

Transparency International EU

The global coalition against corruption

Press release: New report finds EU efforts to return corrupt money are ineffective

Lucinda Pearson · Wednesday, September 11th, 2019

Download the full report [here](#).

Transparency International EU published a [report](#) today that addresses problems with the return of dirty money and assets to victim populations and calls for an overhaul of current EU policy. Grand corruption[1] takes away huge amounts of money from countries, depriving their population of the most basic services. For example, it is believed that former Tunisian President Ben Ali and his family have hidden as much as US\$17 billion in bank accounts across the world, equivalent to more than a third of Tunisia's average Gross Domestic Product (GDP)[2].

Although the EU has put in place measures to help the return of the proceeds of crime, they remain ineffective. According to estimates, only 2.2% of the proceeds of crime are seized and an even smaller percentage (1.1%) is actually confiscated, meaning very little is returned to victim populations.

Laure Brillaud, Senior Policy Officer at Transparency International EU said *"The ineffectiveness of the system is already apparent at the tracing, freezing and confiscation of assets stages of the process. The main challenge is that freezing orders seldom turn into actual confiscation and even more rarely, the return of seized assets to victim populations."*

One explanation for this is that the ability of the EU or EU countries to freeze or maintain the freezing, to confiscate and to return assets generally depends on the willingness and capacity of third countries to cooperate. In some cases, fragile judicial systems or corrupt regimes hamper European efforts.

"The EU needs to rethink its overall approach to asset recovery; it should focus on greater effectiveness and autonomy from third countries. Currently, the recovery regime is heavily reliant on countries that often have autocratic leaders or weak judicial systems," continued Brillaud.

The report sets out some recommendations that the EU could adopt in order to improve policy and procedures in this area. Most importantly, Transparency International EU calls for an overhaul of the EU anti-corruption policy framework, starting with the revision of the 2014 Directive on asset freezing and confiscation[4] and the adoption of an EU-wide global human right and anti-corruption sanction mechanism.

The report is available in full [here](#).

#ENDS#

Notes to editor:

Transparency International EU has recommended the following actions to remedy the problem of asset recovery and return:

- Adopt a global human rights and anti-corruption sanction regime targeted individuals suspected of human rights abuses and corrupt activities irrespective of their country of origin. The listing/delisting of which would not depend on the good will of third countries as we saw in 2019.[3]
- Address the current disconnect between the freezing orders decided as part of EU sanction regimes at EU level and the subsequent confiscation and return of the frozen assets that remain the responsibility of national authorities. This should be tackled for both current misappropriation regimes in place for Egypt, Tunisia and Ukraine and the above-mentioned future global regime.
- Introduce legal instruments to facilitate the freezing and confiscation of stolen assets without requiring prior conviction of the owner of the assets in all EU Member States. These non-conviction based confiscation instruments are already in use in some EU jurisdictions such as the UK, Ireland, Italy or Bulgaria.
- Introduce EU principles for the effective and responsible restitution of confiscated assets to the populations that said embezzlement affected.

Transparency International EU therefore calls on the EU to:

- Have an overall reform of the EU policy framework to address gaps at all stages of the asset recovery process: tracing, freezing, confiscation and return
- Create greater policy coherence between EU sanction policy and EU asset recovery policy
- More specifically to:
 - reform the 2014 Directive on asset freezing and confiscation[4] to introduce principles for non-conviction based confiscation and responsible return of confiscated assets to victim populations in third countries
 - the inclusion of the corruption dimension in the current discussion around the adoption of an EU-wide global human right sanction mechanism

[1] According to Transparency International, Grand Corruption occurs when: A public official or other person deprives a particular social group or substantial part of the population of a State of a fundamental right; or causes the State or any of its people a loss greater than 100 times the annual minimum subsistence income of its people; as a result of bribery, embezzlement or other corruption offence. For more details, see: https://www.transparency.org/news/feature/what_is_grand_corruption_and_how_can_we_stop_it

[2] <https://sanctionswatch.cifar.eu/people/tunisia/zine-el-abidine-ben-ali/>

[1] Directive 2014/42/EU of the European Parliament and of the Council of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union. Retrieved from: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0042>

[3] <https://transparency.eu/marouane-mabrouk-ben-alis-son-in-law-should-remain-on-eu-sanctions-list/>

[4] Directive 2014/42/EU of the European Parliament and of the Council of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union. Retrieved from: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0042>

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