Resolution on conflicts of interest and the protection of the EU budget in the Czech Republic

2018/2975(RSP) - 13/12/2018 - Text adopted by Parliament, single reading

The European Parliament adopted 434 votes to 64 with 47 abstentions a resolution on conflicts of interest and the protection of the EU budget in the Czech Republic.

The resolution was tabled by the EPP, ECR, and Greens/EFA groups.

Parliament stated that it was deeply concerned about the Czech Republic's non-compliance with the EU's Financial Regulation regarding **the conflict of interest of the Czech Prime Minister and his links to the Agrofert Group**, and it urged **the Commission to recover all funds that have been illegally or irregularly paid out.**

The resolution stems from the formal complaint lodged by Transparency International Czech Republic on 19 September 2018, claiming that the Czech Prime Minister, Andrej Babiš, had persistently violated EU and Czech law on conflicts of interest. Mr Babiš has been revealed to be the beneficial owner of Agrofert, the controlling company of the Agrofert Group, including among others a number of important Czech media outlets, through trust funds AB I and AB II of which he is the founder and, at the same time, the sole beneficiary.

Parliament noted that companies belonging to the Agrofert Group (i) take part in projects funded by the European Agricultural Fund for Rural Development; (ii) 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.

It further noted that on 1 December 2018, European media outlets such as *The Guardian*, *Le Monde*, *De Standaard* and the *Süddeutsche Zeitung* published information about the legal opinion issued by the **Commission's Legal Service confirming Mr Babiš's conflict of interest**, and indicating that 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.

The resolution recalled that Members had raised this issue with the Commission throughout hearings in the Budgetary Control Committee. It regretted that for a long time the Commission **remained passive**, despite there having been strong indications since 2014 that Mr Babiš had a conflict of interest in his role as Minister of Finance and later as Prime Minister.

Parliament called on the Commission to follow up on this issue without delay, on the basis of the opinion of its Legal Service and to **suspend all EU funding to the Agrofert Group** until the conflict of interest has been fully investigated and resolved. Furthermore, it demanded that the Commission **fully investigate the legality of all EU subsidies paid to the Agrofert Group** since Mr Babiš joined the Czech Government, taking into account the previous Financial Regulation applicable prior to 2 August 2018 and the section therein on conflicts of interest. All illegally paid funds must be recovered and Members also called on the Council to take all necessary measures to **prevent conflicts of interest** in the context of the negotiations of the future EU budget and the next multiannual financial framework, in line with Article 61 (1) of the Financial Regulation.

The Commission was asked to set up a **control mechanism** to address the issue of conflicts of interest in Member States and to set active avoidance of conflicts of interest as one of its priorities. Members called on the Commission to intervene decisively, especially when national authorities fail to act to prevent conflicts of interest of their highest representatives. For their part, national authorities and government officials must **proactively apply the new Financial Regulation,** in particular the provisions on conflicts of interest, in order to prevent situations harmful to the EU's financial interests, and to serve as an example of working for the public good rather than personal gain.

Parliament called on the Commission to ensure that a **zero tolerance policy** with 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.