

European Commission v Republic of Valdoria

CASE C-XXX/26

STATEMENT OF FACTS

The Republic of Valdoria, a Member State of the European Union, has in recent years experienced significant demographic decline and economic challenges. In response, the government adopted a strategic policy aimed at attracting financially solvent individuals in order to promote economic growth and long-term stability.

To implement this policy, Valdoria amended its Citizenship Act by introducing a new Article 19 establishing an investment-based naturalisation scheme.

Article 19 of the Valdorian Citizenship Act provides:

- (1) Citizenship of Valdoria may be granted to an applicant through naturalisation where all of the following conditions are satisfied:
 - a) the applicant has legally and permanently resided in Valdoria for at least five years;
 - b) the applicant's habitual residence at the time of submission of the application is located within Valdoria;
 - c) the applicant demonstrates adequate proficiency in the Valdorian language;
 - d) the applicant does not pose a threat to the national security or public order of Valdoria; and
 - e) the applicant has made an investment in the Valdorian economy amounting to no less than EUR 1,000,000.
- (2) The requirements set out in paragraph (1) shall not apply to nationals of the Russian Federation and the Republic of Belarus.

Following the adoption of the amendment, Valdorian diplomatic missions launched an international promotional campaign highlighting that successful applicants would obtain the status of citizens of a Member State of the European Union, thereby acquiring the right to move freely, reside, study, and work throughout all Member States.

Several Member States subsequently expressed concerns regarding the compatibility of the Valdorian naturalisation scheme with European Union law, arguing that such a framework may enable individuals with limited genuine links to the Union to acquire Union citizenship.

Reports indicated that a substantial number of successful applicants had no prior social, economic, or cultural ties to Valdoria before acquiring its nationality.

The European Commission argues that the Valdorian scheme effectively amounts to the commercialisation of Member State nationality and, by extension, Union citizenship. According to the Commission, the scheme risks undermining the mutual trust upon which the Union is founded.

PROCEDURAL POSTURE

Pursuant to Article 258 of the Treaty on the Functioning of the European Union (TFEU), the European Commission has initiated infringement proceedings before the Court of Justice of the European Union against the Republic of Valdoria.

QUESTIONS BEFORE THE COURT

The Court is requested to determine:

1. Whether the naturalisation scheme introduced by the Republic of Valdoria is compatible with Article 20 TFEU concerning Union citizenship;
2. Whether the introduction and promotion of an investment-based naturalisation framework constitutes a breach of the principle of sincere cooperation under Article 4(3) of the Treaty on European Union (TEU);
3. Whether the contested scheme undermines mutual trust between Member States and affects the essence of Union citizenship as developed in the case-law of the Court of Justice of the European Union.

APPLICABLE LAW

- Treaty on European Union (TEU)
- Treaty on the Functioning of the European Union (TFEU)
- Charter of Fundamental Rights of the European Union
- European Convention on Human Rights

RELEVANT CASE LAW

- Case 149/79 - *Commission v Belgium* (1980)
- Case C-369/90 - *Micheletti and Others* (1992)
- Case C-200/02 - *Zhu and Chen* (2004)

- Case C-135/08 - Rottmann (2008)

INSTRUCTIONS TO PARTICIPANTS

Each participating team shall prepare written and oral submissions for both parties to the proceedings:

- Applicant: European Commission
- Defendant: Republic of Valdoria

Submissions shall be based exclusively on the facts provided, applicable European Union law, and relevant jurisprudence of the Court of Justice of the European Union.

No additional facts may be assumed unless explicitly stated.

APPENDIX I

Suggested Literature (Non-Exhaustive)

The following materials are provided solely for the convenience of participants. Teams are not limited to these sources and are encouraged to conduct independent research.

- Ziemele, I. (ed.), *Human Rights in the World and Latvia*, TNA, 2021.
- Šēve, K., Bukas, A., Gailītis, K. (eds.), *European Union Law. Part I: Institutional Law*, 3rd edition, TNA, 2025.
- Šēve, K. (ed.), *European Union Law. Part II: Substantive Law*, TNA, 2016.