



Brussels, 26.11.2019  
C(2019) 8362 final

ANNEX – PART 2/2

**ANNEX**

*to the*

**COMMISSION DECISION**

**on the financing of the Pericles 2020 Programme and the adoption of the work  
programme for  
2020**

# ANNEX



**EUROPEAN COMMISSION**  
DIRECTORATE GENERAL  
ECONOMIC AND FINANCIAL AFFAIRS  
Fiscal policy and policy mix  
**Euro protection and euro cash**

Brussels,

**Subject: Update of the Pericles 2020 strategy: priority action points**

This paper updates the previous Pericles Strategy<sup>1</sup> and describes the priority action points of the Pericles implementation for the upcoming year. It is presented to the Euro Counterfeiting Experts Group (ECEG)<sup>2</sup> and will be annexed to the 2020 Annual Work Programme for Pericles 2020.

These priorities could be adapted in case of upcoming unexpected new threats in relation to the protection of the euro which require activities financed under the Annual Work Programme for 2020.

The actions on which the Pericles programme will focus in 2020 are the following<sup>3</sup>:

- a. Supporting activities aimed at improving cooperation among those Member States which are particularly affected by the production and distribution of counterfeits

Within the European Union (EU), Italy is the most sensitive country with respect to the production of counterfeit euro coins and banknotes. Italy has dismantled the highest number of dangerous print shops and illegal mints in Europe since 2002<sup>4</sup>. In February 2018, 40.3 million euro in counterfeit banknotes were seized near Torre del Greco, Italy<sup>5</sup>. In July 2018, an offset printshop was dismantled with 160 000 counterfeit banknotes found

---

<sup>1</sup> Ares(2016)5745977 endorsed in the ECEG of 16 November 2016.

<sup>2</sup> In line with art 13 (1) of Regulation (EU) No 331/2014 of the European Parliament and of the Council establishing the "Pericles 2020" programme.

<sup>3</sup> The priorities of the "Pericles 2020" programme have been endorsed by the Euro Counterfeiting Experts Group (ECEG), as provided for by Council Regulation (EC) 1338/2001 of 28 June 2001.

<sup>4</sup> Information received during Euro Counterfeiting Expert Group (ECEG) meetings indicating that 73 illegal mints and print shops dismantled from 2002 to 2017.

<sup>5</sup> Information received by the UCIFM on number of seizures carried out in 2018.

on site<sup>6</sup>. In fact there is concrete suspicion that more than 70% of dangerous counterfeit euro banknotes in circulation continue to be produced in the area of Naples (common classes denominated "Napoli group")<sup>7</sup>.

In 2018, France and Italy were subject to the largest distribution of counterfeit euro banknotes removed from circulation<sup>8</sup>, with respectively 29.65% and 19.72%, of counterfeit banknotes in circulation in the EU being found in these countries, followed by Germany with 10.68% and Spain with 9.29%. Only 0.81% of counterfeits removed from circulation in 2018 were found outside the EU. In 2018, Spain was the country with the highest number of detected counterfeit euro coins and registered an increase of 67.87% compared to 2017. This was due to a big case that appeared in Spain in September 2018, whereby large quantities of 2 euro counterfeit coins belonging to three new classes were detected in circulation and seized. The counterfeits seized in Spain, together with those seized in Italy, Germany, France and Montenegro, accounted for 80.52% of the total counterfeits seized in 2018.

*Implementation:*

*Actions focusing on cooperation between France, Germany, Spain and Italy, such as workshops and staff exchanges targeting both production and distribution.*

*Actions focused on countering counterfeit coin distribution in Germany and Italy.*

b. Fostering cooperation with authorities of those third countries where there is suspicion of or evidence for counterfeit euro production

*China*

Chinese criminal groups continue to represent a threat relating to the production of raw materials for banknote counterfeits as well as for coin counterfeits. The number of counterfeits seized in circulation having a highly deceptive hologram (the majority of which has been confirmed to be originating from China) increased from 22 000 in 2013 to 129 500 in 2018<sup>9</sup>. Chinese criminals have also become directly involved in the production of counterfeit coins, as demonstrated by seizures in December 2014<sup>10</sup> and June 2017<sup>11</sup>. The economic and demographic size of China as well as the proven contacts between

---

<sup>6</sup> Information received by the UCIFM on number of seizures carried out in 2018.

<sup>7</sup> Information received during Euro Counterfeiting Expert Group (ECEG) meetings.

<sup>8</sup> Information received from the ECB.

<sup>9</sup> Information received during Euro Counterfeiting Expert Group (ECEG) meetings: already in 2009, the Spanish Police carried out a successful operation involving holograms produced in China and used on counterfeit euro notes; counterfeit holograms for banknotes appeared on sale on the Chinese "alibaba" website.

<sup>10</sup> 306.000 coins produced in China were seized by the Italian authorities in the port of Naples; Europol (2015). *Report on Euro Counterfeiting 2014*.

<sup>11</sup> Almost 55.000 euro in counterfeit 2 euro coins from China was seized in Prato, Italy; Information received during Euro Counterfeiting Expert Group (ECEG) meeting of 16 March 2017.

Chinese nationals and organised crime in the EU increase the risks of currency counterfeiting and it can thus be expected that there will be more cases with operational links to China. There is therefore a continuous need for cooperation and awareness raising actions with Chinese competent authorities, building on the experience gained from the first EU-China platform meeting/workshop held in 2017.

#### *Colombia and Peru*

Outside the EU, the highest quality and largest quantity of counterfeit euros are produced in Colombia<sup>12</sup> and Peru<sup>13,14</sup>. Strong cooperation with Colombian and Peruvian competent national authorities is therefore needed to counter potential threats in this region for the euro.

#### *Implementation:*

*Actions such as staff exchanges and trainings aimed at complementing the EU-China platform in supporting and developing close cooperation with the relevant Chinese authorities.*

*Staff exchanges, technical/tactical trainings and networking events involving Colombian and Peruvian competent national authorities, aimed at reinforcing their capacities.*

#### c. Maintaining an efficient framework for the protection of the euro in South Eastern Europe

This area is one of the most sensitive regions in Europe with respect to euro counterfeiting. Because of their strategic geographical position close to the euro area, all countries in this region can be considered as both transit areas and potential production sites.

Montenegro and Kosovo UNSCR 1244<sup>15</sup> use the euro as their only official currency. Turkey might be a possible place of transit and production of counterfeit currency. The centralisation of information in the country as well as the cooperation among competent national authorities and with European authorities still present room for improvement. The Commission has concluded Administrative Cooperation Agreements with Turkey, Serbia and Montenegro in order to foster cooperation. Albania has established a structure of well-organised competent national authorities. The establishment of law enforcement

---

<sup>12</sup> E.g.: Information received from the Spanish BIBE, that in June 2018, 470.000 euro worth in euro counterfeits were seized in Floralia, Colombia.

<sup>13</sup> E.g.: Europol (2017) *Report on Euro Counterfeiting in 2016*: The Peruvian Policia Nacional together with the Spanish BIBE, US Secret service and Europol carried out an operational action in Lima in November 2016 that led to the arrest of 49 suspects belonging to 6 organised crime groups. In total, over 20 million in US dollar and 60,000 in counterfeit euro banknotes were seized;

<sup>14</sup> Information received from the Spanish BIBE, that in June 2018, 11 000 euro worth in counterfeit euros was seized during the dismantling of a printshop in Peru.

<sup>15</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.

cooperation while using the existing structures in Bosnia-Herzegovina should be encouraged as few contacts have been established.

South Eastern European Member States have close ties with other EU Member States, resulting in an increased movement of persons and goods within the EU. Indeed, Europol notes that Italian organised crime groups are relocating their printshops to other European countries such as Romania<sup>16</sup>. Furthermore, Bulgarian organised crime continues to represent a threat due to its involvement in the production of high quality counterfeit euro banknotes<sup>17</sup> and it is linked to criminal organisations operating in other countries in the region such as Greece<sup>18</sup> and Slovenia<sup>19</sup>. Counterfeiters in this region are a threat to the euro, as also demonstrated by the continuous successful police operations taking place<sup>20</sup>.

#### *Implementation:*

*Networking actions aimed at reinforcing regional cooperation among all South Eastern European countries and establishment of a framework for the protection of the euro similar to the one already in place within the EU*

*Reinforcing cooperation with specialised law enforcement authorities in Turkey and Bosnia-Herzegovina*

*Support to South Eastern European Member States for developing further activities in the area like multilateral conferences/workshops and staff exchanges.*

#### d. Topical developments

##### *I. Security features of euro coins*

More high quality euro coins have entered into circulation over the past years. Enhanced security features for euro coins are therefore needed to better protect coins against high quality counterfeits. Studies of new security features which may be used to counter the technological advances of counterfeiters are a prudent measure against future threats.

---

<sup>16</sup> Europol (2015). *Report on Euro Counterfeiting 2014*.

<sup>17</sup> Dismantling of an illegal print shop on 22 April 2016 in Pleven. The counterfeit 100 euro notes produced in Pleven have been circulating in Austria, Belgium, France, Germany, Greece, Italy, Romania, Slovakia, Slovenia and Spain ( see <https://www.europol.europa.eu/content/successful-hit-against-bulgarian-euro-counterfeiters>)

<sup>18</sup> E.g.: Europol (2014): in June 2014, a value of 21.250 in counterfeit euro's was seized in Sofia, with a link to Greece.

<sup>19</sup> Europol (2016) *successful hit against bulgarian and slovenian euro counterfeiters*, press release, 6 October

<sup>20</sup> Among other cases, in September 2015 the Greek authorities seized about 25 000 euro in counterfeit 20 and 50 notes in Acharnes; in November 2014 two illegal printshops producing Romanian lei and 50 euro notes were dismantled in Bucharest, and in February 2014, 4 persons in the possession of materials for counterfeiting were arrested in Lezhe, Albania, see Europol (2015) *Report on Euro Counterfeiting 2014* and Europol (2016) *Report on Euro Counterfeiting 2015*.

## *II. the Implementation of Regulation (EU) No 1210/2010 concerning authentication of euro coins and handling of euro coins unfit for circulation*

As a result of the continuous technical developments within the coin processing machine (CPM) industry, the diversification in the use of coin processing machines by financial intermediaries is increasing. This recent development imposes a need for enhanced and more transparent implementation of Regulation (EU) No 1210/2010 concerning authentication of euro coins and handling of euro coins unfit for circulation. Furthermore, a potential revision of the Regulation needs to be further explored.

## *III. Distribution of counterfeits and high quality components on the internet*

In response to the increasingly effective and coordinated efforts in the dismantling of traditional counterfeit distribution networks, criminals are resorting to more innovative ways of selling their counterfeits. This is particularly the case in the open internet and darknet. On internet trade platforms such as Alibaba and darknet hidden services, advertisements have been placed for both high quality components and materials of banknotes and coins, as well as complete euro counterfeits<sup>21</sup>. It is therefore vital to coordinate a unified response to this threat, which requires cooperation at both European and international levels.

## *IV. support for the establishment / reinforcement of NCO's*

In line with Article 12 of the Geneva Convention for the suppression of counterfeiting currency, all signatories should establish a National Central Office (NCO), which should centralise in each country all information of a nature to facilitate the investigation, prevention and punishment of counterfeiting currency. Given that the euro has increasingly become an international currency in wide circulation within and beyond the EU, there is a need for institution-building actions in those countries where an NCO has either recently been established, like Argentina<sup>22</sup>, or is in the process of being established. Efforts should also be made to establish NCO's capable of carrying out the activities under the Geneva convention in countries with close links to the EU such as Moldova, Senegal and Morocco. NCO's in countries like Turkey, Albania and Serbia also need further support.

### *Implementation:*

*Workshops, staff exchanges and studies to share best practices on authentication methods. Seminars aimed at increasing awareness on Regulation (EU) No 1210/2010 complementing the platform 1210 conferences.*

---

<sup>21</sup> E.g.: Europol (2018), *Darknet euro counterfeiter arrested in Poland*, press release, 25 September and Europol (2016), *eight arrests in counterfeit euro operation supported europol*, press release, 08 December

<sup>22</sup> Information received from the Spanish BIBE that in September 2018 a seizure of counterfeit 100 euro banknotes took place in Argentina.

*Workshops on how to effectively investigate threats posed by the internet/darknet, including the interception of distribution channels.*

*Technical studies to develop new security features of coins and authentication methods.*

*Purchase of equipment for competent national authorities of non-EU Member States<sup>23</sup> and facilitating the installation of a National Central Office as described in the International Convention for the suppression of counterfeiting currency, 1929 if not yet established.*

*Actions aimed at institution-building in those countries where an NCO has recently been or will be established.*

#### Attachments:

- Status of counterfeiting
- Methodology and patterns of intervention for implementing the Pericles 2020 programme in 2020

---

<sup>23</sup> Provided for in Article 8(c) 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).

## ATTACHMENT 1

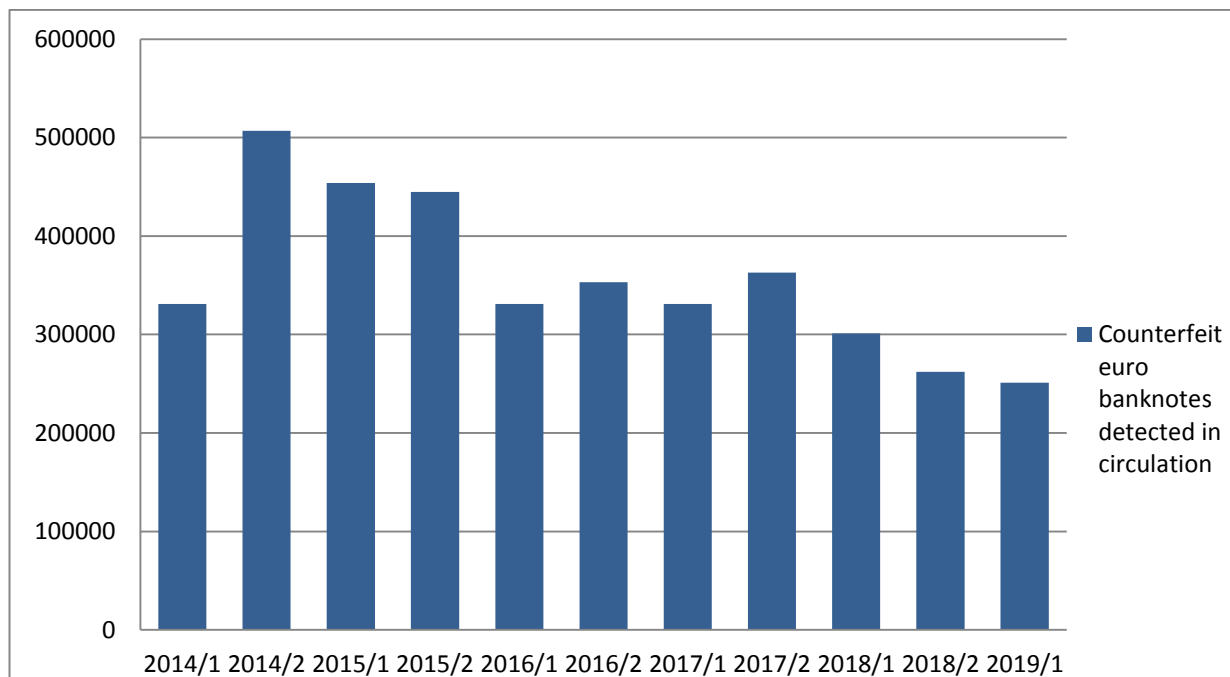
### Subject: Status of counterfeiting

#### A. Status of counterfeiting

Counterfeiting continues to represent a serious threat to the euro. The level of counterfeit banknotes and coins detected, the increase in high quality counterfeits, the increasing availability of technology and the interest shown by organised crime groups also outside the EU indicate that the criminal offences related to counterfeiting would rise considerably if competent authorities do not maintain or increase the current efforts against innovative forms of euro counterfeiting.

251 000 counterfeit euro banknotes were withdrawn from circulation in the first half of 2019, a decrease of 4.2% when compared with the second half of 2018 and 16.6% less than in the first half of 2018<sup>24</sup>.

**Chart 1: Counterfeit euro banknotes detected in circulation (source: ECB)**



The 20 euro and 50 euro notes continued to be the most counterfeited banknotes, jointly accounting for over 80% of all counterfeits.

<sup>24</sup> ECB press release of 26<sup>th</sup> July 2019.

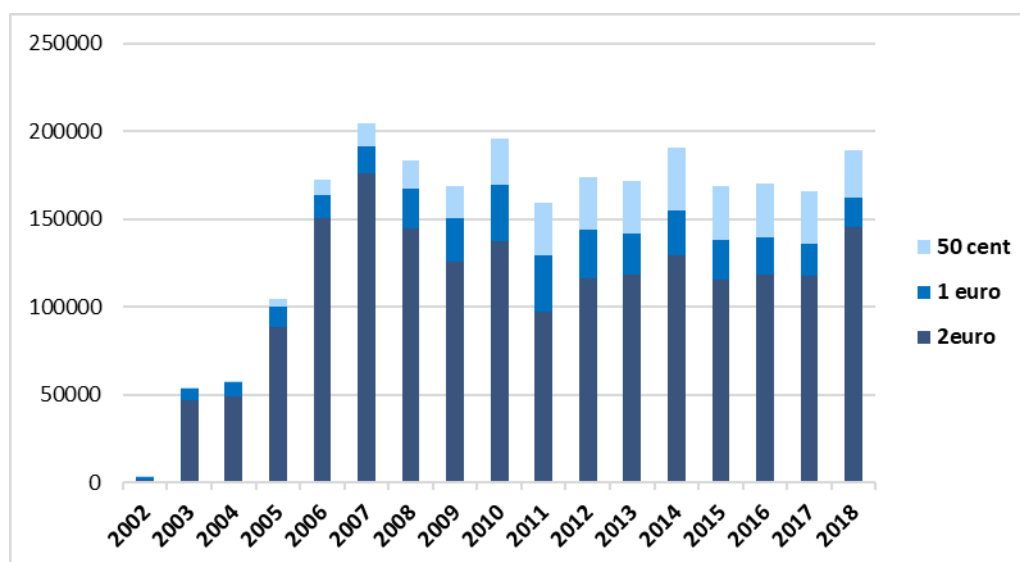


The quality of coin counterfeits continued to improve in 2018. New common classes were created covering "high quality" counterfeits. Several actions were carried out by the Commission to define the extent of the problem and to improve detection of these high quality counterfeits by coin-processing machines.

The number of counterfeit coins seized and received by the Coin National Analysis Centres (CNACs) increased by 12.03% in 2018 compared to 2017. The number of counterfeit coins now exceeds 190 622 pieces per year. The overall value of counterfeit coins seized in 2018 was EUR 323 535.5, which is higher than in 2017. The 2 euro remains by far the most counterfeited denomination, constituting 90.53% in terms of value (up from 87.50% in 2017). The 50 cent denomination maintains the second position from a quantity point of view (14.21 % of the total), continuing the trend of the last four years. Overall, 2 496 169 counterfeit euro coins have been removed from circulation since the introduction of euro coins in 2002.

The evolution since the introduction of euro coins in 2002 is given in the following chart.

**Chart 2: Counterfeit euro coins detected in circulation (Source: ETSC)**



According to the latest Europol data, 614 777 banknotes were seized by the police in 2018. The total face value of these banknotes was approximately EUR 72 million. 14 print shops and 2 illegal mints were communicated to Europol as dismantled within and outside the EU in 2018<sup>25</sup>.

With respect to the criminal phenomenon of counterfeiting, the long-term view held by Europol and expressed by national experts, the Directorate-General for Economic and Financial Affairs (DG ECFIN) and the European Central Bank (ECB) confirms the growing interest in euro counterfeiting of organised crime groups located outside the EU. Moreover,

<sup>25</sup> See Europol (2019) *Situation Report on Euro Counterfeiting 2018* and ETSC (2019) *The protection of euro coins in 2018*.

2017 SOCTA identifies an increased sale of counterfeits on the darknet<sup>26</sup>. Trade on darknet marketplaces has no national country borders.

For organised crime groups, euro counterfeiting continues to represent a very lucrative market, potentially yielding large profits. Organised crime groups involved in euro counterfeiting are characterised by their rigid organisation and distribution of tasks to independently operating cells. Organisers fund activities but are not involved in the production process; printers possess very high levels of technical skills (offset printing or digital printing); high-level distributors purchase counterfeits at low prices, while low-level distributors are usually unskilled youths operating in small but flexible and temporary networks<sup>27</sup>.

---

<sup>26</sup> 2017 SOCTA

<sup>27</sup> See SOCTA 2011 and discussions at the ECEG meeting of March 2012. This opinion was confirmed by experts also in the latest ECEG meetings.

## ATTACHMENT 2

Subject: **Methodology and patterns of intervention for implementing the Pericles 2020 programme in 2020**

### 1. Methodology

The strategy for implementing the Pericles programme has traditionally been based on the deliberations of the Commission's Euro Counterfeiting Experts' Group (ECEG)<sup>28</sup>, bringing together experts from all relevant disciplines and Member States, as well as Europol, Interpol and the European Central Bank (ECB). The discussions are generally based on notes prepared by the Directorate-General for Economic and Financial Affairs (DG ECFIN) and bilateral preparations with potential Pericles beneficiaries. Discussions focus on defining the specific needs for training and technical assistance, as well as the geographical areas where action needs to be taken. This ensures the efficient implementation of the Pericles programme in the Member States most affected by euro counterfeiting and the active support and involvement of other Member States.

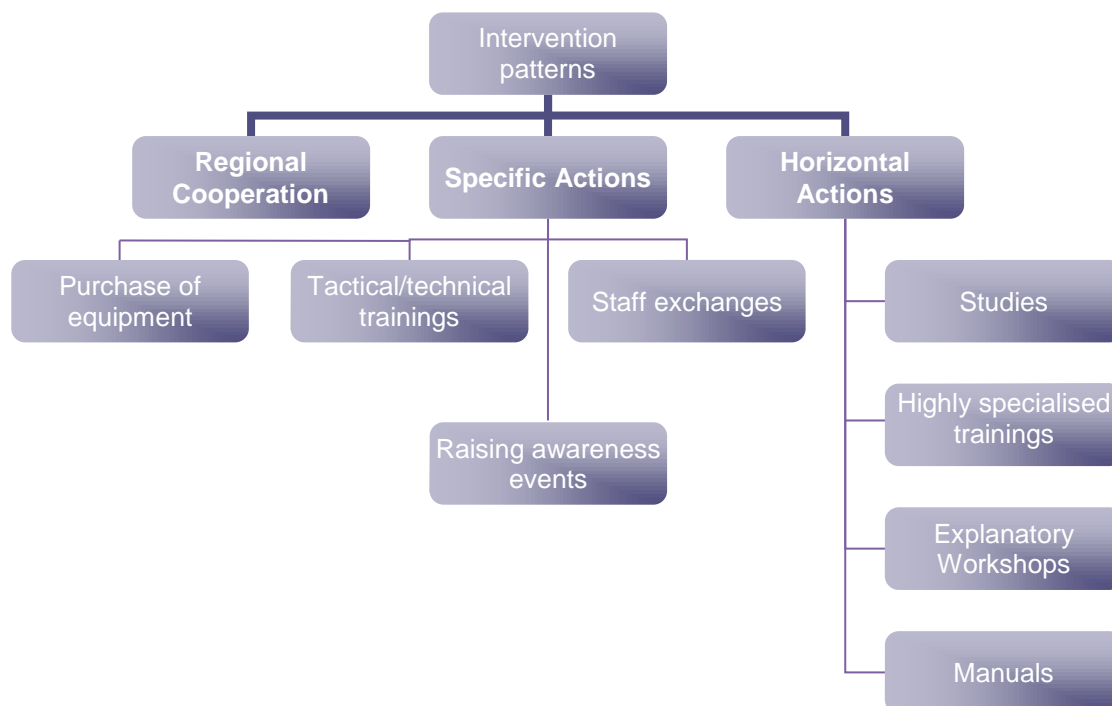
With respect to areas outside the EU, priorities are also defined on the basis of discussions in the ECEG, taking into account risk assessments carried out by Interpol and by Europol, as well as specific initiatives of Member States or the Commission/DG ECFIN. Additionally, the Commission/DG ECFIN establishes bilateral contacts with competent authorities in the areas/countries determined, with a view to specifying the type (conference/seminar, workshop, staff exchange, study) or domain (law enforcement, judicial, financial, technical) of training and technical assistance. In all cases, the general lines and each of the individual projects proposed are described in detail and discussed at the ECEG.

When it occurs that relevant priorities are not sufficiently covered by actions proposed by Member States, the Commission/DG ECFIN organises complementary actions on its own initiative based on priorities identified together with the experts and available budget.

---

<sup>28</sup> In line with art 13 (1) of Regulation (EU) No 331/2014 of the European Parliament and of the Council establishing the "Pericles 2020" programme.

## 2. Intervention patterns



Mid-term priorities are implemented as follows:

### Regional cooperation

Regional cooperation covers sensitive regions of the world (e.g. Latin America and South East Europe) and consists of:

- One yearly seminar/conference bringing together the key experts of the region from police, judicial and financial staff;
- Various specific actions involving two or more countries in the area and organised by Member States or by the Commission/DG ECFIN.

### Specific actions

These actions are aimed at increasing the level of protection of the euro in specific countries by targeting definite categories of professionals (e.g. judicial, police, customs or financial staff). Specific actions fall under four categories:

- Technical and tactical trainings (mainly addressed to investigators or cashiers, these are practical workshops on how to recognise suspect euro coins and banknotes);
- Staff exchanges (these actions have the main goal of exchanging know-how and increasing the creation of homogeneous framework for protecting the euro against counterfeiting);

- Purchase of equipment (technical equipment to be used by specialised anti-counterfeiting authorities from most sensitive third countries in order to protect the euro against counterfeiting);
- Awareness-raising events (multidisciplinary seminars and conferences mainly addressed to medium-high level staff from ministries and competent authorities with the aim to create favourable conditions to further develop co-operation for the protection of the euro against counterfeiting).

### **Horizontal actions**

Horizontal activities contribute to the overall protection of the euro. These include studies, highly specialised trainings, explanatory workshops and manuals.