

# EURO-LATIN AMERICAN PARLIAMENTARY ASSEMBLY



## **RESOLUTION:**

### **Transparency and corruption in the European Union and Latin America**

on the basis of the report by the Committee on Political Affairs, Security and Human Rights

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**Saturday, 29 March 2014 – Athens (Greece)**

## **EUROLAT – Resolution of 29 March 2014 – Athens (Greece)**

on the basis of the report by the Committee on Political Affairs, Security and Human Rights

### **Transparency and corruption in the European Union and Latin America**

*The Euro-Latin American Parliamentary Assembly,*

- having regard to the UN Convention against Corruption, which entered into force on 14 December 2005,
- having regard to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, as adopted by the Negotiating Conference on 21 November 1997,
- having regard to the Council of Europe’s Criminal Law Convention on Corruption, which entered into force on 1 July 2002,
- having regard to the section entitled ‘Economic crime and corruption’ of the document entitled ‘The Stockholm Programme – An open and secure Europe serving and protecting citizens’,
- having regard to the European Parliament resolutions of 18 May 2010 and 15 September 2011 on the EU’s efforts to combat corruption,
- having regard to Decision 587 of the Member Countries of the Andean Community setting out the ‘Guidelines for the External Security Policy of the Andean Community’, where it was agreed to include operational instruments to counter possible threats to sub-regional security (Title VI: Operational Instruments), such as other plans and programmes that may be established in the future, in particular with a view to tackling corruption and other problems; mindful of the fact that this supranational decision includes corruption as a possible threat to sub-regional security, and hence as a possible factor that would jeopardise cooperation among member countries of the Andean Community,
- having regard to the Framework Treaty on Democratic Security in Central America and the Central American Security Strategy, which are political instruments of the Central American Integration System, the texts of which include the development and implementation of actions to strengthen the capacities of the Central American institutions responsible for controlling, preventing and punishing criminal behaviour,
- having regard to Decision 668 of 2007 of the Andean Council of Foreign Ministers approving the Andean Plan to Fight Corruption,
- having regard to the Andean Parliament’s stated positions on corruption: **(1)** Declaration for Transparency and the Fight against Corruption, adopted at the 15th extraordinary period of sessions in La Paz, Bolivia, on 25 February 2011, **(2)** Decision 1298 of 2012 of the Andean Parliament: institutionalisation of the Andean Observatory for Transparency and the Fight against Corruption,

- having regard to the Commission statement of 6 June 2011 entitled ‘Commission fights corruption: a stronger commitment for greater results’,
  - having regard to the Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee of 6 June 2011 on fighting corruption in the EU (COM(2011)0308),
  - having regard to the declarations made at the six summits of Heads of State and Government of Latin America, the Caribbean and the European Union, held respectively in Rio de Janeiro (28-29 June 1999), Madrid (17-18 May 2002), Guadalajara (28-29 May 2004), Vienna (11-13 May 2006), Lima (15-17 May 2008), Madrid (17-18 May 2010) and Santiago, Chile (26-27 January 2013),
  - having regard to the declarations adopted at the 17 interparliamentary conferences held between the European Union and Latin America and the Caribbean between 1974 and 2005,
  - having regard to the Prague Declaration on Governance and Anti-Corruption adopted at the first World Forum on Governance in March 2012,
  - having regard to the final declaration and recommendations adopted at the second Global Forum on Fighting Corruption and Safeguarding Integrity held in The Hague from 28-30 May 2001 concerning the role of parliaments and supreme audit institutions in the fight against corruption,
  - having regard to the annual reports published by Transparency International, in particular its Corruption Perception Index and Global Corruption Report for 2012,
  - having regard to the Inter-American Convention against Corruption,
  - having regard to the resolution of the 124th Assembly of the Inter-Parliamentary Union on transparency and accountability in the funding of political parties and electoral campaigns, adopted on 20 April 2011 in Panama City,
- A. whereas corruption appears to be a complex phenomenon which can be defined as the abuse of entrusted power for individual or collective, direct or indirect personal gain, and which poses a serious threat to social stability and security by undermining the institutions and values of democracy, ethics and justice;
  - B. whereas the level of transparency makes it possible to gauge the quality of democracy in a country, through its governance arrangements, institutions, economic system and the effectiveness of its political and social monitoring systems;
  - C. whereas no state is immune to corruption, although the extent of it can vary, depending on the robustness of its institutions, civic culture and transparency;
  - D. whereas corruption, far from being an abstract crime, has specific consequences for citizens because of the siphoning off of funds;

- E. whereas, generally speaking, corruption stifles investment, hinders the fair operation of the internal market, depletes public finances and therefore causes serious financial damage, and, in particular, undermines democratic legitimacy and creates social dissatisfaction;
- F. whereas corruption scandals and the inadequate application of justice significantly increase the political disaffection of citizens towards their representatives and rulers;
- G. whereas action should be taken to combat corruption by improving transparency, accountability and measures to fight impunity within states to ensure that people in society can continue to trust those who govern and represent them, and by prioritising the development of strategies and specific policies which not only fight corruption but also help to develop and/or build up public policies in this regard;
- H. whereas the economic consequences of corruption are extremely negative, especially as regards its impact in terms of increasing poverty among the population and on the quality of public services, and on growth rates, falling exports and loss of investment, resulting in economic stagnation and higher levels of social inequality and poverty;
- I. whereas the fight against corruption should also include measures to eradicate tax havens, tax evasion and illegal capital flight;
- J. whereas corruption fosters a culture of illegality, crime, and unequal wealth distribution;
- K. whereas it is not easy to measure corruption as it usually involves illegal practices that are deliberately covered up, although some mechanisms to identify, monitor, measure and combat corruption have been developed and implemented;
- L. whereas it is necessary, when creating transparency and corruption indices, to use national, regional and sub-regional methodologies and indices that recognise the particular and specific cultural and social practices that influence levels of transparency, trust and corruption, as well as the specific features of national regulatory frameworks;
- M. whereas the absence of an independent judiciary, the lack of or a weak political opposition, inadequate economic openness, low human and economic development and the absence of a free press create perfect conditions for opaque practices to flourish;
- N. whereas the present economic and financial crisis in the EU also presents an opportunity to introduce robust measures to combat corruption and the lack of transparency as a result of increased public awareness;
- O. whereas there is a vicious circle between high levels of corruption in countries with low rates of human and economic development, low levels of education, a lack of civic culture, limited political rights and little or no political competition;
- P. whereas low or zero taxation and regulation strategies are unconstructive approaches which give rise to a range of problems, in particular the accumulation of illicit capital, a gradual decline in regulatory and taxation powers and a blatantly unequal situation, as a result of the richest people in society not paying taxes, a privilege which does not extend to the international community's poor and middle classes;

- Q. whereas although Latin America is seen as the world's least equal region, nonetheless some countries in the region have made significant progress in the last few years as regards transparency and social control, such as building up their public policies;
1. Takes the view that, given that corruption can spread across borders, collective action needs to be taken at international level to prevent and combat corruption, and that cooperation between countries and between regions needs to be encouraged;
  2. Supports the Andean Parliament's initiative to create the Andean Observatory for Transparency and the Fight against Corruption, as a pillar and forerunner for launching the Euro-Latin American Observatory;
  3. Calls on countries of the European Union – Latin American and Caribbean Bi-regional Strategic Partnership to meet and actively engage within international anti-corruption forums, such as the World Forum on Governance and the Global Forum on Fighting Corruption and Safeguarding Integrity, to discuss and reach joint decisions on good practices and policies suited to the specific situation in each region, with a view to tackling corruption;
  4. Congratulates those organisations, such as OLAF and GRECO (the Group of States against Corruption), which play a primary role in combating fraud and corruption at all levels;
  5. Calls on states to ratify existing international anti-corruption instruments – such as the UN Convention against Corruption, the Council of Europe's Criminal Law Convention on Corruption and the OECD Anti-Bribery Convention – and to apply them in full;
  6. Encourages the international donor community to devote substantial sums to help develop methodologies designed to identify corruption, establish appropriate tools on a global level, and create and launch the Euro-Latin American Observatory for Transparency and the Fight against Corruption and the sub-regional observatories;
  7. Emphasises the need to step up national and international communication and awareness-raising campaigns which include citizen participation in order to highlight the fact that corruption leads to increased levels of poverty;
  8. Reiterates the importance of education as a core prevention and awareness-raising instrument in order to promote integrity, accountability and transparency, and of respect for the rule of law in order to promote development; encourages, therefore, the promotion of regional programmes, drawn up and implemented through joint efforts by the media and civil society, that are designed to launch a public debate on topics such as corruption, accountability and transparency;
  9. Highlights the existence of highly bureaucratic institutions in both regions and therefore recommends the promotion of less rigid institutions with better communications systems and fewer hierarchal and bureaucratic restrictions;
  10. Recommends that transparency be promoted at all political and governmental levels, particularly in respect of public expenditure;

11. Calls on the European and Latin American states to strengthen the judicial and institutional capacities of their parliamentarians, judges and prosecutors to assist them in combating corruption;
12. Encourages the development and strengthening of the policies and capacities of states, and their political, judicial and administrative institutions at national, regional and local level, and calls for a regional body to be established to investigate corruption cases, issue statements and promote the training and specialisation of human resources to increase their effectiveness;
13. Recommends that rigid, comprehensive legislation be drawn up that clearly defines incompatibility and conflict of interest as regards public and governmental positions, lays down rules governing public procurement, and promotes transparency where income and interests are concerned by requiring both to be publicly declared;
14. Proposes the creation of an effective whistleblower protection scheme at bi-regional level, taking into account the cross-border nature of corruption;
15. Outlines the great importance media holds in the fight against corruption and therefore highly recommends that the transparency of media ownership and sponsorship be ensured through legal proceedings and that this information be accessible to the public;
16. Urges the states of the bi-regional partnership to implement zero-tolerance policies towards tax havens, raising international standards of transparency and increasing the exchange of information;
17. Instructs its Co-Presidents to forward this resolution to the Council of the European Union, the European Commission, the parliaments of the Member States of the European Union and all the countries of Latin America and the Caribbean, the Latin American Parliament, the Central American Parliament, the Andean Parliament, the Mercosur Parliament, the Secretary-General of the Andean Community, the Committee of Permanent Representatives of Mercosur, the Permanent Secretariat of the Latin American Economic System and the Secretaries-General of the Organization of American States, the Union of South American Nations and the United Nations.