Fight against fraud and protection of financial interests of the Communities. Annual report 2001

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The committee adopted the own-initiative report by Herbert BÖSCH (PES, A) on the protection of the Communities' financial interests and the fight against fraud. The report looked at how the various parties involved in protecting the Community's financial interests worked together and concluded that the procedures for the recovery of wrongly paid EU funds did not work, particularly where the Structural Funds were concerned. The Commission was urged to submit to Parliament by 30 June 2003 a detailed analysis of the causes of this problem and proposals to remedy it. Italy was singled out, with MEPs saying it was unacceptable for the Commission to consider offering this country special treatment in view of the sum outstanding (EUR 1.4 billion). The report also pointed out that the degree of diligence with which efforts were made to identify and communicate irregularities varied substantially from Member State to Member State. On internal fraud, MEPs called on the Commission to halt cooperation with EUROGRAMME and EUROCOST immediately. They asked whether any senior officials of Eurostat who might be involved would be required to make good any losses suffered by the taxpayer. Turning to alleged cases of favouritism, the committee welcomed the fact that the Commission had acted on Parliament's recommendation regarding possible breaches of her obligations by ex-Commissioner Edith Cresson. The committee also highlighted new issues raised by enlargement. For example, it stressed the need to set up OLAF offices in the new Member States and called for measures to be taken to deal with the growth of financial crime in the Kaliningrad region. Regarding the OLAF Supervisory Committee, MEPs welcomed its "decisive contribution" in a difficult environment but they regarded it as "entirely unacceptable" that the appointment of that committee's members should have been delayed by Italy since September 2002 and called for them to be reappointed to their posts. Lastly, the report drew attention to the enormous losses to tax revenue, particularly in the UK, as a result of cigarette smuggling, and called on the United Kingdom to join the legal action brought by the Commission and Parliament in the United States against major tobacco concerns on the grounds of their involvement in cigarette smuggling.