

Uproar as top EU official quits in tobacco-linked fraud case

October 17 2012, by Claire Rosemberg

The EU executive faced a growing scandal Wednesday after its top health official resigned on being cited in a tobacco-linked influence-peddling fraud probe.

Health and consumer commissioner John Dalli, whose brief included sensitive issues such as food safety and pharmaceuticals, said he had been asked to resign Tuesday in what was a virtually unprecedented act in Brussels.

In interviews, the Maltese commissioner claimed to be innocent and the victim of the tobacco lobby for planning to introduce tough new rules to make smoking less attractive that will now be postponed until Malta puts up a new candidate to join the 27-member European Commission.

"The fact that this directive will not see the light of day is a big gain to the tobacco industry," Dalli said in a video interview with New Europe website.

In February, he oversaw proposals to make tobacco packaging less attractive and tighten regulations on flavours as well as on non-tobacco products, such as snuff and electronic cigarettes.

"I refute categorically" any claim of corruption, he said several times.

The European Commission announced his resignation the previous day "with immediate effect" following an investigation by OLAF, the EU's

anti-fraud office, into a complaint by tobacco producer Swedish Match.

Heading off talk of corruption at a time when Brussels is increasing its power over national budgets, the Commission said the Swedish company alleged in May that a Maltese entrepreneur with ties to Dalli had offered to try to sway his new proposals in return for cash.

The lobbyist used his contacts with Dalli "to try to gain financial advantages from the company in return for seeking to influence a possible future legislative proposal on [tobacco products](#), in particular on the EU export ban on snus".

Snus, or Swedish snuff—also known as Nas in some countries—is a moist powder tobacco originating from dry snuff. Though its sale is illegal across the EU, it is manufactured and used in Sweden, which has an exemption, and Norway, which is not an EU member.

"No transaction was concluded and no payment was made," Commission spokeswoman Pia Ahrenkilde Hansen said at a news conference on the case.

"OLAF found no direct evidence of the participation of Mr Dalli but did consider he was aware of these events," she said.

Brussels did not name the lobbyist, but a Maltese entrepreneur, Silvio Zammit, issued a statement Wednesday to deny the charges.

"I categorically maintain that I never received any payment from the Swedish company Swedish Match," he said.

"My role as a lobbyist was correct, in accordance with customary practices," he added, dismissing the OLAF investigation as "unfounded and erroneous".

The OLAF report will be sent to the Maltese authorities for judicial examination.

In the video and in other statements to the Maltese media, Dalli said he was asked to resign by Commission president Jose Manuel Barroso at a quick meeting Tuesday although he was innocent and had not even been shown the OLAF report.

At a separate news conference on the matter, OLAF chief Giovanni Kessler said "there is no conclusive evidence" that Dalli "was involved as instigator or mastermind."

But Kessler insisted that there were "a number of unambiguous circumstantial pieces of evidence ... that he was indeed aware of the requests of the Maltese entrepreneur and that this person was using his name and position."

Asked whether Dalli was in breach of the code of conduct, or whether he had done anything wrong, Kessler said: "He was aware of a person close to him asking for money from a company in order to use his influence on the commissioner to try to attempt to change the policy of the commission.

"He did nothing to try to prevent this," he added. "It's not a fraud but it's something wrong."

The amounts of money asked—though never paid—in contacts between the unnamed lobbyist and the Swedish firm were "rather substantive," the chief investigator said.

"Commissioner Dalli's resignation shows how powerful the [tobacco industry](#) can be in influencing and undermining decision makers that are trying to support public health," said the European Public Health

Alliance, a network of NGOs.

"We hope that this will not achieve precisely what big tobacco intended—locking a reinforced and stronger future [tobacco](#) product directive."

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