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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**concerning the implementation and the results of the Pericles 2020 programme for the
protection of the euro against counterfeiting in 2019**

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1. General

The "Pericles 2020" programme (hereafter "the Programme") is an exchange, assistance and training programme for the protection of the euro against counterfeiting. It replaces the Pericles programme that was established in 2001 and ran during the period 2002-2013. The Programme was established by **Regulation (EU) No 331/2014 of the European Parliament and of the Council of 11 March 2014¹**. Its application was extended to the non-participating Member States by **Council Regulation (EU) 2015/768 of 11 May 2015²**. Regulation (EU) No 331/2014 establishes the duration of the Programme until 31 December 2020. Article 13(3) of **the Regulation** requires the Commission to provide annual information on the results of the Programme to the European Parliament and to the Council. This Annual Report responds to that requirement in relation to the year 2019.

2. Annual Work Programme 2019

a. Implementation of the Annual Work Programme in 2019

The annual budget for the implementation of the Programme for the year 2019 was set at EUR 1 072 400 and was financed from the budget line 01. 020400 of the general budget of the European Union for 2019. A total of EUR 1 064 821 was committed in 2019. The Programme is implemented through co-financed actions (grants) originating from the competent authorities of the Member States and through "Commission actions", organised directly by the Commission. A transfer of EUR 213 854 was made from the Commission actions budget to the grants budget in 2019 to further support the implementation of the actions of the Member States.

The implementation of the Programme reflected the commitment of Member States and the Commission to protect the euro against counterfeiting. Discussions of the multi-annual strategy at the meetings of the Euro Counterfeiting Experts Group (ECEG) made it possible to commit 99.29% of the overall budget in 2019. In 2019, the Programme funded 13 projects in total³. Altogether, 10 grants were successfully awarded from applications originating from the competent authorities of the Member States, an increase from 8 grants in 2018. Two applications submitted in the second deadline were not awarded a grant due to the limited budget available. Furthermore, 3 Commission actions were funded, the same number as the

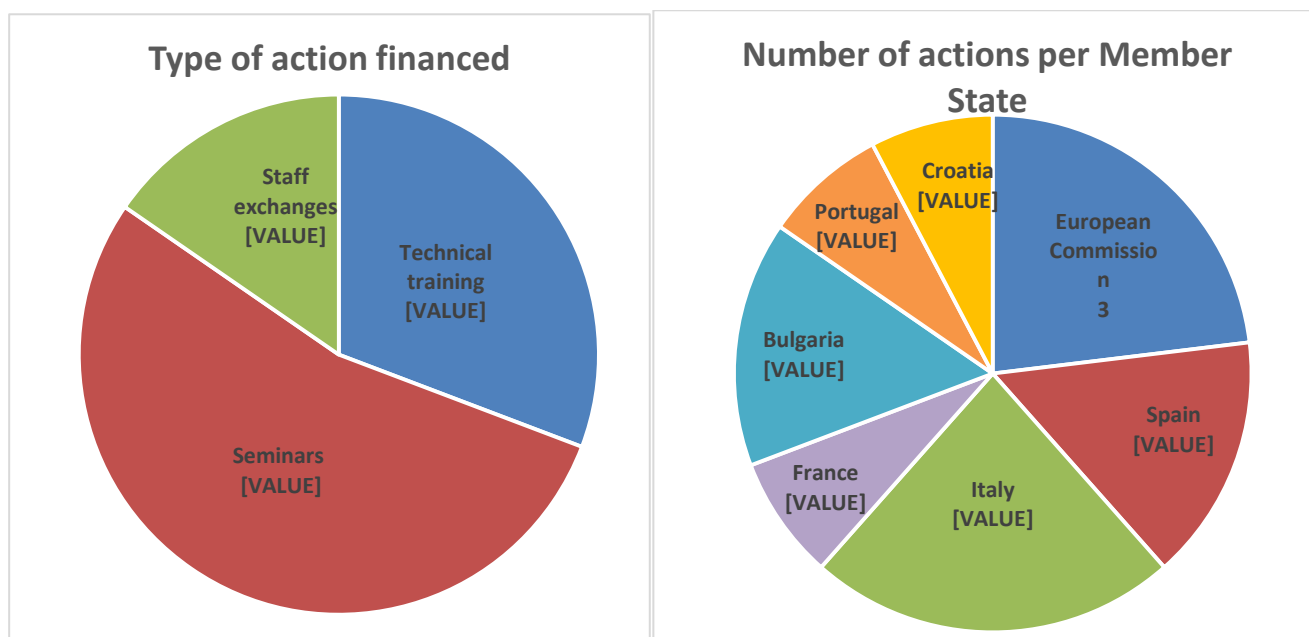
¹ Regulation (EU) No 331/2014 of the European Parliament and of the Council establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the 'Pericles 2020' programme) (OJ L 103, 5.4.2014, p. 1). That Regulation repealed Council Decisions 2001/923/EC, 2006/75/EC, and 2006/849/EC.

² Council Regulation (EU) 2015/768 of 11 May 2015 extending to the non-participating Member States the application of Regulation (EU) No 331/2014 of the European Parliament and of the Council establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the 'Pericles 2020' programme) (OJ L 121, 14.5.2015, p. 1).

³ A comprehensive overview of Pericles actions committed to in 2019 can be found in Annex I.

previous year. 7 actions were implemented in 2019, while 6 actions are being/will be implemented in 2020 and later.

Chart I and Chart II: Type of action financed and Number of actions per Member State (actions committed to in 2019, see annex I)⁴



It is noteworthy that France, Italy and Spain, the Member States most affected by euro counterfeiting, this year again applied for grants. In addition, Portugal, and Bulgaria and Croatia as non-participating Member States, have also participated as beneficiaries to the programme in 2019. Of particular note is the Prosecutor's Office of Bulgaria, as a first time applicant to the programme, which demonstrates the increasing participation of more competent national authorities as beneficiaries to the programme. All their efforts enhance the protection of the euro which is beneficial to all other Member States.

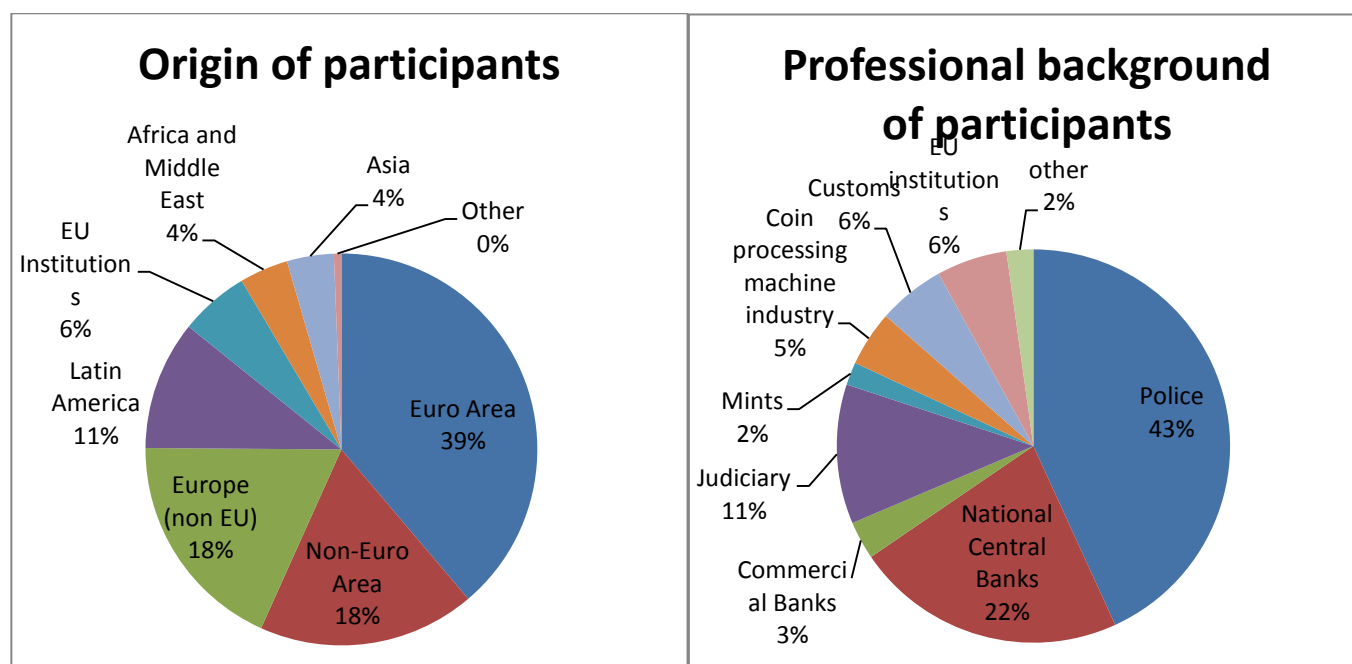
The actions for which commitments were made in 2019 consist of 7 seminars/conferences, 4 technical trainings, and 2 staff exchanges. The actions take place⁵ both inside and outside the EU depending on the specific needs to protect the euro against counterfeiting. Since its inception, the Programme has consolidated its regional approach by implementing actions involving particularly sensitive regions of the world. Of specific focus are Latin America (the seminar organised by Spain in Chile and by Portugal involving Brazilian representatives), South-Eastern Europe (actions organised by Bulgaria, Croatia, Italy and the Commission) and China (a dedicated seminar organised by the Italian UCIFM in Rome, Italy).

⁴ All data concerns both actions implemented in 2019 and actions that are being/will be implemented beyond 2019.

⁵ Some actions are still being implemented in 2020.

Charts III and IV give a breakdown of the origin and professional background of participants to the Programme:

Chart III and Chart IV: Origin of participants and Professional background of participants⁶ (actions committed to in 2019, see annex I)⁷



An estimated number of 637 experts participated in actions for which commitments were made in 2019.

In terms of origin, participants come from 64 countries. The majority of trainees (75%) are European participants: 39% come from the euro area Member States, while non-EU countries in Europe represent 18% and Non-Euro Area Member States have increased to 18%⁸; 11% of trainees are from Latin America, a significant decrease compared to the previous year⁹. Finally, 4% come from Africa and the Middle East and 4% from Asia.

With respect to the professional background of participants, members from police forces represent 43% of the total. That prominent presence is due to the fact that police authorities represent the front line in the fight against euro counterfeiting, and police staff includes both investigators and technicians. However, for the second time in the implementation of the Pericles 2020 programme, police authorities do not represent the absolute majority of participants in 2019.

Other categories of participants account for 57% of the total, an increase from 46% in the previous year. The substantial participation of central banks has remained nearly constant with (22%) and there is a significant increase in participation of members of the judiciary (11%)¹⁰. Of particular note is the participation of customs (6%), commercial banks (3%) and

⁶ The other category includes, inter alia, Interpol, staff from national ministries and representations, and staff of academic institutions.

⁷ All data concerns both actions implemented in 2018 and actions that are being/will be implemented beyond 2018.

⁸ Up from 11% in 2018.

⁹ Down from 26% in 2018.

¹⁰ Up from 4% in 2018.

mints (2%), reflecting a full range of professional backgrounds of the participants. Finally, the implementation of the Commission action "Test Pack Testing Action" results in a high participation of representatives from the coin processing machine (CPM) industry (5%) for the fourth year in a row, which continues to affirm the private sector as a significant stakeholder in the fight against counterfeiting.

As a result, the implementation of the Programme meets the transnational and multidisciplinary dimensions of the Programme required under Regulation (EU) No 331/2014.

b. Overview of actions under the Annual Work Programme 2019

A comprehensive overview of Pericles actions under the 2019 Annual Work Programme can be found in Annex I. The following actions can be highlighted:

Regional international cooperation

The Programme has succeeded to maintain and further strengthen strong regional international cooperation in 2019:

- The Spanish BIBE organised a co-financed action in Chile, bringing together experts from a large number of **Latin American countries** including Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic and Uruguay. This action promoted measures to protect the euro against counterfeiting in Latin American countries that are potentially susceptible to it, and supported the establishment and functioning of the Chilean National Central Office.
- Four actions took/will take place in **South Eastern Europe**, maintaining and further strengthening strong regional international cooperation in this region. This includes the co-financed Croatian National Bank-organised "Fourth conference of the Balkan Network for Euro Protection" which brings together national and commercial banks from the entire region to share best practices. This conference supports the functioning and information exchange of an early alert system among the countries involved.
- New geographical areas covered by the Pericles 2020 programme: Two co-financed actions, organised by the French Office Central pour la Répression du Faux Monnayage and the National Bank of Portugal respectively, seek to build up a strong cooperation network with and among countries in **Africa and the Middle-East**, demonstrating to them the European legislative framework, the need to set up a National Central Office to centralise information, and best practices in the fight against euro counterfeiting. Furthermore, a co-financed action organised by the Bulgarian National Bank seeks to foster such cooperation between the **Black Sea countries**, focussing on the technical handling of counterfeit euro banknotes and coins.

EU-China cooperation

Of particular note is the co-financed Italian UCIFM-organised conference on "Legal and operational framework on counterfeit currency in Europe and China" to be held in Rome in 2020, which seeks to further extend on the cooperation platform established by the EU China platform meeting/seminars on the protection of currencies against counterfeiting of November

2017 in Brussels and January 2019 in Beijing. The meeting will involve participation of the relevant Chinese authorities involved in the fight against currency counterfeiting, the EU Institutions as well as representatives from Member States particularly affected by euro counterfeiting. The action intends to treat topics such as the exchange of best practices on the dismantling and identification of illegal printshops and mints, the distribution of counterfeits on the internet/darknet, the channels for the exchange of operational information and European and Chinese legal frameworks for the protection of currencies against counterfeiting.

Classification and/or authentication of euro coins and banknotes

Several actions committed in 2019 focussed on issues related to the classification and/or authentication of euro coins:

- A co-financed training activity on counterfeit coins analysis for technical experts organised by the Bank of Spain;
- A hands-on training course on the classification of euro coins in France as Commission action, which also addressed a Member State backlog in coin classification;
- A technical training on the protection of euro coins in Belgrade, Serbia as a Commission action, organised in coordination with the ETSC and the Serbian National Bank. The main goals of the event was to raise awareness on current threats of euro coin counterfeiting, to train relevant Serbian staff in recognizing counterfeit euro coins, and to exchange information and best practices in investigating suspect counterfeit euro coin cases;
- A test pack testing action, which included the participation of representatives of the coin processing machine industry. This action, organised as a Commission action in coordination with and in support of the European Technical and Scientific Centre (ETSC), has the specific goal to test an updated version of the Test Pack to be used for the authentication of euro coins in line with Article 4 of Regulation (EU) No 1210/2010¹¹. It was organised as a practical complement and follow-up to the 2nd Platform 1210 conference, which was also implemented in 2019 but committed under the 2018 budget¹². This conference had as its goal to raise awareness and share the main issues of concern to all stakeholders with regard to the authentication of euro coins and handling of euro coins unfit for circulation in line with the aforementioned regulation.

¹¹ OJ L339, 22.12.2010.

¹² A description of this action can be found in the previous Pericles 2020 annual report for 2018, see COM/2019/287 final.

3. Implementation of actions in 2019 that were committed to under previous budgets of the Programme¹³

2019 saw the implementation of 9 actions that were committed to under previous budgets of the Programme. Of those actions, 6 originated from the competent national authorities of Member States - namely France, Spain and Italy - while 3 actions were initiated by the Commission. The actions consisted of 4 staff exchanges, 2 technical trainings, 1 seminar, 1 purchase of equipment and a study. Particular focus regions and topics were South-Eastern Europe, Latin America, as well as the authentication of euro coins and a study on potential new security features for euro coins, to improve coins against counterfeiting. This co-financed study, coordinated by the Monnaie de Paris, can provide a response to the increasing trend in counterfeit euro coin statistics, both in terms of quantity and in terms of deceptiveness. The study is a first step in the potential development of a new generation of euro coins with updated security features.

4. Conclusions and way forward

The "Pericles 2020" programme continues to be an important and efficient tool in the fight against counterfeiting. The Programme forms the basis for the support of studies, maintaining and developing cooperation, and exchanging best practices among all actors involved in the fight against euro counterfeiting. This is also supported by the facts that in 2019 99.29% of the overall budget was committed, and by the increasing participation of more competent national authorities as beneficiaries to the programme. This implements the recommendation of the Mid-Term evaluation of the programme to encourage greater participation of Competent National Authorities to the programme.

The Commission constantly disseminates the results of the actions supported under the Programme to the experts of the Euro Counterfeit Experts Group (ECEG). In 2019, 3 ECEG meetings took place. The Programme shows a high degree of consistency and complementarity with other relevant programmes and actions at Union level because it is dedicated exclusively to and focuses on preventing and fighting a specific form of organised crime, namely euro counterfeiting. This is true for DG NEAR's *Technical Assistance and Information Exchange (TAIEX)* instrument, most often used in support of accession negotiations, and DG HOME's Internal Security Fund - Police¹⁴, which covers the prevention and combating of crime in general.

The Commission has adopted as part of the next Multi-Annual Financial Framework a proposal to continue the programme beyond 2020 as the Pericles IV programme¹⁵. A new rapporteur was nominated by the LIBE Committee of the newly elected European Parliament, who confirmed the importance of protection of the euro through the Pericles IV programme¹⁶.

¹³ A comprehensive overview of Pericles actions committed to under previous budgets of the Pericles 2020 programme but implemented in 2019 can be found in Annex II.

¹⁴ Regulation (EU) No 513/2014 of the European Parliament and of the Council of 16 April 2014 establishing, as part of the Internal Security Fund, the instrument for financial support for police cooperation, preventing and combating crime, and crisis management and repealing Council Decision 2007/125/JHA (OJ L 150, 20.5.2014, p. 93).

¹⁵ Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the 'Pericles IV programme') COM/2018/369 final - 2018/0194 (COD) and Proposal for a COUNCIL REGULATION extending to the non-participating Member States the application of Regulation (EU) No .../2018 establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the 'Pericles IV' programme) COM/2018/371 final - 2018/0219 (APP).

¹⁶ for more information on the Pericles IV programme MFF procedure, see the Pericles 2020 annual report for 2018, COM/2019/287 final.

Based on the results of the implementation of the Programme and the continuous analysis of emerging threats discussed in the ECEG, the priorities for 2020 are the following¹⁷:

- Supporting activities aimed at improving cooperation among those Member States which are particularly affected by the production and distribution of counterfeits;
- fostering cooperation with authorities of those third countries where there is suspicion of or evidence for counterfeit euro production;
- maintaining an efficient framework for the protection of the euro in South Eastern Europe;
- topical developments: Security features of euro coins, the implementation of Regulation (EU) No 1210/2010 concerning authentication of euro coins and handling of euro coins unfit for circulation, distribution of counterfeits and high quality components on the internet, support for the establishment/reinforcement of NCO's.

Considering the potential impact of Covid-19 on the Pericles 2020 programme, the Commission will apply a policy of flexibility and simplification with regard to the implementation of the Programme.

¹⁷ The priorities of the Programme for 2020 are an essential part of the Annual Work Programme, which is annexed to Commission Decision C(2019) 8362 final of 26 November 2019 concerning the adoption of the work programme for 2020 of the Pericles 2020 programme.