



EUROPEAN COMMISSION  
DIRECTORATE GENERAL  
ECONOMIC AND FINANCIAL AFFAIRS  
Macroeconomic policies  
**Euro protection and euro cash**

# The protection of euro coins in 2021

Situation as regards euro coin counterfeiting and the activities of the European  
Technical & Scientific Centre (ETSC)

Based on Article 4 of Commission Decision C(2004) of 29 October 2004

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## EXECUTIVE SUMMARY

- ▶ In the framework of the Commission's activities for the protection of the euro against counterfeiting, the European Technical and Scientific Centre (ETSC) coordinates the activities of the Counterfeit Coin Experts Group (CCEG)<sup>1</sup>, participates in other institutional groups with regard the protection of euro coins against counterfeiting, and provides training under the *Pericles IV* programme.
- ▶ The global COVID-19 pandemic and related social distancing measures and travel restrictions that started in 2020 and continued throughout the whole of 2021 affected the whole cash cycle and the related activities of all main actors involved in the protection of euro coins against counterfeiting in 2021. Nevertheless, the number of counterfeit coins registered as detected in circulation and received at CNACs in 2021 confirms the increasing trend of the last years.
- ▶ The number of counterfeit coins detected in circulation and received by the Coin National Analysis Centres (CNACs) in 2021 increased by 4.7% compared to 2020. The number of detected counterfeit coins now exceeds 220 314 pieces per year (2 euro, 1 euro and 50 cent denominations represent respectively 88.6%, 5.7% and 5.7%). The overall value of counterfeit coins detected in circulation in 2021 was EUR 409 398, which is again higher than in 2020.
- ▶ The counterfeits of commemorative euro coins ("commemorative counterfeits") registered a significant increase and maintained an important share of the total 2 euro counterfeit coins detected in circulation, confirming the trend of the last years.
- ▶ In 2021, the global COVID-19 pandemic continued affecting also the implementation of Regulation (EU) No 1210/2010. The European Commission, through its European Technical and Scientific Centre (ETSC), continued to apply a policy of flexibility towards all main stakeholders concerned.

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<sup>1</sup> Commission Decision C(2015) 6968 final of 19.10.2015 setting up the Counterfeit Coin Experts Group on the Commission's policy and Regulations regarding the protection of euro coins against counterfeiting. See Section 3.2.1.

## **1. Introduction**

### **1.1. DG ECFIN's mission and mandate**

The mission of the Directorate-General for Economic and Financial Affairs (DG ECFIN) is to contribute to the creation of economic conditions in which all Europeans can thrive, now and in the future, and to develop the means for Europe to be a leading force for stability and prosperity in the world.

In pursuing this mission one of the core objectives is to provide policy support for Economic and Monetary Union, to ensure the effective functioning of the euro and to give Europe a strong economic global presence. In this context, the protection of the euro against counterfeiting is key.

### **1.2. DG ECFIN's role in the protection of the euro**

DG ECFIN plays an important role in the area of the protection of the euro banknotes and coins against counterfeiting.

The Commission action regarding the protection of the euro refers mainly to three domains:

- ▶ preparation of political or legislative initiatives for the Commission and reporting on the implementation of EU legislation;
- ▶ training and technical assistance, based mainly on the Pericles programme<sup>2</sup>;
- ▶ the technical analysis of counterfeit euro coins, through the European Technical and Scientific Centre (ETSC). DG ECFIN implements these tasks in close cooperation with other relevant Institutions and in co-ordination with the competent authorities of Member States (MS).

### **1.3. The European Technical & Scientific Centre (ETSC)**

The ETSC was established in 2004 within the European Commission<sup>3</sup>.

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<sup>2</sup> Regulation (EU) No 331/2014 of the European Parliament and of the Council of 11 March 2014 establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the 'Pericles 2020' programme) and repealing Council Decisions 2001/923/EC, 2001/924/EC, 2006/75/EC, 2006/76/EC, 2006/849/EC and 2006/850/EC. OJ L 103, 05.04.2014.

<sup>3</sup> Council Decision 2003/861/EC of 8 December 2003, concerning analysis and co-operation with regard to counterfeit euro coins. OJ L 325, 12.12.2003; Commission Decision 2005/37/EC of 29 October 2004 establishing the European Technical and Scientific Centre (ETSC) and providing for coordination of technical actions to protect euro coins against counterfeiting, OJ L 19, 21.1.2005; Commission Decision (EU) 2017/1507 of 28 August 2017 amending Decision 2005/37/EC establishing the European Technical and Scientific Centre (ETSC) and providing for coordination of technical actions to protect euro coins against counterfeiting, OJ L 222, 29.8.2017.

Within this framework, the mission of the ETSC is to analyse and classify every new type of counterfeit euro coin<sup>4</sup>, to contribute to the fulfilment of the objectives of the Pericles programme, to assist the Coin National Analysis Centres (CNAC) and generally to collaborate with law enforcement and other competent authorities in taking action against counterfeit euro coins and the strengthening of euro protection.

In addition, the ETSC coordinates the necessary actions to protect euro coins against counterfeiting through periodic meetings of the Counterfeit Coin Experts Group (CCEG).

#### **1.4. Structure of the report**

This report is presented in line with Commission Decision 2005/37/EC of 29 October 2004 based on Council Decision 2003/861/EC of 8 December 2003. Article 4 of the Commission Decision 2003/861/EC of 8 December 2003 stipulates that “The Economic and Financial Committee, the European Central Bank, Europol and the competent national authorities shall be kept regularly informed of the activities of the European Technical & Scientific Centre (ETSC) and of the situation as regards coin counterfeiting”.

The report is structured according to the above-mentioned requirements. Section 2 provides a detailed overview of the evolution of euro coin counterfeiting in 2020. Section 3 presents the activities that the ETSC carried out in 2020 in order to reinforce the protection of euro coins.

#### **1.5. Data extraction and methodology**

The data used by the ETSC is extracted from the Counterfeit Monitoring System (CMS), which is a database managed by the European Central Bank. The CMS database is fed by the Member States’ CNACs. In fact, suspect counterfeit euro coins are sent to CNACs to be analysed and classified.

There are three distinctive moments in the analysis and classification cycle of a suspect counterfeit euro coin. Chronologically they are:

1. When the suspect counterfeit euro coin is detected in circulation;
2. When the suspect counterfeit euro coin is received at a CNAC;
3. When the suspect counterfeit euro coin is analysed, classified and registered in the CMS.

The date of detection is inserted in the CMS by a CNAC when it receives the suspect coin or when the classification (hence registration) is finalised. Of course, there is a natural delay between each moment that could also be influenced by Member State CNAC workload and practices.

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<sup>4</sup> In line with the provision of Article 5 of Council Regulation (EC) 1338/2001 as modified by Council Regulation (EC) No 44/2009 of 18 December 2008 (OJ L 17, 22.01.2009).

Consequently, in order to have a reliable overview on the year 2021 (and on the previous ones) the statistical data presented in this report were extracted in May 2022.

## 2. Situation regarding counterfeit euro coins

A distinction has to be made between counterfeit euro coins detected in circulation and those seized before circulation. Counterfeits seized before circulation are usually seized by law enforcement authorities before causing financial damage, whereas those detected in circulation are generally detected in coin sorting centres operated by National Central Banks or by credit institutions<sup>5</sup>.

### 2.1 Counterfeit coins detected in circulation

The total number of counterfeit euro coins removed from circulation in 2021 was 220 314, an increase of about 4.7% compared to 2020.

The breakdown by denomination of counterfeits found in circulation for the last five years is shown in the table below.

**Table 1: Counterfeit euro coins detected in circulation<sup>6</sup>, 2017 – 2021**

Year	50 cent	1 euro	2 euro	Total	Value (EUR)
2021	12 404	12 624	195 286	220 314	409 398
2020	15 648	12 700	182 087	210 429	384 698
2019	19 851	14 523	168 349	202 727	361 146,5
2018	27 095	17 062	146 463	190 622	323 535.5
2017	30 355	19 065	120 726	170 149	275 694.5

When compared to 2020, 2021 marks an important increase in counterfeits of the higher denomination (2-euro) coins. In particular, 2 euro denomination counterfeits increased by 7.25%, those of 1 euro decreased by 0.59% and those of 50 cent decreased by 20.73% in comparison to 2020.

In particular, in 2021 counterfeits of the 1 euro denomination became the second most common (5.63% of the total) overtaking the 50 cent denomination. The 2 euro coin remains by far the most counterfeited denomination, constituting 95.40 of the total in terms of value (up from 94.66% in 2021).

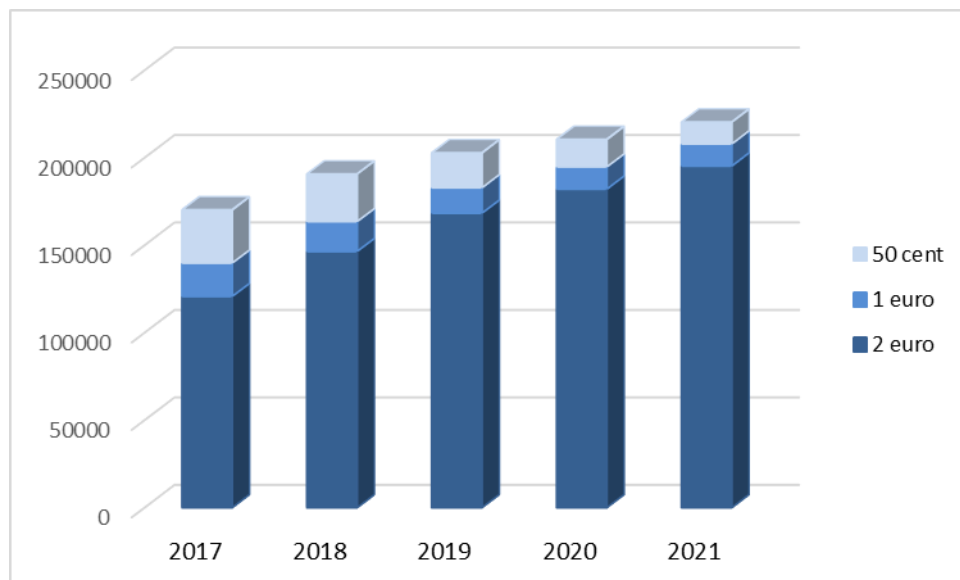
Overall, 3 129 639 counterfeit euro coins have been removed from circulation since the introduction of euro coins in 2002.

<sup>5</sup> As referred to in the first subparagraph of Article 6(1) of Regulation (EC) No 1338/2001.

<sup>6</sup> Source: CMS (counterfeit euro coins detected in circulation, received at CNACs in the year of reference).

The evolution in the last five years is given in the following chart.

**Chart 1: Counterfeit euro coins detected in circulation<sup>7</sup>**



In 2021 Italy was the country with the highest number of detected counterfeit euro coins, registering an increase of 5.84 % compared to 2020. Germany and Greece followed. Counterfeit euro coins were found in all Member States of the euro area in 2021. The counterfeits seized in Italy, together with those seized in Germany, Greece, Spain and France, accounted for about 74% of the total counterfeits seized in 2021.

Moreover, counterfeit euro coins were also reported to be detected in third countries. The majority of them were detected in Montenegro.

## 2.2 Counterfeit coins seized before circulation

In addition to the counterfeit euro coins removed from circulation, counterfeits are regularly seized before they enter into circulation, mainly in the framework of law enforcement authorities' operations and investigations.

These activities include not only the dismantling of clandestine mints, but also seizures of significant quantities from individuals possibly involved in the distribution of counterfeit coins. These seizures occur on an occasional basis, therefore the number of counterfeits seized before circulation varies significantly from year to year.

<sup>7</sup> Source: CMS (counterfeit euro coins detected in circulation, received at CNACs in the year of reference)

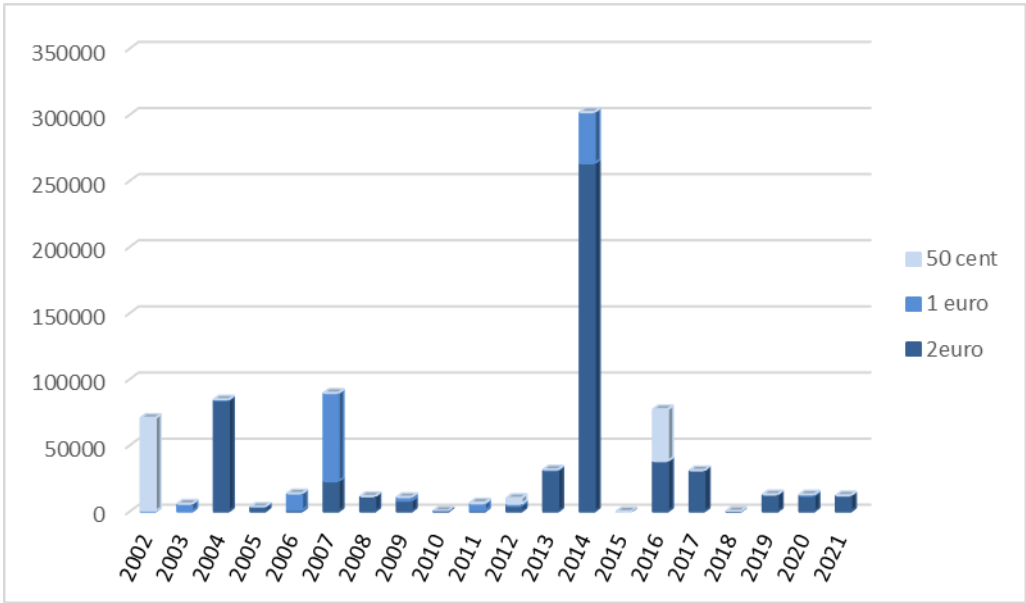
The number of coins seized before circulation in 2021, as registered in the CMS, is almost stable (12 131 pieces). The breakdown per denomination of counterfeit euro coins found before circulation, as registered in the CMS for the last five years, is shown below.

**Table 2: Counterfeit euro coins detected before circulation, 2017 – 2021**

Year	50 cent	1 euro	2 euro	Total	Value (EUR)
2021	0	0	12 131	12 131	24 262
2020	1	892	11 872	12 765	24 636.5
2019	1	1	12 863	12 865	25 727.5
2018	545	54	134	733	594.5
2017	0	1	31 058	31 059	62 117

The evolution of the number of counterfeit coins detected before circulation, since the introduction of the euro in 2002, is presented in the following chart.

**Chart 2: Counterfeit euro coins detected before circulation**



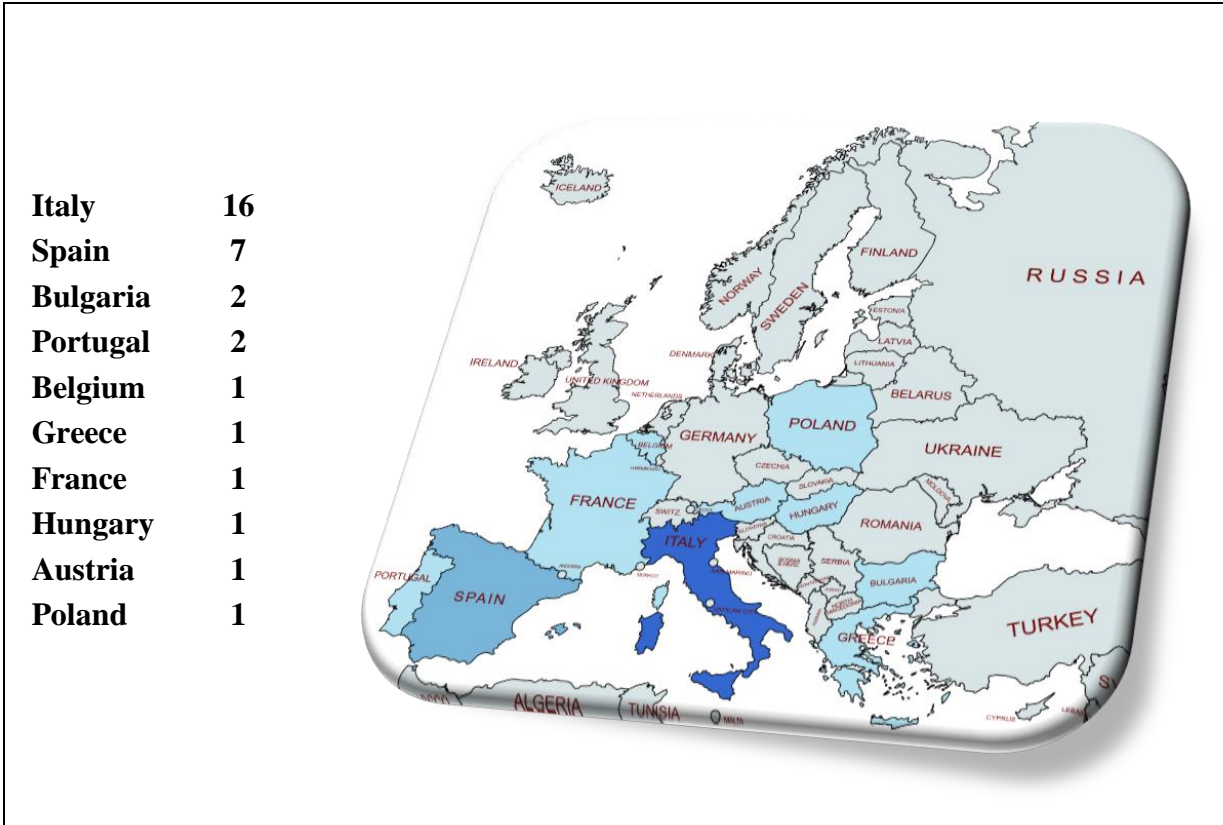
Since 2002 roughly 787 131 counterfeit euro coins have been seized before circulation. This corresponds to a face value of EUR 1 252 782. The number and location of illegal mints discovered since 2002 is presented in the following charts.



**Table 3: Illegal mints discovered, 2002 – 2021**

Year	Date	Place	Denomination (€)	Total
2002	June	Italy	0.50	2
	October	Italy	1 and 2	
2003	May	Portugal	2	3
	August	Italy	1	
	October	Italy	2	
2004	April	Italy	2	3
	April	Spain	2	
	July	Italy	1	
2005	January	Poland	1	3
	October	Hungary	2	
	November	Bulgaria	1	
2006	April	Italy	2	1
2007	March	Italy	1 and 2	2
	March	Spain	2	
2008	March	Austria	0.50	1
2009	/	/	/	0
2010	/	/	/	0
2011	April	Belgium	1	2
	August	Italy	1 and 2	
2012	June	Greece	2	1
2013	January	Italy	1 and 2	1
2014	March	Italy	1	4
	December	Spain	2	
	December	Spain	2	
	December	Spain	2	
2015	October	Italy	2	1
2016	June	Portugal	2	1
	June	Italy	0.50 and 1	1
	June	Italy	0.50	1
2017	/	/	/	0
2018	July	Italy	0.50	2
	September	France	1 and 2	
2019	June	Spain	2	1
2020	March	Italy	2	2
	June	Bulgaria	2	
2021	July	Spain	2	1
<b>Total</b>				<b>33</b>

Chart 3: Number of illegal mints discovered, 2002 – 2021



### 3. Activities of the European Technical & Scientific Centre (ETSC)

#### 3.1. Analysis and classification of counterfeit euro coins<sup>8</sup>

Counterfeit coins detected in the Member States are analysed by the CNACs. They are classified according to counterfeit types that have been previously identified and defined by the ETSC. Counterfeits that cannot be classified into one of the already identified classes<sup>9</sup> are sent to the ETSC in order to create a new common class or variant<sup>10</sup>.

A distinction is made between common classes and local classes. Common classes are created when high quality counterfeit coins or high quantities of the same type of counterfeit coins are detected in more than one EU countries, therefore they have an impact at EU level.

Local classes correspond mostly to counterfeit coins that are detected in smaller quantities and constitute a threat in one EU country. Local classes usually refer to cast counterfeit coins<sup>11</sup>.

Common classes are always created by the ETSC and local classes are created by the CNACs.

As previously mentioned, the global COVID-19 pandemic has affected the whole cash cycle including the analysis and classification of counterfeit euro coins by CNACs and ETSC. As a result, in 2021 a remarkably high number of variants was created, whereas in 2020 a low number of new classes and variants were created.

#### *Common classes (stamped counterfeit coins)*

Common classes are counterfeits manufactured through a stamping process<sup>12</sup>, sometimes similar to the one used in official minting. With such a process, larger amounts of counterfeits can be produced; for this reason monitoring at EU level has been applied. Stamped classes usually bear defects which are characteristics of the tools used to produce them. Stamped counterfeit coins are classified into classes and variants according to their defects. Similar defects may indicate that counterfeits have been produced by the same tools, probably indicating the same illegal mint.

New variants of classes indicate a development in production tools, material used or production methodology applied. Variants therefore provide useful indications of the development in counterfeiting activity. The procedure of classification is an important "tool"

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<sup>8</sup> Data refer to counterfeit euro coins detected in circulation in the year of reference according to CMS registration.

<sup>9</sup> Class: group of counterfeits having matching technical characteristics, therefore assumed to have the same origin.

<sup>10</sup> Variant: "subclass" of a counterfeit class, corresponding to modification of the class, by changing the national side and/or the material used, etc... The variants have distinctive defects, linking them to their "mother class".

<sup>11</sup> Cast coinage refers to coins made by a casting process (casting is a manufacturing method in which a molten metal is injected or poured into a mold - or mould - to form an object of the desired shape).

<sup>12</sup> Stamping is a type of manufacturing process which shapes sheet metal by punching using a machine press or stamping press.

for law enforcement investigations as it facilitates the monitoring of counterfeit coins from a quality point of view and can provide important information related to links between dismantled illegal mints and existing classes of counterfeit coins.

### 3.1.1. Overall analysis

#### Creation of common classes

While the total number of common classes remained stable, the number of variants created by the ETSC showed a remarkable increase in 2021.

The number of common classes created by the ETSC every year since the introduction of euro coins is indicated in the table below.

**Table 4: Number of newly identified common classes**

Year	50 cent	1 euro	2 euro	Total
<b>2002-2011</b>	54	39	39	132
<b>2012</b>	2	2	5	9
<b>2013</b>	2	6	7	15
<b>2014</b>	1	4	5	10
<b>2015</b>	1	-	-	1
<b>2016</b>	7	-	5	12
<b>2017</b>	2	4	8	14
<b>2018</b>	1	4	8	13
<b>2019</b>	2	3	2	7
<b>2020</b>	0	0	0	0
<b>2021</b>	0	0	1	1
<b>Total</b>	<b>72</b>	<b>62</b>	<b>79</b>	<b>214</b>

The total number of common classes is 214. Despite the relatively large number of common classes, the bulk of counterfeit coins is still concentrated in a small number of classes.

#### Creation of variants

In 2021, 56 new variants (sub-types of classes) were created.

This brings the total number of variants to 625. The class with the higher number of variants is 2 euro class 6. The number of new variants created by the ETSC every year since the introduction of euro coins is indicated in the table below.

**Table 5: Number of newly identified variants of the common classes**

Year	50 cent	1 euro	2 euro	Total
<b>2002-2011</b>	15	64	349	428
<b>2012</b>	0	1	3	4
<b>2013</b>	0	3	12	15
<b>2014</b>	0	0	9	9
<b>2015</b>	2	1	13	16
<b>2016</b>	4	3	7	14
<b>2017</b>	0	3	28	31
<b>2018</b>	1	4	18	23
<b>2019</b>	0	1	20	21
<b>2020</b>	0	0	8	8
<b>2021</b>	0	6	50	56
<b>Total</b>	<b>22</b>	<b>86</b>	<b>517</b>	<b>625</b>

### Commemorative coins

Counterfeits of commemorative euro coins (hereinafter "commemorative counterfeits") have also been found, i.e., 2 euro coins with specific national sides<sup>13</sup>.

The first commemorative coins were issued in 2004, and the first counterfeits imitating commemorative coins were detected in 2006. Since 2006, there have been 77 common classes created and several local classes within the Member States.

In total 439 different designs for commemorative coins have been issued, out of which 31 have been counterfeited. The table below depicts the commemorative coins that have been counterfeited (common classes only).

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<sup>13</sup> Regulation (EU) No 651/2012 of the European Parliament and of the Council of 4 July 2012 on the issuance of euro coins, OJ L 201, 27.7.2012.

Council Regulation (EU) No 729/2014 of 24 June 2014 on denominations and technical specifications of euro coins intended for circulation. OJ L 194, 02.07.2014.

In addition to the regular coins, there are also commemorative. Member States may issue a commemorative 2 euro coin once a year to celebrate a subject of major national or European relevance. Commemorative coins are legal tender throughout the euro area, and have the same features and properties as regular 2 euro coins. Euro-area Member States may decide to issue a commemorative coin jointly to celebrate a subject of the highest European relevance. In that case, all euro area Member States simultaneously issue a coin bearing the same design on the national side.

**Table 6: 2 euro commemorative coins counterfeited (common classes only)**

<p>The 5<sup>th</sup> decade of the World Food Programme, IT 2004</p>	
<p>The Summer Olympic Games in Athens, GR 2004</p>	
<p>The Belgium-Luxembourg Economic Union, BE 2005</p>	
<p>The 1<sup>st</sup> anniversary of the signing of the European Constitution, IT 2005</p>	
<p>The 20<sup>th</sup> Winter Olympic Games in Turin, IT 2006</p>	
<p>The German Federal State of Schleswig-Holstein, DE 2006</p>	
<p>The German Federal State of Mecklenburg-Vorpommern, DE 2007</p>	

The 50<sup>th</sup> anniversary of the Treaty of Rome, AT 2007



The 50<sup>th</sup> anniversary of the Treaty of Rome, IE 2007



The 50<sup>th</sup> anniversary of the Treaty of Rome, DE 2007



The 50<sup>th</sup> anniversary of the Treaty of Rome, ES 2007



The 10<sup>th</sup> anniversary Economic Monetary Union, BE 2009



The 10<sup>th</sup> anniversary Economic Monetary Union, IE 2009



The 10<sup>th</sup> anniversary Economic Monetary Union, ES 2009



The 200<sup>th</sup> anniversary of the birth of Camillo Benso, Count of Cavour, IT 2010



Federal state of North Rhine-Westphalia, DE 2011



The 30<sup>th</sup> anniversary of the Day of Music, FR 2011



The 75<sup>th</sup> anniversary of the Queen Elisabeth Competition, BE 2012



Federal state of Bavaria, DE 2012



Ten years of the Euro, AT 2012



Ten years of the Euro, IT 2012



Baden-Württemberg from the 'Länder'-series, DE 2013





The 200<sup>th</sup> anniversary of the foundation of Arma dei Carabinieri, IT 2014



Niedersachsen from the 'Lander' series, DE 2014



EXPO Milano 2015, IT 2015



25 years of German Unity, DE 2015



Hessen from the 'Lander' series, DE 2015



Saxony (Federal States series), DE 2016



The 25th anniversary of independence of the Republic of Slovenia, SI 2016



100 years of the Austrian Republic, AT 2018



Berlin ('Federal States' (Bundesländer) series), DE 2018



### **3.2. Coordination of actions to protect euro coins against counterfeiting: CCEG and other groups**

The primary mission of the ETSC is the technical and scientific analysis, and classification in common classes, of counterfeit coins.

The Commission coordinates the activities of competent authorities for the protection of euro coins against counterfeiting. This co-ordination takes place mainly within the Counterfeit Coin Experts Group (CCEG), as well as through other coin related groups.

In 2021, the restrictions on travel and in-person gatherings imposed due to the global COVID-19 pandemic as of March 2020 meant that the safe implementation of these experts meeting was no longer possible and consequently were transformed into virtual events.

#### **3.2.1. The Counterfeit Coin Experts Group (CCEG)**

In line with its establishing Commission Decision, the CCEG, chaired by the Commission, is the group serving:

- ▶ to assist the Commission in the preparation of legislative proposals and delegated acts and policy initiatives for the protection of euro coins against counterfeiting;
- ▶ to establish cooperation between the Heads of the Coin National Analysis Centres established in accordance with Article 5(1) of Regulation (EC) No 1338/20014, the Commission, the European Technical Scientific Centre (ETSC), the European Central Bank (ECB) and Europol in matters relating to policy initiatives and actions aimed at an efficient anti-counterfeiting strategy;
- ▶ to provide advice and expertise to the Commission for implementing Union legislation, programmes and policies, in particular with regard to Regulation (EU) No 1210/2010;
- ▶ to exchange experience and establish good practices for the protection of euro coins against counterfeiting;
- ▶ to raise awareness among the public authorities involved in the protection of the euro against counterfeiting about upcoming threats and to monitor the implementation of effective repressive measures for an anti-counterfeiting policy strategy;
- ▶ to promote training initiatives for the protection of euro coins against counterfeiting;
- ▶ to promote and develop studies and to ensure technical support in facilitating counterfeiting detection activities;
- ▶ to discuss issues relating to the technical specifications of counterfeit euro coins.

The CCEG held two meetings in 2021.

The 'ETSC Work Team', formally a sub-group of the CCEG<sup>14</sup>, chaired by the ETSC, held 1 meeting of technical coin experts from several CNACs in 2021 to address the following:

- ▶ Business continuity during coronavirus crisis: best practices;
- ▶ Practical implementation of the updated ETSC Guidelines;
- ▶ Implementation of Regulation (EU) No 1210/2010 (Annex 6 of the ETSC Guidelines);
- ▶ Technical issues related to the main current threats, namely common class 2E92 and the 2E72 family.
- ▶ Preparation of the "3<sup>rd</sup> meeting of the 1210 Platform"<sup>15</sup>.

### 3.2.2. Other institutional groups

During 2021, the ETSC provided updates to the following groups on coin counterfeiting and possible mitigating actions:

- ▶ the Euro Counterfeiting Experts Group (ECEG), in the framework of Council Regulation (EC) No 1338/2001. This group, chaired by the Commission, brings together counterfeit experts from law enforcement, central banks and ministries. It meets three times per year. A number of coin protection related issues were discussed. In 2021, the ETSC reported to the ECEG on the following: the statistics on coin counterfeiting, the ETSC Annual Report, the Report to the EFC under Article 12(4) of Regulation (EU) No 1210/2010 of the European Parliament and of the Council of 15 December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation, as well as the progress made on legislative issues concerning coin authentication, with particular reference to the update of the ETSC Guidelines;
- ▶ the Euro Coin Sub-Committee (ECSC) of the Economic and Financial Committee brings together representatives from coin issuing authorities of Member States. Commission initiatives are systematically discussed in the group. In 2021 the main issues addressed concerned the evolution of euro coin counterfeiting and the implementation of Regulation (EU) No 1210/2010.
- ▶ the Mint Directors Working Group (MDWG) brings together the heads of the Mints of the EU Member States. The ETSC participated in all the meetings organised in 2021 and updated the group on the status of euro coin counterfeiting;
- ▶ the CEG (Counterfeit Experts' Group). These meetings are organised by the ECB and bring together experts on banknote counterfeiting. The ETSC is invited to exchange and present information on coin counterfeiting and to contribute to updating the CMS with respect to the euro coins part;
- ▶ the Analytical Project (AP) SOYA meeting. These meetings are organised by Europol and include representatives of Law Enforcement Agencies from Member States and third

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<sup>14</sup> In line with Article 5 of the Commission Decision C(2015) 6968 final of 19.10.2015 setting up the Counterfeit Coin Experts Group on the Commission's policy and Regulations regarding the protection of euro coins against counterfeiting.

countries having cooperation agreements with Europol. The ETSC participated in the annual AP SOYA meeting held in 2021 providing participants with an overview on euro coin counterfeiting statistics and the main threats with respect to euro coin counterfeiting.

### **3.2.3. Action plan on Test Packs<sup>16</sup>**

The ETSC initiated an Action Plan on Test Packs with the main goal of ensuring the homogeneity of Test Packs among the Member States, which led to the revision of the “European Technical Procedure of the Detection Test” and took place in the context of the ETSC work team (ETSC WT).

As a result, the ETSC WT re-designed the Test Packs, in terms of re-defining the technical specifications of the samples and slightly increasing the number of samples of the Test Packs.

The updated Test Packs were introduced on 1<sup>st</sup> January 2020 and they are currently used by Member States to perform on-the-spot controls in line with Article 6 of Regulation (EU) No 1210/2010 and detection tests in line with Article 4 of the Regulation.

### **3.2.4. Medals and tokens similar to euro coins**

With a view to preventing fraud and avoiding confusion regarding euro coins, the European Union has in place Council Regulation (EC) No 2182/2004<sup>17</sup> concerning medals and tokens similar to euro coins amended by Council Regulation (EC) No 46/2009<sup>18</sup>, prohibiting the production and sale of medals and tokens similar to euro coins.

The Commission has the responsibility of specifying whether the protective provisions referred to in the amended Regulation (EC) No 2182/2004 have been respected and whether a metallic object is a "medal and token" after having consulted the CCEG.

Following the adoption of Commission Decision C(2016)1785 final on a sub-delegation of the empowerment relating to the implementation of Council Regulation (EC) No 2182/2004, the competence to decide whether a coin-like object falls under the Regulation and whether to prohibit or allow such an object, now lies with DG ECFIN, after discussion in the CCEG.

In 2021 no cases were assessed by the ETSC under Regulation (EC) No 2182/2004.

## **3.3. Assistance to national authorities**

The technical assistance provided by the ETSC to relevant authorities is essential to strengthen the protection of the euro coins against counterfeiting.

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<sup>15</sup> See Section 3.4.1.

<sup>16</sup> A test pack is composed of representative types of counterfeit euro coins for the implementation of Articles 4 and 6 of Regulation (EU) No 1210/2010.

<sup>17</sup> OJ L 373, 21.12.2004.

<sup>18</sup> OJ L 17, 22.01.2009.

The ETSC may provide assistance to Member States' CNACs and police agencies and to third country authorities, based on Cooperation Arrangements with the third countries concerned<sup>19</sup>.

Support given by the ETSC is based on interaction between law enforcement officials and technicians. The effectiveness of this approach has been proved in recent years, as it has significantly improved the quality of investigations into currency counterfeiting by furnishing additional expertise.

### **3.4. Training**

#### **3.4.1. Pericles actions for the protection of the euro coins**

The 'Pericles IV' programme is a Union financing instrument aimed at reinforcing the protection of euro banknotes and coins against counterfeiting, by means of seminars, conferences, staff exchanges, studies and other actions undertaken by Member States or the Commission.

The global COVID-19 pandemic also affected the implementation of the Pericles Programme in 2021. The programme is implemented mainly through actions such as conferences, technical training courses and staff exchanges with a wide range of participants from EU Member States and third countries. Almost all actions were rescheduled for 2022 and some planned events were transformed into digital or hybrid events.

In 2021, the ETSC organised under the Pericles 2020 programme the "Pristina-Tirana technical training on coin analysis and classification" (Webinar, 27-28 October 2021). The training was focused on increasing the expertise (technical and operational) of Kosovo<sup>20</sup> and Albanian competent authorities with respect to counterfeit coin analysis and classification and dismantling of illegal mints. This action was part of the effective implementation of the Administrative Cooperation Arrangements signed between ECFIN and the designated national authorities of Kosovo and Albania.

In 2021, the ETSC organised under the Pericles IV programme the "3<sup>rd</sup> meeting of the Platform 1210 (Remote live conference, 30 November 2021). The "Platform 1210" represents a consolidated networking instrument for enhancing the implementation of Regulation (EU) No 1210/2010 by maintaining a close and transparent cooperation among all stakeholders. As for the previous editions, the conference brought together participants from coin-processing machine (CPM) companies, cash-in-transit (CIT) companies, European Commission, European Central Bank and Member States National Authorities. This edition was focused on sharing best practices (especially in relation to the pandemic, highlighting capacities, vulnerabilities and opportunities), identifying main issues at stake

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<sup>19</sup> Administrative Cooperation Arrangements with Albania, Kosovo, Montenegro, North Macedonia, Serbia and Turkey have been concluded.

<sup>20</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

and providing an overview on the main technical developments for coin processing machines, future challenges and market evolution.

### **3.4.2. Cooperation with third countries**

The ETSC continued supporting the Montenegrin authorities with technical expertise in 2021. In particular, the ETSC classified coins sent by its coin national analysis centre. Thanks to the current legal framework in place, the cooperation between the ETSC and the Central Bank of Montenegro (CBCG) is prompt and efficient. Figures reported depict an increase in counterfeit euro coins in that country, especially belonging to a specific common class, namely common class 2E72.

Moreover, the ETSC assisted the Albanian and North Macedonian authorities by providing technical information on request on cases of suspect euro coins detected in circulation in their respective countries.

Furthermore, the ETSC assisted the Kosovo<sup>21</sup> authorities, on request, in the analysis of suspect euro coins that were detected in circulation and before circulation.

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<sup>21</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

### **3.5. Coin-related legislative instruments and developments**

#### **3.5.1. Administrative provisions**

The European Commission's policy with regard to anti-counterfeiting is based on four pillars: prevention, repression, training and cooperation.

The "authentication" process is vital with respect to prevention. Regulation (EU) No 1210/2010, adopted in December 2010, and concerning authentication of euro coins and handling of euro coins unfit for circulation, constitutes the legally binding instrument guaranteeing equal standards for the authentication of euro coins throughout the euro area. It introduces specific obligations with regard to the authentication procedures to be applied by the institutions concerned, and the necessary controls to be conducted by Member State authorities.

Following Article 7 of the Regulation, and in order to assist the Member States in implementing these procedures, the ETSC has defined the technical specifications for the detection test and drafted the "ETSC guidelines" related to controls, checks and auditing by Member States and the rules for the rectification of non-compliance<sup>22</sup>.

According to Article 12(4) of the Regulation, the Commission presented to the EFC its annual report on developments and results concerning authentication of euro coins and euro coins unfit for circulation<sup>23</sup>, based on an analysis made by the ETSC of the Member States' contributions. The main results and tendencies are shown in Annex 3.

Moreover, when implementing Article 3 of Regulation (EU) No 1210/2010, institutions shall use only the types of coin-processing machines (CPM) that have successfully passed a detection test carried out by the designated national authority or by the ETSC. An overview of the activities of the Member State testing centres is available in Annex 4.

#### **3.5.2. Criminal law provisions**

The protection of euro notes and coins and other currencies against counterfeiting is also ensured by criminal law. The European Parliament and the Council adopted Directive 2014/62/EU<sup>24</sup> (hereinafter the 'Directive'), which reinforces the criminal law rules to protect the euro and other currencies against counterfeiting.

This Directive, which replaces Council Framework Decision 2000/383/JHA and was adopted in May 2014, introduces efficient investigative tools and improves prevention by allowing for the analysis of counterfeits by competent authorities, further enhancing the protection of the euro and other currencies from criminal measures.

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<sup>22</sup> The ETSC Guidelines were distributed, for internal use only, to the CNACs (Coin National Analysis Centres, competent national authorities as referred to in Article 2(b) of Council Regulation (EC) No 1338/2001).

<sup>23</sup> C(2021) 7371.

<sup>24</sup> Directive 2014/62/EU of the European Parliament and of the Council of 15 May 2014 on the protection of the euro and other currencies against counterfeiting by criminal law, and replacing Council Framework Decision 2000/383/JHA (OJ L151, 21.5.2014, p.1).



Criminal offences have been modernised in this Directive. It is a criminal offence to produce and distribute not yet issued notes and coins; which is important in relation to the issuing of new euro notes (denomination 20 euro and higher).<sup>25</sup>

It further includes an introduction of a maximum sanction of at least 5 years imprisonment for distribution offences, including not yet issued notes and coins; the maximum sanction of 8 years imprisonment for production offences should now include not yet issued notes and coins<sup>26</sup>.

The Directive introduces the use of more effective investigation tools such as those that are used in combatting organised crime or other serious crime cases (like the interception of communications, covert surveillance including electronic surveillance, the monitoring of bank accounts and other financial investigations)<sup>27</sup>.

Member States have to ensure that during criminal proceedings the examination by the National Analysis Centres (NACs) and CNACs of suspected counterfeit euro notes and coins is permitted without any delay<sup>28</sup>.

The deadline for the Members States to transpose the Directive into their national legislation was 23 May 2016. In accordance with Article 12, the Commission submitted in 2019 a report on the application of the Directive to the European Parliament and the Council<sup>29</sup>.

An external contractor carried out an assessment of the completeness and conformity of national legislation with the Directive under a Commission framework contract. Based on the compliance assessment results, the Commission will take the necessary steps to send letters of formal notice to the Member States, which have conformity issues in their national legislation.

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<sup>25</sup> See Article 3(3) of Directive 2014/62/EU.

<sup>26</sup> See Article 5 of Directive 2014/62/EU.

<sup>27</sup> See Article 9 of Directive 2014/62/EU.

<sup>28</sup> See Article 10 of Directive 2014/62/EU.

<sup>29</sup> COM (2019) 331 final.

#### 4. Successful ETSC measures and potential threats to euro coins

The global COVID-19 pandemic and related social distancing measures and travel restrictions that started in 2020, persisted throughout the whole of 2021 and continued affecting the whole cash cycle. The well-established system of protection of euro coins against counterfeiting responded effectively, using the opportunities provided by the development of online communication tools during the crisis to continue their work. In particular the consolidated network of authorities in charge of the protection of the euro assured business continuity under the guidance of the ETSC by making good use of hybrid/virtual instruments. Nevertheless, the report shows the following:

- the number of counterfeit euro coins found in circulation has exceeded 220 314 pieces per year, which is an increase compared to the last 2 years, despite the impact of the pandemic and the consequent disruptions of activities in 2021;
- a large number of new types of counterfeit euro coins were detected and registered, confirming that the criminal production capacity is still present and that constant vigilance and cooperation is necessary to safeguard confidence in euro coins;
- even if the implementation of the authentication procedures under Regulation (EU) No 1210/2010 was facilitated by the ETSC aiming at minimising the impact of the pandemic, there was a decrease in the number of coins that were authenticated in 2021, compared to 2020 and 2019, but the vast majority of the euro area Member States carried out controls on the correct implementation of the authentication obligation by the institutions.

As policy priorities, with a view to maintaining a high level of protection for euro coins, future initiatives should aim in particular at the following:

- continuing to monitor the implementation of Regulation (EU) No 1210/2010 and the implementation of the updated "ETSC guidelines";
- promoting studies, in the framework of Pericles IV programme, on new detection technologies and security features of coins, in order to keep ahead of counterfeiters;
- supporting law enforcement by sharing technical information on new developments (high quality counterfeit classes) and on local phenomena, including in third countries;
- reinforcing cooperation with neighbouring third countries through the implementation of Administrative Cooperation Arrangements (ACAs), including updating the ACA with Turkey;
- continuing cooperation and awareness-raising actions together with the Chinese authorities on supporting Member States in their investigations on the production of reassembled and altered coins re-imported to the EU.

## Annex

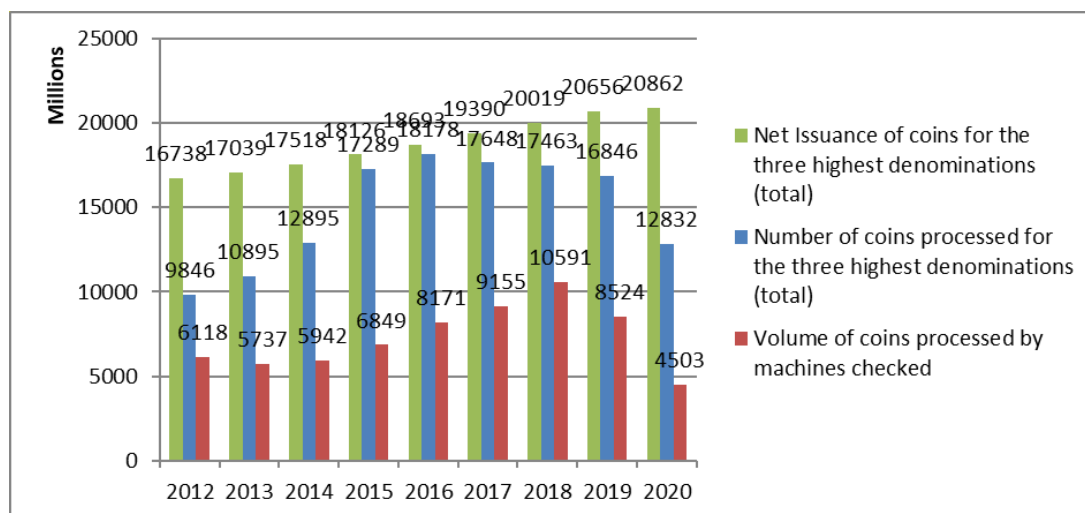
The Commission's report to EFC for the year **2020** presented according to Article 12 (4) of Regulation (EU) No 1210/2010, shows the following tendencies in comparison with the previous one:

- ▶ The global COVID-19 pandemic has profoundly affected the implementation of the Regulation (EU) No 1210/2010;
- ▶ There was a significant decrease in the number of coins which have been authenticated in 2020. Nevertheless, almost 13 billion coins were authenticated;
- ▶ A decrease in the number of suspected counterfeits that have been analysed following the authentication procedure;
- ▶ An increase in the number of unfit coins reimbursed;
- ▶ The number of controls carried out has decreased significantly compared to the previous year;
- ▶ The number of coin-processing machines checked decreased compared to the previous year;
- ▶ The number of machines properly functioning, among those checked, decreased in comparison with 2019 as well as the number of machines demonstrating non-conformity;
- ▶ 16 out of 19 Member States of the euro area carried out controls of the correct implementation of the authentication obligation by the institutions referred to in Article 6 of the Regulation;
- ▶ Due to the COVID-19 pandemic, Estonia and Slovenia did not carry out controls in 2020 of the correct implementation of the authentication obligation;
- ▶ Due to the COVID-19 pandemic, Germany, Estonia, Ireland, France, Cyprus, Slovenia and Slovakia did not comply with the criteria of 25% referred to in Article 6(3) of the Regulation;
- ▶ Luxembourg still does not carry out controls and consequently did not comply with the criteria of 25%. The Luxembourg government has presented in January 2020 the necessary legislation to comply with its obligation to carry out these controls. The legislation is adopted, published and entered into force in July 2021.

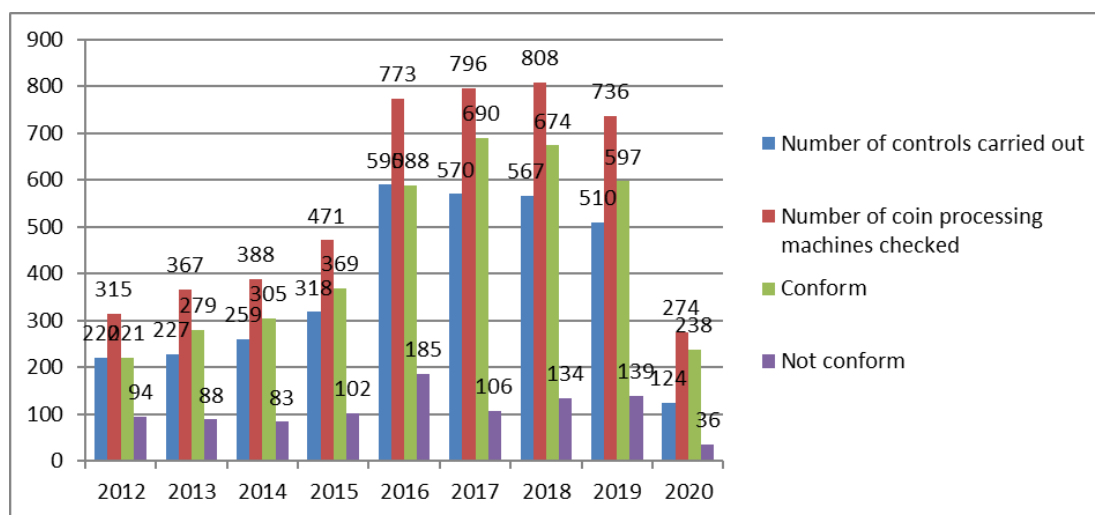
Despite the COVID-19 pandemic, it can be concluded that the authentication procedure in the institutions continued to work sufficiently in the euro area but the pandemic's impact heavily compromised the achievement of the objectives of the Regulation in 2020.

The following charts offer an overview on the main figures described above.

**Chart 4: Volume of euro coins authenticated in 2012 – 2020**



**Chart 5: Controls carried out in 2012 – 2020**



**Chart 6: Counterfeit coins and unfit coins in 2012 – 2020**

