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The EU is not a cash machine for oligarchs and politicians

Greens/EFA Proposals to end fraud in farm subsidies

Farm subsidies make up the biggest portion of EU spending and are an indispensable measure to protect European farmers, ensure food sovereignty, and provide healthy and nutritious food for everyone in Europe. However, the lack of controls on the way EU funding is disbursed by European governments means that in some cases, unscrupulous politicians and people in positions of power are able to abuse the EU funding system for their own personal gain.

One of the most flagrant recent examples is that of the Czech Prime Minister from the liberal 'ANO Movement', who controls a huge company called Agrofert that has received millions in EU funding in a fraudulent manner, prompting huge protests and ever-louder calls for him to step down. In Hungary, Conservative Prime Minister Viktor Orban also takes advantage of EU subsidies to enrich his friends and family, and channels money to reward those who are loyal to his government. In Slovakia, where the Socialists are in power, a young journalist named Jan Kuciak was murdered in his home together with his fiancée, while he was investigating the role of the Italian mafia in threatening local farmers in order to access EU farm subsidies.

This has to stop. On the occasion of the International Day Against Corruption, the Greens/EFA Group is publishing a series of recommendations on how to end the abuse of EU farm subsidies. Some measures require changes to the way farm subsidies are disbursed, while others relate to the need for better oversight mechanisms for how EU funding is actually spent in practice.

By implementing these measures across the European Union, we can ensure that oligarchs and politicians are not able to abuse EU taxpayers' money in order to accumulate power, wealth and land in the hands of a few - at the expense of citizens across the continent.

Farm subsidies should not reward land-grabbing

One of the fundamental problems with farm subsidies is that the more land you have, the more money you get. Not only does this harm small farmers and mean that we are massively industrialising Europe's food production, but it encourages land-grabbing as there is an economic incentive to take over as many hectares as possible. Those with more money to buy more land then also get more money to farm that land, creating a vicious cycle of land and wealth concentration.

The solution to this is to impose an effective cap on the amount of money that can be given to the huge farms. Ideally, we would move towards a system in which the amount of money given to farms depends on the benefits they provide to society, such as whether or not they take care of the land and provide quality jobs to members of the local community. This is something we would like to achieve by reforming in the EU's Common Agricultural Policy.

Land ownership should be transparent

One of the tactics used by those who want to accumulate wealth and land is to hide behind opaque ownership structures and to artificially divide up huge farms into smaller pieces of land in order to maximise the amount of farm subsidies you can get. We therefore need transparency on who are the real (or 'beneficial') owners of the farm land and on whether or not smaller farms are in fact linked to a much larger owner.

The new Anti-Money Laundering Directive will - as of the 20th January 2020 - oblige those who own more than 20% of the shares of a company to declare themselves as the ultimate beneficial owners. This new rule will apply to farms that are registered as legal entity.

But we still need to put in place measures to trace the connections between different plots of farmland to make sure that they are not all being bought up by one mega-owner. The solution for this would be to set up a unique identifier number in order to trace when a smaller farm is actually part of a much larger structure. In the case of individual farmers who are not registered as a legal entity, the solution is to require farmers applying for CAP funds to declare if the land they are working on is part of a larger corporate structure, and to list the unique identifier of this company in their application form.

We also call on the European Commission to propose legislation that would allow for public access to land registers across the Union. And for measures to be taken to link up the national databases on company ownership to databases on land ownership and also with the data on EU farm subsidies. This way, it will be much easier to uncover any fraudulent claims based on the exploitation of the accumulation of land, including accumulation across different EU borders.

Conflicts of interest should be eliminated - at both national and EU level

The EU's financial regulation contains provisions that prohibit those working on the implementation of EU funding from benefitting personally (or via their family members) from the allocation of those funds. However, these rules need to be properly applied, and in case of violations there should be swift and appropriate sanctions put in place.

Rules on conflicts of interest at EU level should also be improved for those who have a decision-making responsibility over the funding policies themselves. Commissioners, MEPs and government representatives in the Council should recuse themselves from working on EU farm subsidies if they are also receiving EU funding under that the Common Agricultural Policy at the same time. Currently this is not effectively policed and there are no effective sanctions being put in place.

The solution for this would be to establish an independent ethics body at EU level that would proactively monitor potential conflicts of interest, undertake examinations of specific cases, and impose sanctions where rules on ethics and conflicts of interest are broken by Commissioners, EU officials or MEPs.

There should be stronger controls over the spending of EU funds

To begin with, EU subsidies should only be accessible in Member States that have joined the European Public Prosecutor's Office. This would ensure direct accountability over the way EU funds are spent at the national level, which is particularly important in the cases in which the national authorities cannot be trusted to properly investigate fraud and recover the funds.

The European Commission's capacities to undertake audits should also be strengthened, with audit teams being sent on the ground to inspect all relevant documents where necessary. The European Court of Auditors should also take on a more proactive role, and the European Anti-Fraud Office should be given a stronger mandate and more resources - plus, their findings should be made public in order to dissuade potential fraudsters in the future and push national authorities to follow up on their recommendations.

If people think they can easily get away with abusing EU funds, then they are more likely to do it. We therefore need to work to increase the risks and lower the potential gains of corruption and fraud with EU money.

The EU institutions urgently need to step up their ambition in the fight against corruption. The public is getting tired of hearing endless stories of fraud and abuse of EU funds, and we cannot be complacent and look the other way while oligarchs and unscrupulous politicians slowly consolidate their grip on power and undermine the rule of law in their countries. Otherwise, citizens will start to think that the EU is part of the problem, rather than part of the solution.

We have the power to act. All we need is the political courage to call out fraud and corruption even when it happens at the highest levels of government in the different countries of Europe. We just hope that the rest of the political groups represented in the EU institutions - and in the governments of Europe - agree.

For more information:

- Read our report on the Costs of Corruption Across Europe: https://www.greens-efa.eu/en/article/press/new-report-the-cost-of-corruption-across-the-eu/

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