



One-year after the Cash-for-amendments scandal: ALTER-EU takes stock March 2012

One-year after the Cash-for-amendments scandal: Strict implementation and strong enforcement rules are crucial to avoid new scandals

Following the 'Cash-for-amendments' scandal last March, the Parliament adopted a code of conduct in December 2011, which entered into force in January 2012.

The Alliance for Lobbying Transparency and Ethics Regulation (ALTER-EU) has stressed that strict rules and robust interpretation will be crucial to guarantee the new code's effectiveness. As currently worded several points in the text may be too weak to effectively prevent conflicts of interest and ensure the independence of decision-makers. This factsheet does not set out ALTER-EU's assessment of all areas of the code¹, but rather looks into the areas of the code where **implementation** raises specific concerns.

Article 9 of the code foresees that the Bureau of the European Parliament is in charge of laying down implementing measures for the code, as well as a monitoring procedure. At the time of writing, it appears that only implementing measures for the adoption of the new forms for declarations of interest have been introduced² and it remains unclear whether such a process has started for the other areas covered by the code. In any case, implementing measures must not be overlooked as they provide a unique opportunity to tackle the shortcomings in the code and make the spirit of the code into a reality.

Main findings

Strong and clear implementing measures are needed to enforce the code in relation to:

- regulating MEPs' second jobs in a way that secures a proper enforcement of the ban on lobby jobs (as suggested in article 2);
- setting criteria for which side positions and outside interests *do* constitute a conflict of interest (article 3);
- ensuring full transparency and clarity about MEPs' interests (article 4);
- clarifying the rules on gifts vis-a-vis reimbursement for travel and hospitality by third parties (article 5);
- blocking the revolving door among former MEPs (article 6).

¹ For an overall assessment of the code, refer to ALTER-EU's scorecard: http://www.alter-eu.org/sites/default/files/documents/alter-eu_scorecard_on_mep_code_of_conduct.pdf

² Bureau of the European Parliament, Minutes, 12th December 2011, [http://www.europarl.europa.eu/RegData/organes/bureau/proces_verbal/2011/12-12/BUR_PV\(2011\)12-12_EN.pdf](http://www.europarl.europa.eu/RegData/organes/bureau/proces_verbal/2011/12-12/BUR_PV(2011)12-12_EN.pdf)

1) Enforce the ban on lobby jobs

The code states that *“In exercising their duties, Members of the European Parliament shall: [...] not solicit, accept or receive any direct or indirect financial benefit or other reward in exchange for influencing, or voting on, legislation, motions for a resolution, written declarations or questions tabled in Parliament or any of its committees, and shall consciously seek to avoid any situation which might imply bribery or corruption.”*

While this is a step forward (there were no clear rules prior to this), the current wording of the text leaves ample room for interpretation on what could constitute a conflict of interest. The risk of lax interpretation of MEPs’ obligations, as outlined in articles 1, 2, and 3 in particular, remains³.

ALTER-EU recommendations:

- President Schulz and the Bureau of the European Parliament should set up clear criteria to define which activities constitute a conflict of interest.
- It should be made explicit that being employed or receiving any other form of benefit or reward by an industry lobby group, a lobby consultancy and other lobby actors contradicts the principles underlying conflicts of interest. Any lobby or paid representation positions on the side should be incompatible with being an MEP.

2) Block the revolving door among former MEPs

As regards former members, the code mentions that those *“who engage in professional lobbying or representational activities directly linked to the European Union decision-making process may not, throughout the period in which they engage in those activities, benefit from the facilities granted to former Members under the rules laid down by the Bureau to that effect.”*

The Parliament has a responsibility to signal and communicate to former members their obligations under the new code, in order to ensure that the rules can be applied properly.

ALTER-EU recommendations to ensure that these provisions can be fully implemented:

- All former MEPs should be written to by parliamentary authorities to inform them about their obligations under the new code.
- All former MEPs who engage in lobbying activities targeting the EU institutions should be written to by the Parliament authorities, and asked to hand-in their access passes to the Parliament premises⁴.
- All former MEPs who take lobbying positions should sign up to the Transparency Register; ALTER-EU welcomes Parliament’s request for this⁵.

³ See ALTER-EU letter to the Bureau of the European Parliament, 23 January 2012 and specific concerns raised about the case of Mr John Risto Penttillä http://www.alter-eu.org/sites/default/files/documents/alter-eu_letter_to_parliament_bureau_-_23_january_2012.pdf

⁴ At the time of writing, Ernst Strasser, who resigned after being exposed in last year’s scandal, is still holding his former MEP access pass to the Parliament: http://www.asktheeu.org/en/request/transitional_allowance_paid_to_e#incoming-206

⁵ Letter by FMA President Pat Cox, to Parliament President Jerzy Buzek, 25 October 2011, obtained by Friends of the Earth Europe under freedom of information regulation

3) Continued lack of clarity regarding online declarations of interest

While the code states that *“the information provided to the President in line with this article shall be published on Parliament’s website in an easily accessible manner”*, the new declarations remain in PDF-format, located on each individual page of the 754 MEPs (i.e. no central database) and in many cases are hand-written (and unreadable)⁶. This means they are neither easily accessible nor easily searchable - which makes it very difficult for citizens, journalists and other stakeholders to scrutinize their MEPs’ declarations.

ALTER-EU recommendations:

- The declaration system should be organised in such a way that all declarations are filled-out electronically, based on a standard format, and stored on a central database in order to be easily accessible and searchable; updates should be marked clearly.
- All declarations should be translated into at least one common language; we recommend that this should be English.
- Sufficient parliamentary capacity should be allocated for declarations’ content to be investigated, either randomly or on request from external stakeholders.
- The format for declarations of shareholdings should be improved. Full transparency should be required for all MEPs’ shareholdings. MEPs should also report all share option plans they benefit from, as well as report when they cash in, or expect to cash in, such options. Moreover, it should be up to the parliamentary authorities (rather than the MEPs) to decide whether particular shareholdings could have policy implications. The question should not be whether the shareholding gives MEPs significant influence over the affairs of the body in which they own shares, but whether holding these shares could potentially influence MEPs in their functions as elected representatives.

4) Effectively regulate MEPs’ second jobs

According to the code, all MEPs must update their declarations of financial interests by 30 March 2012 at the latest. Analysis of a number of current declarations of interest, under the old and the new formats, shows that second jobs are still a common practise and it is not clear whether second jobs that have already been declared have yet been screened. Parliament authorities should take responsibility for checking that these do not result in problematic conflicts of interest.

ALTER-EU recommendations:

- President Schulz and the Bureau of the European Parliament should set up clear criteria to define which financial interests constitute a conflict of interest.
- When investigating the declarations of interest, parliamentary authorities should carefully review MEPs’ second jobs that might create conflicts of interest. Transparency is necessary, but not sufficient, to avoid conflicts of interest.

⁶ The new form can be consulted here : http://www.europarl.europa.eu/pdf/meps/Decl_financial_interests_EN.pdf

- President Schulz and the Bureau of the European Parliament should set up a mechanism that allows external stakeholders to alert parliamentary authorities about possible cases of conflicts of interest among MEPs and ensure proper investigation of such notifications.
- The Parliament authorities should take the responsibility for clearly communicating, to all MEPs, their obligations under the new code to give up any second job that might create a potential conflict of interest.

Conclusion:

One year after the cash-for-amendments scandal, the code of conduct has brought significant improvements to the previous 'non-existent' rules. **A strong commitment from President Schulz and the Bureau of the European Parliament to complement the code with strict and clear implementation rules and strict enforcement are crucial to increase public confidence in the European Parliament and avoid new scandals and conflicts of interest from occurring.**

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