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Dear

2024 Rule of Law Report

This is to confirm that I will happily participate in the video-conference scheduled for Thursday, 1 February 2024, from 17:45 to 18:45 (Nicosia time).

I feel the need to stress that my contribution will be confined to annual wealth statements as a tool for combating corruption amongst politically exposed persons, which is the subject I am intimately familiar with. The areas covered by the Rule of Law Report are fairly extensive, covering the justice systems of the member states, media freedom and pluralism and the various anticorruption frameworks. Although I do have a broad understanding of all the areas covered by the report, I do not have the expertise necessary to speak as a specialist on any one of these issues, other than that of the wealth statements.

The regular (annual) bridging of the wealth statements of the family of a politically exposed person with his/her corresponding statements of “inflows” and “outflows” of wealth constitutes a very powerful preventive as well as detective tool in the hands of a state. However, such a tool – like any other tool – will effectively function, only if properly constructed and skillfully managed. The independent management of such systems is of critical importance, given that the politically exposed persons, which the tool is intended to “control”, invariably have the power to influence the decisions of civil servants, unless those involved in managing these functions are adequately protected against undesirable interference.

Unfortunately, there is sufficient evidence leading to the conclusion that in numerous member-states the level of interference in the management of such corruption-control tools (including the design of such tools) has been such that it has had a significant adverse impact on their effectiveness and in certain cases - such as that of Cyprus - has nullified both the preventive and the detective role of these tools.

In my opinion, the most expedient solution to this problem would be the development of a universal model (tool) which the member states would initially be encouraged to use on a voluntary basis and, at a subsequent stage, be obliged to adopt. Such pioneering work would provide - on an EU-wide basis - a level of transparency that would set an example of how democratic states should be run. Of course, such a scheme is certain to come up against significant resistance from numerous political and business quarters, but is likely to be welcome by the civil society at large.

I attach to this note a link to a recent article of mine in the two oldest daily newspapers of Cyprus, the Greek language *Alithia* and the English language *Cyprus Mail*, which speaks for itself. It was published on October 22, 2023, under the title “Updated ‘pothen esches’ not fit for purpose”. I believe that it is a fair summary as to where we stand today. I must admit that I feel disappointed with the total lack of progress on this issue, ever since the first law on wealth statements was introduced in Cyprus in 2004, at the time of the entry of Cyprus into the European Union. This feeling of disappointment is shared by Prof. Christopher Pissarides and by my distinguished colleague Nicos Syrimis. We jointly invested, on a totally pro bono basis, significant time to compile a White Paper on the reasons that have led to the failure of the wealth statements in Cyprus and on describing, in fair detail, the features of a system that would function properly. The White Paper was published

some three years ago and it is still accessible at <https://www.pothen-esches-cyprus.com>. The White Paper was praised by all the political parties of Cyprus, but it was then conveniently ignored.

Periodically, efforts appear to be made by the political establishment in Cyprus to address the problems identified but no real progress is made. These efforts, not only lack in transparency, but they are covered by a veil of secrecy, which is often impossible to pierce. Recently, it was publicly announced that the law governing the compilation and filing of wealth statements is being revisited by the legislative body of Cyprus. My search of the internet site of the Cyprus House of Representatives disclosed no reference to the subject. This absence of transparency of what is being discussed is typical of the practices followed by the House.

I hope I am being helpful.

Best regards,
Christos Panayiotides

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