

## **The press review**

1-15 May 2015

**Prepared by Transparency International Luxembourg**

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# NATIONAL NEWS

## Luxemburger Wort

LuxLeaks

### Les pratiques fiscales de McDonald's dans le collimateur de Bruxelles

Publié le mardi 5 mai 2015 à 11:27

(AFP) - La Commission européenne examine s'il y a lieu de lancer une enquête sur les pratiques fiscales du géant américain de la restauration rapide McDonald's, a annoncé mardi la Commissaire à la Concurrence, Margrethe Vestager.

"Nous regardons si nous devons ouvrir une enquête sur McDonald's", sur la base des informations révélées par les syndicats, a affirmé Mme Vestager, lors d'une audition devant le Parlement européen.

Elle s'exprimait devant la commission spéciale mise en place en février par le Parlement européen pour mettre au jour les pratiques fiscales décriées de certains États membres, révélées par le scandale LuxLeaks fin 2014.

### Schéma d'optimisation fiscale

Trois fédérations syndicales internationales ont accusé en février McDonald's d'avoir soustrait plus d'un milliard de recettes fiscales aux États européens entre 2009 et 2013.

Selon ces fédérations, cette évasion fiscale a été rendue possible par un schéma d'optimisation fiscale ayant permis à la multinationale de faire remonter plus de 3,7 milliards d'euros de ses établissements européens vers sa holding luxembourgeoise McD Europe Franchising, qui s'est acquittée de seulement 16 millions d'euros d'impôts dans le Grand Duché entre 2009 et 2013.

### 1,05 milliard d'euros supplémentaires

Si ces revenus avaient été imposés dans leurs pays d'origine, McDonald's aurait dû verser 1,05 milliard d'euros supplémentaires, ont calculé ces fédérations.

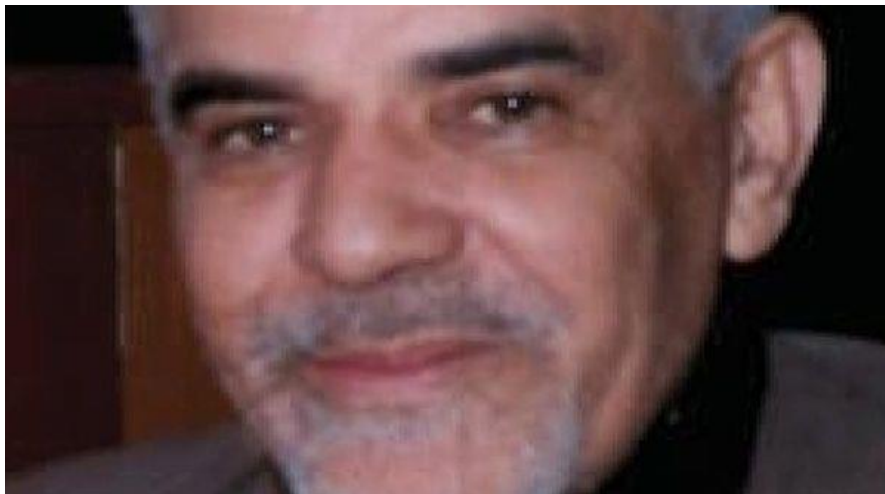
McDonald's Europe affirme "respecter les lois en vigueur, y compris le paiement des taxes dues dans chaque pays".

La Commission européenne mène déjà quatre enquêtes sur des accords de rescrits fiscaux --"tax rulings"-- concernant Apple en Irlande, Starbucks aux Pays-Bas, Fiat et Amazon au Luxembourg.

# Luxemburger Wort

Procès en Algérie

## Chani Medjdoub condamné à une peine de dix ans



Medjdoub Chani *Photo mise à disposition par la famille Chani*  
Publié le jeudi 7 mai 2015 à 16:34

Le Luxembourgeois Chani Medjdoub vient d'être condamné à une peine de prison de dix ans dans le procès pour corruption dont il a été un des principaux acteurs.

Le tribunal criminel d'Alger a condamné jeudi à des peines de prison allant de un à 10 ans une quinzaine de personnes lors d'un retentissant procès pour corruption dans le cadre de la construction d'une autoroute.

Au total, seize personnes et sept sociétés étrangères étaient jugées depuis le 19 avril pour corruption, blanchiment d'argent et dilapidation de deniers publics lors de ce procès dans lequel des noms de ministres ont été évoqués comme bénéficiaires de pots-de-vin.

Les peines à 10 ans de prison visent le consultant en finances Chani Medjdoub, détenteur de la double nationalité algérienne et luxembourgeoise, et un ancien cadre du ministère des Travaux publics, Mohamed Khelladi. Tous deux ont été également condamnés à une amende de 30.000 euros chacun.

Le tribunal a en outre ordonné la saisie de tous les biens mobiliers et immobiliers de MM. Medjdoub et Khelladi, derrière les barreaux depuis plusieurs années.

Les sept entreprises étrangères, en majorité européennes et asiatiques, ont écopé d'une amende de 50.000 euros chacune.

Un autre ancien cadre du ministère des Travaux publics et un homme d'affaires ont été condamnés à sept ans de prison ferme.

Deux peines de trois ans de prison ferme ont été prononcées contre deux accusés, dont un ancien colonel des services secrets, en poste au ministère de la Justice au moment des faits.

Enfin, huit personnes ont été condamnées à des peines d'un an de prison avec sursis et deux autres acquittées.

Lors du procès, l'ancien ministre des Travaux Publics, Amar Ghoul, aujourd'hui aux Transports, a été mis en cause par l'un des accusés selon lequel il aurait perçu un quart des sommes versées en pots-de-vin. Des accusations rejetées en bloc par M. Ghoul.

A été également cité comme bénéficiaire de pots-de-vin l'ancien ministre de la Justice et des Affaires étrangères Mohamed Bedjaoui.

Chantier phare de la présidence d'Abdelaziz Bouteflika, la construction de l'autoroute est-ouest avait été lancée en 2006, confiée aux entreprises Citic et Cojal et devait durer quatre ans.

A la base d'un budget de six milliards de dollars, la construction de l'autoroute a vu son coût grimper à 13 milliards, selon des estimations officielles, et à 17 milliards, selon d'autres sources.

La presse évalue à 5 milliards de dollars le montant des pots-de-vin versés pendant la construction de cette autoroute de 1.200 km traversant le nord de l'Algérie et toujours inachevée.

Le "chantier du siècle" ainsi nommé par l'opinion publique a été rebaptisé par la presse "scandale du siècle".

<http://pape.rjam.lu/>

**VOL PRÉSUMÉ D'OEUVRES D'ART**

## **Olivier Thomas «libre» et «à disposition de la justice»**

15.05.2015 18:03

Par Jean-Michel Hennebert



Olivier Thomas (à droite) se tient «à la disposition de la justice», selon le communiqué du Freeport Luxembourg.

(Photo: Freeport)

Le nouveau président du conseil d'administration du Freeport Luxembourg a recouvré la liberté mercredi après deux jours d'audition par la justice française, confirme vendredi la société luxembourgeoise.

Les temps sont décidément bien troubles pour le Freeport Luxembourg, après les déboires successifs de l'ancien président de son conseil d'administration Yves Bouvier et de son successeur Olivier Thomas. «Notre président du conseil d'administration, Monsieur Olivier Thomas, qui est un consultant en art bien connu, a été entendu par la justice française mardi et mercredi à Paris. Ensuite de ses dépositions, Monsieur Olivier Thomas est ressorti libre et demeure à la disposition de la justice.» C'est par ce court communiqué que le Freeport Luxembourg a commenté vendredi la garde à vue de son nouveau président.

Interpellé dans le cadre d'une plainte déposée par Catherine Hutin-Blay, belle-fille de Pablo Picasso, pour vol, recel de vol et escroquerie, Olivier Thomas a donc recouvré la liberté, après deux journées passées entre les mains des enquêteurs. Selon le

communiqué du Freeport Luxembourg, l'«héritière de la dernière épouse de Pablo Picasso se plaindrait à Paris d'avoir été dessaisie contre sa volonté de certaines œuvres de l'artiste.»

Yves Bouvier avait cédé sa place à Olivier Thomas

Selon le site [Mediapart](#), c'est Olivier Thomas gérant la collection de Catherine Hutin-Blay et aurait stocké certaines de ces toiles au Luxembourg. Le nouveau président du Freeport Luxembourg a ainsi dû s'expliquer sur la présence de certaines œuvres de l'artiste espagnol dans les mains du milliardaire russe Dmitry Rybolovlev. Ce dernier avait acquis, pour deux milliards d'euros, 37 tableaux et sculptures à Yves Bouvier, marchand suisse et initiateur du Freeport Luxembourg.

Une somme jugée trop importante par l'homme d'affaires russe qui avait porté plainte et amené à la garde à vue d'Yves Bouvier. Décidé à préparer sa défense, le Suisse avait cédé les rênes du port franc luxembourgeois à son bras droit, Olivier Thomas. Aucun commentaire quant aux conséquences potentielles de sa garde à vue sur la structure basée au Findel n'a, à l'heure actuelle, été effectué.

# INTERNATIONAL/REGIONAL NEWS

## GRAND CORRUPTION – THE NEW CHALLENGE

Filed under - [Transparency International](#)    Speech by José Ugaz, 4 May 2015 – Kingston, Jamaica



Good afternoon, everybody. First of all, I would like to thank Trevor – Professor Trevor Munroe – and the Board and members of National Integrity Action (NIA) for this invitation. When I was listening to your testimonies you brought back to me the time when I started my membership in Transparency International movement 13 years ago.

A year and a half ago, we celebrated twenty years of existence. Transparency International was founded by Peter Eigen, a German former official of the World Bank, and we are now a big community. We are present in more than 100 countries. We have national chapters like NIA in all these countries and, of course, we have also global action from our Secretariat in Berlin.

Transparency International is composed of thousands of people, of different ages, gender, race, different walks of life, who have only one mission – to promote integrity and combat corruption.

We have, I think, put on the top of the agenda the issue of corruption. Some years ago, for example in 1996, it was expressly forbidden to mention the word “corruption” in World Bank reports. It is because the efforts of Transparency International, and organisations like ours, that we made it possible to openly discuss the impact of corruption around the world – to the point where the former president of the World Bank, Mr. Wolfensohn, in 1996, opened a debate from the institution, saying that corruption was a cancer that undermined development. So we are among many people dealing with the task of promoting integrity and fighting corruption.

Some weeks ago, I was in Norway. I was invited as TI representative to a youth festival, where more than 450 young people from all around the world had an entire week, discussing corruption and its consequences in the world. It was really impressive hearing all these young people passionately debating how we can better tackle this issue, and how they can contribute to making the world a better place with less corruption.

This brings us to the question of - why fight corruption? I come from Peru, a poor country although we are considered a middle-income country, but we still have large portions of our population living in poverty, especially in the rural areas. I would say that part of this – a significant part of the reality of poverty in Peru, and many other countries – has to do with corruption.

So, why deal with corruption? First, we have an obligation to our countrymen and women who suffer because of a group of people who take the money from the country to benefit themselves, or the people around them.

Corruption also needs to be fought because it undermines development. It is not only a moral issue. It has an impact on economy and, because of corruption, people have less education, less access to water, and less access to health and housing.

Corruption is a tax that is paid by the poorest in our countries and this, of course, has to do with democracy. This is a country with a large tradition of democracy, but corruption erodes democracy and affects governance.

Look at what is happening in Brazil – a country in our region – a huge country. Now there's a new situation of instability because the president Dilma Rousseff is questioned about, and we don't know to what extent, her involvement in a huge scheme of corruption involving the petroleum company of Brazil. Thirty-seven high officials of the government, linked to the political party of the president, have been indicted in recent days because of their involvement in this corruption situation regarding Petrobras. And this, of course, can affect the government. There are governments that have had to step down because of corruption issues. In my country, the entire Cabinet had to resign five years ago because one of the members was involved in a corrupt scheme.

So this has to do with poverty, has to do with governance, has to do with democracy. And, of course, also has to do with our future, as young countries aspiring to be developed and provide happiness to our people.

When we celebrated our 20 years in Berlin, a year and a half ago, we assessed the situation and arrived at the conclusion that many goals have been achieved during these years. Transparency International was probably the first organisation to put corruption on the top of the agenda and make it a global issue. We have contributed to the appearance of the Latin-American anti-corruption convention, the United Nation anti-corruption convention, and we provide several tools and instruments to people who want to struggle against corruption.

Every year we produce the CPI, the Corruption Perception Index, where we rank the countries. This is known throughout the world and we can map where countries stand regarding perceptions of corruption. We also produce a corruption barometer and the BribePayer's Index. Every two years we have a huge conference with more than 1 200 attendees from different parts of the world, to discuss the challenges of corruption for the future.

Now, more than 40 of our chapters have what we call ALACs. These are legal offices where we can challenge corrupt practices in our countries and help people to organise in order to struggle against corruption. Two years ago, one of our members of our ALAC in Rwanda was killed because he was investigating a case of corruption in the police. So this is work that can carry great personal risk.

Many of our people in the field are facing challenges because they speak out, they are naming names, and they are discovering corrupt practices. That's one of the reasons why Transparency International has today such a strong brand. If you talk about corruption in the world, immediately many of the people in the world, journalists – and you see it on the news



– usually refer to our movement because we've been consistent along these 20 years in the promotion of integrity and our fight against corruption.

When I joined Transparency International 20 years ago, I did it because I thought it was a good thing to do in my country. And then I had the possibility to meet hundreds of other people like me around the world, thinking the same, and struggling in much more tough, difficult and dangerous environments than we were facing in Peru.

TI has achieved many of the goals we proposed in the past years, but our assessment after 20 years of existence is that it is not enough. There's still too much corruption out there on the streets. And if we ask ourselves – and we did - is there now more or less corruption than when we started our work? Probably the response is - we have more. Have we failed? I don't think so. I think we have achieved tremendous goals.

Now we have a different challenge to confront, and that's why we are now talking about grand corruption. We believe that what we are confronting now is very different from what we had to confront 20 years ago. Organised crime, and you know that very well because Jamaica, as Peru and many other countries have been seriously impacted by organised crime, but now with corruption it generates more devastating consequences than it has in the past.

We are living in a global world, with a lot of technology, there is much more money in the market, and all these elements, together with organised crime, have produced a new phenomenon that we understand as grand corruption and is our new challenge.

If we see what's happening in the region, we will see a very difficult panorama. I'm coming from Panama. The former president of Panama, who just left the government, and is now being investigated, has taken at least 1.2 billion dollars from the public budget. Investigations are on-going, and probably this will scale up to five billion dollars stolen by that government.

If we see what's happening in Argentina, this government and the past ones (Menem and others), have been always questioned for corrupt practices and stealing money from the people.

Brazil – I just mentioned the Petrobras scandal, but Brazil has been going from one scandal to another. More than 12 ministers had to resign in the past two years because of corruption.

Venezuela – we don't have open information about what's happening in Venezuela, but we have enough indicators pointing that there are also big corrupt practices going on in that country.

Chile, that has always been performing very well, you know, in CPI, now is in the middle of a storm because the son of the president Bachelet has been caught in corrupt practices, and he had to resign to a public institution.

Paraguay, the Dominican Republic, most of our countries, not only in the region, are seriously affected by corruption, and I think this is a huge challenge we have to confront as members of the region.

That's why TI – Transparency International – has decided to define a new strategy. Now, at the present moment, we have a task force that is working on our 2020 strategy, and in 2011

we defined a different move for a 2015 strategy. And we decided that we were going to prioritize our work in order to fight impunity, and we are working now – I will not go through the details because there's a lot of information there – but we have what we call the no impunity initiative. And our current struggle is to stop the corrupt getting away with it. And we are developing several campaigns regarding “no impunity.” But you will see in the near future that Transparency International is going to change the way we confront corruption, and probably we will be taking some direct action, we will be naming people and governments, and we will start campaigns in order to stop impunity.

Our chapter in France, for example, took legal action in their country, and they froze 300 million Euros in assets of President Obiang of Equatorial Guinea, who has been stealing money from his country for many years. And our chapter in Russia and our chapter in some other countries in the Balkans also are working directly in legal action. So “no impunity” will be one of our pillars for the new strategy.

The other one is grand corruption. We are starting a campaign in order to confront grand corruption. Now we understand that grand corruption, as I said, is a different phenomenon because it not only involves huge amounts of money and power, but because it's having a direct and serious impact in basic human rights.

This, of course, implies a huge amount of effort. We believe that this is a tremendous challenge. And this is for people with courage, people that do not believe that they are losers, people that do not fear the size of the task, people that we understand are the moral reserve of our countries. And it's interesting, but when a country really apparently hits the bottom, and we believe that it has hit its worst situation of corruption, there is always a group of usually young people that are the moral reserve of the country, willing to change things.

That's why a second pillar of our new strategy – no impunity is one – the other one is youth. We want to engage youth, and I feel really, really emotional now, seeing all these young faces here, of people that are willing to come to work with this anti-corruption community around the world. I just want to tell you that it is possible, it is not easy, probably we will not see a total success in our efforts, but this is an effort that is worth doing – for our future generations, for having better environments, for having less poor and vulnerable people affected in our countries.

So I want to welcome you warmly to Transparency International. I hope we will see each other more frequently, because I intend to come to Jamaica again. You are now part of our family and our movement.

National Integrity Action – after complying with all the requirements of the movement and a lot of development work – has now become a full chapter of Transparency International. We've already been working with you, and Trevor, in many of our actions and we were very much wanted to see you as a full chapter, to recognize your effort, your youth and your capacity. So, let's celebrate. I want to welcome you to Transparency International, and thank you for your testimonies and your time.

– This is an edited version of the speech delivered by José Ugaz to National Integrity Action on 15 March 2015 in Kingston, Jamaica.

<http://www.huffingtonpost.com/the-blog/>

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Author, 'Waging War on Corruption - Inside the Movement Fighting the Abuse of Power'

## It's Time to End Corruption Complacency

Posted: 05/11/2015 2:49 pm EDT Updated: 05/11/2015 2:59 pm EDT

From the comparatively modest malfeasance in the New York State legislature (both the [State assembly Speaker](#) as well as the [Senate majority leader](#) have been indicted for corruption) to the mega-million dollar graft engulfing [Brazilian businessmen and politicians](#) today, on to the all-consuming [kleptocracy in the Kremlin](#), the abuse of public office for private gain is rampant. Its cause is a combination of greed, arrogance and opportunity. The corrupt are aided by widespread complacency: a sense that corruption has always been around and always will be, so let us just accept it.

The U.S. government, for example, is acutely aware of the massive scale of corruption in every aspect of governance in [Afghanistan](#), just as it was in [Iraq](#). For years, our government shipped hundreds of millions of dollars into these two countries, ignoring how much of it was stolen and even used to support America's enemies. This policy continues in Afghanistan.

U.S. reconstruction aid to Afghanistan alone over the last decade has exceeded \$100 billion and when I asked at a conference in Washington DC how much of this has simply disappeared and cannot be accounted for, U.S. Special Inspector General John Sopko throws up his hands and says "its billions and billions." At home, American citizens have been largely silent as an explosion of cash in every corner of politics undermines the democratic process. Ann Ravel, the chair of the Federal Election Commission says her office is ["worse than dysfunctional."](#) Vast amounts will be spent over the next 18 months by individuals and small groups of the wealthy in support of candidates for the highest public offices in the country -- do you really think these donors are not going to seek something in return? In Western Europe, governments and their leaders seem unmoved by the mounting media reports of rampant abuse. Former Luxembourg prime minister Jean-Claude Juncker transformed his village of a country into the base for hundreds of multinational companies seeking to avoid taxes in the countries where they do business. When a journalist leaked detailed documents of the schemes, he was arrested and now [faces a trial](#). Meanwhile, Juncker was elevated by Europe's leaders to become president of the 19-country [European Union Commission](#).

### Ignoring money laundering

From New York to Miami to London and to the South of France, thousands of the [most expensive properties](#) have been acquired by shell companies, registered in places like the Cayman Islands and the British Virgin Islands, whose real ownership is kept secret. The proceeds of money laundering, corruption and crime, may well be used to finance many of these shell companies, but major Western governments are largely ignoring this. And it is just such behavior, amounting to complacency in the face of corruption that provides the corrupt with their opportunities. Enablers of tax avoidance like Juncker, or of vast U.S. taxpayer-funded contracts to Afghan businessmen through U.S. AID and

Pentagon aid programs, face no consequences for their actions. So the corruption multiplies. The arrogance of the officials and business people who bribe and take bribes stems from a sense of impunity where they believe, mostly with good reason, that they will never be investigated, let alone punished for their crimes.

It is not all hopeless. The determination of U.S. public prosecutors continues to serve as a shining model. There may be a good deal of corruption in U.S. public life, but no country has as many public prosecutors dedicated to investigating leading politicians when there is a whiff of graft and kick-backs. From Virginia to New York to Illinois, the highest politicians have been brought down by the zeal and skill of the public prosecutors.

More broadly, increasingly well informed citizens, mobilized by rising numbers of effective anticorruption non-governmental organizations are protesting abuse by their national leaders and campaigning in support of No Impunity. Such action contributed to the start of the Arab Spring demonstrations in Tunisia and Egypt in January 2011. Recently, for example, hundreds of thousands of Brazilians took to the streets to call for the impeachment of president Dilma Roussef. Due in large measure to public pressure, the nation's top judges and public prosecutors are now moving more assertively to investigate allegations of major corruption in state-owned enterprises and to arrest suspected villains than ever before.

### **Threats to Activists**

However, we are also seeing from Russia to Venezuela to Ethiopia and in many other countries that the more successful the anticorruption activists are, so the more they are being threatened by those in government who are determined to hold on to power and maintain their impunity. The reprisals are very real, as illustrated by the murder of [Boris Nemtsov](#), the Russian anticorruption pro-democracy leader in Russia earlier this year, and by the murder of Transparency International activist [Gustave Makonene](#) in Rwanda in July 2013.

The failure to fully and explicitly address the causes and consequences of corruption in America's major strategic partner countries has added to insecurity. The failure of major national and multilateral aid agencies to forthrightly demand governance reforms in many natural resource rich countries where tiny elites live in splendor and the population as a whole lives in squalor, should be unacceptable. The inability of many poorer nations to enforce environmental protection laws because of lack of skilled inspection systems, political will, and officials willing to take bribes, is producing a rising global threat.

There is too great an acceptance of overseas corruption across the foreign policy establishments in our country -- from Congressional committees to the White House, State Department, CIA and Pentagon, to think tanks and the establishment media. Similarly, our inadequate enforcement of our campaign finance laws to ensure full transparency and accountability is a tragedy. A far stronger focus in public policy and debate on fighting corruption is overdue.

<http://www.bloomberg.com/>

# Euro Wreaks Havoc on Carry Trades in Rally Almost No One Foresaw

By [Liz McCormick](#) [Andrea Wong](#) May 18, 2015

It was supposed to be so easy. Borrow in euros as the European Central Bank kept interest rates near zero and use the proceeds to invest in the economies where rates are higher, pocketing the difference and generating huge profits.

For a while it worked -- that was, until about a month ago when global markets began to go haywire and the euro, instead of weakening as most every strategist surveyed by Bloomberg predicted, began to rally. Investors who embraced the carry strategy have seen losses of 3.5 percent since the end of March, according to a UBS Group AG index.

“It’s not working,” said Neil Jones, head of hedge-fund sales at Mizuho Bank Ltd. in London. “This trade will become profitable again, but not quite yet. For now, it’s on ice.”

In many ways, the unexpected outcome mirrors the broader economy. Signs are emerging that the euro zone may not be in as bad a shape as forecast, and deflation isn’t likely. At the same time, the dollar has been falling amid worse-than-predicted U.S. data that dimmed odds of an imminent Federal Reserve rate increase.

What’s turned the strategy on its ear is the unexpected recovery in the euro. In a typical carry trade, speculators borrow in a currency they expect to depreciate or remain little changed to secure the lowest borrowing costs. The shared currency has strengthened 3 percent in the past month, according to Bloomberg Correlation-Weighted Indexes, forcing speculators to unwind no unprofitable investments.

## Exceeding Forecasts

At \$1.1433 as of 6:55 a.m. in London, the euro is higher than all except one of the active mid-year forecasts in a Bloomberg survey of 98 contributors. The median estimate is for the shared currency to trade at \$1.08.

Adding momentum to the euro’s reversal versus the dollar was a string of worse-than-predicted U.S. data that dimmed speculation the Fed is about to raise interest rates. At the same time, an ending of deflation expectations in Europe has pushed up German bond yields, making them more attractive on a relative basis and damping the appeal of Treasuries.

“Both sides of the equation are coming under question,” said Alan Ruskin, global head of Group of 10 foreign exchange at Deutsche Bank AG in New York. “What’s the appropriate funding currency is at least as important as where’s the attractive high yielder.”

## Emerging Markets

Currencies that are often used to bet on gains in the carry trade such as the South African rand and Turkish lira have underperformed, Ruskin said.

Strategists at Morgan Stanley agree, and highlighted in a May 14 note that the failure of emerging-market currencies to rally in the past month has compounded negative carry affects from the euro's resilience.

The International Monetary Fund estimated last month that developing countries will grow at the slowest pace relative to their advanced peers since 2000. It warned that rising U.S. interest rates and escalating geopolitical risks may add to pressure on the currencies.

Speculative investors cut by about half net bullish bets on the greenback since January, according to Commodity Futures Trading Commission data.

The reversals by both the euro and dollar have caused foreign-exchange hedge funds to suffer. Parker Global Strategies LLC's gauge of 14 top currency funds dropped 0.7 percent in April, its worst month since the dollar started climbing in the middle of last year. It's down 0.5 percent this month.

## Disorderly Move

"The move in bunds had become disorderly and that increased the risk of volatility contagion, where you see high volatility and fairly broad-based deleveraging across markets," said Paul Meggyesi, a foreign-exchange strategist at JPMorgan Chase & Co. in London. "Assets that are over-owned and over-positioned, and so over-valued, come under pressure. That's exactly how I'd describe the dollar earlier this year, which is also increasingly devoid of near-term economic support."

The two seemingly winning trades, betting on dollar appreciation and euro losses, gained steam last year even before European Central Bank President Mario Draghi unleashed a bond-buying program and as expectations oscillated on how far off a Fed rate increase was. Money-market trades signal the U.S. central bank will raise its near-zero policy rate in December.

"While the idea of a Fed rate hike isn't front and center of market themes during this period, we do think the data will start to improve in the second quarter," Nick Bennenbroek, head of currency strategy at Wells Fargo & Co., said from New York. "The euro appreciation, the unwinding of short euro carry trade can run a little further."