

The summary
of **OLAF's**
achievements in **2011**
and examples
of our cases

The Fraud Notification System (FNS) is a web-based tool available to any person who seeks to pass on information concerning potential corruption and fraud.
http://ec.europa.eu/anti_fraud/investigations/report-fraud/index_en.htm

Europe Direct is a service to help you find answers to your questions about the European Union.

Freephone number (*):

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1 January to 31 December 2011

Disclaimer:

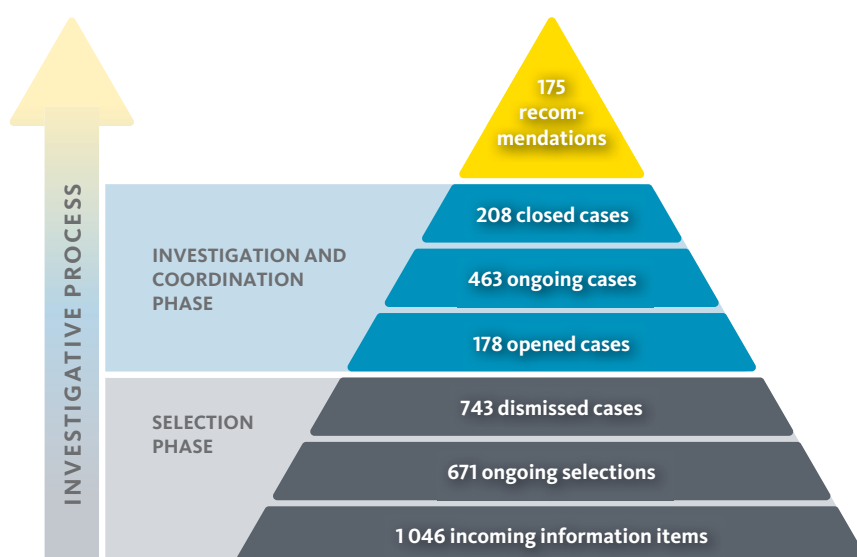
OLAF's annual report features case studies for illustrative purposes only. In particular, the fact that OLAF presents such case studies does not prejudice the outcome of any judicial proceedings; nor does it imply that any particular individuals are guilty of any wrongdoings.



Executive summary

- 2011 was a year of change for OLAF, the European Anti-Fraud Office. An internal review highlighted a number of areas where the efficiency of the Office could be improved. As a result, decisions were taken on changes to the organisation and on a new set of investigative procedures. The changes took effect on 1 February 2012.
- In 2011, OLAF received 1 046 incoming information items, three quarters of which came from private sources.
- One in five completed selections resulted in an investigation or coordination case. Out of the 178 cases opened, 144 were investigations.
- At the end of 2011, OLAF had 463 ongoing investigations and coordination cases. During the year, OLAF closed 208 cases.
- In order to improve the efficiency of the investigative activities the Office focused on the closing of old cases, and fewer new cases were opened in 2011 than in previous years. This resulted in an improved clearance rate and an increase in the average age of investigation and coordination cases.
- In more than half of all cases closed in 2011, recommendations were made by OLAF for action to be taken by EU institutions, bodies, offices, agencies or competent authorities of the Member States concerned. OLAF mainly recommended judicial action and financial recoveries.
- OLAF's investigations and coordination cases led to the recovery of EUR 691.4 million, as recorded in 2011. Member State courts issued a cumulative 511 years of prison sentences in 2011, acting upon conclusions and recommendations from OLAF investigations.
- OLAF has a key role in the Commission-wide effort to combat cigarette smuggling along the EU's eastern border. OLAF has deployed its investigative, policy and technical assistance tools for this purpose.
- OLAF coordinates the implementation of the Commission's anti-fraud strategy, adopted in June 2011.
- In 2011, OLAF had at its disposal a budget of EUR 23.5 million to provide financial support in order to fight fraud and corruption affecting the financial interests of the EU, to improve cooperation with partners, to measure the costs of corruption in public procurement and to strengthen the protection of euro banknotes and coins.

2011 caseload





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‘The current difficulties within the European Union cannot be solved by economic and financial means alone. To gain the trust of our citizens, the Union must demonstrate that its financial interests are protected against fraud and corruption. Doing so is the role of OLAF.’

*Giovanni Kessler,
Director-General of OLAF*



1. Key facts and figures

The mission of the European Anti-Fraud Office (OLAF) is threefold:

- ▶ to protect the financial interests of the European Union (EU) by investigating fraud, corruption and any other illegal activities;
- ▶ to detect and investigate serious matters relating to the discharge of professional duties by members and staff of the EU institutions and bodies that could result in disciplinary or criminal proceedings;
- ▶ to support the European Commission in the development and implementation of fraud prevention and detection policies.



OLAF: Key facts and figures for 2011

Director-General: Giovanni Kessler

Established: 1999

Staff: 437

Budget: EUR 58.2 million

Programmes: EUR 23.5 million

Incoming information: 1 046 items

Total cases at 31.12.2011:

- ▶ **Investigations:** 328
- ▶ **Coordination cases:** 135
- ▶ **Cases in selection phase:** 671
- ▶ **Cases in monitoring phase:** 407

Total cases closed: 208

Number of recommendations issued:

- ▶ **Judicial:** 73
- ▶ **Disciplinary:** 16
- ▶ **Financial:** 63
- ▶ **Administrative:** 23

Average duration of investigations:

29.1 months

Total amounts recovered: EUR 691.4 million

Judicial outcome (in national courts):

511 years in prison sentences;

EUR 154.7 million in financial penalties



OLAF investigates cases of fraud, assists EU bodies and national authorities in their fight against fraud and contributes to the design of anti-fraud legislation and policies in the EU. OLAF is part of the European Commission but is independent in its investigative function.

The legal basis for Union action against fraud is Article 325 of the Lisbon Treaty. OLAF's main role and remit for carrying out its administrative investigations is defined principally in Regulation (EC) No 1073/1999.

For investigations concerning members and staff of EU institutions, OLAF also derives its mandate from the interinstitutional agreement between the European Parliament, the Council and the Commission.

OLAF has a right to perform investigative activities, including on-the-spot checks and inspections, in the context of its administrative investigations.

OLAF conducts, in full independence, investigations inside any EU institution or body, as well as in the Member States and non-EU countries.

Furthermore, OLAF contributes to investigations carried out by national authorities by facilitating the gathering and exchange of information and contacts. The Office may assist the competent authorities of a Member State in the conduct of criminal investigations in relation to cases affecting the interests of the EU.

As part of the Commission, OLAF also contributes to the development, monitoring and implementation of the anti-fraud policies of the European Union, and takes the necessary initiatives to ensure that anti-fraud measures are systematically included in relevant legislation.

OLAF's investigations cover, in principle, all expenditure of the EU and a part of the revenue side of the budget where OLAF focuses particularly on 'traditional own resources', including custom duties.



2. Sources of information

Distribution by source

OLAF received 1 046 incoming information items in 2011 from public and private sources. There was a significant increase in the number of incoming information items received from individuals and private sector sources compared to the previous year. This increase can largely be explained by the doubling of the number of information received through the Internet-based Fraud Notification System (FNS) which now accounts for nearly one fifth of all incoming information.

Chart 1a: Distribution of incoming information by source

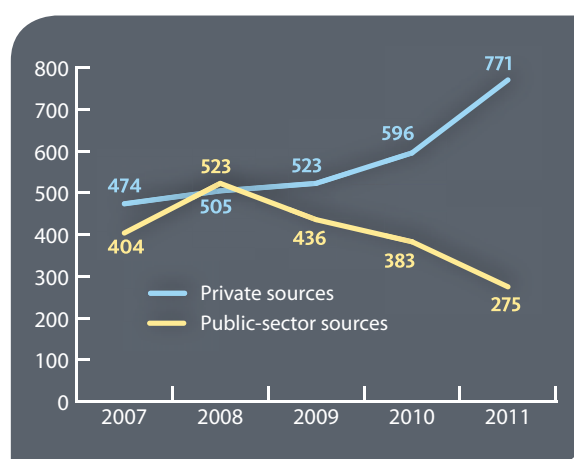
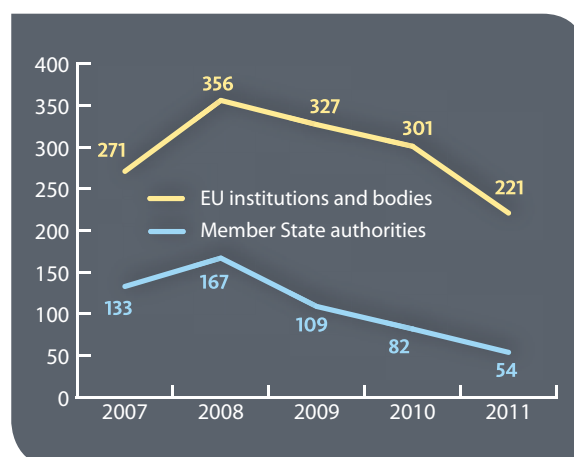


Chart 1b: Distribution of incoming information from public-sector sources



Distribution by OLAF sector

Two thirds of incoming information relates to EU budget expenditure (external aid, Structural Funds, direct expenditure and agriculture), with the highest amount of incoming information relating to Structural Funds.

Chart 2: Distribution of incoming information received by sector



3. Examples of our cases

3.1. OLAF protects EU expenditure against fraud

Case study A: The winning consortium misrepresented its qualifications and experience in a high-value EU tender



The Directorate-General for Regional Policy (DG REGIO) of the European Commission passed to OLAF information received about possible irregularities in the tender procedure for an EU-funded (Cohesion Fund) project for the construction of a plant in Bulgaria. The EU funding allocated for the project was EUR 34 million. The European Bank for Reconstruction and Development (EBRD) had also provided a loan of EUR 25 million for this project.

The central allegations in the case were that the consortium that had won the tender had misrepresented its qualifications and eligible experience in the specialised sector concerned. Of the EU funding involved, an advance payment of over EUR 7 million had already been made for the project.

OLAF's findings

OLAF's investigation in the matter necessitated enquiries in several Member States. The investigation found that the successful bid had been prepared and submitted by the winning consortium in a manner which gave an incorrect and misleading account of its experience and qualifications.

OLAF's recommendations

Consequently, OLAF recommended to the Regional Policy DG that the EU funding of EUR 34 million allocated for the project should be cancelled and that the EUR 7 million already paid out should be recovered. The DG is acting on these recommendations. OLAF also passed the file to the Bulgarian judicial authorities, which have opened a criminal investigation.

Conclusions and further steps

In EU-funded projects of a high value, Member States need to be rigorous in their examination and understanding of supporting documentation whose purpose is to demonstrate a proven and eligible record in a particular sector. Only then can it be expected that the best quality will be obtained for EU taxpayers' money. This is especially so when such supporting documentation is obtained from non-EU countries and refers to specialised sectors.

Case study B: Abuse of experts' CVs in an EU-funded African project



OLAF opened an investigation after it had received information from an EU delegation in an African country, alleging irregularities in a procurement procedure. The information concerned a service contract assigned to an EU-based company responsible for the selection of experts to direct and supervise roadworks financed by the EU budget.



OLAF's findings

OLAF carried out checks and found that the EU-based company had systematically altered the CVs of its experts, to ensure that they would meet the award criteria. OLAF also found that controls were deficient. There had been a high turnover of experts and their qualifications and competences were not checked as required. There was a general failure to ensure continuity. By examining other contracts of the same European company in another three African countries, the same modus operandi was discovered, including the substitution of highly qualified experts with unqualified last-minute replacements.

OLAF's recommendations

OLAF made recommendations for the recovery of the amounts, by means of financial damages and penalties of up to 10 % of the contract, amounting to a total of EUR 3 million. OLAF also recommended the exclusion of the contractor from EU funding for a period of time.

Conclusions and further steps

OLAF also recommended that databases of experienced experts in projects financed by EU funds should be set up and that compulsory financial sanctions should be applied in such cases.

Case study C: Fraudulent use of EU support by an Albanian NGO

The European Commission delegation in Albania and the Commission's Directorate-General for Enlargement provided OLAF with information on a possible fraud scheme affecting external aid funds awarded to two Albanian NGOs. OLAF opened an investigation in September 2011 and carried out its investigation in Albania the same month.

OLAF's findings

A number of interviews were conducted and several companies were visited. The findings of the mission fully confirmed the suspicions of fraud regarding the main grant contract awarded to an Albanian NGO. More specifically, investigators found that a tender procedure that should have been organised in the framework of the contract had never taken place and that documents presented to the EU delegation had been falsified. Evidence showed that an event that had allegedly been organised in the framework

of the contract had never taken place, and that all documentation presented regarding the event had apparently been falsified. Most invoices presented in the framework of the same project had also been falsified.

Investigators found that the NGO staff responsible for the project had left Albania and were currently living in Canada. OLAF had grounds to believe that the falsified documentation and/or invoices had been presented in two or three other projects awarded to the same NGO.

OLAF's recommendations

As a result of OLAF's findings, the Commission launched recovery orders. For the main contract, the sum to be recovered amounts to the full EU contribution of more than EUR 70 000. For other contracts, recovery orders are still being prepared and national judicial authorities are commencing proceedings.

Conclusions and further steps

Experience shows that projects requiring the organisation of local educational or other events tend to create a risk of fraud. The EU funding per project is relatively low, so the likelihood of projects being inspected is also low. This case also shows that the same beneficiary can easily perpetrate such fraud in similar projects benefiting from EU grants. EU delegations need to improve their monitoring and inspection procedures. At present, only copies of invoices need to be delivered to the EU delegation, and this significantly raises the risk of fraud, as it is easy to falsify them.

3.2. OLAF safeguards EU revenue

Case study D: Fraudulent biodiesel import — US biodiesel shipped through India



OLAF established that, since the entry into force of EU anti-dumping duties for biodiesel of US origin in 2009, significant consignments of US biodiesel had been shipped from the USA to a company in India. Subsequently, the same Indian company had exported similar quantities of biodiesel to the EU, which had been declared on importation as being of either preferential or non-preferential Indian origin. Therefore, no import duties had been paid. However, it was suspected that the biodiesel exported by the Indian company to the EU was of US origin and should have been subject to such duties.

OLAF decided to open an external investigation into this matter. In the course of the investigation, it requested and received information and assistance from competent authorities in Belgium, Spain, Switzerland, India and the USA.

OLAF's findings

In December 2011, OLAF made an investigative mission to India with the support and cooperation of the national authorities there. Substantial evidence was obtained by OLAF from national authorities and economic operators, other than the suspect company, which were not directly involved, such as storage and inspection companies. OLAF's investigation established that the company in India had imported biodiesel from the US, which had been stored temporarily in a warehouse and subsequently re-exported to the EU.

The Indian company, which was also a producer of biodiesel, had added minor quantities of biodiesel of Indian origin to the biodiesel of US origin and subsequently misled the Indian authorities about the origin and the composition of the product in order to fraudulently obtain certificates of preferential Indian origin. Biodiesel imported with such certificates was not subject to the payment of any import duties on importation into the EU.

In the case of one shipment, the Indian company had transported the US biodiesel to its factory and alleged that this biodiesel had been reprocessed in order to improve its properties and so meet EU standards. However, OLAF established that the biodiesel exported from the US to India had already met these standards. Moreover, these standards were not legally required on import into the EU. Therefore, the process allegedly carried out by the Indian company, which did not actually result in a new product, was not justified in economic terms. Consequently, even if the processing had been carried out as declared by the

Indian company, the biodiesel would have retained its non-preferential US origin.

OLAF's recommendations

Belgium and Spain, the Member States of importation, have been provided with the necessary evidence to recover evaded import duties of over EUR 32 million.

Conclusions and further steps

This case demonstrates the importance of international cooperation with all counterpart administrations, including those countries which are not directly concerned but are able to provide OLAF with valuable information. This case also demonstrates the importance of gathering evidence from economic operators not directly implicated in the fraud.

Case study E: Identity theft — Fraudulent import of plastic bags from China

In 2010, OLAF received a complaint from the EU-based parent company of a Chinese plastic bag producer that their company's name had been used illegally by other Chinese exporters to wrongly benefit from the considerably reduced rate of anti-dumping duties payable on import into the EU of that company's legitimate products.

OLAF decided to open an investigation into this matter. In the course of the investigation, it requested and received information and assistance from the competent authorities in China and the EU Member States (primarily Denmark, Germany, Ireland, Sweden and the UK).

OLAF's findings

In April 2011, OLAF carried out an investigative mission to China with the support and cooperation of the Chinese authorities and customs officers from Germany and the United Kingdom. Substantial evidence was obtained by OLAF from those national authorities and the complainant company, which proved that a significantly larger quantity of plastic bags had been imported from China, in the name of the complainant company, than the company's own figures showed.

Over 2 000 metric tons of plastic bags, worth over EUR 3 million, had been incorrectly imported into the EU to wrongly benefit from the reduced rate of anti-dumping duties applicable to the company whose name



was being misused. Additionally, these consignments were often accompanied by falsified certificates of Chinese origin. This fraud had directly led to the evasion of over EUR 1 million in EU own resources.

OLAF's recommendations

The EU Member States of importation (Denmark, Germany, Ireland, Sweden and the UK) have been provided with the necessary evidence to recover the evaded import duties. Follow-up action is under way in China.

Conclusions and further steps

This case demonstrates the importance of international cooperation, not only with the competent national authorities, but also with the economic operators who are sometimes the victims of this type of fraud and without whose cooperation a successful investigation would not have been possible.

Case study F: International criminal group smuggles cigarettes from Russia



In March 2010, OLAF received a letter from the Public Prosecutor's Office in Bielefeld (Germany) requesting that OLAF provide assistance in an ongoing investigation carried out by the Customs Investigation Office in Hanover and coordinate further investigative actions in Germany, Lithuania and Poland. This investigation concerns the illegal activities of an international criminal group smuggling cigarettes from Russia (Kaliningrad) and Ukraine via Belarus and Lithuania onto the Polish and German black markets. The criminal organisation has been using several transport companies and various cover loads and can deliver 4 million–6 million cigarettes at a time, causing significant losses to the EU and Member States' budgets.

OLAF's findings

This operation was launched in May 2010 after specific intelligence about suspicious cigarette smuggling, money laundering and organised crime was gathered by OLAF and law enforcement agencies in the Member States concerned. The aim of the investigation is twofold: firstly, to coordinate, assist and support the investigation carried out by law enforcement agencies in these Member States; and, secondly, to seize the smuggled cigarettes, arrest the members of the criminal organisation and freeze their assets.

Following the first operational meeting organised by OLAF in May 2010 in Germany, joint operations have resulted so far in the seizure of approximately 70 million cigarettes in Germany, Lithuania, Poland and Belarus representing losses of taxes and duties to the Member States and EU of approximately EUR 6.5 million. Additionally, 35 persons have been charged, 10 of whom — including the main organisers — remain in detention in Lithuania. In Poland, 30 suspects have been charged with cigarette smuggling.

The complexity of this case is due to the flexibility of 'business relations' between criminal groups in Germany, Lithuania and Poland, namely from variations in demand and in cigarette prices on the black market. OLAF has played a key role in organising and sharing coordination meetings with the representatives of the Member States concerned. Moreover, all relevant information and documents have been exchanged via OLAF in order to overcome linguistic problems and the difficulties inherent in cooperation between different legal systems.

OLAF's recommendations

Investigations are ongoing as OLAF is still facilitating the exchange of evidence between the countries involved and more arrests are expected. Penalties for smugglers will differ depending on the Member State in which the suspect was caught.

Conclusions and further steps

This case highlights the significant losses to the EU budget that can be brought about by organised crime groups and demonstrates that OLAF has a major role to play in fighting transnational crime. A thorough examination of criminal groups' modus operandi and organising coordination and cooperation between law enforcement agencies at supranational level are essential in order to efficiently tackle cigarette smuggling.

3.3. OLAF fights fraud, corruption and misconduct within all EU institutions and bodies

Case study G: EU official caught taking bribes

OLAF received allegations that an EU official had committed irregularities, in the form of demanding bribes. The EU official in question was employed as a project manager in a European Commission delegation. This entailed the selection of contractors and the implementation of the project.

OLAF's findings

OLAF investigators obtained immediate access to the relevant information. OLAF analysts scrutinised the relevant computer data obtained by its investigators. This information was subsequently referred to the competent judicial authorities. The same authorities drew on OLAF's expertise when conducting searches and evaluating the findings within the framework of a criminal investigation.

OLAF's findings showed that the EU official allegedly established improper links with participants in the projects and allowed participants to engage in improper contacts during the selection procedure. Over the years, the person concerned had supposedly demanded and obtained bribes. As a result, some participants were given favourable treatment.

OLAF's recommendations

A criminal investigation of the EU official and the project participants was opened as a result of OLAF's findings. In parallel, OLAF recommended that the official be removed from his post, as a precautionary measure. OLAF also recommended that the project participants be entered in the Commission's early warning system, to ensure that they cannot take part in any future European projects.

Conclusions and further steps

This case shows that it is important that OLAF's powers include immediate access to relevant premises and information to enable OLAF to examine suspicious elements and to secure data for use as admissible evidence in court by judicial authorities. OLAF has been able to continue assisting the judicial authorities after the criminal investigation was opened. The information

also led to a second criminal case being opened in another jurisdiction.

Case study H: EU official divulges selection test answers to a friend at an EU agency



OLAF opened an investigation concerning possible irregularities in the selection procedure at one of the EU agencies. During the examination process, it became clear that information had been divulged, as one of the candidates' answers were almost identical to the model answers. It was considered that an official member had disclosed unauthorised information to an outside person who was a candidate in the competition.

OLAF's findings

OLAF discovered, through a forensic analysis of computers, that a high-ranking official had sent the questions and model answers of the selection test, via a private mailbox, to a candidate, who was a friend of his. He violated his obligations with regard to rules concerning conflicts of interest and disclosed confidential information.

OLAF's recommendations

Based on OLAF's recommendation, the agency's management board decided to open a disciplinary procedure, as a result of which the high-level official resigned.

Conclusions and further steps

This case shows the efficiency of a forensic analysis carried out by OLAF in order to verify the violation of professional rules by EU officials. The cooperation with the agency was smooth and allowed OLAF to conduct a thorough check, which led to the recommendation of disciplinary measures.

4. Commission Anti-Fraud Strategy (CAFS)

As part of its preventive mandate, OLAF plays a key role in the development of comprehensive anti-fraud policies. The new Commission strategy, adopted in June 2011, aims at improving:

- the prevention and detection of fraud;
- conditions for fraud investigations;
- recovery and deterrence.

The strategy is directed primarily at Commission services and provides for the development of sectoral strategies in each policy area.

The strategy highlights the following priorities:

- adequate anti-fraud provisions in Commission proposals on spending programmes under the new multiannual financial framework (MFF);
- the development and implementation of anti-fraud strategies at Commission service level, with the assistance of OLAF;
- the revision of the public procurement rules in order to simplify requirements and reduce the risks of procurement fraud in the Member States.

The implementation of the actions linked to the strategy is in progress. A number of concrete results have already been achieved, including:

- the insertion/reinforcement of anti-fraud provisions in the legislative proposals submitted in the framework of the MFF for the period 2014–20;
- the adoption of an action plan to fight against smuggling of cigarettes and alcohol along the EU's eastern border;
- the setting-up of a fraud prevention and detection network (FPDNet) within the Commission;
- the creation of a dedicated fraud prevention section on OLAF's intranet site, accessible to Commission services;
- an ad hoc meeting on fraud prevention in the field of structural actions, within the framework of the Advisory Committee for the Coordination of Fraud Prevention (Cocolaf), in preparation for the establishment of a sectoral subgroup;
- the publication and dissemination of a casebook for structural actions.

5. Protection of EU financial interests by criminal law – European public prosecutor

Criminal investigators, prosecutors and judges in the EU Member States apply their own national rules to decide how to combat fraud and to intervene to protect EU finances, if at all. As a consequence, the conviction rate in cases involving offences against the EU budget varies considerably across the EU from one Member State to another, ranging from 14 % to 80 %.

OLAF's experience, underpinned by statistical and analytical evidence, shows that there is insufficient deterrence concerning criminal misuse of the EU budget.

Member States' criminal law has been, to a limited extent, harmonised with the Convention on the Protection of the European Communities' Financial Interests ('PIF Convention'). However, a number of shortcomings have not yet been addressed. Additionally, practitioners have pointed out that mutual legal assistance has its limits, that the use of evidence in cross-border cases is sometimes problematic and that there is a tendency to limit prosecutions to domestic cases and disregard the European dimension.

The Lisbon Treaty has strengthened the EU's powers in protecting the financial interests of the EU. Inasmuch as related criminal law aspects are concerned OLAF has cooperated with the Directorate-General for Justice.

In May 2011, the Commission announced its intention to step up action in three areas where the legal framework should be further improved to protect EU financial interests.

- ▶ The current definitions of the major offences affecting EU financial interests (such as fraud) as well as of other criminal offences affecting the protection of EU financial interests (such as

embezzlement or abuse of power) vary across the EU. These concepts should be approximated by means of a new initiative on the protection of EU financial interests by substantive criminal law. The Commission is in the process of preparing a proposal for a directive to be based on Article 325 of the Treaty on the Functioning of the European Union (TFEU), for adoption in 2012.

- ▶ A proposal on the procedural framework for the protection of EU financial interests is planned, in order to make it easier for prosecutors and judges across the EU to fight fraudsters. This should, in particular, improve cooperation and the exchange of information between all competent actors, including police, customs, tax and judicial authorities, and ensure the admissibility of evidence stemming from such cooperation.
- ▶ An institutional framework should be established to investigate, prosecute and bring to justice perpetrators of offences against EU financial interests. This should follow a coherent approach for all competent EU structures, including the reinforcement of existing bodies — Eurojust and OLAF — and comprise the establishment of a specialised European public prosecutor's office. In accordance with Article 86 TFEU, these structures would be competent to investigate, prosecute and bring to justice perpetrators of fraud and any other offences affecting EU financial interests.

The Commission reports annually, in cooperation with the Member States, on the protection of the EU's financial interests under Article 325 TFEU. The report for 2011 is scheduled for adoption by the Commission in July 2012.



6. OLAF fights cigarette smuggling along the EU's eastern border

Smuggling of highly taxed goods is a prevailing criminal phenomenon at the eastern border. It causes significant losses of revenue to the budgets of the EU and its Member States. Although accurate statistics are difficult to obtain, the direct loss in customs revenue as a result of cigarette smuggling in the EU is estimated to amount to more than EUR 10 billion a year.

Cigarette smuggling is almost exclusively the domain of organised crime groups that make substantial financial gains from their illegal activities. Their activities are also detrimental to public health as smuggling can lead to a rise in the consumption of tobacco products, especially in vulnerable groups, such as young people.

With all tools at its disposal, OLAF is active in the fight against cigarette smuggling. A large number of coordination cases and several investigations have been concluded over the years and technical assistance, including co-financing of equipment, has been provided to Member States' authorities. OLAF has also engaged in negotiations with cigarette manufacturers and with international partners in both bilateral and international contexts.

A number of factors contribute to the large-scale smuggling of tobacco. The exchange of operational information between competent authorities in the region is not always sufficient, and corruption is a prevalent problem at the eastern border, which smugglers often use to cover their illegal activities. Due to insufficient financing, flaws remain in infrastructure and equipment at the external borders.

In order to help tackle this complex problem, the Commission published an action plan to fight against cigarette and alcohol smuggling along the EU eastern border, in June 2011.

The implementation of the EU eastern border action plan was one of OLAF's main priorities in 2011 and it will continue to be a key objective in 2012.

While the action plan focuses on a particularly problematic geographical area, OLAF contributes to the Commission's efforts to tackle the smuggling of cigarettes on a global scale. In this context, OLAF has coordinated the EU position and has represented the EU throughout the negotiations of a Protocol on the Elimination of the Illicit Trade in Tobacco Products, (under the umbrella of the Framework Convention on Tobacco Control (FCTC)), a World Health Organisation (WHO) treaty.

In 2007, the Conference of the Parties to the FCTC established an intergovernmental negotiating body (INB) to negotiate a draft protocol. The negotiations, which started in 2007, involved over 170 parties. At the fifth meeting of the INB in April 2012, the parties agreed the draft protocol.

The draft protocol will be submitted for consideration and adoption to the Conference of the Parties at the WHO FCTC in November 2012.

7. OLAF combats euro counterfeiting

In 2011, 606 000 counterfeit euro banknotes were removed from circulation, down from 751 000 the year before and 860 000 in 2009. In the same year, 157 500 counterfeit euro coins were discovered, a total below 200 000 for the fourth consecutive year and a decrease of 15 % compared to the previous year.

With regard to the protection of euro banknotes and coins, OLAF, on behalf of the Commission, continued its activities in the following three domains:

- ▶ training and technical assistance;
- ▶ technical analysis of counterfeit euro coins; and
- ▶ the preparation of legislative initiatives.

Implementation of training and assistance requires close institutional cooperation and coordination with the competent Member State authorities, as well as with Europol, Interpol and the European Central Bank (ECB).

In 2011, 15 projects for the protection of euro banknotes and coins against counterfeiting, including conferences and seminars, were organised, under the Pericles programme, by either the Member States or OLAF, in collaboration with Europol and the ECB.



The European Technical and Scientific Centre (ETSC), located in OLAF, provided technical 'on-the-spot' support to four investigations carried out by the Member States' competent authorities, by delivering technical reports and establishing possible technical links between the different investigations.

On 19 December 2011, the Commission adopted a proposal for a new Pericles programme (Pericles 2020) for the next MFF, which has been submitted to the European Parliament and the Council.

The summary of OLAF's achievements in 2011 and examples of our cases

1 January to 31 December 2011

