

2017 report on protection of the EU's financial interests – Fight against fraud

In September 2018, the European Commission published its annual report on the fight against fraud affecting EU financial interests in 2017. The total value of the 15 213 irregularities reported in 2017 amounted to €2.58 billion, a decrease of 8.6 % in comparison to 2016. However, the value of the reported fraudulent irregularities amounted to €467 million, representing an increase of 19.4 % in comparison to 2016.

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 ensure sound management of EU funds and to combat fraud affecting EU financial interests. The Commission depends heavily on the cooperation of 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.

European Commission report for 2017

On 3 September 2018, the Commission adopted its [2017 annual report](#) on protection of the EU's financial interests. In 2017, 15 213 irregularities were reported, both fraudulent and non-fraudulent which represents a decrease of 20.8 % in comparison to 2016. The total value of the irregularities reported in 2017 amounted to €2.58 billion, a decrease of 8.6 % in comparison to 2016. Of these irregularities, 1 146 were reported as fraudulent in 2017 (1 410 in 2016), involving €467 million of expenditure or revenue (in 2016, €391 million). This represents a decrease of 18.7 % in the number of fraudulent irregularities, but an increase of 19.4 % in the financial impact in comparison to [2016](#). The Commission notes that the financial impact of detected fraud tends to fluctuate greatly as individual cases may involve large sums of money, adding that the number of reported irregularities should not be treated as a 'direct indicator of the level of fraud', but rather as information on 'how many cases of potential fraud are being detected'. Concerning fraud with regard to expenditure, the highest value were reported by Slovakia (€172.33 million), Romania (€75.79 million) and Poland (€57.57 million). On the revenue side, the highest fraud values were reported by Belgium (€15.50 million), Greece (€14.13 million) and France (€13.22 million). The Commission highlighted the importance of the adoption in 2017 of the [directive](#) on fight against fraud and the [establishment](#) the European Public Prosecutor's Office.

Budgetary Control Committee report

The European Parliament's Committee on Budgetary Control (CONT) [adopted](#) its [report](#) on 13 December 2018, and this is now due to be debated in plenary in January 2019. The report stresses the fact that the number and value of irregularities have dropped in comparison to 2016, nonetheless it expresses concern that intra EU VAT fraud cases still cost the EU €50 billion annually. It notes the uneven distribution of irregularities linked to traditional own resources (TOR) among Member States, with Greece (7.17 %), Spain (4.31 %) and Hungary (3.35 %) clearly above the EU average of 1.96 % for total uncollected TOR. Another reason for concern is the low average recovery rate for the years 1989-2017 for cases reported as fraudulent (37 %). The report takes note that a significant amount of public investment is spent through public procurement (€2 trillion per year) and emphasises the benefits of e-procurement in fighting fraud. Finally, the report draws attention to the importance of investigative journalism in the fight against fraud.

Own-initiative report: [2018/2152\(INI\)](#); Committee responsible: CONT; Rapporteur: Marian-Jean Marinescu (EPP, Romania).

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