

## Press release – Czech PM should resolve his conflict of interest as a matter of urgency say MEPs



After the fact-finding mission, the Budgetary Control Committee Members demand that the Prime Minister “renounces to participate in budget-related negotiations in the European Council until his potential conflict of interest is fully resolved”. A Prime Minister or a member of a government cannot be a beneficial owner or still control a big conglomerate such as Agrofert Group and at the same time receive large EU subsidies while being involved in the programming and financing of the concerned subsidies. Should a potential conflict of interest be confirmed, “he must resolve it by either selling his business interests, stop receiving any public subsidies or funding distributed by his government including EU funds, or stepping down as Prime Minister”, they say.

### **Address weaknesses immediately**

The Czech public administration has no clear system for protecting EU funds against conflicts of interest, MEPs state. They call on the Czech authorities to address the systemic weaknesses “without any further delays”, by requiring public officials to list their financial interest and publishing the final beneficial owners of legal entities and trusts, and by increasing budgetary transparency and access by the general public to information on how to procure publicly-funded contracts.

The Committee also demands that land ownership rules are clarified and that small farmers are not discriminated against in favour of larger conglomerates in land auctions.

Furthermore, the Supreme Audit Office (the Czech Court of Auditors) should receive the legal competence to perform systematic on-the-spot checks of

final beneficiaries. They need to have a complete overview of all payments and related information to perform their audits in accordance with international standards.

### **Zero-tolerance policy towards conflicts of interest**

MEPs call on the European Commission to implement a zero-tolerance policy as regards conflicts of interest, by evaluating the preventive measures taken by Czechia, by swiftly recovering any subsidies that are paid out irregularly and by intervening when national authorities fail to act regarding conflicts of interest involving their highest representatives.

Finally, they demand that legal procedures on conflicts of interest and recovery of irregularly paid-out subsidies in the next MFF are sped up and that no more EU funds are paid to Agrofert Group until the Czech Prime Minister's potential conflict of interest is fully resolved.

### **Hohlmeier: "we expect a swift reaction from the Czech government on our recommendations"**

After MEPs had backed the recommendations, Budgetary Control Committee Chair Monika Hohlmeier (EPP, DE), who led the fact-finding delegation, said:

"The fact-finding mission showed to the participants that there is currently no clear mechanism to identify conflicts of interest concerning EU subsidies. The doubts of CONT Members were rather confirmed that, in Czechia, oligarchic structures are fostered by an opaque system of dispersed control and lack of overview and responsibility for conflicts of interest."

"We expect the Czech authorities, the Prime Minister, as well as the European Commission, to give their full attention to problems we identified in today's report, and act without delay to establish and remedy what we perceive to be grave, prolonged and systemic weaknesses. We owe this to taxpayers in Czechia and throughout the EU".

### **Background**

The European Parliament's Committee on Budgetary Control (CONT) controls and monitors the correct and targeted use of the EU budget by scrutinising its implementation by the European Commission and all the other EU institutions, bodies, offices and agencies, to ensure that EU taxpayers' money is used appropriately.

Some 80% of the EU budget is implemented in the member states.

Six members of the CONT Committee went on a fact-finding mission to Czechia from 26 to 28 February 2020 to gain insights into the distribution of EU funds and to follow up on reports of possible irregularities on how the cohesion and agricultural funds are managed. They met with ministerial authorities, representatives of the civil society, associations, journalists and NGOs.