

2016 report on protection of the European Union's financial interests – fight against fraud

In 2016, 19 080 irregularities affecting the EU budget were reported to the Commission, which is a decrease of 15 % in comparison to 2015. Furthermore, the value of irregularities decreased by 8 % from €3.21 billion in 2015 to €2.97 billion in 2016. Of the total, 1 410 fraudulent irregularities were reported, involving €391 million.

Background

According to Article 325(5) of the Treaty on the Functioning of the European Union, the Commission is mandated to report each year on how it collaborates with the Member States to combat fraud and ensure sound management of EU funds. The Commission depends heavily on the cooperation and data submitted by national authorities, since it is the latter that collect [practically all](#) the EU's revenue, and manage around 74 % of its expenditure through shared management of EU programmes.

Commission report for 2016

On 20 July 2017, the Commission adopted its [2016 Annual Report](#) on Protection of the EU's financial interests – fight against fraud. The Commission noted that in 2016, a total of 19 080 irregularities were reported, both fraudulent and non-fraudulent. This represents a decrease of 15 % in comparison to 2015, when the number of irregularities reported was 22 349. The total value of the irregularities reported in 2016 amounted to €2.97 billion, a decrease of 8 % in comparison to 2015 (€3.21 billion). Of these irregularities, 1 410 were reported as fraudulent in 2016, involving €391 million. This represents a decrease of 3.5 % in the number of fraudulent irregularities and a decrease of 39 % in the corresponding financial impact (in 2015, €637.6 million was at stake). Concerning fraud with regard to expenditure, five Member States did not report a single case (Belgium, Cyprus, Luxembourg, Malta and Finland), whilst the largest numbers of such cases were reported in Romania (206), Poland (153) and Slovenia (100). Concerning fraud with regard to revenue, Luxembourg, Portugal and Slovenia did not report a single case, whilst the largest numbers of cases were reported in Germany (93), Poland (92) and France (83).

Budgetary Control Committee report

The CONT committee adopted its [report](#) on the Commission's report on 26 March, and this is now due to be debated during the May I plenary session. CONT is of the view that cooperation between the Commission and the Member States in the area of fraud detection is insufficient. Not all Member States have adopted national anti-fraud strategies, and their reporting systems on fraud vary. CONT welcomes the adoption of the [Fight Against Fraud Directive](#) and the enhanced cooperation of 20 Member States [planning to create](#) a European Public Prosecutor's Office (EPPO). It urges other Member States to join this initiative, and stresses the need for effective cooperation between the Member States, EPPO, [OLAF](#) and [Eurojust](#).

Concerning revenue, CONT is concerned about the growing value of fraud affecting the EU's traditional own resources (increased from €445 million to €537 million from 2015 to 2016), and the fact that the total amount is 13 % higher than the average for 2012-2016. A reason for concern are violations of customs law, especially an intensification of tobacco smuggling representing an annual loss of €10 billion for EU and national budgets. CONT urges Member States to exchange more information about fraud and highlights the importance of whistleblowers and investigative journalism. An area of particular concern is VAT fraud and public procurement irregularities which could be eliminated, inter alia by amending the legislation.

Own-initiative report: [2017/2216\(INI\)](#); Committee responsible: CONT; Rapporteur: Gilles Pargneaux (S&D, France).

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