# Resolution on the reopening of the investigation against the Prime Minister of the Czech Republic on the misuse of EU funds and potential conflicts of interest

2019/2987(RSP) - 17/06/2020 - Text adopted by Parliament, single reading

The European Parliament adopted by 510 votes to 53, with 101 abstentions, a resolution on the reopening of the investigation against the Prime Minister of the Czech Republic on the misuse of EU funds and potential conflicts of interest. The resolution was tabled by the EPP, S&D, Renew, Greens/EFA, ECR and GUE/NGL groups.

Members deplored the fact that the Czech Prime Minister has been and continues to be actively involved in the implementation of the EU budget in the Czech Republic, in his capacity as Prime Minister (and former Chairman of the Czech Council for European Structural and Investment Funds), while he still heads the Agrofert Group, a conglomerate with more than 230 companies and over 34 000 employees (2017).

The resolution recalled that within the framework of the ‘Stork nest’ project, Agrofert artificially created a medium-sized company, which remained under its control, in order to obtain funds for small and medium-sized enterprises for a total amount of about EUR 2 million.

The criminal investigation into the Czech Prime Minister that followed the OLAF report on the misuse of EU subsidies for small businesses, which was suspended two years later, was recently reopened by the Czech Prosecutor General.

Parliament welcomed the re-opened criminal investigation into the Czech Prime Minister for his involvement in the ‘Stork Nest’ project. It also severely condemned any potential situations of conflicts of interest that could compromise the implementation of the EU budget and undermine EU citizens’ trust in the proper management of EU taxpayers’ money.

It noted that the Commission has confirmed that it made payments under the common agricultural policy (CAP) relating to the year 2018 to companies belonging to the Agrofert Group, and also to companies with the same beneficial owner in several other Member States outside the Czech Republic. Members insisted that the Commission should provide the discharge authority with a complete and reliable overview of all payments made to the Agrofert Group and to companies with the same beneficial owner in all Member States for the financial years 2018 and 2019.

It was recalled that 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 come to light.

The Commission is called on to:

- table a proposal modifying the CAP rules towards a fairer allocation of EU funds, to ensure that the CAP is allocated fairly to active farmers who cultivate the land and does not result in land deals that benefit a select group of political insiders or incentivise abusive practices during auctions privatising state-owned land;

- table a proposal for a maximum amount of direct payment per natural person as beneficial owner of one or several companies, while applying a zero tolerance policy for those with a conflict of interest;

- set up a control mechanism to address the issue of conflicts of interest in the Member States and to establish active avoidance of conflicts of interest, including the identification of final beneficiaries of EU subsidies, as one of its priorities;

- ensure a policy of zero tolerance towards conflicts of interest and ensure the swift recovery of potentially irregularly paid-out subsidies;

- propose common guidelines to assist the Member States in the avoidance of conflicts of interest among high-profile politicians;

-thoroughly supervise the payment allocation process in the Czech Republic, especially EU fund payments being made to companies directly and indirectly owned by the Prime Minister or any other member of the government involved in budget implementation;

- assess, without undue delay, whether cases in which companies belonging to the Agrofert Group continue to receive subsidies from the national budget comply with State aid rules;

- establish uniform and standardised means for Member States to report information on the final beneficiaries of EU funds;

For their part, Member States are called on to step up their efforts to increase budgetary transparency by ensuring that relevant data concerning public procurement procedures and the granting of publicly funded contracts is easily and freely accessible to the general public.

Lastly, the Council is called on to:

- urgently adopt the proposal for a regulation on the protection of the Union’s budget in the case of generalised deficiencies as regards the rule of law in Member States;

- take all necessary and appropriate measures to prevent conflicts of interest in the context of the negotiations for the future EU budget and the next MFF.