Basic information

2018/2006(INI) INI - Own-initiative procedure	Procedure completed
Protection of the EU's financial interests - Recovery of money and assets from third-countries in fraud cases **Subject** 8.70.04 Protecting financial interests of the EU against fraud	

Key players

European Parliament	**Committee responsible**	**Rapporteur**	**Appointed**
	CONT Budgetary Control	IVAN Cătălin Sorin (S&D)	17/01/2018
		Shadow rapporteur PITERA Julia (PPE) ALI Nedzhmi (ALDE)	
European Commission	**Commission DG**	**Commissioner**	
	Trade and Economic Security	MALMSTRÖM Cecilia	

Key events

Date	Event	Reference	Summary
18/01/2018	Committee referral announced in Parliament		
27/09/2018	Vote in committee		
02/10/2018	Committee report tabled for plenary	A8-0298/2018	Summary
25/10/2018	Decision by Parliament	T8-0419/2018	Summary
25/10/2018	Results of vote in Parliament		
25/10/2018	Debate in Parliament		
25/10/2018	End of procedure in Parliament		

Technical information

Procedure reference	2018/2006(INI)
Procedure type	INI - Own-initiative procedure

Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/12077

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE618.147	12/07/2018	
Amendments tabled in committee		PE627.629	05/09/2018	
Committee report tabled for plenary, single reading		A8-0298/2018	02/10/2018	Summary
Text adopted by Parliament, single reading		T8-0419/2018	25/10/2018	Summary

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

2018/2006(INI) - 02/10/2018 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the own-initiative report by Cătălin Sorin IVAN (S&D, RO) on protection of the EU's financial interests - recovery of money and assets from third countries in fraud cases.

The report 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.

There is an ongoing problem of EU funds lost owing to cases of fraud involving funds being transferred to third countries. Members 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.

Mutual agreements: the report 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.

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.

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:

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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.