


Procedure file

| Basic information | | |
|--|--------------------------------|---------------------|
| COS - Procedure on a strategy paper (historic) | 2000/2032(COS) | Procedure completed |
| Fight against fraud and protection of the Community's financial interests. 1998 annual report | | |
| Subject 8.70.04 Protecting financial interests of the EU against fraud | | |

| Key players | | | |
|--|---|---|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| | CONT Budgetary Control | | 26/01/2000 |
| | | PSE BÖSCH Herbert | |
| | Committee for opinion | Rapporteur for opinion | Appointed |
| | ECON Economic and Monetary Affairs | | 14/02/2000 |
| | | PPE-DE EVANS Jonathan | |
| | JURI Legal Affairs and Internal Market | | 29/02/2000 |
| | | V/ALE MACCORMICK Professor Sir Neil | |
| | ITRE Industry, External Trade, Research, Energy | The committee decided not to give an opinion. | |
| | ENVI Environment, Public Health, Consumer Policy | The committee decided not to give an opinion. | |
| RETT Regional Policy, Transport and Tourism | The committee decided not to give an opinion. | | |
| Council of the European Union | | | |

| Key events | | | |
|------------|--|---|---------|
| 17/12/1999 | Non-legislative basic document published | COM(1999)0590 | Summary |
| 14/02/2000 | Committee referral announced in Parliament | | |
| 19/04/2000 | Vote in committee | | Summary |
| 19/04/2000 | Committee report tabled for plenary | A5-0116/2000 | |
| 16/05/2000 | Debate in Parliament |  | |
| 16/05/2000 | Decision by Parliament | T5-0212/2000 | Summary |
| 16/05/2000 | End of procedure in Parliament | | |
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| Technical information | |
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| Procedure reference | 2000/2032(COS) |
| Procedure type | COS - Procedure on a strategy paper (historic) |
| Procedure subtype | Commission strategy paper |
| Legal basis | Rules of Procedure EP 142 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | CONT/5/12358 |

| Documentation gateway | | | | | |
|---|--|---|------------|----|---------|
| Non-legislative basic document | | COM(1999)0590 | 17/12/1999 | EC | Summary |
| Committee report tabled for plenary, single reading | | A5-0116/2000 OJ C 059 23.02.2001, p. 0004 | 19/04/2000 | EP | |
| Text adopted by Parliament, single reading | | T5-0212/2000 OJ C 059 23.02.2001, p. 0022-0061 | 16/05/2000 | EP | Summary |

Fight against fraud and protection of the Community's financial interests. 1998 annual report

PURPOSE : To present the Commission's Annual Report on protecting the Communities' financial interests and the fight against fraud.

CONTENT : The report cites the special circumstances under which the tenth annual report was drafted. On 16 March 1999, the Commission resigned. This report was begun during the period of the outgoing Commission under the direction of UCLAF and has been finished by the European anti-fraud Office (OLAF). It describes the unique period of transition between the two Commissions as well as from the anti-fraud structure to the new Office. It states that cases of fraud and other irregularities must be detected by the Member States and the Commission, working closely together. The principal obligation is on the Member States, since they collect traditional own resources and administer about 80% of the Budget (which amounted to ECU 82.8 billion for 1998). On the basis of definitions of concepts of 'irregularity' and 'fraud' an attempt has been made for the first time to quantify the number of frauds on the budget. This amounts to about 20% of the number of irregularities notified by the Member States. The figures need to be interpreted with caution, since a limited number of cases can have a large effect on the statistics. Fraud against own resources was significantly reduced in 1998 from 1997, chiefly owing to increased detection of cigarette trafficking. Fraud against the Structural Funds decreased in amount, but this is related to the small number of cases UCLAF dealt with. The same unit that investigates the Funds also dealt with internal matters in the institutions, and the latter were made the highest priority. In the area of the EAGGF Guarantee Section, the amount involved in fraud or irregularities increased, due to the fact that Member States reported new cases in 1998 covering several years of investigations. The report details the investigations undertaken both by work of task groups and by budget sector. It goes on to discuss the main developments in the protection of the Communities' financial interests. - reform of the Community transit system reform of the preferential tariff arrangements - Indirect taxation, particularly the need to set up an early warning system for movements of tobacco and alcohol and, in the longer term, to set up a computerised monitoring and control system. - Co-operation and partnership with the Member States, including judicial and police co-operation and plans for the protection of the euro against counterfeiting from 1 January 2002. In addition, the new Customs Information System was introduced in 1998. It enables national administrations in the Member States to exchange information on customs fraud cases quickly and securely. - Co-operation with non-member countries. Agreements have been concluded with 33 providing for mutual assistance on customs matters. With regard to a pre-accession strategy on fraud, UCLAF concentrated on Poland, partly because it is the largest of the applicant countries and receives the biggest share of PHARE funds. Part of its border will form part of the Union's external border when it joins. A multidisciplinary central structure to fight fraud has been established.?

Fight against fraud and protection of the Community's financial interests. 1998 annual report

The committee adopted the report by Herbert BÖSCH (PES, A) on the Commission's 1998 annual report on protecting the Communities' financial interests and the fight against fraud. The committee welcomed the Commission's proposal to establish a European public prosecutor's office with far-reaching powers to protect the Union's financial interests. This was a long-standing demand of Parliament's, which had been taken up by the Committee of Independent Experts and was now on the table for the IGC as a proposal for inclusion in the revised treaty. In anticipation of the creation of this office, the committee, in line with the recommendations of the Committee of Experts, called on the Commission to submit legislative proposals by 30 June 2000 enabling a comprehensive legal and judicial framework for the protection of the Union's financial interests to be established. Pending the treaty changes, it called for an external chamber for budgetary discipline to be set up in the Court of Auditors. The committee stressed the need for effective disciplinary procedures and rules on liability to apply to anyone working in the EU institutions who was responsible for cases of fraud or corruption. The Commission was asked, as part of its administrative reforms, to tighten up the rules in this area. The report said that OLAF must adopt transparent standard operating rules, including rules relating to the conduct of investigations, and called for closer cooperation between the Commission and the Member States to combat fraud and irregularities more effectively. The committee also wanted to see effective measures to deter pirating and counterfeiting of goods, such as exemplary

damages to compensate victims of these activities. Lastly, the report called on OLAF to submit to Parliament a full list of all cases of EU staff suspected of involvement in fraud or corruption. ?

Fight against fraud and protection of the Community's financial interests. 1998 annual report

The European Parliament adopted the resolution drafted by Herbert BOSCH (PES, Austria) on the Commission's 1998 annual report on protecting the Communities' financial interests and the fight against fraud. -In anticipation of the creation of the European Public Prosecutor's office, the Parliament called on the Commission to present, by 30 June 2000, a proposal to extend the OLAF Regulation, to allow the early appointment of a prosecutor whose task for the time-being would be to investigate criminal offences committed by members and employees of the EU institutions. -It asked for legislative proposals to be submitted by 30 June 2000 on a comprehensive legal and judicial framework for the protection of the Union's financial interests. -Parliament also called for the strengthening of OLAF's role by assigning to it a hearing officer modelled on the hearing officers for competition procedures before the Commission. -It required a full list of all cases under investigation of fraud, corruption or other unlawful activities against the Community budget. -With regard to the priorities for OLAF's work, Parliament considered that OLAF must adopt transparent operating rules, which must be made public. -Member States should be placed under an obligation to report VAT fraud cases to the Commission. The Commission and Member States must work together to improve the accuracy of the analysis of 'fraud' as a proportion of the overall financial irregularities affecting the EU programmes. There should be more effective Community-wide commitment to solving the problems of VAT fraud. -OLAF should consider whether it might expand the network of specialist task forces established by UCLAF to deal with smuggling, piracy and counterfeiting.?