Basic information

1997/2096(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Fight against fraud and protection of the Community's financial interests. Working programme 1997-1998, 1996 Report **Subject** 8.70.04 Protecting financial interests of the EU against fraud	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	BÖSCH Herbert (PSE)	12/05/1997

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs, Citizens' Rights	The committee decided not to give an opinion.	
LIBE Civil Liberties and Internal Affairs	D'ANCONA Hedy (PSE)	08/07/1997

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	2014	1997-06-09

Key events

Date	Event	Reference	Summary
06/05/1997	Non-legislative basic document published	COM(1997)0200	Summary
29/05/1997	Committee referral announced in Parliament		
09/06/1997	Resolution/conclusions adopted by Council		Summary
25/09/1997	Vote in committee		Summary
25/09/1997	Committee report tabled for plenary	A4-0287/1997	
21/10/1997	Debate in Parliament		
22/10/1997	End of procedure in Parliament		
10/11/1997	Final act published in Official Journal		

Technical information	
Procedure reference	1997/2096(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	CONT/4/08926

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0287/1997 OJ C 339 10.11.1997, p. 0005	25/09/1997	
Text adopted by Parliament, single reading		T4-0499/1997 OJ C 339 10.11.1997, p. 0048-0068	22/10/1997	Summary

European Commission

Document type	Reference	Date	Summary
Document attached to the procedure	COM(1997)0199	06/05/1997	Summary
Non-legislative basic document	COM(1997)0200	06/05/1997	Summary

Fight against fraud and protection of the Community's financial interests. Working programme 1997-1998, 1996 Report

1997/2096(COS) - 06/05/1997 - Non-legislative basic document

OBJECTIVE: the seventh annual report by the European Commission on the protection of financial interests and the fight against fraud assesses all the action taken in this field. This 1996 report also seeks to summarize the progress made since the new Commission strategy was implemented in 1994 and to highlight future prospects and priorities. CONTENT: according to the annual report by the European Commission, irregularities (affecting income and expenditure) detected by the Member States and the Commission totalled ECU 1.3 billion in 1996, out of a total budget of ECU 82 billion. In comparison, the figure for 1995 was ECU 1.1 billion. Over the year as a whole, some 4,500 cases were detected by the customs and financial services of the Member States and by the European Commission anti-fraud unit (UCLAF). - With regard to traditional own resources (VAT, customs duties and agricultural duties), irregularities accounted for 5.8% (ECU 787 million) of traditional own resources collected by the Member States in 1996 on behalf of the Community (approximately 2,000 cases). This impact has risen from 3.6% in 1995 and applies, for example, to cases of major organized fraud, cigarette smuggling or VAT fraud on computer parts sold between companies in different Member States. - With regard to expenditure which passes through the Member States (i.e. over 80% of expenditure from the Community budget, including the common agricultural policy and structural actions), overall fraud accounted for 0.7% (ECU 498 million) of total funding granted, i.e. approximately 2 400 cases. In the case of expenditure managed directly by the Commission (15% of the budget), this impact was 0.1% (ECU 16 million) of the payments granted. The Commission detected irregularities in all decentralized Mediterranean cooperation programmes. In agriculture, the move towards a greater proportion of aid paid directly to farmers has resulted in an increase in the number of cases detected, while the sums communicated have remained relatively stagnant. With regard to structural policies, there was both a considerable increase in the number of cases compared with 1995 and the sums involved rose fourfold as the result of the implementation in 1996 of practical methods for Member States to communicate information on fraud. In addition, with regard to structural actions, fraud relating to subsidies affects both Community contributions and national cofinancing. The Commission emphasizes

that fraud against Community finances also has a direct impact on national financial interests. In cigarette smuggling, for example, the overall impact in 1996 from transit system fraud was ECU 800 millions (customs duty, excise, VAT), 25% of which represented customs duties for the benefit of the Community. The lion's share (75%) is borne by national budgets. In the case of alcohol, excise fraud in intra-Community traffic results in considerable losses of tax revenue, to the detriment of national interests (ECU 450 million in 1996). The Commission notes that a small number of cases (2-3%) account for the most important instances of fraud and most of the sums at stake (over 2/3). This phenomenon demonstrates the existence of well organized crime to which frontiers are no object and which organizes carousels, sets up financial operations and launders the income from its activities via "front" companies using banking networks spread over numerous financial centres both inside and outside the Community. The Community is in a better position to intervene in order to collect information and launch the operations needed against transnational fraud. The results achieved on the ground by Community teams (especially task groups) benefit both Community and national finances. Some 4,000 calls were logged on the freephone number in 1996, 42 of which resulted in investigations. The Commission considers that if emphasis is to be placed on operational measures within the framework of the overall problem of the fight against fraud, preventive action is one of the best ways of protecting public finances. It reiterates that the fight against fraud is, first and foremost, the responsibility of the Member States, which alone have the means needed to fight fraud through their various financial police services. However, it is essential that the Commission coordinate action and intervene on the ground in areas in which it is able to provide added value, especially in the case of transnational fraud and major financial crime.

Fight against fraud and protection of the Community's financial interests. Working programme 1997-1998, 1996 Report

1997/2096(COS) - 06/05/1997 - Document attached to the procedure

OBJECTIVE: presentation by the Commission of the 1997/98 work programme for the fight against fraud. SUBSTANCE: the present work programme strengthens presence on the ground and continues the policy of partnership with national authorities. It also aims at strengthening legislation to ensure compatibility of national judicial norms and transnational cooperation. The efforts will focus on six themes: - detection of irregularities; - recovery of the amounts concerned; - fraud-prevention and fraud-proof legislation; - administrative sanctions and deterrence; - a judicial area for the protection of the Union's financial interests; - the preparation for enlargement and relations with non-member countries. In each of these themes the SEM 2000 principles on financial management will be implemented. The accent will be put on the prevention aspect, especially the quality and applicability of legislation. In the customs area, the principles identified in the 'customs 2000' programme will be implemented. Some priorities should be highlighted: - priority will be given to the European Parliament's recommendations to strengthen customs cooperation in the transit field. Priority will also be given to an improvement of preferential regimes for non-member countries so as better to prevent and combat fraud; - in the field of indirect taxes, strengthened cooperation with Member States at Union level will be put in place so as to improve the functioning of VAT and excise systems in the internal market; - anti-fraud actions will be developed in certain non-member countries, in particular the new independent States as well as the accession candidate countries in Central and Eastern Europe. The Commission notes that since 1994 some Member States have set up specialized structures for the protection of EU finances while others have introduced provisions to strengthen cooperation with the Commission. These are positive and encouraging signs. Some aspects of action in Member States, such as close collaboration and networking, also form part of the work programme.

Fight against fraud and protection of the Community's financial interests. Working programme 1997-1998, 1996 Report

1997/2096(COS) - 22/10/1997 - Text adopted by Parliament, single reading

In adopting the report by Mr Herbert BÖSCH (PSE, A), the European Parliament calls for measures to ensure that the UCLAF is given full independence for the coordination of measures to combat fraud by granting it special status in order to prevent pressure from being brought to bear granting greater budgetary independence and reviewing the chain of accountability in cases of alleged internal corruption and fraud. It takes the view that losses to the Union budget from fraud remain unacceptably high and that the EU must have at its disposal investigative services able to deal with fraud on a supranational basis within the framework of the Community institutions. He calls for the creation of an independent European judicial authority able to direct investigations and bring prosecutions as appropriate. Pending the creation of such an authority, Parliament calls on the Commission and other Community institutions to refer all cases of suspected fraud to the competent national judicial authorities. It continues to believe that the genuine single criminal law space is a pre-requisite for the adequate defence of the financial interests of the Community and for an effective fight against international crime. It calls on the Member States to ratify and fully transpose without delay the Convention on the protection of the financial interests of the Community.

Fight against fraud and protection of the Community's financial interests. Working programme 1997-1998, 1996 Report

1997/2096(COS) - 09/06/1997

The Council adopted conclusions in which it welcomed the Commission’s presentation of an annual report and work programme on protecting the Communities’ financial interests and fighting fraud. It stressed the need for closer cooperation between the Member States and the Commission in combating organised crime. The Council considered it necessary to consolidate the implementation of the legal instruments already in place and stressed the importance of early ratification of the Convention on the protection of the European Communities’ financial interests and of other instruments approved by the Council. It believed that such instruments needed to be made tougher through provisions for prosecuting and punishing fraudulent acts. The Council fully endorsed the six priority themes presented by the Commission in its work programme and therefore called on the Commission to submit as soon as possible all useful proposals in the various areas of activity.