Mr President,

1. I have the honour to speak on behalf of the European Union and its Member States.

2. In our Statement on Monday, at the Implementation Review Group, we already mentioned the work on the implementation review mechanism, the upcoming dialogue on anti-corruption and the establishment of the European Public Prosecutor's Office (EPPO). All these efforts also have a preventive effect. In particular, the existence of an effective prosecution office with responsibility for corruption offences will not only enable the punishment of offenders but will also have a deterrent effect.

3. Moreover, the EU is also carrying out an internal review on the rule of law in its Member States. The review covers all the different components of the rule of law, including the quality of the institutional, strategic and legal frameworks to prevent and fight corruption. Indeed, the effective prevention and prosecution of corruption is a central element of the concept of the rule of law. The reports serve as a tool for dialogue with other EU institutions, Member States and stakeholders. The European Commission has made reports on the state of the rule of law in each Member State an annual feature and is currently engaged in drafting the third edition of this Rule of Law Report, which is expected to be adopted in July.

4. As Commission President von der Leyen announced in her state of the Union speech, for the first time this year, the Report will contain country specific recommendations on issues related to the Rule of Law, including anti-corruption. In line with the preventive nature of the annual Rule of Law Report, the objective of the recommendations is to assist and support EU Member States in efforts to take forward on-going or planned reforms, and to help identify where improvements or follow-up to recent changes or reforms may be needed. Moreover, the aim is to
guide Member States to take necessary measures to address concerns raised in the Report.

5. Respect for the rule of law is also key for the sound financial management of the Union budget and the effective use of Union funding. As of last year, the Union budget has an additional layer of protection in cases where breaches of the rule of law principles affect or risk affecting the EU financial interests. This is also known as the “conditionality regulation”.

6. This new conditionality regime allows the EU to take measures – for example suspension of payments or financial corrections – to protect the budget. Measures under the conditionality regulation can only be adopted if the European Commission finds that breaches of the rule of law principles – for instance systemic failure to prevent and prosecute corruption in a Member State – directly affect or seriously risk affecting the sound financial management of the Union budget or of the financial interests of the Union.

Thank you, Mr Chair.