



Plenary sitting

B8-0582/2018

11.12.2018

MOTION FOR A RESOLUTION

to wind up the debate on the statements by the Council and the Commission

pursuant to Rule 123(2) of the Rules of Procedure

on conflicts of interest and the protection of the EU budget in the Czech
Republic
(2018/2975(RSP))

Ingeborg Gräble, Petri Sarvamaa
on behalf of the PPE Group

**European Parliament resolution on conflicts of interest and the protection of the EU budget in the Czech Republic
(2018/2975(RSP))**

The European Parliament,

- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union¹ (the new Financial Regulation), in particular Article 61 thereof on conflicts of interest,
 - having regard to the questions to the Commission sent by the Czech Pirate Party on 2 August 2018,
 - having regard to the official complaint lodged with the Commission by Transparency International Czech Republic on 19 September 2018,
 - having regard to the opinion of the Commission's Legal Service of 19 November 2018 entitled 'Impact of Article 61 of the new Financial Regulation (conflict of interests) on payments from the European Structural and Investment (ESI) Funds',
 - having regard to Rule 123(2) of its Rules of Procedure,
- A. whereas the Council adopted the new Financial Regulation on 18 July 2018; whereas Article 61 of the Financial Regulation, which prohibits conflicts of interest, entered into force on 2 August 2018;
- B. whereas Article 61(1) of the Financial Regulation (in conjunction with Article 61(3)) lays down:
- (i) a negative obligation on financial actors to prevent situations of conflicts of interest in relation to the EU budget;
 - (ii) a positive obligation on financial actors to take appropriate measures to prevent conflicts of interest from arising in the functions under their responsibility and to address situations which may objectively be perceived as a conflict of interest;
- C. whereas according to the case law of the Court of Justice of the European Union² 'a conflict of interests constitutes, objectively and in itself, a serious irregularity without there being any need to qualify it by having regard to the intentions of the parties concerned and whether they were acting in good or bad faith'; whereas the Commission is obliged to suspend EU fund payments in cases where a serious deficiency in the functioning of the management and control systems exists and where undiscovered, unreported and uncorrected serious irregularities related to a conflict of interest have

¹ OJ L 193, 30.7.2018, p. 1.

² *Ismeri Europa Srl v Court of Auditors*, Judgment of 15.6.1999, Case T-277/97, ECLI:EU:T:1999:124.

come to light;

- D. whereas on 19 September 2018, Transparency International Czech Republic lodged a formal complaint with the Commission claiming that the Czech Prime Minister, Andrej Babiš, had persistently violated EU and Czech law on conflicts of interest;
 - E. whereas Mr Babiš has also been revealed to be the beneficial owner of Agrofert, the controlling company of the Agrofert Group, through trust funds of which he is the founder and, at the same time, the beneficiary;
 - F. whereas companies belonging to the Agrofert Group take part in projects subsidised by the Rural Development Programme of the Czech Republic, which in turn is funded by the European Agricultural Fund for Rural Development;
 - G. whereas companies belonging to the Agrofert Group have received significant sums from the European Structural and Investment Funds during the 2014-2020 period, ranging from EUR 42 million in 2013 to EUR 82 million in 2017;
 - H. whereas according to the declaration of income of Czech public officials, Mr Babiš received an income of EUR 3.5 million during the first six months of 2018 from the Agrofert Group via his trust funds;
 - I. whereas in September 2018, Parliament's Committee on Budgetary Control decided to address this issue within the framework of the annual discharge procedure, notably in the hearings with the Commissioners most concerned;
 - J. whereas these hearings did not provide MEPs with clear and sufficient answers on the state of play of the potential conflict of interest of the Czech Prime Minister;
 - K. whereas on 1 December 2018, European media outlets such as the Guardian, *Le Monde* and the *Süddeutsche Zeitung* published information about the legal opinion issued by the Commission's Legal Service confirming Mr Babiš's conflict of interest;
1. Is deeply concerned about the Czech Republic's non-compliance with Article 61(1) of Regulation (EU) No 2018/1046 regarding the conflict of interest of the Czech Prime Minister and his links to the Agrofert Group;
 2. Deplores any kind of conflict of interest that could compromise the implementation of the EU budget and undermine the trust of EU citizens in proper management of EU taxpayers' money; calls on the Commission to ensure that a zero-tolerance policy and no double standards will apply regarding conflicts of interest of any EU politicians, and to find no excuse for delays when protecting the financial interests of the Union;
 3. Recalls its decision of 27 April 2017 on discharge for the financial year 2015¹, in which it 'notes that the European Anti-Fraud Office (OLAF) opened administrative investigations [...] into the project in the Czech Republic known as 'Stork Nest' on the basis of alleged irregularities' and 'calls on the Commission to inform its competent

¹ Texts adopted, P8_TA(2017)0143.

committee immediately when the investigations are completed'; recalls its decision of 18 April 2018 on discharge for the financial year 2016¹, in which it 'welcomes the fact that the OLAF has completed its administrative investigation into the Czech 'stork nest' project', 'takes note that the OLAF case file has been publicised by the Czech media' and 'regrets that OLAF found serious irregularities';

4. Calls on the Commission to take responsibility and resolve this conflict of interest;
5. Calls on the Commission to set active prevention of conflicts of interest as one of its priorities by leading by example and taking decisive steps if confronted with such a case within its own ranks or in its capacity as Guardian of the Treaties;
6. Calls on the Commission to make an official decision on the complaint lodged by Transparency International Czech Republic based on the legal advice of its own legal service without further delay and, on the basis of this decision, to implement the corrective measures and procedures necessary to rectify any illegal state of affairs;
7. Calls on all EU heads of government and government officials to make proactive use of the new Financial Regulation, in particular Article 61 on conflicts of interest, in order to prevent situations harmful to the EU's reputation, that of its Member States, democracy and the EU's financial interests, and to serve as an example of working for a public good rather than personal gain;
8. Calls on the Member States' national parliaments to make sure that no national legislation on the prevention of conflicts of interest goes against the spirit of the new Financial Regulation;
9. Requests that the Commission fully investigate the legality of all EU subsidies paid to the Agrofert Group since Mr Babiš joined the Czech Government, given that the opinion of the Commission's Legal Service also points to a possible conflict of interest with the Czech Prime Minister's former role as Minister of Finance in 2014,
10. Requests that the Commission publish all documents related to the possible conflict of interest of the Czech Prime Minister and Minister of Agriculture, and explain what steps it intends to take to remedy the situation;
11. Calls on the Commission to suspend all EU funding to Agrofert until the conflict of interest is fully investigated and resolved;
12. Urges the Commission to recover all funds that have been illegally or irregularly paid out;
13. Insists on full transparency on any connections Mr Babiš may have with the Agrofert Group, and that these must not interfere with his role as Prime Minister of the Czech Republic;
14. Calls on the Council to take all necessary and appropriate measures to prevent conflicts of interest in the context of the negotiations of the future EU budget and the next

¹ Texts adopted, P8_TA(2018)0121.

multiannual financial framework, in line with Article 61(1) of the Financial Regulation;

15. Instructs its President to forward this resolution to the Commission, the Council and the Government and Parliament of the Czech Republic.