand
+662 041 4628
thailand@henleyglobal.com

Turkey
+90 212 373 9588
turkey@henleyglobal.com

United Kingdom
+44 207 823 10 10
uk@henleyglobal.com

Vietnam
T +848 3911 1667
vietnam@henleyglobal.com