

(LACK OF MORAL CODE: DR Katme)

EU budget fraud may be more than £4BILLION which is 12 times higher than previous figure

- **Officials 'failed to give realistic assessment of how much money lost'**
- **EU's cohesion fund and agriculture were areas 'most susceptible' to fraud**
- **House of Lords committee condemned Treasury for lack of help with inquiry**

By Gerri Peev

The European Union is being defrauded of more than £4billion a year – 12 times official estimates – a damning parliamentary report claims.

Agriculture subsidies, payments for projects in the poorest countries, bribery, corruption and cigarette smuggling are major reasons for the massive losses, said a House of Lords committee. In its latest budget report, the European Commission said that £348million a year was going missing, but members of the Lords' justice, institutions and consumer protection EU sub-committee said this was an unrealistic estimate.



A House of Lords committee has warned fraud against the European Union is likely to be more than £4 billion - 12 times higher than official estimates

It said the areas most susceptible to fraud were the EU's cohesion fund - £176 million - and agriculture - £66 million- which goes to the poorest countries.

These included the former Soviet bloc as well as Spain, Portugal, Greece and Cyprus. Cohesion funds were often spent on projects to do with the environment and transport in member states where pay is around 90 per cent or less than the EU average.

From bribery and corruption to cigarette smuggling, member states - who administer 80 per cent of the EU's funds - were also failing in their duty to report suspected fraud.

The EU has claimed that just £348 million - or 404 million euros - was missing from its budget thanks to fraud. However the real size of EU budget losses annually is likely to be around £4.3 billion - five billion euros - 'or even more', according to The Fight Against Fraud On The EU's Finances published by the Lords' Justice, Institutions and Consumer Protection EU Sub-Committee.

Peers also condemned the Treasury for their lack of help with the inquiry after their officials cancelled their appearance before the committee at the last minute, claiming fraud against the EU was outside their scope.



Officials have failed to give a realistic assessment of how much money is lost due to fraud from the EU budget every year, the committee has said

The committee said the UK government was not doing enough and called on ministers to set up a single department to combat fraud.

A tangled web of EU agencies also led to 'weaknesses' in Europe's anti-fraud system. Committee chairman Lord Bowness said: 'Money is tight for everyone, right across the European Union. It is extremely worrying that so much money is disappearing from the EU's budget without anyone really having a handle on where and why it is happening and - most importantly - who is responsible.' He added: 'That we have no control over how other member states organise their affairs is a given, but what we can - and are failing - to do, is to monitor what is happening on our own doorstep.' The committee was 'alarmed' by the lack of Government engagement or 'seemingly', interest in, a huge problem of EU budget fraud in the UK.

Philip Bradbourn, a Conservative MEP, said: 'The hard-hitting report reinforces what Conservative MEPs have been highlighting for a long, long time, that fraud and misuse of money is simply not taken seriously enough within the EU.' Marta Andreason, a Conservative MEP, who recently defected from Ukip, told the committee 'all of the [EU's funding] programmes are vulnerable' to fraud.

She said 'criminal elements' were able to 'game the system'. In a separate move yesterday, Tory MEPs refused to rubber stamp the EU's annual accounts in what they described as a 'depressing' ritual.

The EU's auditors have found that the overall error rate in the accounts has risen for the third year in a row to 3.9 per cent - despite the European Commission claiming that the situation was 'stable'. Mr Bradbourn said: 'If the commission thinks that this is a stable situation we have part of the explanation for that rising error rate: complacency is breeding contempt for the public purse. 'If what I say sounds familiar it is because we are in a depressingly familiar situation yet again this year. European taxpayers' money continues to be wasted and the European Parliament is still being asked to grant discharge to accounts which have been condemned by the Court of Auditors.'



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Read more: <http://www.dailymail.co.uk/news/article-2310591/EU-budget-fraud-4BILLION-12-times-higher-previous-figure.html#ixzz2QnU0kfbV>