

## Czech PM conflict of interest: MEPs want investigation into rule of law breaches

- Confirmation of conflict of interest by Czech PM Babiš
- Agrofert must repay EU and national subsidies
- Babiš should not be involved in decisions linked to EU budget while conflict of interest remains

### **The Commission's audit findings confirm the ongoing conflict of interest of Czech Prime Minister Babiš that Parliament raised in several resolutions and discharge reports.**

In a draft resolution adopted on Wednesday with 26 votes in favour, none against and 4 abstentions, the Budgetary Control Committee calls on the Commission to address this conflict of interest alongside reports of the Prime Minister's influence on Czech media and the judicial system. MEPs want any alleged rule of law breaches to be investigated and, if confirmed, they want the [conditionality mechanism for the protection of the Union's budget](#) to be activated.

### **Concerns over rule of law**

In their report, MEPs remark on the lack of initiative by the Czech government in addressing the conflict of interest situation and quote [reported](#) Czech government attempts in March 2020 to legalise Babiš' conflict of interest via *ad hoc* legislation. MEPs are also concerned by the political pressure exerted on independent Czech media as well as the resignation of the prosecutor general, who stated pressure from the minister of justice as their reason for resigning.

The draft text voices "serious doubts on the independence of Czech authorities" in charge of distributing direct agricultural payments and asks the Commission to open an audit procedure into the management of the State Agricultural Intervention Fund.

### **Czech citizens should not pay for Babiš' conflict of interest**

The committee condemns the practice of withdrawing projects from European funding to finance them via the national budget when Commission or EU auditors detect irregularities. Czech citizens "should not pay for the conflict of interest of the Prime Minister", MEPs say. They

demand that Agrofert group companies repay all subsidies unlawfully received from EU or Czech national budgets, and call for the disbursement of EU funds to companies controlled by Babiš or other members of the Czech government to be stopped, until the cases of conflict of interests are fully resolved.

Babiš should not be involved in negotiations linked to the EU budget while in conflict of interest

MEPs find it unacceptable that the Czech Prime Minister has been, and is still actively, part of Council negotiations on budget and EU programmes, including the negotiations on the Common Agricultural Policy, while continuing to receive EU agricultural payments via the Agrofert group companies. “No minister, member or representative of a national government shall participate in negotiations while affected by a conflict of interest”, they say.

### **Systemic weakness in EU reporting**

The draft resolution criticises the lengthy EU audit process, and the contradictory procedures as well as financial correction procedures lasting several years. MEPs call for a revision of the rules to allow for more timely conclusions and recovery of unduly paid EU funds and for a standardised and publicly accessible format, such as an interoperable digital reporting and monitoring system to disclose the end beneficiaries of CAP disbursements.

### **Quote**

“It is unacceptable how oligarchic structures expanded, consolidated and enriched themselves with EU and Czech national funding. MEPs cannot, and Member States should not, tolerate people with a clear conflict of interest deciding on the programming and distribution of common agricultural and cohesion funds. Billionaires should no longer have the opportunity to receive hundreds of millions in EU subsidies”, said rapporteur Monika Hohlmeier (EPP, DE).

### **Background**

In April 2021, more than two years after launching the audit procedure, the Commission published its final report on the implementation of EU structural funds in Czechia, confirming the concerns that the Parliament has been voicing for a long time. It found that funds were unduly granted to entities under the Agrofert Group where the Prime Minister is the beneficial owner. The report also confirmed that Prime Minister Babiš was actively involved in the implementation of the EU budget in Czechia while in a position of conflict of interest. Agrofert is a conglomerate of over 230 companies in several European countries (including Germany and the UK).

The audit on agricultural payments in Czechia is still ongoing.

### **Next steps**

The resolution will be put to the vote by the full Parliament in the next plenary session (7-10 June).

## Further information

[Committee on Budgetary Control](#)

[Final report on the audit of the functioning of the management and control systems in place to avoid conflict of interest in Czechia](#)

[The conflict of interest of the Czech Prime Minister: extracts from the debate](#)

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