European Commission officials, particularly the Commissioners themselves, exercise significant power in the EU decision-making process. Rules are needed to ensure that they are not affected by close links to business or possible relationships with future or previous employers. Olivier Hoedeman looks at the need for tougher rules regulating outside interests in the Commission – and questions the administration’s apparent reluctance to intervene.

At the start of 2010, Commission candidate Rumiana Jeleva withdrew from the team of proposed new Commissioners following an intense debate which put the issue of conflicts of interest in the spotlight. MEPs had queried whether she was qualified for the job, but it was the questions that emerged from undeclared business interests that led to her demise.¹ The Jeleva case is significant as it reflects broader, structural weaknesses in the way in which the Commission deals with potential conflicts of interest.

That the Commission does not have its house in order when it comes to avoiding conflicts of interest is evident from the numerous scandals during Commission President José Manuel Barroso’s first period in office – as for example when former Trade Commissioner Peter Mandelson personally signed an EU decision to lift import tariffs for a giant corporation owned by a Russian oligarch friend; when ex-Commissioners and high-level officials went through the revolving door to become highly-paid lobbyists; and when a lobbyist for Microsoft and Pfizer became Special Adviser to the EU’s Consumer Commissioner.

In 2009, 76 per cent of EU citizens said they believed that “there is corruption within the institutions of the European Union”, up from 66 per cent in 2007.² The Commission’s failure to crack down on conflicts of interest is no doubt part of the explanation for this rise.

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a failure to act – the commission turns a blind eye to conflicts of interest

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Mandelson’s scandals

The rules on ethics for Commissioners and for Commission staff are both full of loopholes and are weakly enforced. This allows the system to be abused, making it possible for interested parties to exert undue influence. The dos and don’ts of the 27 European Commissioners are outlined in a code of conduct that was last updated in 2004. In autumn 2009, as part of his campaign to get re-appointed, Barroso promised the European Parliament that he would launch a review of the Code of Conduct for Commissioners. A few months earlier, a European Parliament report had concluded that the code needed tightening to avoid conflicts of interest. The report criticised the Commission for “complacency due to its failure to ensure a systematic review”. The current rules, the report concluded, hold a “significant risk” of future scandals, highlighting among many other weaknesses, the absence of “a definition of the term ‘conflict of interest’”.

The OECD’s definition of a ‘conflict of interest’ is “a conflict between the public duty and private interests of a public official, in which the public official has private interests which could improperly influence the performance of their official duties and responsibilities”.

A review of the ethics rules for Commissioners is indeed long overdue. In November 2009, a Channel 4 documentary broadcast in the UK revealed that in 2005 Commissioner (now Lord) Mandelson personally signed the decision to lift import tariffs for Rusal, the aluminium giant owned by his close friend Oleg Deripaska. German MEP Dr Ingeborg Graessle described Lord Mandelson’s behaviour as “completely improper”, arguing that there is “a conflict of interest, when you have a close friend who profits from your decision”. Lord Mandelson is not the only Commissioner who has been criticised for accepting luxurious hospitality from wealthy businessmen. In 2005 Barroso himself came under fire over a holiday on a Greek billionaire’s yacht. A company owned by the billionaire shipping magnate Spiros Latsis later won Commission approval for a major state-aid package, which led to accusations of conflicts of interest. Tightening gifts and hospitality rules for Commissioners is crucial, but far wider changes are needed.

Commissioners going through the revolving door

The Commission first introduced ‘revolving door’ rules for Commissioners in 1999, after Industry Commissioner Martin Bangemann, responsible for
regulating telecommunications, was headhunted by the Spanish telecommunications giant Telefónica. As a result of the subsequent controversy, the Code of Conduct for Commissioners, adopted in September 1999, included a ‘cooling-off period’ of one year after leaving the Commission, during which Commissioners had to request permission before moving into new jobs. But the Code of conduct is far too lax to prevent conflicts of interest.

Five years ago, when Commission President Romano Prodi’s team of Commissioners was replaced, the one-year cooling-off period was ignored in the case of Pavel Telička, who had been EU Commissioner for Health and Consumer Protection. Within weeks of leaving the Commission, Telička co-founded BXL Consulting, a lobby consultancy firm with offices in Prague and Brussels. BXL Consulting assists large corporate clients, including Microsoft, with influencing EU decision making. The Commission’s decision to approve Telička’s new job was made without any serious scrutiny of possible conflicts of interest. The Telička case shows that enforcement of the cooling-off period for Commissioners lacks teeth and that the Commission uses a far too narrow interpretation of what constitutes a conflict of interest.9

The threat of potential conflicts of interest also seemed to be overlooked for Barroso’s previous team of Commissioners. In November 2009, Austrian newspapers reported that Benita Ferrero-Waldner, then a Commissioner, was considering a job as a lobbyist on the Nabucco pipeline project for Austrian oil giant OMV. Both Ferrero-Waldner and the OMV boss confirmed that they were in discussions.10 She did not seem to worry about the restrictions on job moves for former EU Commissioners.

Tight enforcement of cooling-off periods for former EU officials is essential in order to prevent abuses of power. The ALTER-EU coalition wrote to Commission President Barroso in November 2009 arguing that the Code of Conduct lacked sufficient safeguards against conflicts of interest arising when Commissioners take up employment in the private sector. ALTER-EU argued that “a cooling-off period of at least two years and clear criteria for assessing conflicts of interest are needed”.11 For example, decision makers should be discouraged from negotiating future lobbying jobs while still in office, as this could influence their stance on issues affecting their future employers. In the first period after going through the revolving door, top decision makers can exploit their previous status to unduly influence their former staff and colleagues.
Kallas shies away from strict rules for Commission officials

In the letter to Barroso, ALTER-EU also called for an in-depth review of the rules on conflicts of interest for European Commission staff, which contain many of the same weaknesses as the Code of Conduct for Commissioners.12 These are outlined in the Staff Regulations and provide guidelines for some 25,000 civil servants who work for the Commission. During his term as Commissioner for Administrative Affairs, Audit and Anti-Fraud matters (2004–2009), Siim Kallas actively promoted awareness among Commission officials about ethics, but shied away from tighter rules or what he dismissed as “a ‘strict compliance’ approach” for conflicts of interest.13 As a result of Kallas’ soft approach, the Commission still faces a range of potential conflicts of interest, for example:

- Commission officials going through the revolving door to private sector lobbying jobs – and vice versa
- Commission officials accepting gifts, hospitality and other benefits offered by lobbyists in return for influence
- Special Advisers influencing Commission policy, while being lobbyists for commercial interests.

Commissioner Kallas reacted swiftly when it was revealed in March 2008 that 33 lobbyists, many on the payroll of private firms, were working in the Commission as ‘seconded national experts’ or ‘temporary administrators’ (see Chapter 10). When confronted with the scandal, Kallas announced that he would phase out this practice. But this determined approach did not extend to the Commission’s new guidelines nor to the internal Ethics Code that was presented the very same month.14 These documents focused on raising awareness among Commission staff, including training, and the appointment of ‘ethics correspondents’ in every Commission department. While these measures are valuable, they did not include tightening the rules and procedures to prevent conflicts of interest and treated ‘ethics rules’ as an entirely internal matter. The Commission did announce, however, that: “the current rules on potential conflicts of interest should be clarified, with respect to gifts, favours, and outside activities”. That such clarification was much needed became clear when a new scandal broke around Commission employee Fritz-Harald Wenig.
Corruption at the heart of the Commission?

In September 2008, UK newspaper, the Sunday Times reported that a high-level official from the Commission’s trade department had offered to leak commercially sensitive information in return for financial rewards. Undercover reporters from the Sunday Times, posing as lobbyists for a Chinese businessman, offered the official — Fritz-Harald Wenig — a payment of €100,000. Wenig was reported to have suggested putting the money in a frozen bank account to which he would have access after he retired. According to the newspaper, Wenig disclosed information about a pending anti-dumping case concerning a Chinese candle-making firm as well as other information. The allegations led to Wenig’s suspension and an investigation by Olaf, the EU’s anti-fraud agency.

Fourteen months after the scandal broke, the European Voice reported that Wenig had been found guilty, but would not suffer any sanctions. The EU’s Civil Service Tribunal overturned Wenig’s suspension “due to procedural errors” and the Commission had to repay him the €6,000 deducted from his salary during the six-month suspension period. According to the judgement of the Tribunal, the Commission’s decision on how to handle the Wenig case had only been published on the EC intranet and not in the appropriate print publication. The fact that Wenig was found guilty of violating the Commission’s internal rules, but in the end suffered no disciplinary measures, raised questions about the Commission’s ability to handle corruption. The Wenig case may also reveal problems with the political culture in the Commission’s trade department. Are lobbyists able to buy influence over trade policy decisions? For public trust in EU decision making, it is imperative that the Commission act far more decisively in cases like these.

In another smaller case, it took the intervention of the European Ombudsman to make the Commission accept that two DG Trade officials should not have accepted VIP tickets from Nike for the Rugby World Cup in Paris. Friends of the Earth Europe complained to the Ombudsman, arguing that this paid hospitality could have resulted in a conflict of interest. The Commission had in early 2008 rejected this criticism claiming that the Commission had clear rules concerning the ethics of its officials and that the two officials had been granted permission to accept the tickets in accordance with its internal rules and procedures. The Ombudsman’s ruling said the Commission should do more to “maintain public confidence in its work and to protect its staff from unjustified suspicion”. Only then did the Commission grudgingly
acknowledge “that it would have been better not to have allowed the officials to accept the tickets”. The Commission is currently updating its internal rules relating to the acceptance of gifts.

Revolving door spins faster

The Commission claims that it has everything under control concerning the revolving door which allows industry lobbyists to become Commission officials, and vice versa. “The system works”, a high-level Commission official told an audience of academics and government officials specialising in ethics in June 2008. But in reality there is a growing number of cases of Commission officials taking up corporate lobby jobs in areas they were responsible for regulating.

In an interview with Belgian daily newspaper De Standaard, Russell Patten of lobbying consultancy giant Grayling Global revealed the lucrative nature of lobbying in Brussels: “If you are really good, you can earn up to 350 euro per hour”, he said, adding that “for ex-Commissioners or top civil servants this can be up to 500 euro per hour”. Patten estimated that about half of the Brussels-based lobbyists previously worked in the EU institutions. Lobbying consultancy firms and law firms that offer lobbying consultancy services are increasingly headhunting Commission officials, sometimes to work on the same issues they covered in the Commission. GPlus and Alber & Geiger, for instance, have used their ex-Commission staff as a selling point in attracting industry clients.

Commission officials are required to request permission before going through the revolving door and the Commission can attach conditions before authorising the move. But judging by the many controversial cases of the revolving door that have surfaced in recent years, the Commission is far too lenient in giving the go-ahead. Between 2005 and 2008, 273 Commission officials asked for ‘post-employment’ authorisation. Three were refused. Thirty were granted conditional authorisation. In addition to these permanent departures, a far larger number of Commission officials take an open-ended sabbatical, reserving the right to return to a Commission job later. In 2008, 457 Commission officials said they were taking sabbatical leave to take up a new job, with 33 per cent of these going to the private sector. The number of officials going on such sabbaticals has increased year by year. Assessing possible conflicts of interest in these cases is virtually impossible because the
Commission refuses to disclose any further details. The names and functions of these Commission officials and of their new employers are considered confidential, as a result of “protection of personal data and the private character of certain information”.22

But while the Commission considers revolving-door cases to be confidential, those that hire former officials can be eager to showcase their new lobbyists to potential clients. In November 2009, Brussels-based lobbying consultancy Interel Cabinet Stewart European Affairs announced that Jean-Philippe Monod de Froideville had become their new associate director.23 Until the end of 2008, de Froideville had been a personal adviser and member of the cabinet of Competition Commissioner Kroes. Interel’s press release said de Froideville would focus on “competition and trade matters” working “horizontally across the client portfolio”, the very same issues he had been responsible for in the Commission.

In those cases where the Commission has imposed conditions, these were often too weak to prevent conflicts of interest. For example, Commission officials Michel Petite, Robert Klotz, and Lars Kjølbye all went through the revolving door in 2007–2008 from the Commission’s competition and legal affairs departments to work for the Brussels’ offices of international law firms. The firms (Clifford Chance, Howrey, and Hunton & Williams) all combine traditional lawyers’ practices with lobbying for corporate clients, but have refused to disclose the clients for whom they are lobbying.24

Internal documents concerning the authorisation process for the three officials showed that the Commission does not have a consistent approach to revolving-door cases, with significant variations in the conditions imposed. While Petite was instructed not to lobby former colleagues or deal with cases involving his previous department for one year, the two others were given more limited restrictions, including in Klotz’s case a six-month break from lobbying DG Competition.25 This case-by-case approach seems very incoherent. To slow down the revolving door and avoid conflicts of interest, uniform rules are needed, whose enforcement has more teeth. Countries including the USA and Latvia already have clear rules with substantial cooling-off periods in place,26 but the Commission has until now ruled out this option. The Commission has said it will update the rules on these matters in 2010, but has also indicated that there will not be any major changes to the current approach.27
Some very special advisers

Concerns about conflicts of interest are not limited to Commission officials, but also apply to non-officials who occupy powerful advisory roles. In March 2007, the Commission released for the first time a list of ‘Special Advisers’ who were working for Commissioners. The list included 55 names, some paid, and others not. This initiative from Commissioner Kallas was a long overdue move to end the secrecy and ambiguity concerning ‘Special Advisers’.

One of these had already been scrapped from the list: Rolf Linkohr, the former Member of the European Parliament (MEP), who became a Special Adviser to energy Commissioner Andris Piebalgs. Linkohr also ran a Brussels-based lobby consultancy firm, working for large energy firms, a role which created a clear conflict of interest. In a ground-breaking decision, Commissioner Kallas terminated Linkohr’s status as Special Adviser when he failed to provide a statement declaring that he had no conflicts of interest. Later in 2007, the Commission introduced rules for approving ‘Special Advisers’, with what appeared to be more elaborate checks-and-balances. But in practice, the Commission’s approach has proved disappointing. The rules do not include a clear definition of conflicts of interest and the Commission has no means to properly enforce them.

One of the 54 remaining Special Advisers was Etienne Davignon, a former European Commissioner and vice-president of water and energy giant Suez. Davignon advised the then Development Commissioner Louis Michel on African development issues. MEPs and NGOs felt that these roles might be incompatible and asked the Commission for clarification. Wasn’t Davignon providing advice about EU aid spending on infrastructure projects in Africa, an area where Suez has direct commercial interests? The Commission’s answers were far from clear, simply claiming there was no conflict of interest. Davignon was arguably one of the most influential corporate power brokers at the EU level. Terminating his status as Special Adviser, it seemed, was simply not an option for the Commission.

Similarly, in summer 2009, the Commission blankly refused to see any conflict of interest in role of Pat Cox. An MEP for 15 years and president of the European Parliament for two years (2002–2004), in 2006 Cox became a Special Adviser to the then Consumer Commissioner Meglena Kuneva. The risk of conflicts of interest seemed clear: Cox was working directly and indirectly (through lobby consultancy giant APCO) for large corporations.
including Microsoft, Pfizer, and Michelin, all of which had significant interests in influencing EU consumer policies. Corporate Europe Observatory (CEO) wrote to Commissioners Kuneva and Kallas and asked them to clarify the situation.\textsuperscript{28} Both Commissioners brushed away the concerns as unfounded.\textsuperscript{29} CEO had also noted that Cox’s CV displayed on the Commission’s Special Advisers website did not mention his involvement in APCO, nor his work for Pfizer or Microsoft. This was dismissed by Kallas, who argued that “the CVs [...] are not intended to give an exhaustive description of each single activity undertaken by the Special Adviser”. But if the purpose is to allow the public to assess the absence of conflicts of interest, shouldn’t Cox’s employment as a lobbyist for some of the world’s largest corporations be disclosed?

The responses are also in stark contrast to the guidelines published by the Commission’s Consumer department (DG SANCO), which argue for a far stricter approach,\textsuperscript{30} emphasising that “it is essential that external experts are free from financial self-interest when performing their duties as advisors; that they have no parallel loyalty to another organisation; that they are not burdened with competing personal or professional agendas or compromising personal or professional relationships”. When confronted with these guidelines, the Commission responded that these conflicts of interest rules do not apply to Special Advisers like Cox.\textsuperscript{31} CEO was not convinced and filed a complaint to the European Ombudsman.

The questions about Cox were assessed by Commissioners Kuneva and Kallas, who both belong to the pan-European liberal-party coalition (the Alliance of Liberals and Democrats for Europe) – as does Cox. An independent body is clearly required.

\textbf{A robust approach is needed}

ALTER-EU has warned in recent years against the Commission’s soft approach on conflicts of interest and called for clear rules and independent monitoring as a more effective way of discouraging conflicts of interest. The current approach has not prevented conflicts of interest from occurring. An opportunity does exist, however, to strengthen the rules and the way in which they are enforced. The new anti-Fraud Commissioner Algirdas Šemeta promised during his approval hearing in January 2010 to work closely with the Parliament on this, and to make sure that his fellow Commissioners complied with the rules for transparency. Commissioner Maroš Šefčovič
Administration promised to review the Commission’s staff regulations in order to prevent revolving-door cases.

In addition to an overhaul of the Code of Conduct for Commissioners and the Staff Regulations, the Commission must replace the current voluntary, loophole-ridden lobby register with a comprehensive and effective disclosure system. A quality register including names of lobbyists and issues lobbied on would be an effective tool for detecting potential conflicts of interest. This became very clear in the USA where the Abramoff scandal was discovered as a result of disclosures made under the US Lobbying Disclosure Act. This eventually led to the conviction of Abramoff, two White House officials, a US Representative, and nine other lobbyists and Congress staff. But in the EU capital it is still impossible to ‘follow the money’ and to uncover scandals in this way.

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1 See also: Olivier Hoedeman, “Lack of screening burnt the Commission”, European Voice, 28 January 2010. One of the most remarkable aspects of the Jelava episode is that Commission President Barroso appears to have let Jelava go into her approval hearing without having thoroughly screened her assets and business connections, particularly her involvement in privatisation consultancy firm Global Consult. While it remains unclear whether Jelava had any actual conflicts of interest, the declaration she submitted during her term as an MEP was incorrect regarding her role in Global Consult. Jelava stated that she was involved in this company in 2001–2003 and 2006–2007, but in fact was also active in both 2008 and 2009.

2 European Commission, Attitudes of Europeans towards corruption, Eurobarometer, November 2009.

3 The Code of Conduct for Commissioners is online at the European Commission website.

4 European Commission, Political guidelines for the next Commission (Brussels: September 2009).


7 The document is dated 25 December 2005. In summer 2008, UK newspapers had criticised Commissioner Mandelson for his holiday near Corfu on board a luxury yacht owned by Deripaska.


9 The usual screening by an ad-hoc ethics committee was bypassed. In November 2004, the Commission approved Telička’s request to become a for-hire lobby consultant on the basis that he did not have his own portfolio in the Prodi Commission (he shared a portfolio with Commissioner Byrne). This interpretation is clearly far too narrow, as there are numerous possible conflicts of interest imaginable even if Telička didn’t formally have his own, exclusive portfolio. Telička worked in tandem with Byrne in a powerful role on health and consumer-protection issues and he was fully part of the college of Commissioners. In the Commission’s decision it is wrongly stated that the occupation envisaged was not related to the content of his portfolio. Telička promised “for the necessary period of time” not to lobby on issues related to health and consumer protection, but this is very vague and clearly such a promise is not sufficient to prevent conflicts of interest. With his consultancy BXL Consulting (established after leaving the Commission), Telička has lobbied for large corporations like Microsoft (from 2005 onwards).


11 ALTER-EU, “Preventing Conflicts of Interest of EU Commissioners”, open letter to Commission President Barroso, 24 November 2009.

12 European Commission, Staff Regulations (Brussels: 1 May 2004).


14 European Commission, Communication on Enhancing the Environment for Professional Ethics in the Commission (Brussels: March 2008).


19 European Commission, Staff Regulations (Brussels: 1 May 2004), art. 16.


21 Email response from DG Admin, 17 July 2009. In total 476 Commission officials went on sabbatical in 2008, 457 to take up ‘external activities’; 45 per cent went into national administration, 10 per cent joined international organisations, and 33 per cent became involved in ‘commercial activities’. The number of officials signalling an external activity during their sabbatical rose from 318 in 2006 to 381 in 2007, with 39 per cent and 40 per cent taking up ‘commercial activities’.

22 When CEO requested access to a list of Commission staff requesting permission to go on sabbatical leave in the last two years, the response was that no such list exists. “The administrative burden of drafting a list which contains several hundred sets of data would seriously encroach on the smooth functioning of the competent services of the Commission.” CEO appealed this decision, arguing that disclosure of the information is in the public interest. The Commission, however, interprets ‘public interest’ in a highly peculiar manner, claiming that CEO “has not been vested with a mission of public interest by a public authority or the legislator as required by this condition”.


24 Like other law firms involved in lobby consultancy, these three boycott the Commission’s voluntary lobby-disclosure register. This secrecy makes it impossible to judge the exact degree of conflicts of interests in these revolving-door cases.

25 Documents on file at Corporate Europe Observatory. Klotz was asked to abstain from (lobby) contacts with DG Competition in the first six months after starting work at Hunton & Williams. The Commission was a little stricter with Kjolbye (working with Howrey), who was instructed not to have “contacts of a professional nature” with his former unit for one year. He was also told not deal at any point of time with cases of which he had knowledge during his time at DG Competition. For Michel Petite, authorisation was granted on the condition of “no contacts of professional nature with any former colleagues and notably those that used to be his inferiors for one year”. He was also instructed not to intervene in cases or dossiers involving the Commission’s Legal Services.


27 Regarding the rules on external activities, these are currently in the Commission’s internal consultative process. They are rather technical implementing rules, simply explaining the principles already contained in the Staff Regulations. Thus adoption is an internal matter for the Commission only.” Email reply from Commissioner Kallas’ Cabinet, 14 September 2009.

28 Corporate Europe Observatory, Concerns about potential conflicts of interest of Special Adviser P at Cox (Brussels: 29 May 2009).

29 Commissioner Kuneva stated that she “was fully aware of Mr Cox’s activities” when she examined possible conflicts of interest. [...] “I do not consider these activities to be incompatible with his tasks at the Commission. Consequently, I will continue to resort to the invaluable advice of Mr Cox”. Commissioner Kuneva, letter to Corporate Europe Observatory, 23 June 2009. “Taking account of Mr. Cox’s activities and the other information provided (and also of the fact that he was asked to give advice regarding political communication on consumer issues, and not regarding policy definition), it was fully justified to state the absence of conflicts of interest. I cannot see any element that might put this conclusion into question”. Commissioner Kallas, letter to Corporate Europe Observatory, 23 June 2009.


31 The Commission argued that “Special Advisers [...] is a very specific group of persons” for which the general conflict of interest rules do not apply, “making it possible for the Commission to have the benefit of the services of an exceptionally qualified person”. Bernhard Jansen (DG Admin), response to Yiorgos Vassalos (Corporate Europe Observatory), 21 September 2009.