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Conflicts of interest

Juncker finally pushing to improve the Commission's ethics rules, but more needs to be done

On Wednesday 16th November, the Commission is due to discuss (and possibly decide) on a prolongation of the cooling off period for ex- Commissioners, which is designed to prevent possible conflicts of interest arising from the "revolving door". Today, we have once again written to Commission President Juncker to call for various improvements to the Commission's ethics system.

Public outrage exploded with the news that José Manuel Barroso, President of the European Commission for 10 years, was to become advisor and non-executive chairman for Goldman Sachs, one of the banks that had had an active role in the financial crisis that began in 2008. EU employees and transparency NGOs launched public petitions, the European Ombudsman called for reform, and various groups in the European Parliament, including Greens/EFA, spoke up and demanded action to curb conflicts of interest and control the revolving door. [1] At a debate held in the Parliament on this very matter in October, linked also to the Bahamas Leaks revelations which featured ex-Commissioner Neelie Kroes as director of an offshore company, the European Commission insisted that their ethics system was one of the best in Europe and that there was no need for any reforms. In the face of this resistance to improve the ethics system in the European Commission, the Parliament decided to hit the Commission where it hurts the most - in the wallet. **"Freezing the budget": A strategy to push for ethical reforms** Using its powers to influence the 2017 budget, last month the European Parliament voted to introduce a budget reserve of 20% into the budget line that the Commission will use next year to pay ex-Commissioners their "transitional allowance". The allowance can be paid for up to 3 years and it comprises between 40 - 65% of the Commissioner's previous salary, which supports them while they search for new work. Thanks to an

initiative by the Greens/EFA group that was taken on board by the lead budget negotiator for the Parliament (Jens Geier, S&D group), if the Commission wants to "unlock" the remaining 20% (roughly half a million euros) to pay its ex-Commissioners their allowance, they will have to comply with the Parliament's demand that the Commission should "adopt a stricter code of conduct before the reserve is released." The Commission responded to this initiative last week with unconvincing, legalistic, arguments. [2] In the meantime, the Commission's ad hoc ethical committee came up with a decision on Barroso in which they determined that he had not violated his obligations to behave with "integrity and discretion" by moving to Goldman Sachs. Everything was looking rather bleak until suddenly, just last week, the Commission - seemingly led by Jean-Claude Juncker - decided to change its stance. **A sudden shift in attitude, but it doesn't go far enough** On 5 November, Commission President Juncker told the Belgian newspaper Le Soir that he was in favour of extending the cooling off period to three years but only for Commission Presidents. He mentioned a possible two year cooling off period for the other Commissioners, but it remains to be seen if this proposal will be accepted by the college of Commissioners. Indeed, potentially foreseeing the difficulties in achieving this reform to the code of conduct, Juncker promised that he would abide by a three year cooling off period no matter what the college eventually decides. The key question now will be whether the proposal coming from the Commission next Wednesday will be ambitious enough to satisfy the European Parliament's demand for a stricter code of conduct. The Greens/EFA group is not alone in in its position on ethics: We believe that since the allowance for ex-Commissioners can be paid for up to 3 years, there should be at minimum a **three year cooling off period for all Commissioners**. So while Juncker's volte-face is most welcome, it does not fulfill the demands made of the European Commission so far.[3] Not only do we need a longer cooling off period, we clearly need a more ambitious ethical committee that is not composed of Brussels insiders but rather of independent experts, and which has the power to both investigate and properly sanction ethics violations, including with fines. Relations between the public and private sector need to be disentangled, and ethics in and across Europe need to be urgently strengthened if we want to defend the public interest and allow citizens to regain the power to control and oversee their politicians. Otherwise, the sentiment that a distant elite is disconnected from the real people and acting solely in their own interest will simply continue to grow. **[1] See our correspondence with Juncker regarding Barroso's move to Goldman Sachs:**

- Original letter, dated 15 July
- Juncker's response to our letter, dated 18 October
- Our reply, sent 14 November

[2] Commission response to Parliament's budget reserve or "freeze" The Treaty provisions and the Code of Conduct of Commissioners set ethical standards for the Commission in line with international requirements and higher than the rules applicable in the majority of Member States and other EU Institutions. The right to an allowance is provided for by Council Regulation 422/67, and as such is a legal entitlement, which cannot be met if the related appropriations are in reserve. In the case of a breach of the obligation of integrity and discretion referred to in Article 245 TFEU, and concretised in the code of conduct, a case can be brought before the Court of Justice, which can order a pecuniary sanction, including, where applicable, the loss of the right to the transitional allowance. Changing the code of conduct will not alter the fundamentals set out in the Treaty, nor the right to an allowance.

- [3] See here our demands on how to improve the Code of Conduct for Commissioners

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