2.12.2015

OPINION

of the Committee on Civil Liberties, Justice and Home Affairs

for the Committee on Budgetary Control

on the Annual Report 2014 on the Protection of the EU’s Financial Interests - Fight against fraud (2015/2128(INI))

Rapporteur: Petr Ježek
SUGGESTIONS

The Committee on Civil Liberties, Justice and Home Affairs calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

A. whereas the fight against fraud, corruption, money laundering and, in general, the protection of the financial interests of the Union should be a key element of the political agenda of the Union; whereas the European Union and the Member States have the obligation to protect the Union’s financial interests against criminal offences that generate significant financial damage;

B. whereas the diversity of legal and administrative systems in the Member States presents a challenging environment in which to overcome irregularities and combat fraud; whereas any incorrect use of EU funds entails not only individual, but also collective, losses;

C. whereas, in view of the ineffectiveness of existing instruments such as the Convention for the protection of the financial interests of the European Communities (PIF Convention) in fighting fraud, corruption, money laundering and other illegal activities affecting the financial interests of the Union, the Commission submitted two legislative proposals for criminal law instruments, the PIF Directive and the European Public Prosecutor’s Office (EPPO) Regulation aimed at strengthening and increasing the efficiency of criminal law regarding the protection of the EU’s financial interests;

D. whereas the creation of a European Public Prosecutor, in coordination with the competent authorities of the Member States, with the competence to conduct criminal proceedings in crimes affecting the financial interests of the European Union, is essential to combat cross-border fraud and to ensure that protection of the EU budget across Europe is given priority;

E. whereas the Member States are primarily responsible for the collection of own resources, inter alia in the form of VAT and customs duties;

F. whereas corruption affects all Member States and costs the EU economy around EUR 120 billion per year, as stated in the Commission’s first report on the European Union’s anti-corruption policy published in February 2014;

G. whereas corruption can help to finance the activities of organised crime or terrorism networks in Europe; whereas corruption also undermines citizens’ trust in institutions and democratic processes;

H. whereas, in addition to the civilisational assumption based on ethical principles inherent in the rule of law, combating fraud and corruption contributes to the Union’s competitiveness in the global economy;

1. Welcomes the implementation of a new anti-fraud policy at EU level by the Commission in accordance with the principle of sound financial management and to ensure that the EU’s financial interests are adequately protected;
2. Acknowledges the efforts made by the European Parliament and the Council to enhance the efficiency of the protection of EU financial interests by pushing forward the draft directive on the fight against fraud through criminal law (the PIF Directive); encourages the Council to give a new impetus to the negotiations on the PIF Directive in order to strengthen the existing legal framework by establishing common minimum rules for the definition of offences covering all types of behaviour adversely affecting the Union’s financial interests, with VAT included in the scope, and by laying down sanctions and minimum rules on prescription for such cases, particularly in view of the decision of the Court of Justice of the European Union in the Taricco case in which it was established that there is a direct connection between the levying of VAT revenues in the Member States and the financial interests of the EU;

3. Reiterates its call to the Council to keep the Parliament – which will ultimately have to approve the proposed legislative act – informed of and closely involved in the current negotiations for the establishment of the EPPO and recalls the recommendations made in its resolutions of March 2014 and April 2015; stresses that the EPPO Regulation should be adopted swiftly so that the EPPO has the power to investigate all PIF crimes, including VAT fraud, and prosecute suspected offenders;

4. Underlines the fact that in many Member States VAT fraud and avoidance remains at a continuously high level; expresses its concern about the estimated losses on VAT collections in the EU, amounting to EUR 168 billion in 2013; calls on the Commission to make full use of its executive powers in order to both control and help the Member States in their fight against VAT fraud and tax avoidance;

5. Notes with concern that the number of irregularities concerning EU expenditure reported as fraudulent in 2014 dropped by only 4 % after a 76 % increase in 2013; stresses the importance of increasing the level of reporting of fraudulent activity across the whole EU in order to give a more accurate picture of the situation, and so that the necessary mechanisms and follow-up procedures can be put in place to address this issue more effectively; stresses the importance of the Commission producing figures which accurately reflect the extent of fraudulent activity within the EU;

6. Encourages Member States to cooperate in the fight against fraud through existing instruments and agencies such as EUROPOL, EUROJUST, and OLAF, and to improve cooperation and coherence between these bodies;

7. Welcomes the setting-up of a network of Member State National Contact Points and the incorporation of anti-corruption objectives in the European Semester process of economic governance;

8. Welcomes the Commission’s first Anti-Corruption Report and its recommendations to the administrations of the Member States; calls on the Commission to publish its second Anti-Corruption Report no later than the beginning of 2016 and to inform the public and all levels of public administration about its publication;

9. Urges the Commission to promote the annual evaluation of Member States’ performance in the fight against corruption; invites the Commission to consider developing a system of indicators and criteria to measure the level of corruption in the Member States; calls on the Commission, therefore, to work closely with Member States to guarantee
comprehensive, exact and reliable data;

10. Insists that, in order to be credible, EU institutions must lead by example and live up to the highest standards on full transparency of public expenditure, integrity and conflicts of interest, particularly in view of the current economic challenges; asks the Commission, in this connection, to add a chapter to the upcoming second report on the performance of the EU institutions in fighting corruption;

11. Calls on the Commission, bearing in mind that 85% of the EU budget is managed by the Member States, to ensure effective coordination between anti-fraud organisations and national authorities in all Member States through cooperation mechanisms and the exchange of information;

12. Reiterates its call on the Commission to swiftly promote legislation on the minimum level of protection for whistle-blowers in the European Union; calls on the European institutions to amend their Staff Regulations to ensure that these not only formally oblige officials to report irregularities, but also lay down adequate protection for whistle-blowers; calls on European institutions that have not done so, and other bodies, to implement Article 22(c) of the Staff Regulations without delay;

13. Reiterates that, according to Article 325(2) TFEU, Member States ‘shall take the same measures to counter fraud affecting the financial interests of the Union as they take to counter fraud affecting their own financial interests’; is of the opinion that this provision is not met in the EU; is of the opinion that the Commission should develop a horizontal policy on the fight against fraud and corruption; emphasises that the Commission is also responsible for the effective spending of funds, and calls therefore on the Commission to put in place internal performance requirements;

14. Notes that the comprehensive prosecution of crime, including fraud and corruption, money laundering or related organised crime and other illegal activities affecting the financial interests of the EU, is a conditio sine qua non for the effective functioning of the EU; emphasises the need for a systemic follow-up to OLAF recommendations.
RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

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<th>Date adopted</th>
<th>30.11.2015</th>
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<tr>
<td>Result of final vote</td>
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<tr>
<td>Members present for the final vote</td>
<td>Jan Philipp Albrecht, Michał Boni, Ignazio Corrao, Agustín Díaz de Mera García Consuegra, Frank Engel, Kinga Gál, Ana Gomes, Nathalie Griesbeck, Sylvie Guillaume, Jussi Halla-aho, Monika Hohlmeier, Brice Hortefeux, Sophia in 't Veld, Sylvia-Yvonne Kaufmann, Barbara Kudrycka, Marjú Lauristin, Juan Fernando López Aguilar, Roberta Metsola, Louis Michel, Alessandra Mussolini, József Nagy, Soraya Post, Judith Sargentini, Birgit Sippel, Csaba Sógor, Helga Stevens, Bodil Valero, Marie-Christine Vergiat, Harald Vilimsky, Udo Voigt, Josef Weidenholzer, Cecilia Wikström, Kristina Winberg, Tomáš Zdechovský</td>
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<td>Substitutes present for the final vote</td>
<td>Carlos Coelho, Anna Hedh, Petr Ježek, Teresa Jiménez-Becerril Barrio, Marek Jurek, Ska Keller, Miltiadis Kyrkos, Jeroen Lenaers, Nuno Melo, Emilian Pavel, Barbara Spinelli, Axel Voss</td>
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<tr>
<td>Substitutes under Rule 200(2) present for the final vote</td>
<td>Jens Geier, Gabriele Preuß, Marco Zanni</td>
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