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OLAF welcomes European Court of Justice ruling on UK undervaluation case

On 8 March 2022, the European Court of Justice ruled in its case C-213/19 (European Commission v United Kingdom of Great Britain and Northern Ireland) in favour of OLAF's investigative approach in combatting a customs undervaluation fraud worth billions of euro.

OLAF concluded a string of investigations between 2017 and 2019 concerning the import of large quantities of textiles and footwear from China into the EU. OLAF found that by declaring falsely low values for the imports, fraudsters had managed to evade very large amounts of customs duties over the years. Fraudsters had identified and targeted certain entry points into the EU ("the weakest link") where abnormally low values of customs declarations were not contested.

The largest of OLAF's investigations concerned imports through the UK between 2013 and 2016. OLAF calculated that nearly €2 billion worth of customs duties were lost in those instances.

The European Court of Justice found that the UK had failed to fulfil its obligations under EU law by failing to apply effective customs control measures in relation to imports of certain textiles and footwear from China, and by failing to provide OLAF with all of the information necessary to calculate the amount of customs duties lost.

In order to calculate the real worth of undervalued goods over the years, OLAF developed a complex and effective tool, in cooperation with the European Commission's Joint Research Centre (JRC) that has become widely used for risk management and intelligence purposes in several EU Member States.

The same tool also helped uncover similar fraud schemes targeting the customs services of other Member States. Overall, OLAF calculated so far losses for over €2.7 billion in connection with this fraud scheme.

OLAF Director-General Ville Itälä said: *"I warmly welcome the ruling of European Court of Justice in this extremely important case. The judgement validates the investigative work that OLAF has carried out in this area over many years, as part of our remit to protect the EU budget. I am especially proud of the endorsement by the Court of the methodology that we developed to fight against undervaluation. As a result, we can now expect that this tool becomes a reference for all national customs authorities in the fight against undervaluation of textiles and footwear, which attacks the EU budget whilst greatly damaging the competitiveness of European industry and consumer trust."*

More information on the ruling can be found in the [press release by the European Court of Justice](#).

OLAF mission, mandate and competences:

OLAF's mission is to detect, investigate and stop fraud with EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- some areas of EU revenue, mainly customs duties;
- suspicions of serious misconduct by EU staff and members of the EU institutions.

Once OLAF has completed its investigation, it is for the competent EU and national authorities to examine and decide on the follow-up of OLAF's recommendations. All persons concerned are presumed to be innocent until proven guilty in a competent national or EU court of law.

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