

# EPPO's First Annual Report

**Thomas Wahl**

## News

On 24 March 2022, the EPPO published its [first annual report](#), which gives account of the office's operational activities from 1 June to 31 December 2021. The report provides an overview of and statistical data on the operational activities of the central office in Luxembourg and all 22 participating Member States. It also outlines typologies identified in EPPO cases and recovery actions regarding the proceeds of criminal activity. Other sections report on the following:

- Activity of the College;
- Activity of the Permanent Chambers;
- Activity of the Operations and College Support Unit;
- Case Management System and IT;
- Human resources and staff development;
- Financial resources and their management;
- Transparency and relations with the general public and the press;
- Activity of the Legal Service;
- Data protection;
- Relations of the EPPO with its partners.

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### Key figures

In the first seven months of operation, the EPPO processed 2832 crime reports. 576 investigations were opened, and 515 investigations were active by the end of the year. The estimated damage to the EU's budget was around €5.4 billion, whereby €147 million were seized upon request by the EPPO. 122 staff members work in the central office in Luxembourg. 95 European Delegated Prosecutors have been appointed, who work in 35 EPPO offices in the 22 participating Member States.

### Typologies of criminal offences

The most frequent types of crime affecting the EU's financial interests that were identified in the 515 active cases were as follows:

- The majority of EPPO investigations (31.8%) concern suspected non-procurement fraud in conjunction with the use/presentation of false, incorrect, or incomplete statements/documents, as a result of which funds or assets from the Union budget or budgets managed by the Union were illegally retained;
- 17.6% of the EPPO investigations concern the most serious forms of VAT fraud (in particular carousel fraud), VAT fraud through missing traders, and VAT fraud committed within a criminal organisation. These fraud schemes occur mostly in the automotive, electronic device, and textile sectors and usually involve a number of companies acting in several countries, either as buffer traders, brokers, or as missing traders;

- 13.4% of the EPPO investigations concern non-VAT revenue fraud (in particular customs and anti-dumping duties fraud). This type of fraud is found across nearly all types of merchandise, e.g. tobacco, electronics, bicycles, spare parts, etc;
- Procurement expenditure fraud makes up 11.2% of the investigations. Usually, offences are committed by using/presenting false, incorrect, or incomplete statements/documents. Forgery is a common inextricably linked offence. Procurement fraud occurs mainly in connection with construction, waste and wastewater infrastructure subsidies, technology (green waste, recycling), and human resources development programmes;
- 4% of the EPPO cases involve the active or passive corruption of public officials.

#### EPPO's added value

The report highlighted that the cooperation regime - as established in the EPPO Regulation - has proven to be very efficient and speedy (compared to the traditional mutual legal assistance arrangements).

#### Cooperation with non-participating EU and third countries

Regarding cooperation with the five non-participating EU Member States, cooperation with Poland proved particularly cumbersome. Of these non-participating states, Poland is responsible for causing the most EPPO cases (23 of a total of 48 cases involving non-participating states), but the country systematically hindered the EPPO in its efforts to obtain evidence located in Poland (→ [related link](#)). A working arrangement with the National Prosecutor's Office of Poland failed.

The EPPO succeeded, however, in concluding a working arrangement with the office of the Prosecutor General of Hungary in April 2021 (→ [eucrim 1/2021, 14](#)). The country caused 17 EPPO cases in 2021.

Working arrangements with Irish and Danish authorities could not be concluded in 2021, but negotiations are to be resumed in 2022. These countries had a low rate of causing EPPO cases in 2021.

Cooperation with Sweden was smooth. The relevant EU acts on judicial cooperation in criminal matters contributed to this positive state of affairs.

Regarding third countries, the EPPO initiated negotiations with the aim of concluding working arrangements with the relevant authorities of the United States of America and of Ukraine (for the arrangement concluded with Ukraine in the meantime → [related link](#)). China is the third country that has contributed to most of the EPPO cases (13 out of 45 cases involving third countries).

#### Cooperation with European and international institutions/bodies

To allow for a quicker exchange of information, the EPPO signed several working arrangements at the European level. It has working arrangements with the European Commission, Eurojust, Europol, OLAF, the European Court of Auditors, the European Investment Bank, and the European Investment Fund (→ [previous eucrim issues](#)).

Regarding cooperation at the international level, the EPPO joined the Camden Asset Recovery Inter-agency Network (CARIN) as an observer. It also initiated discussions with the Financial Action Task Force (FATF) and the OECD Working Group on Bribery in International Business Transactions (WGB), with the aim of participating in these bodies.

Upon presenting the report, **European Chief Prosecutor Laura Kövesi** said: "European cannot mean weak! The EPPO is a very powerful tool for protecting expenditures as well as revenues of the EU budget by means of criminal law. 20 years after the Euro zone, we have created the EPPO zone. Embedded in the national judiciaries of the 22 participating Member States, the EPPO is in the first line of defence of the rule of law in the EU. The first 7 months of our operations made at least one thing clear: if we are hindered in the exercise of our competence, the protection of the EU budget is at stake."

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