

# Transparency International EU

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## Volkswagen fraud must lead to EU blacklisting

Alessandro · Wednesday, August 2nd, 2017

Reports that German car-maker Volkswagen fraudulently secured €400 million in loans from the European Investment Bank (EIB) should trigger immediate inclusion on an official EU blacklist, according to Transparency International EU. The reports refer to the findings of an investigation by the European Anti-Fraud Office (OLAF) into loans provided by the EIB in 2009 to develop engines that would meet emissions targets. According to OLAF, the company did not disclose that the engines would only meet these targets using a secret ‘defeat device’.

The ‘blacklist’ – or Early Detection and Exclusion System (EDES) – allows the European Commission to prevent companies that have been found guilty of corruption, fraud and other offences from securing EU funds and contracts. The same system is also used by the European Investment Bank in its operations. Inclusion in EDES would mean that Volkswagen is debarred from EU procurement, grants, expert groups or any contract financed by the EU Budget.

*“It seems that Volkswagen has been accessing public money under false pretences,”* said Carl Dolan, Director of Transparency International EU. *“If these reports are true, then a ban on securing EU funding would be a strong signal that this kind of duplicity will not be tolerated, and the best deterrent to other companies who may be tempted to go down this route. If the EU is to rise to global challenges like climate change, it must guard against funding self-defeating projects like this one.”*

Inclusion in the EDES can be triggered by, among other things, facts and findings from OLAF. Transparency International EU is calling on the Commission’s EDES panel to immediately review the evidence in OLAF’s Volkswagen report and to start the procedure for inclusion in the system. The company should also be included in the public listing on the Commission website. The company would then be excluded from EIB financed-projects in accordance with the Bank’s own anti-fraud policy.

Both the EIB and the European Commission have struggled to put in place effective debarment systems and this will be a first major test of recent reforms. As detailed in a Transparency International report published last year, the EIB has only debarred three entities to date, all relating to the same case. The European Commission’s EDES system currently does not list a single company that has been debarred on grounds of fraud or corruption.

### Notes to Editor:

- Politico Europe [article](#)
- EU financial regulations [Article 106](#)

- European Commission’s Early Detection and Exclusion System ([EDES](#))
- [EIB anti-fraud policy](#)
- Transparency International EU’s [report](#) “Investing in Integrity? Transparency and Accountability of the European Investment Bank”

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