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Mailed from Brussels X

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FRAUD: It cost the EU more than ECU one billion last year

The European Commission, greatly concerned by its scale, wants to fight it more vigorously.

More than ECU one billion* was siphoned off the Community budget last year through fraud. This was twice as much as in 1993. The increase was not due, however, to a rise in the level of fraud, according to the European Commission; rather it reflects a higher level of detection, largely due to the fact that the Commission itself has gone into action in the field for the first time, in a determined bid to uncover cases of fraud. While the methods of detecting fraud are more effective, the situation nevertheless remains far from satisfactory. It is clearly abnormal that 1.2% of the Community budget of about ECU 80 billion should disappear into the pockets of the unscrupulous, and that only 4% of it should be recovered.

In submitting the annual report on the fight against fraud for 1994, Mrs. Anita Gradin, the European Commissioner responsible for financial control and home and justice affairs, has argued that it is necessary to strengthen the fight against fraud at both Community and national level. It is essential, in her view, that all Member States deal with those active in defrauding the EU in the same way. The fact is that fraud against the EU is increasingly the work of international gangs of criminals, operating on a Community-wide basis but out of those Member States whose legislation is either less severe or more vague.

Fraud cost the European Agricultural Guarantee and Guidance Fund (EAGGF) alone nearly ECU one billion over the period 1991 to 1994, half of it (ECU 484 million) in 1994. Of the ECU 942 million of which the EU was known to have been defrauded during the last four years, only 17% has been recovered so far. Most of the cases of agricultural fraud uncovered to date have to do with export subsidies for cereals, the storage of these cereals, aid to promote the consumption of olive oil and export subsidies for beef. The cases of fraud involving the

EAGGF's guarantee section, detected in Italy during the last four years, totalled ECU 560 million! Greece and Spain were far behind Italy, with some ECU 80 million, followed by Germany (ECU 66 million) and France (ECU 54 million).

In the area of own resources (the EU's income from such sources as customs duties and agricultural levies), the Commission has estimated the loss through fraud to the Community and national budgets at ECU 750 million. It is to be noted that 20% of this income goes directly to the budgets of the Member States concerned. Such losses have been put at ECU 5 08 million for 1994 alone. The largest number of cases of fraud involving the EU's own resources have been unearthed in Germany, where more than 1,500 cases, for a total of more than ECU 170 million, were uncovered between 1991 and 1994. Of this large sum, a mere ECU 7 million have been recovered so far. Britain is in second place: nearly 1,000 cases of fraud were detected, for a total amount exceeding ECU 90 million, of which only ECU 1.8 million was recovered. France is next (544 cases, for ECU 53 million, just ECU 5 million recovered), followed by Belgium (328 cases, ECU 49 million and ECU 7 million).

Non-payment of customs duties, particularly in the framework of the Community transit procedure, represents the single most important type of fraud involving the EU's own resources. International criminal networks have become experts in it. False transit documents, false import or export papers, butter which is palmed off as margarine ... all is grist to their mill, with the result that customs officers have been completely overtaken by events: some 18 million transit documents were filed last year with customs authorities! Such a large number of operations can be controlled only through the use of computers.

A project is under way, but operating such a system effectively at the Union level is a very complex task, so that the project will not be operational before the beginning of 1988. Until then the Commission would like to concentrate its checks on sensitive products (the biggest cases uncovered so far involve goods which are

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highly taxed, such as cigarettes and sugar) and to keep a watch in particular on the activities of companies whose names feature on a black list of fraudsters. It is also necessary to strengthen cooperation between the Member States, the Commission and neighbouring countries, in order to improve both the prevention and detection of fraud.

If the fight against fraud is to be more effective, Member States will have to undertake to manage the EU budget as if it were their own, and to strengthen their national legislation in order to discourage fraud. It is necessary that the Member States reach agreement on the definition of the various types of European budgetary fraud, and on the sanctions to be applied, according to Commissioner Gradin. In some EU countries there are more than 70 definitions of the various kinds of fraud! The Commission has submitted a draft regulation, and a draft convention aimed at bringing national laws into line with each other, to the EU Council of Ministers. Mrs. Gradin in fact has indicated that she hopes to achieve a breakthrough in this area before the end of the French presidency, at the end of this June. "European taxpayers must be assured that their money is not spent in a fraudulent manner; public confidence is of the greatest importance", Commissioner Gradin has pointed out.

* 1 ECU = UK£0.82 or IR£0.82

REGIONAL POLICY: European prizes for town and country planning

Thirty local and regional communities have been rewarded by the European Commission for having revived European cities and villages.

The European town and country planning competition is the most important in Europe, and the only one of its kind open to all European Union countries. It is organized by the European Commission, with the help of an international jury, which has the task of selecting the most worthwhile projects. This year, out of the

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more than 300 contestants, 30 local and regional communities were awarded prizes. Among this year's winners in the town planning section was the small ancient city of Matera, in southern Italy, which has not only restored buildings but also created jobs, thus bringing a certain prosperity to the city. The town and country planning prize was shared this year by the Lancashire regional council and the French city of Lyon. There was no outright winner in the cross-border planning section, but the area straddling the Netherlands, Germany and Belgium, and covering Maastricht, Heerlen, Aachen, Liège, Hasselt and Genk, was the object of highly favourable comments. Mrs. Monika Wulf-Mathies, the European Commissioner responsible for regional policy, pointed to the high quality of the prize-winning projects. She stressed the need to ensure that efforts to improve the urban landscape and conduct effective town and country planning are undertaken in the context of a strategy of durable development.

INFLATION: Four months of stability end with a slight rise

3.1% in February, as against 3% in January, on an annual basis.

Four months of price stability ended when the annual rate of inflation rose in February to 3.1% for the European Union as a whole, as compared to 3% the previous month. Inflation nevertheless is below the 3.3% recorded in February 1994, according to Eurostat, the European statistical office.

France continues to enjoy the lowest rate of inflation (1.7%), followed closely by Belgium and Finland (1.8%). Next come Luxembourg (2.2%) and Denmark (2.3%). At 2.4% are to be found Germany (West), Ireland, the Netherlands and Austria, with Sweden at 2.6%. The other EU countries are above the EU average, with the UK recording 3.3%, Italy 4.3%, Portugal 4.6%, Spain 4.8% and, finally, Greece 10.4%.

The EU's level of inflation remains well above those recorded in the United States (2.7%) and Japan (0.2%), two of its biggest competitors.

REGIONS: Putting computers to work for the citizen

66 European cities and two networks - "Eurocities" and "Polis".

Who is afraid of the information society? "Not us", is the answer that 66 European cities at least could give, having decided to put the latest information technology to work for their citizens.

Thus in Bristol an association has undertaken to initiate as many people as possible to the mysteries of computers, in order to fight against both unemployment and exclusion. In the Italian city of Bologna citizens can obtain local information more easily and contact council employees more quickly, thanks to "City-card". It so happens that Bologna hosted a European conference, "Europe and the global information society", at the end of March. The conference took stock of current achievements and experiments. The European Commissioner responsible for information technologies and telecommunications, Martin Bangemann, took the opportunity to call on European cities to preserve and cooperate with each other.

The fact is that 66 European cities now belong to associations which make it possible for them to exchange ideas and experiences. The most important of these associations, in terms both of the size of its membership and the scale of its activities, is Telecities, to which 49 cities already belong:

- UK: Belfast, Birmingham, Bradford, Cardiff, Edinburgh, Hull, Leeds, Lewisham (near London), Liverpool, Manchester, Newcastle, Nottingham and Sheffield.
- Belgium: Antwerp and Charleroi.
- Denmark: Copenhagen.
- Finland: Helsinki.
- France: Lille, Lyon, Marseille, Montpellier, Nantes, Nice and Toulouse.
- Germany: Berlin, Cologne, Leipzig, Munich and Nuremberg.
- Greece: Amaroussion (near Athens).
- Italy: Bari, Bologna, Livorno, Rome, Turin and Venice.
- Netherlands: Amsterdam, The Hague, Leeuwarden, Maastricht and Rotterdam.

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- Portugal: Lisbon and Porto.
- Spain: Barcelona, Bilbao, Madrid and Palma (Majorca).
- Sweden: Stockholm.
- Switzerland: Geneva.

All European cities with a population of more than 100,000 inhabitants - membership is not limited to EU countries - can join Telecities, an offshoot of the Eurocities organization. Provinces can also join Telecities: the Belgian provinces of Antwerp and Limburg have already done so.

Telecities is supported by the European Union programme for the generalization of telematics, a blend of computers and telecommunications.

To reach Telecities, contact the Eurocities secretariat at 27 Bd. de Waterloo, B-1000 Brussels, Belgium. Tel.: (32) 2-511-2421. Fax: (32) 2-513-4322. Electronic mail: Internet - telecities@mcr1.poptel.org.uk Geonet - mcr1/telecities.

Cities belonging to another association, Polis, have launched experiments in the use of telematics, which initially were especially in the transport field. Polis, which was helped by the EU under its regional policy to get started, includes 24 "digital cities", several of which also belong to Telecities:

Birmingham, Bristol, Edinburgh, Glasgow, Norwich, Southampton and the county of Hampshire (UK); Cork and Dublin (Ireland); Brussels (Belgium); Lyon, Marseille and Paris (France); Berlin, Frankfurt, Cologne and Munich (Germany); Athens and Piraeus (Greece); Bologna and Turin (Italy); Amsterdam and Rotterdam (Netherlands) and Barcelona (Spain).

The Polis secretariat can be reached at the following address: 27 Bd. de Waterloo, B-1000 Brussels, Belgium. Tel.: (32) 2-511-4670. Fax: (32) 2-513-4322.

In order to publicize the achievements of these 66 cities - plus some others - the Information Society Projects Office (ISPO), set up by the European Commission, has undertaken to draw up an inventory of them. ISPO can be contacted at 200 rue de la Loi, BU24 - 2/78, B-1049 Brussels, Belgium. Tel.: (32) 2-296-8800 or 296-8900. Fax: (32) 2-299-4170 or 299-4180. Electronic mail: ispo@ispo.cec.be - Compu-Serve: 100137,370.

REGIONS: European aid is expected to bring growth and prosperity ...

... to the EU's disadvantaged regions.

The regional development programmes supported by the European Union budget should create millions of jobs in the regions of the EU where development is lagging. According to independent experts, these programmes should result in roughly one million new jobs being created each year between 1995 and 1999 in the regions in question - the "Objective 1" regions in European jargon.

This category, which is home to some 70 million people, includes all of Ireland, Greece and Portugal; western and southern Spain; Italy's Mezzogiorno and East Germany, as well as several regions scattered across the EU; Northern Ireland; the Merseyside; the Highlands and Islands of Scotland; Hainaut, in Belgium; peripheral regions of France as well as Corsica and France's overseas departments; Holland's Flevoland and Burgenland in Austria.

Thanks to European aid, the Gross Domestic Product (GDP) of both Greece and Portugal should be some three percentage points higher in 1999 than in 1994, according to the experts' early estimates. Spain and Ireland should enjoy an extra two percentage points of growth.

INDUSTRY: Recovery nearly everywhere by the end of last year

Industrial production up by 1.3% in the 12-nation EU.

Industrial production had recovered virtually throughout the European Union during the fourth quarter of 1994, according to Eurostat, the European statistical office. It rose by 1.3% as compared to the third quarter in the then 12-nation EU.

In the 15-nation EU, production rose most sharply in Ireland and Sweden. It fell, however, in Greece and Portugal.

Dear readers,

We would like to thank those of you who have already helped us with our readership survey by answering the questionnaire included in the issue of EUROFOCUS N° 10/95. Will those who have not yet sent us their answers please do so as quickly as possible? We need your help to make sure that EUROFOCUS meets your needs.

1. Is EUROFOCUS useful to you in your work?
2. How many articles do you use on average each year, whether in whole, in part or after you have rewritten it?
3. Our articles are from 15 to 60 lines in length. Do you want them to be longer? Do you want more shorter articles? Or are you happy with the present mix (more or less one-third for each length)?
4. In the last six months we have published - once a month on average - articles from 4 to 6 pages on length, on such subjects of general interest as consumer protection, transport, etc. Have you found them useful?
5. What other subjects you would like us to take up? Have you suggestions - or criticisms?
6. In order to up-date our files, we would like the following information:
 - (a) The exact title of your publication;
 - (b) the exact address;
 - (c) the name of the editor or managing director;
 - (d) frequency of publication;
 - (e) circulation;
 - (f) your target readership.

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