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DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS
Fiscal Policy and Policy mix
Euro protection and euro cash

The protection of euro coins in 2019

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

- ▶ The number of counterfeit coins detected in circulation and received by the Coin National Analysis Centres (CNACs)¹ increased by 6.35% in 2019 compared to 2018. The number of counterfeit coins now exceeds 202 727 pieces per year. The overall value of counterfeit coins detected in circulation in 2019 was EUR 361 146.5 which is again higher than in 2018. Compared to approximately 20 billion of the three highest denominations genuine euro coins in circulation in 2019, the proportion of counterfeit coins is about one for every 102 000 genuine coins.
- ▶ The quality of counterfeits continued to improve in 2019 which is demonstrated for instance by new common classes² that were created covering "high quality" counterfeits. Actions were carried out by the Commission in order to define the extent of the problem and to improve detection of these high quality counterfeits by coin-processing machines.
- ▶ The counterfeits of commemorative euro coins ("commemorative counterfeits") reached the highest number detected in circulation, increasing by 20% compared to 2018.
- ▶ In 2019, with a view to maintaining a high level of protection for euro coins, the European Technical and Scientific Centre (ETSC) continued to streamline the implementation of Regulation (EU) No 1210/2010 updating the "ETSC guidelines". The updated ETSC guidelines will facilitate the implementation of the Regulation by providing enhanced guidance to the Member States also in relation to the handling of genuine euro coins unfit for circulation.
- ▶ In 2019 Administrative Cooperation Arrangements (ACAs) have been signed with neighbour third countries namely with Albania, Kosovo (UNSCR 1244)³ and North Macedonia in view of an increased threat of euro coin counterfeiting in this region⁴.
- ▶ In the framework of the Commission 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)⁵, participates in other institutional groups with regard the protection of euro coins against counterfeiting and provides training under the *Pericles 2020* programme.

¹ Designated competent national authority according to Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting. OJ L 181, 04.07.2001.

² Class: group of counterfeits having matching technical characteristics, therefore assumed to have the same origin.

³ 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.

⁴ Existing ACAs with Montenegro and Serbia were updated. An ACA is also concluded with Turkey.

⁵ 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 raising the economic welfare of citizens in the European Union and beyond by fostering competitive, employment-rich economies.

In pursuing this mission one of the core objectives is to ensure a smooth functioning of the EU's Economic and Monetary Union (EMU) through a strong economic governance framework. In this context, the protection of the euro against counterfeiting is a specific objective.

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 programme⁶;
- ▶ 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 European Technical & Scientific Centre (ETSC) was established in 2004 within the European Commission⁷.

⁶ 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.

⁷ 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 coin⁸, to contribute to the fulfilment of the objectives of the Pericles programme, to assist the Coin National Analysis Centres (CNAC) and to generally collaborate with law enforcement and other competent authorities in 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 2019. Section 3 presents the activities that the ETSC carried out in 2019 in order to reinforce the protection of euro coins.

1.5. Data extraction and methodology

The data used by the European Technical and Scientific Centre are extracted from the Counterfeit Monitoring System (CMS), which is a database managed by the European Central Bank. The CMS database is fed by MS CNACs. In fact, suspect counterfeit euro coins are sent to MS CNAC for being 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 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 MS CNAC workload and practices.

Consequently, in order to have a reliable overview on the year 2019 (and on the previous ones) the statistical data presented in this report were extracted in April 2020 and refer to counterfeit euro coins detected in circulation.

⁸ 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).

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 institutions⁹.

2.1 Counterfeit coins detected in circulation

The total number of counterfeit euro coins removed from circulation in 2019 was 202 727, an increase of about 6.35% compared to 2018.

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 circulation¹⁰, 2015 – 2019*

Year	50 cent	1 euro	2 euro	Total	Value (EUR)
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
2016	30 268	21 194	117 144	168 612	270 616
2015	30 190	23 274	114 880	168 350	268 129

* The figures comprise both stamped counterfeits (common classes) and other counterfeits (local classes).

When compared to 2018, 2019 marks an important increase in the higher denomination of the 2-euro coins. In particular, 2 euro denomination counterfeits increased by 14.94%, 1 euro decreased by 14,88% and 50 cent decreased by 26.73% in comparison to 2018.

In particular, in 2019 the 50 cent denomination maintains the second position, from a quantity point of view (9.79% of the total) continuing the trend of the last five years. The 2 euro remains by far the most counterfeited denomination, constituting 93.23% in terms of value (up from 90.53% in 2018).

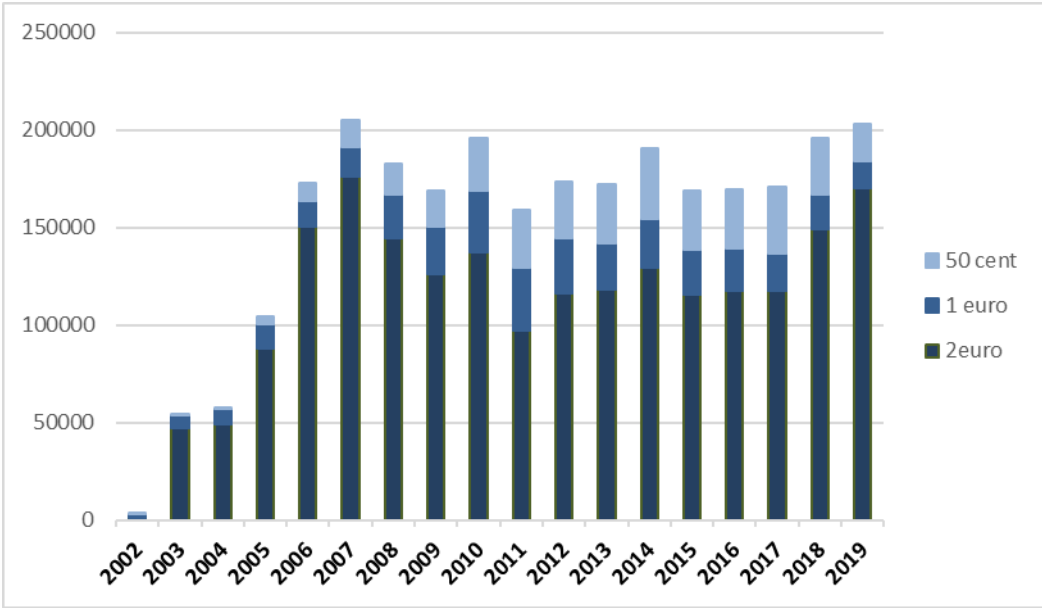
Overall, 2 698 896 counterfeit euro coins have been removed from circulation since the introduction of euro coins in 2002.

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

⁹ As referred to in the first subparagraph of Article 6(1) of Regulation (EC) No 1338/2001.

¹⁰ Source: CMS (counterfeit euro coins detected in circulation, received at CNACs in the year of reference).

Chart 1: Counterfeit euro coins detected in circulation



In 2019 Italy was the country with the highest number of detected counterfeit euro coins despite a slight decrease (by 2.38%) compared to 2018. Greece registered a remarkable increase of counterfeit euro coins detected in circulation by 527% compared to 2018. This is due to a big case that appeared in Greece, at the beginning of the year, and includes seizures of big quantities of 2 euro counterfeit coins that were detected in circulation and belonged to new variants of an already existing common class. Counterfeit euro coins were found in all Member States of the euro area in 2019. The counterfeits seized in Italy, together with those seized in Spain, Germany, Greece and Montenegro, accounted for 85.50% of the total counterfeits seized in 2019.

In addition 11 016 counterfeit euro coins were also reported to be detected in Member States which do not belong to the euro area and in third countries.

Overall, the number of counterfeit coins detected in circulation in 2019 remains modest compared to the total of 135 billion genuine euro coins in circulation. Compared to approximately 20 billion of the three highest denominations genuine euro coins in circulation in 2019, the proportion of counterfeit coins is about one for every 102 000 genuine coins.

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.

The registration in the Counterfeit Monitoring System (CMS) indicates an increase in the number of counterfeit coins seized before circulation in 2019 (12 865 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.

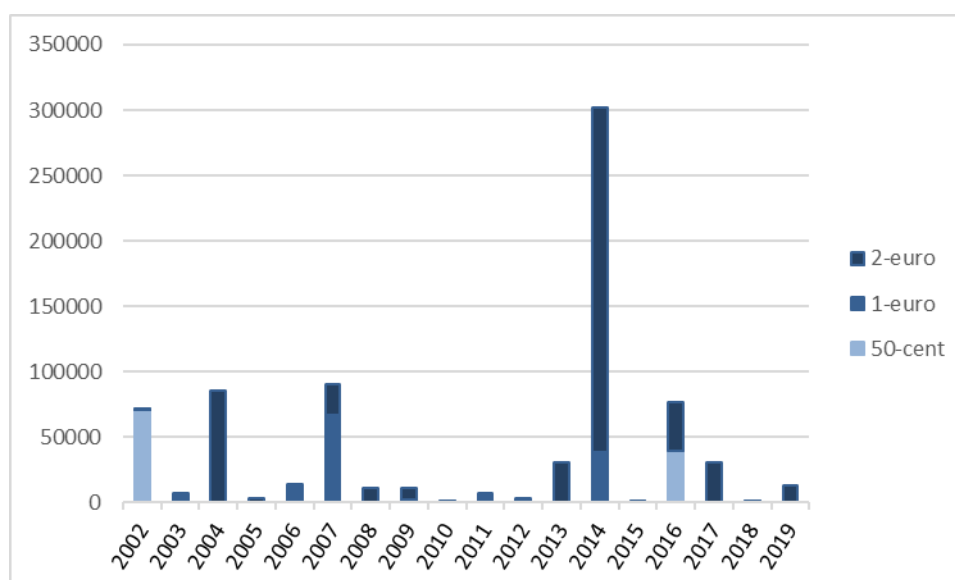
Table 2: Counterfeit euro coins detected before circulation, 2015 – 2019*

Year	50 cent	1 euro	2 euro	Total	Value (EUR)
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
2016	39 041	0	38 043	77 084	95 606.5
2015	1	4	15	20	34.5

* The figures comprise both stamped counterfeits (common classes) and other counterfeits (local classes).

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 755 000 counterfeit euro coins have been seized before circulation. This corresponds to a face value of EUR 1 207 958.5.

Table 3: Illegal mints discovered, 2002 – 2019

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
Total				30

Chart 3: Number of illegal mints discovered, 2002 – 2019

Italy	15
Spain	6
Portugal	2
Belgium	1
Bulgaria	1
Greece	1
France	1
Hungary	1
Austria	1
Poland	1



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

3.1. Analysis and classification of counterfeit euro coins

Counterfeit coins detected in the Member States are analysed by the Coin National Analysis Centres (CNACs). They are classified according to counterfeit types which have been previously identified and defined by the ETSC. Counterfeits that cannot be classified into one of the already identified types are sent to the ETSC in order to create a new common class¹¹ or variant¹².

A distinction is made between common classes and local classes. Local classes correspond mostly to cast counterfeit coins¹³, usually produced in smaller quantities and circulated in one country.

3.1.1. Common classes (stamped counterfeit coins)

Common classes are counterfeits manufactured through a stamping process¹⁴, 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 an 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" 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.

3.1.2. Overall analysis

Creation of common classes

The total number of common classes created by the ETSC decreased compared to 2018.

¹¹ Class: group of counterfeits having matching technical characteristics, therefore assumed to have the same origin.

¹² 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".

¹³ 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).

¹⁴ Stamping is a type of manufacturing process which shapes sheet metal by punching using a machine press or stamping press.

An effective European framework for the protection of the euro deters the creation of the new (illegal) mints and counterfeiting tools.

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
2002-2009	47	33	35	115
2010	6	3	2	11
2011	1	3	2	6
2012	2	2	5	9
2013	2	6	7	15
2014	1	4	5	10
2015	1	-	-	1
2016	7	-	5	12
2017	2	4	8	14
2018	1	4	8	13
2019	2	3	2	7
Total	72	62	79	213

The total number of common classes has now increased to 213. 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 2019, 21 new variants (sub-types of classes) were created.

This brings the total number of classes and variants to 774. 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
2002-2009	14	52	326	392
2010	1	4	13	18
2011	0	8	10	18
2012	0	1	3	4
2013	0	3	12	15
2014	0	0	9	9
2015	2	1	13	16
2016	4	3	7	14
2017	0	3	28	31
2018	1	4	18	23
2019	0	1	20	21
Total	22	80	459	561

Commemorative coins

Counterfeits of commemorative euro coins (hereinafter "commemorative counterfeits") have also been found, i.e. 2 euro coins with specific national sides¹⁵.

The first commemorative coins were issued in 2004, and the first counterfeits imitating commemorative coins were detected in 2006. Since 2006, there have been 51 common classes created and several local classes within the Member States.

The table below depicts the commemorative coins that have been counterfeited (common classes only).

¹⁵ 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 and collector coins. 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. Collector coins are not intended for general circulation and their designs may not be too similar to other euro coins to avoid confusion.

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

<p>The 5th 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 1st anniversary of the signing of the European Constitution, IT 2005</p>
<p>The 20th 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 50th anniversary of the Treaty of Rome, AT 2007



The 50th anniversary of the Treaty of Rome, IE 2007



The 50th anniversary of the Treaty of Rome, DE 2007



The 50th anniversary of the Treaty of Rome, ES 2007



The 10th anniversary Economic Monetary Union, BE 2009



The 10th anniversary Economic Monetary Union, IE 2009



The 10th anniversary Economic Monetary Union, ES 2009



The 200th anniversary of the birth of Camillo Benso, Count of Cavour, IT 2010



Federal state of North Rhine-Westphalia, DE 2011



The 30th anniversary of the Day of Music, FR 2011



The 75th anniversary of the Queen Elisabeth Competition, BE 2012



Ten years of the Euro, IT 2012



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



The 200th 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



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.

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 for upcoming threats and to monitor implementation of effective repressive measures for an anti-counterfeiting policy strategy;
- ▶ to promote training initiatives for the protection of the 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 2019.

The 'ETSC Work Team', formally a sub-group of the CCEG¹⁶, chaired by the ETSC, held 1 meeting of technical coin experts from several CNACs in 2019 to address the following:

- ▶ Practical implementation of the revised ETSC Guidelines;

¹⁶ 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.

- ▮ Outcomes of the Action plan on Test Packs for assessing their uniformity among the Member States¹⁷;
- ▮ Final revision of the European Technical Procedure for Detection Test;
- ▮ Final revision of the Test Pack(s);
- ▮ Final revision of the ETSC Guidelines;
- ▮ Preparation of the "2nd meeting of the Platform 1210"¹⁸.

3.2.2. Other institutional groups

During 2019, 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 the 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 2019, the ETSC reported the statistics on coin counterfeiting, presented the ETSC Annual Report, as well as progress made on legislative issues concerning coin authentication with particular reference to the revision of 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 2019 the main issues addressed concerned the implementation of Regulation (EU) No 1210/2010 and the revision of "ETSC Guidelines". The ETSC also contributed to the work of the task force on contingency planning for euro coins by continuously assessing the status of euro coin counterfeiting and initiating the preparation of the indicators for triggering the plan;
- ▮ 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 2019;
- ▮ 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 in updating the CMS (Counterfeit Monitoring System) with respect to the euro coins part;
- ▮ the Focal Point SOYA meeting. These meetings are organised by Europol and include representatives of Law Enforcement Agencies from Member States and third countries having cooperation agreements with Europol. The ETSC participated in the annual SOYA meeting held in 2019 providing participants with an overview on euro coin counterfeiting statistics and the main threats with respect to euro coin counterfeiting.

¹⁷ See section 3.2.3.

¹⁸ See Section 3.4.1.

3.2.3. Action plan on Test Packs

The ETSC initiated an Action Plan on Test Pack with the main goal to ensure homogeneity of the 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 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 Pack(s).

Test Pack C will be used by Member States to perform on-the-spot controls in line with Article 6 of Regulation (EU) No 1210/2010. Test Pack D will be used by the designated national authorities for the detection test, in line with Article 4 of the Regulation.

The ETSC assisted some Member States in compiling the updated Test Packs.

The updated “European Technical Procedure of the Detection Test” was adopted by the CCEG in October 2019.

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 Council Regulation (EC) No 2182/2004¹⁹ concerning medals and tokens similar to euro coins amended by Council Regulation (EC) No 46/2009²⁰, prohibiting the production and sale of medals and tokens similar to euro coins.

The Commission has the responsibility to specify 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 Counterfeit Coin Experts Group (CCEG).

Following the adoption of the 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 competency 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 2019, one case concerning 57 coins was submitted to ETSC by Germany, to be assessed in line with Council Regulation (EC) No 2182/2004 concerning medals and tokens similar to euro coins amended by Council Regulation (EC) No 46/2009.

The Commission/ETSC, after having consulted the CCEG, assessed the case. All coins were identified as “euro coins unfit for circulation” within the meaning of Article 2 of Regulation (EU) No 1210/2010 of the European Parliament and of the Council of 15

¹⁹ OJ L 373, 21.12.2004.

²⁰ OJ L 17, 22.01.2009.

December 2010 concerning authentication of euro coins and handling of euro coins unfit for circulation.

3.3. Assistance to national authorities

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

The ETSC may provide assistance to Member States' CNACs and police agencies and to third country authorities based on Cooperation Arrangements with third countries concerned²¹.

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

3.4. Training

3.4.1. Pericles actions for the protection of the euro coins

The 'Pericles 2020' Programme is a Union financing instrument aimed at reinforcing the protection of the euro banknotes and coins against counterfeiting, by means of seminars, conferences, staff exchanges, studies and other actions undertaken by Member States or the Commission.

In 2019, the ETSC organised under the Pericles 2020 programme:

- the "2nd meeting of the Platform 1210" (Rome, 14-17 May 2019) aimed to facilitate the implementation of Regulation (EU) No 1210/2010 and to raise awareness and share the main issues at stake for all stakeholders on the authentication of euro coins;
- "Technical and Tactical training: protection of the euro against counterfeiting", (Medellin, 25-28 June 2019) which contained a specific module on euro coins, and had as its main goal to provide training (using the principle "train the trainers") on counterfeit euro banknotes and coins detection as well as investigation techniques.
- An "Advanced Course on classification of counterfeit euro coins" (Brussels, 8-12 July 2019), which was a hands-on training and had as its main goal to provide advanced training on classification of euro coins.
- The "Test Pack Testing Action", (Brussels, 10-13 September 2019) which had as main objective to test a prototype of the updated Test Pack in order to assess possible critical issues before its introduction.

²¹ Administrative Cooperation Arrangements with Montenegro, Turkey and Serbia have been already concluded.

- A “Hands-on training on classification of counterfeit euro coins” (Pessac, 18-29 November 2019), which was focused on analysis and classification of suspect euro coins using the unclassified coins of the French CNAC.

3.4.2. Cooperation with third countries

The ETSC continued supporting Montenegrin authorities with technical expertise in 2019. In particular, the ETSC classified coins sent by its coin analysis centre and, upon request, provided technical information (production methodology and tools) aimed to assist the law enforcement authorities. Thanks to the current legal framework in place, the cooperation between ETSC and Central Bank of Montenegro (CBCG) is prompt and efficient. Figures reported depict an increasing of counterfeit euro coins in that country especially belonging to a specific common class, namely common class 2E72.

Moreover, the Commission/ DG ECFIN concluded Administrative Cooperation Arrangements (ACA) with Albania, North Macedonia and Kosovo (UNSCR 1244)²² and updated the already existing ACAs with Montenegro and Serbia.

Last, the ETSC provided a training to representatives of the US Mint of Philadelphia on the handling of suspect counterfeit euro coins and handling of unfit euro coins at EU level.

²² 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-compliance²³.

According to Article 12(4) of the Regulation, the Commission presented to the Economic and Financial Committee its annual report on developments and results concerning authentication of euro coins and euro coins unfit for circulation²⁴, based on an analysis made by the ETSC of the Member States' contributions. The main results and tendencies are shown in Annex 3.

Furthermore, the Commission/ETSC promoted additional actions for better implementing Regulation (EU) No 1210/2010. In particular, bilateral meetings with several Coin Processing Machines manufacturers were organised in order to assess critical issues in relation to practical implementation of the authentication legislation. Furthermore, the "2nd 1210 Platform" meeting was organised in Rome aiming at streamlining the implementation of Regulation (EU) No 1210/2010, sharing best practices and identifying main issues at stake.

The Commission/ETSC manages the LICO (List of COin processing machines IT assistant). LICO enables the update of the consolidated list of coin processing machines according to Art. 5(2) of Regulation (EU) No 1210/2010. Following a practical training course organised in favour of the Member States under the Pericles Programme, LICO was adopted in June 2017 and it is currently in use by all designated national authorities and by ETSC. An overview on the activities of the MS testing centres implementing Article 4 Regulation (EU) No 1210/2010 is available in Annex 4.

²³ 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).

²⁴ C(2019) 7295.

3.5.2. Criminal law provisions

The protection of the euro notes and coins and other currencies against counterfeiting is also ensured by criminal law. The European Parliament and the Council adopted the Directive 2014/62/EU²⁵ (hereinafter the ‘Directive’), which reinforces the criminal law rules to protect the euro and other currencies against counterfeiting.

This Directive, which replaces the 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.

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).²⁶

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 coins²⁷.

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)²⁸.

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 delay²⁹.

The deadline for the Member States to transpose the Directive into their national legislation was 23 May 2016. An external contractor carried out the assessment on completeness and conformity of the national legislations with the Directive under a Commission framework contract. The Commission finalized the compliance assessment and currently takes the necessary steps to send letters of formal notices to the Member States having conformity issues in their national legislation.

²⁵ 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).

²⁶ See Article 3(3) of Directive 2014/62/EU.

²⁷ See Article 5 of Directive 2014/62/EU.

²⁸ See Article 9 of Directive 2014/62/EU.

²⁹ See Article 10 of Directive 2014/62/EU.

According to Article 12, the Commission submitted in 2019 to the EP and to the Council a report on the application of the Directive³⁰.

³⁰ COM (2019) 331 final.

4. Successful ETSC measures and potential threats to euro coins

Developments in 2019 confirm the success of the measures applied by the ETSC in conjunction with the administrative and training EU instruments to protect the euro coins in particular against counterfeiting. The annual report shows the following:

- ▶ the number of counterfeit euro coins found in circulation has exceeded 202 727 pieces per year, representing an equivalent of one counterfeit coin for 102 000 genuine coins;
- ▶ despite the decreasing number of new types of counterfeit coins found in circulation, a significant number of illegal mints still operate inside and outside Europe. This means that the criminal production capacity is still present and that continued vigilance and cooperation is necessary to safeguard confidence when using euro coins;
- ▶ the implementation of the authentication procedures under Regulation (EU) No 1210/2010, facilitated by the ETSC, will continue having a positive impact on preventing the circulation of counterfeited euro coins and handling of unfit euro coins.

With a view to maintaining a high level of protection for euro coins, future actions should continue to aim in particular at the following:

- ▶ continue to monitor the implementation of Regulation (EU) No 1210/2010 and the implementation of the updated "ETSC guidelines";
- ▶ promote studies, in the framework of Pericles 2020 Programme, on new detection technologies and security features of coins in order to keep ahead of counterfeiters;
- ▶ support law enforcement by sharing technical information on new developments (high quality counterfeit classes) and on local phenomena, including in third countries;
- ▶ reinforcing the cooperation with neighbour third countries through the implementation of Administrative Cooperation Arrangements (ACAs), including updating the ACA with Turkey;
- ▶ continue cooperation and awareness-raising actions together with 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 2018 presented according to Article 12 (4) of Regulation (EU) No 1210/2010, shows the following tendencies in comparison with the previous one:

- ▶ The number of coins which are being authenticated is stable, in 2018 over 17 billion coins were authenticated;
- ▶ An increase of the number of the suspect counterfeits, which have been analysed following the authentication procedure;
- ▶ An increase of the number of unfit coins reimbursed; The numbers of controls carried out is almost stable compared to the previous year whereas the number of coin-processing machines checked slightly increased;
- ▶ The number of machines properly functioning has slightly decreased in comparison with 2017;
- ▶ 18 out of 19 Member States of the euro area carry out controls of the correct implementation of the authentication obligation by the institutions referred to in Article 6 of the Council Regulation (EC) No 1338/2001;
- ▶ Luxembourg still does not carry out controls, but the necessary legislation to comply with the obligation to carry out these controls is expected to be adopted in 2019.

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

Chart 4: Volume of euro coins authenticated in 2012 – 2018

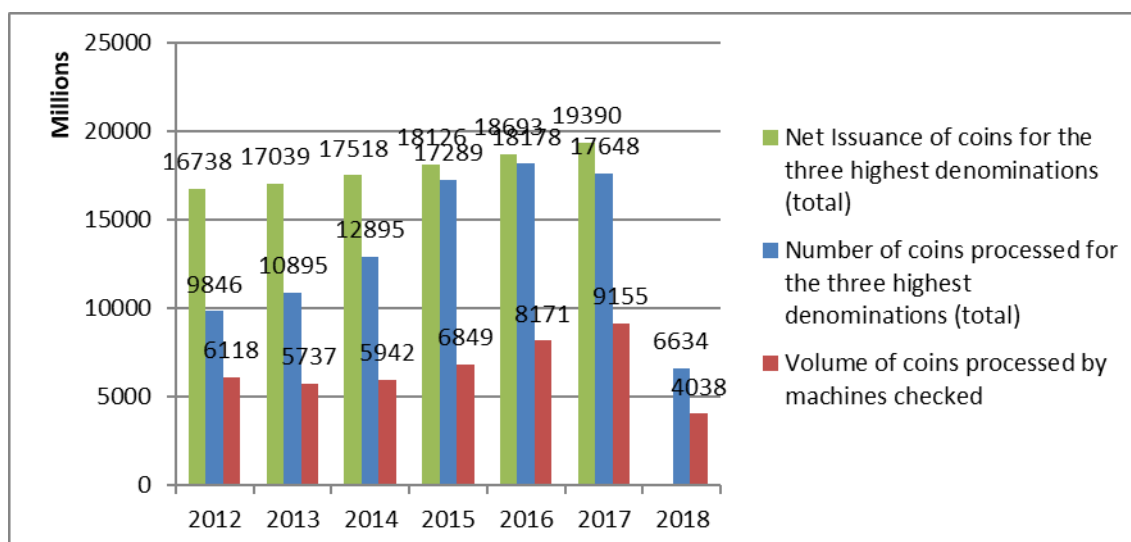


Chart 5: Controls carried out in 2012 – 2018

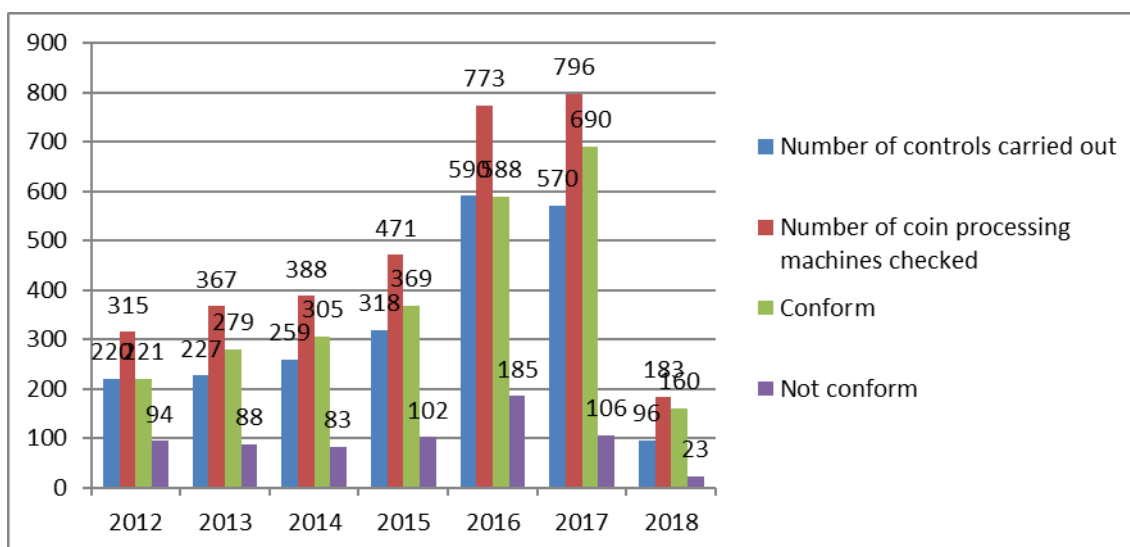


Chart 6: Counterfeit coins and unfit coins in 2012 – 2018

