Fight against fraud and protection of the European Communities' financial interests

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The committee adopted the annual report by Herbert BÖSCH (PES, AT) on the protection of the financial interests of the EU. One of the report's main conclusions was that the EU Member States must do more to fight fraud and speed up the recovery of EU budget funds that have been spent unlawfully.

The report noted that in 2003, irregularities and fraud totalling EUR 922m were reported by the Member States. It focused in particular on financial damage caused by cigarette smuggling, on the recovery of unlawfully spent funds and on the activities of the EU anti-fraud office OLAF.

The committee pointed out that in 2003, according to the Member States' own estimates, cigarette smuggling cost the EU at least EUR 200m in lost revenue ("own resources"). It welcomed the agreement between the Commission and Philip Morris International on combating cigarette smuggling, and called on all Member States to join the agreement, which it said should include other cigarette manufacturers as well. It also called for closer cooperation between the Member States and for Europol to be closely involved in the fight against what is just another form of organised crime. The committee praised the Commission's successful cooperation with OLAF and the decisive operational support provided by OLAF's Task Force on combating cigarette smuggling.

Regarding the recovery of unlawfully spent funds, MEPs said a total of EUR 3bn from 2003 and earlier financial years needed to be recovered. Although they welcomed the progress made by the 'Recovery' Task Force set up to deal with sums outstanding in the agricultural sector, they were clearly unhappy with the paltry recovery rate from the cases dealt with by OLAF. Of an estimated loss of EUR 5.34bn over the last five years only EUR 100m, or 1.87%, had been recovered. The committee stressed that responsibility for this situation lay mainly with the Member States: their reporting was sloppy and they had failed to attribute enough importance to the protection of the EU's financial interests.

Regarding OLAF, the committee emphasised that priority must go to investigations within the institutions and in connection with expenditure directly administered by the Commission. It urged the Commission and the Council to submit concrete proposals concerning OLAF's future role with respect to the European Public Prosecutor and Eurojust before 31 December 2005. Lastly, it welcomed the Commission's decision to fill the post of Director-General of OLAF following a public call for applications, so that a genuine and credible selection process can take place, giving the Director-General a valid mandate and sufficient credibility. It added that a decision on the new appointment should be taken as soon as possible.