

Handled by: Štěpán Rattay
Secretary of Deputies Club of Czech Pirate Party
tajemnik@pirati.cz
phone +420 778 111 450

Commissioner
Corina Crețu
Commissioner for Regional Policy
European Commission
Rue de la Loi/ Wetstraat 200
1049 Brussels
Belgium (building: BERL)

Dear Commissioner Crețu,

On a daily basis, the Czech Republic faces serious risk of an abusive conflict of interest by the Prime Minister of the Czech Republic Andrej Babiš, and therefore I have positively received information on the approval of the Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council from July 18, 2018 on the financial rules applicable to the general budget of the Union targeting also the issue of conflict of interests¹, which came into force August 2, 2018.

According to the research of the Czech Pirate Party, Andrej Babiš, the Prime Minister of the Czech Republic is in a serious conflict of interest. This conflict stems from his position as Prime Minister and at the same time also the founding person and beneficiary of two trust funds (AB private trust I, AB private trust II). Those trust funds hold the company Agrofert a.s, a major agricultural entrepreneur. This statement is based on Czech legislation (Act No. 164/2013 Coll., on International Cooperation in Tax Administration), European legislation (Council Directive 2011/16/ EU on Administrative Cooperation in the Field of Taxation) and other materials, which confirm the violation of this important law.

Currently, there is a serious debate on a political and expert level about the violation of the law outlining the conflict of interest by members of the Czech Republic government, and that is why we would really appreciate any answers to the following questions related to the newly adopted financial Regulation 2018/1046. This newly adjusted financial Regulation of the European Union budget explicitly says *'financial actors and other persons, including national authorities at any level, involved in budget implementation under direct, indirect and shared management, including acts preparatory thereto, audit or control, shall not take any action which may bring their own interests into conflict with those of the Union. They shall also take appropriate measures to prevent a conflict of interests from arising in the functions under their responsibility and to address situations which may objectively be perceived as a conflict of interests.'*

The revised financial rules prohibit conflict of interest not only in respect of civil servants, who decide on the EU subsidies but also in respect of all national authorities at any level and all involved officials. This also includes the Prime Minister and other members of the government, whose ministries are responsible for administration of the EU subsidies. At this occasion, I would like to raise the following questions:

1. I would like to ask you - DG REGIO - for an opinion on whether a member of the government, who is also a founding person and beneficiary of the trust funds (and also their controlling person), which holds

1

https://eur-lex.europa.eu/legal-content/CS/TXT/?uri=uriserv:OJ.L_.2018.193.01.0001.01.CES&toc=OJ:L:2018:193:TOC

the entity that receives the EU subsidy, violates the newly adopted financial Regulation (EC, Euratom) 2018/1046 of the European Parliament and of the Council?

2. I would like to also ask you whether Article 61, paragraph 3 of this financial Regulation applies to members of the Board of Protectors of the trust fund, which manages an asset of the entity receiving the EU subsidies?

3. Last but not least, I would like to ask for information as to whether EU Member States have received a methodology, according to which national authorities allocating EU subsidies are supposed to act in terms of this financial Regulation.

At the same time, I would like to bring to your attention that the MEP and the Chair of the Committee on Budgetary Control, Ingeborg Gräßle, stated in the past that *'it is inadmissible that members of the government who are guarantors of proper use of the EU subsidies should benefit from these funds and, in addition to that, could have an influence on how to allocate and exploit them.'*²

Dear Commissioner Crețu,

We therefore kindly ask you to answer the aforementioned questions, as well as any other information on how your side will proceed with this issue to avoid any unlawful drawing of subsidies from the EU budget.

Thank you very much.

Sincerely,

Ivan Bartoš, Ph.D.

Member of the Chamber of Deputies of the Parliament of the Czech Republic
Chairman of Czech Pirate Party

*Copy to: Mr. Phil Hogan, Commissioner for Agriculture and Rural Development
Mr. Günther H. Oettinger, Commissioner for Budget & Human Resources*