Protection of the EU’s financial interests - Recovery of money and assets from third-countries in fraud cases

2018/2006(INI) - 25/10/2018 - Text adopted by Parliament, single reading

The European Parliament adopted by 502 votes to 70, with 45 abstentions, a resolution on the protection of the EU’s financial interests - recovery of money and assets from third countries in fraud cases.

Members stressed that the protection of the EU’s financial interests should be a key element of EU policy aimed at increasing the confidence of citizens by ensuring that their money is used properly and effectively. However, the diversity of legal and administrative systems in the Member States presents a challenging environment for combating fraud given the **absence of uniform legislation at European level** to combat organised crime.

EU funds lost owing to cases of fraud: faced with the ongoing problem of EU funds lost owing to cases of fraud involving funds being transferred to third countries, Parliament stressed the need, for the purposes of prevention, to avoid transfers of funds through financial intermediaries operating in non-transparent and uncooperative jurisdictions.

They also stressed the need to **link the disbursement of funds to the publication of beneficial ownership data**, in order to facilitate the recovery of assets in the event of fraud.

It is also possible that funds from third countries may also be **fraudulently transferred to the EU**. Parliament underlined that the outcome of the EU-funded Preparatory Action for Supporting Arab Spring countries to implement asset recovery carried out by the United Nations Interregional Crime and Justice Research Institute (UNICRI) should lead to a permanent and broader EU programme to implement asset recovery.

Mutual agreements: the resolution underlined that the EU has, unfortunately, so far only concluded agreements on mutual legal assistance with a few third countries, such as Japan, the US, Norway and Liechtenstein, despite the fact that it is suspected that funds are also transferred to other jurisdictions. The Commission is called on to encourage efforts to reach agreements with third countries receiving EU funding.

It is regrettable that many Member States currently have to rely on bilateral agreements and that there is no EU approach to this serious issue. Therefore, Members stressed the need for a more unified approach.

Against this background, the Commission is called on to:

- harden its stance in agreements signed with third countries by adding anti-fraud clauses;
- calculate the amount of EU funds lost;
- undertake a **risk assessment** of EU laws that facilitate illegal money transfer outside of the EU, and remove the sensitive points in those laws;
- establish a **standardised data collection method**, which would be identical for all Member States, to enable detection of the transfer of fraudulent assets to third countries, with the aim of creating a central EU database as soon as possible.

The EU is called on to advance with its application for membership of the Council of Europe Group of States against Corruption (GRECO) as rapidly as possible, and to keep Parliament updated on the matter.

Members welcomed the successful conclusion of negotiations on the proposal for a regulation on the mutual recognition of freezing and confiscation orders, of which its main elements could form a useful basis for cooperation with third countries in the context of international conventions and bilateral agreements to which the EU is party.

Lastly, Members regretted the fact that not all EU Member States have agreed to be part of the European Public Prosecutor's Office (EPPO). They stressed the importance of the EPPO becoming the key player in any future mechanism for recovery in third countries, and that this requires that it be recognised for this purpose as a competent authority, in existing and future agreements on mutual legal assistance and asset recovery.