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

2004/2198(INI) - 07/06/2005 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by Herbert BÖSCH (PES, AT) on protection of the Communities' financial interests and the fight against fraud. (Please see the summary of 09/05/2005.) Parliament drew attention to the European Court of Auditors' Special Report No 3/2004 on recovery of irregular payments under the Common Agricultural Policy: according to that report, between 1971 and September 2004 irregularities involving a total of EUR 3.1 billion were reported in the sector; of that sum, EUR 626 million (20.2%) has been recovered from recipients and EUR 156 million (5%) and EUR 144 million (4.6%) has had to be paid by the EAGGF and the Member States respectively. There should still be EUR 2.2 billion (70%) to be recovered. Member States bear primary responsibility for the recovery of lost budget appropriations. Hitherto, they have failed to discharge this responsibility adequately and, in particular, have been sloppy in carrying out their reporting duties vis-à-vis the Commission.

Parliament criticised the fact that it is often those countries whose reported irregularities represent the greatest loss to the budget (2003: Spain EUR 112 367 457, Italy EUR 16 896 556, and France EUR 12 221 826) which also have the lowest recovery rates. It took the view that the non-recovery of irregular payments within four years (by means of administrative measures) or eight years (through the courts) represents a serious breach of the duty of care. The country concerned should then be required to settle the debt itself. In this way, Member States could be encouraged to take responsibility at an early stage and adopt a proactive approach to remedying errors.

Fraud involving adulterated butter: Parliament was critical of not only the fact that less than 10% of the estimated EUR 100 million loss has been recovered by the Member States concerned (Belgium, Germany and France) in the Italburro case. It criticised the fact that the true nature of the possible health risks resulting from the butter adulteration scandal has still not been established, and noted with amazement that the German authorities have issued a recovery order for only EUR 141 737 against the firms concerned, which have now challenged that order. Furthermore, five years after the case came to light the Belgian and French public prosecutor's offices have not yet opened criminal proceedings.

Measures to combat cigarette smuggling: the agreement with Philip Morris provides for measures to prevent cigarette smuggling in the long term and seeks to settle the disputes between the Community and the undertaking. In addition, over a 12-year period PMI will pay a sum of roughly US $1 250 000 000 to the Community and the Member States. Parliament called on the Member States and the Commission to use these payments to fund measures to prevent and combat cigarette smuggling, including anti-counterfeiting activities.

Cooperation with Switzerland: Parliament welcomed the conclusion of the Agreement between the EC and the Swiss Confederation to counter fraud, and called on those Member States who had not yet ratified the Second Protocol to do so.

Delegation to private firms of missions of the European public service: In view of the prohibition inserted in the Financial Regulation in 1998, Parliament found it unacceptable that in November 1999 the Commission should nevertheless have adopted rules governing service, supply and works contracts in the context of cooperation to assist third countries which authorised the use of so-called procurement agencies, which then organised tender procedures, signed contracts and made payments to final recipients.

Priorities and prospects for OLAF's work: priority must go to investigations within the institutions and in connection with expenditure directly administered by the Commission.

OLAF investigations and the protection of fundamental freedoms: Parliament noted with concern the view expressed by the OLAF Supervisory Committee that OLAF’s current, self-imposed procedural rules governing investigations (OLAF Manual) may not be sufficient to safeguard the rights of persons under investigation by OLAF and that the admissibility as evidence of the findings of investigations may be called into question.

Finally, Parliament made some follow-up to remarks and calls from previous years, as well as on the appointment of a new Director General of OLAF.