



EUROPEAN COMMISSION

The Protection of Euro Coins in 2011

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) 4290 of 29 October 2004

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Executive summary

- » The number of counterfeit euro coins found in circulation also continued to drop in 2011 and has remained well below 200.000 pieces per year, resulting in equivalent of 1 counterfeit coin for every 100.000 genuine ones. The number of counterfeit coins detected in circulation still remains higher than the ones seized before entering in circulation. The overall value of counterfeit coins removed from circulation in 2011 was EUR 239 600.
- » The quality of counterfeits continued to improve in 2011. In particular, an increasing number of sophisticated counterfeits were detected. These counterfeits imitate genuine electromagnetic features, continuing the risk that significant numbers of counterfeit euro coins may remain undetected.
- » The European framework for the protection of the euro is effective despite the continued activity of criminals in counterfeiting and their persistent work to improve the quality of counterfeits. However, European Commission is currently reinforcing the legislative instruments to protect the euro against counterfeiting introducing new criminal law sanctions.

1. Introduction

1.1. OLAF's mission and mandate

The European Anti-Fraud Office (OLAF¹) is a part of European Commission with a threefold mission:

- » it protects the financial interests of the European Union by combating fraud, corruption and any other illegal activities;
- » it protects the reputation of the European Institutions by investigating serious misconduct by their Members and staff that could result in disciplinary or criminal proceedings;
- » it supports the European Commission in the development and implementation of fraud prevention and detection policies.

By performing its mission as effectively as possible OLAF contributes to the efforts made by the EU Institutions to guarantee that the best use is made of taxpayers' money.

OLAF investigates cases of fraud, assists Union bodies and national authorities in their fight against fraud and contributes to the design of anti-fraud legislation and policies in the EU. OLAF is part of the European Commission but is independent in its investigative functions.

OLAF derives its mandate principally from Regulation (EC) No 1073/99. The legal basis for Union action against fraud is Article 325 of the Lisbon Treaty.

OLAF's mandate covers, in principle, all expenditure of the Union and a part of the revenue side of the budget where OLAF focuses particularly on "traditional own resources", including customs duties. It comprises the general budget, budgets administered by the Union or on its behalf and certain funds not covered by the budget but administered by Union agencies. This mandate also extends to all measures affecting or liable to affect the Union's assets.

1.2. OLAF's role in the protection of the Euro

In the framework of its mandate, OLAF has a responsibility going beyond the EU's financial interests. It is in this context that, as a Service of the Commission, OLAF plays a role in the area of the protection of the euro banknotes and coins against counterfeiting.

The action of the Commission (OLAF) with regard to 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 Community legislation;
- » training and technical assistance, based mainly on the Pericles programme²;

¹ "OLAF" is the acronym of its title in French, Office européen de Lutte Antifraude.

- » the technical analysis of counterfeit euro coins, through the European Technical and Scientific Centre (ETSC). OLAF implements these tasks in close cooperation with other relevant Institutions and in co-ordination with the competent authorities of Member States.

1.3. The European Technical & Scientific Centre (ETSC)

The European Technical & Scientific Centre (ETSC) was established in 2004 within the European Commission, attached to the European Anti-Fraud Office (OLAF) ³.

Within this framework, the mission of the ETSC is to analyse and classify every new type of counterfeit euro coin⁴, to contribute to the fulfilment of the objectives of the Pericles programme⁵, to assist the Coin National Analysis Centres (CNAC) ⁶ and to generally collaborate with the law-enforcement and other authorities competent for counterfeit euro coins and the strengthening of euro protection.

In addition, the OLAF/ETSC coordinates the necessary actions to protect euro coins against counterfeiting through periodic meetings of the Counterfeit Coin Experts Group (CCEG)⁷.

This report is presented in line with Commission Decision of 29 October 2004 based on Council Decision of 8 December 2003⁸. Article 4 of the Commission Decision 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 2011. Section 3 presents the activities that the ETSC carried out in 2011 in order to reinforce the protection of euro coins.

² Council Decision of 17 December 2001 establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the "Pericles" programme). OJ L 339, 21.12.2001; Council Decision of 17 December 2001 extending the effects of the Decision establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting ('Pericles' programme) to the Member States which have not adopted the euro as the single currency. OJ L 339, 21.12.2001; Council Decision of 20 November 2006 (2006/849/EC). OJ L 330, 28.11.2006; Council Decision of 20 November 2006 (2006/849/EC). OJ L 330, 28.11.2006; Council Decision of 30 January 2006 (2006/75/EC). OJ L 36, 8.2.2006; Council Decision of 30 January 2006 (2006/76/EC). OJ L 36, 8.2.2006.

³ Commission Decision of 29 October 2004 Establishing the European and Technical Scientific Centre and providing for coordination of technical actions to protect euro coins against counterfeiting. OJ L 19, 21.01.2005.

⁴ In line with the provision of Article 5 of Council Regulation (EC) 1338/2001 (OJ L 181, 04.07.2001) as modified by Council Regulation (EC) No 44/2009 of 18 December 2008 (OJ L 17, 22.01.2009).

⁵ Council Decision of 17 December 2001 establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the "Pericles" programme). OJ L 339, 21.12.2001.

⁶ 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.

⁷ See Section 3.2.1.

⁸ Council Decision of 8 December 2003 concerning the analysis and cooperation with regard to counterfeit euro coins (2003/861/EC). OJ L 325, 12.12.2003.

2. Situation with regard to counterfeit euro coins

A distinction has to be made between counterfeit euro coins detected in circulation and those seized before circulation. Counterfeits detected before circulation are usually seized by police before causing financial damage, whereas those detected in circulation are generally detected in coin sorting centres, operated by National Central Banks or private sector CIT (cash-in-transit) companies.

2.1 Counterfeit coins seized in circulation

The total number of counterfeit euro coins removed from circulation in 2011 reached 157 500, a decrease of about 15% from 2010.

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

Table 1: Counterfeit euro coins detected in circulation, 2008 – 2011 *

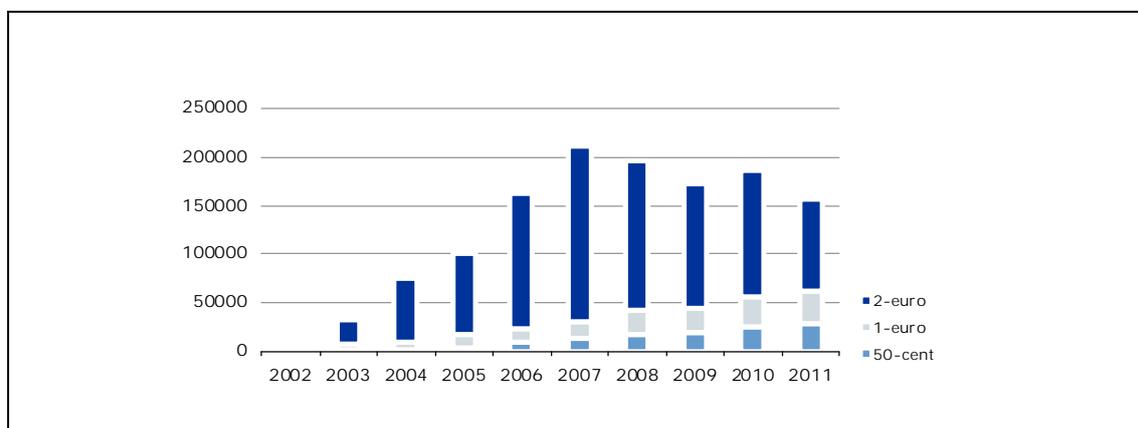
Year	50-cent	1-euro	2-euro	Total	Value (EUR)
2011	28 400	32 800	96 300	157 500	239 600
2010	25 100	31 000	129 700	185 800	302 950
2009	18 100	26 500	127 500	172 100	290 550
2008	16 600	24 500	154 800	195 900	342 400

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

When compared to 2010, among the 3 highest coin denominations, the number of 2-euro counterfeits dropped significantly by over 24%. However, 2011 was marked by an increase in the number of counterfeit coins of 50-cent and 1-euro (13% and 6% respectively). The 2-euro remains by far the most counterfeited euro coin, constituting 80% in value terms (down from 85% in 2010). Overall, nearly 1.300.000 counterfeit euro coins have been removed from circulation since the introduction of the euro coins in 2002.

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

Chart 1: Counterfeit euro coins detected in circulation



In 2011, Germany registered a fall in detected quantities compared to 2010. Considering that Germany remains the country with the highest level of detected counterfeits and that a less pronounced drop in quantities of counterfeits was also detected also in other countries, the level of detected counterfeits showed an average drop of 15%.

Counterfeit euro coins were found in all Member States of the euro area in 2011, with the exception of Cyprus. The German share of detected counterfeit coins has decreased over the last years to 32% of the total number of the reported counterfeits⁹. Nearly 1000 pieces of counterfeit euro coins were also detected in Member States which do not belong to the euro area and in the third countries. The individual figures per Member State can be found in Annex 1.

Overall, the number of counterfeit coins detected in circulation in 2011 remains very small by comparison to the total of 98 billion genuine euro coins in circulation including 16,5 billion of the three highest denominations. Compared to the latter, the proportion of counterfeit euro coins is one every 100 000 genuine coins.

To support the efforts in removing counterfeit euro coins from circulation, the European Parliament and the Council adopted the Regulation No 1210/2010 of 15 December 2010¹⁰, proposed by the Commission, on the authentication of euro coins. The Regulation sets out the rules for financial institutions to ensure that all euro coins put back into circulation are genuine.

In 2011 the Member States prepared for its entry into force on 1st January 2012 (except for Chapter III, already in force). The ETSC has contributed to this exercise by drafting the "ETSC guidelines on implementation of Regulation (EU) No 1210/2010". The guidelines establish the principles for conducting the detection test for coin processing machines, training on manual authentication and on-the-spot controls. The guidelines were finalised in September 2011¹¹.

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 police operations and investigations. These activities include dismantling of clandestine mints, but also seizures of significant quantities from individuals, that might, in one way or another, be 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 number of counterfeit coins seized before circulation in 2011 was under 6600. The breakdown per denomination of counterfeit euro coins found before circulation

⁹ Reported in EU, Croatia and Montenegro.

¹⁰ 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.

¹¹ 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).

and registered in the CMS (Counterfeit Monitoring System)¹² for the last four years is shown below.

Table 2: Counterfeit euro coins detected before circulation, 2008 – 2011*

Year	50-cent	1-euro	2-euro	Total	Value (EUR)
2011	511	5 735	390	6 636	6 770,50
2010	0	14	555	571	1 124
2009	5	2 579	8 477	11 061	19 535,50
2008	1	2	11 200	11 203	22 402,50

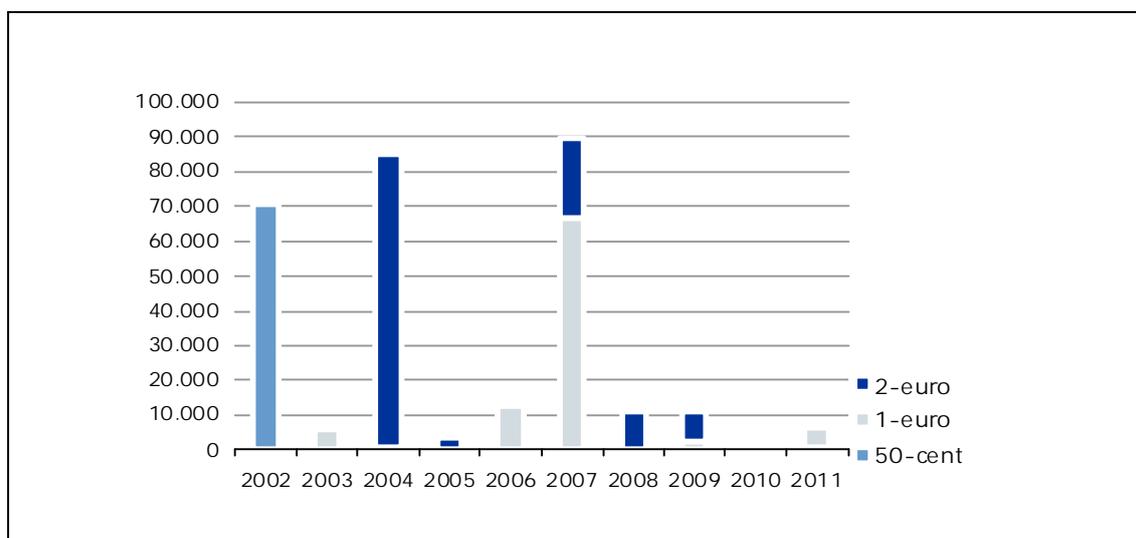
* The figures comprise both stamped counterfeits (common classes) and cast counterfeits (local classes).

The significant increase in the number of the counterfeits detected before circulation in 2011 compared to 2010 is a direct result of the dismantling of 2 illegal mints by national law enforcement:

- » May 2011 – Mons (Belgium);
- » August 2011 – Naples (Italy).

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

Chart 2: Counterfeit euro coins detected before circulation



Overall, nearly 300.000 counterfeit euro coins have been seized before circulation since 2002 which corresponds to nearly 400.000 euro

The following table gives an overview of the illegal mints dismantled so far in Europe.

¹² Decision of the European Central Bank of 8 November 2001 on certain conditions regarding access to the Counterfeit Monitoring System (CMS).

Table 3: Illegal mints discovered, 2002 – 2011

Year	Date	Place	Denomination (€)	Total/year
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	
Total				17

As far as illegal mints are concerned, on 21 August 2011 the Colombian Technical Bureau of Investigation of the Prosecutor's Office (CTI) conducted the "Lightning operation" in Medellin and raided a clandestine mint where a facility for euro coin counterfeiting was found.

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 previously identified counterfeit types. Counterfeits that cannot be classified to one of the already identified types are sent to the ETSC in order to create a new class¹³ or variant¹⁴.

A distinction is made between common classes and local classes. Local classes correspond to cast counterfeit coins¹⁵, usually produced in smaller quantities.

49 pieces of such coins were analysed at the ETSC in 2011.

3.1.1. Common classes (stamped counterfeit coins)

Common classes are counterfeits made with a stamping process¹⁶, similar to the one used in official minting. With such processes, larger amounts of counterfeits can be produced and this is the reason for which a monitoring on the EU level has been applied. Stamped classes usually bear defects which are characteristic of the tools used to produce them. Stamped counterfeit coins are classified into classes and variants according to these defects, because similar defects may indicate that the counterfeits have been produced by the same tools, probably indicating the same illegal mint. New variants of classes indicate a development in production tools. Variants therefore provide useful indications of the development in counterfeiting activity.

3.1.2. Overall analysis

Creation of common classes

The total number of families of counterfeits (common classes) created by the ETSC has risen more slowly in 2011 than in previous years, reflecting a drop in the activities of the illegal mints producing counterfeit euro coins.

In particular, 6 common classes were created in 2011, the lowest number since 2002. The efficient European framework for the protection of the euro has a deterrent effect on 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.

¹³ Class: group of counterfeits having matching technical characteristics, therefore assumed to have the same origin.

¹⁴ Variant: "subclass" of a counterfeit class, corresponding to modification/improvement of the class.

¹⁵ Cast coinage refers to coins made by pouring melted metal into a mold, i.e. casting.

¹⁶ Stamping is a variety of sheet-metal forming manufacturing processes, such as punching using a machine press or stamping press.

Table 4: Number of newly identified common classes

Year	50-cent	1-euro	2-euro	Total
2002	1	5	5	11
2003	6	4	5	15
2004	11	3	8	22
2005	9	3	6	18
2006	6	5	3	14
2007	7	6	2	15
2008	6	2	4	12
2009	3	5	8	16
2010	6	3	2	11
2011	1	3	2	6
Total	56	39	45	140

The total number of common classes has now risen to 140. Despite the large number of common classes, the bulk of counterfeit coins is still concentrated in a small number of classes. In particular, in 2011, one common class (2-euro class 6) represented 30% of the total number of registered 2-euro counterfeits (down from 50% in 2007). For the 50-cent denomination, almost half of the counterfeits found in circulation belongs to a single class (common class 1). In total, six classes are responsible for around half of the total number of counterfeits found in circulation. Except for the 50-cent common class 1, no illegal mint has been dismantled for any of those classes.

Of the total number of classes, 19 were proven to be connected to clandestine mints that have been dismantled. For the remaining classes, evidence has been found for eight classes, following their creation, demonstrating that they are linked to another class. This leads to the conclusion that there are illegal mints producing or have produced up to 113 classes of counterfeit euro coins and that remain undiscovered to date.

Creation of variants

In 2011, 22 new variants (sub-types of classes) were created, similar level as in 2010 but lower than the years before.

This brings their total number of classes and variants to 568. The number of new classes including new variants created by the ETSC each year since the introduction of euro coins is indicated in the table below.

Table 5: Number of newly identified common classes + variants

Year	50-cent	1-euro	2-euro	Total
2002	1	14	19	34
2003	6	7	50	63
2004	12	12	72	96
2005	12	7	81	100
2006	10	9	51	70
2007	10	18	44	72
2008	8	6	26	40
2009	4	14	30	48
2010	6	7	10	23
2011	1	10	11	22
Total	70	104	394	568

Counterfeits have also been found of commemorative euro coins, i.e. 2-euro coins with specific national sides. Since 2006 counterfeits of the following 2-euro commemorative coins have been detected:

- » the 5th decade of the World Food Programme, IT 2004;
- » the Summer Olympic Games in Athens, GR 2004;
- » the Belgium-Luxembourg Economic Union, BE 2005;
- » the 20th Winter Olympic Games in Turin, IT 2006;
- » the German federal state of Schleswig Holstein, DE 2006;
- » the 1st anniversary of the signing of the European Constitution, IT 2005;
- » the German federal state of Mecklenburg-Vorpommern, DE 2007;
- » 10th Anniversary Economic Monetary Union, BE 2009.

3.1.3. Local classes (cast counterfeit coins)

The number of cast counterfeit coins detected as well as the percentage of the total number of counterfeits in circulation are shown in the table below.

Table 6: Cast counterfeit coins

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total	756	1172	405	384	64	275	310	717	925	761
%	34,9%	3,6%	0,5%	0,4%	0,0%	0,1%	0,2%	0,4%	0,5%	0,5%

Cast counterfeit coins mainly concern the 2-euro denomination. They are generally of a relatively low quality and quantity and should therefore be considered as less dangerous.

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 of common classes of counterfeit coins.

The coordination of the activities of the competent authorities, in euro coin protection against counterfeiting, was attributed to the Commission. This coordination takes place mainly within the Counterfeit Coin Experts Group (CCEG) and also through other coin related groups.

3.2.1. The Counterfeit Coin Experts Group (CCEG)

The Counterfeit Coin Experts Group (CCEG), chaired by the Commission/OLAF, is the group serving to co-ordinate Member States' technical actions with respect to the protection of the euro coins against counterfeiting, in line with Council Decision of 8 December 2003 and the Commission Decision of 29 October 2004. The CCEG meetings bring together the Heads of the Coin National Analysis Centres (CNACs), the ETSC, the ECB and Europol.

The CCEG held two meetings in 2011. These enabled the exchange of information between the CNACs, the ETSC, ECB and Europol.

The 'ETSC Work Team', chaired by OLAF, held three two-day technical meetings in 2011, gathering technical coin experts from several CNACs on following issues:

- » definition of the guidelines for implementation of the coin authentication (as stipulated in the Regulation (EU) No 1210/2010).
- » preparation of common support material for training programmes on manual coin authentication by cash handlers.

3.2.2. Medals and tokens similar to euro coins

With a view to preventing fraud and avoiding confusion regarding euro coins, the European Union has adopted Council Regulation (EC) 2182/2004¹⁷, concerning medals and tokens similar to euro coins amended by Council Regulation (EC) No 46/2009¹⁸, 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 2182/2004 have been respected and whether a metallic object is a medal/token, after having consulted the counterfeiting coin experts.

In total 10 cases of medals and tokens similar to euro coins were discussed in the CCEG meetings in 2011. Nine cases were evaluated as having features similar to euro coins and fell under the prohibition of Article 2 paragraph 1 (c) of Regulation (EC) No 2182/2004 (the production, sale and distribution is forbidden).

3.2.3. Other institutional groups

During 2011, the ETSC regularly informed the following groups about the situation of coin counterfeiting and discussed possible actions to be undertaken:

- » the Euro Counterfeiting Experts Group (ECEG), functioning in the framework of the Council Regulation (EC) No 1338/2001. This group, chaired by OLAF, brings together counterfeit experts from law enforcement, central banks and ministries. A number of coin protection related issues were discussed in that Group. In 2011, ETSC informed the participants on the statistics on coin counterfeiting and legislative issues concerning coin authentication;
- » the Euro Coin Sub-Committee (ECSC) of the Economic and Financial Committee, which brings together representatives from the coin issuing authorities of the Member States. Commission/OLAF initiatives are systematically discussed in that group. In 2011 the issues mainly concerned the interpretation of the authentication regulation and the draft ETSC guidelines;
- » the Mint Directors Working Group (MDWG), which brings together the heads of the Mints of the EU Member States. In that framework, Commission/OLAF promoted and cooperated in the elaboration of a second step in a study concerning higher security characteristics for coins. It has initiated a study on the measurement of the conductivity of euro coins. In addition, a study on demonetisation of euro coins was launched;
- » the international Mint Directors Conference (MDC), comprising participants from official mints throughout the world, as well as industrial observers. In the framework of the MDC's Technical Committee, OLAF chairs the Sub-committee on counterfeit and unfit coins, aimed at better authentication of circulating coins and stronger international cooperation in technical matters and with law

¹⁷ OJ L 373, 21.12.2004.

¹⁸ OJ L 17, 22.01.2009.

enforcement. In 2011, OLAF participated in the MDC Technical Committee meeting in Warsaw providing a presentation on the "Coin protection methodology";

- » the ECB's Counterfeit Working Group (CWG) concerning counterfeit banknotes. Also, the ETSC participates in the run up to the implementation and testing of the CMS2 database, which is administered by the ECB;
- » the Europol's Forgery of Money Group. The ETSC highlights the counterfeit coin aspects at the Europol meetings and provides assistance to Europol and National Central Offices (NCOs). The ETSC also maintains contact with the Counterfeit Currency Unit of the General Secretariat of Interpol;
- » the Euro Cash User Group (ECUG). Meetings are organised by the Commission and the ECB in order to inform the main users of euro cash in the private sector about developments concerning euro banknotes and coins, including counterfeits. In 2011, one meeting was organised in Brussels;
- » the Europol Expert Meeting on Forgery of Money. Meetings are organised by Europol involving representatives of Law Enforcement Agencies from Member States and third countries which have a cooperation agreement with Europol.

In November 2011, OLAF co-organised with EUROPOL and ECB the "2nd International Conference on the protection of the euro against counterfeiting". 170 participants from 44 countries and 8 international organisations attended the Conference. The attending experts and specialists discussed, among other topics, international cooperation, legislation, training and technical issues.

The ETSC presided the workshop on "The protection of coins: the role of technical support".

The conclusions of the Conference underlined the success of the European framework for the protection of the euro against counterfeiting as well as the need to maintain vigilance against continuously emerging threats from highly sophisticated criminals.

In particular, the conclusions from OLAF which were endorsed by the Conference, can be summarized as follows:

- » to take advantage of the entry into force of the Lisbon Treaty by replacing the Framework Decision 2000/383/JHA with a Directive with strengthened criminal law measures against counterfeiting of the euro;
- » to support a more homogeneous application of the actual legislation, in particular with respect to penalties applied by national courts;
- » to support harmonisation of penal procedures in particular within, but also outside the EU, in particular with respect to the possible use of investigative tools such as: undercover agents, controlled deliveries, fictitious purchases;
- » to increase the use of technical assistance provided by competent authorities (such as CNACs and ETSC) during all stages of investigations into euro coin counterfeiting;

- » to maintain the coordinated approach of multinational training activities in the area of the protection of the euro within the Euro Counterfeiting Experts Group, with a close involvement of experts from Member States and European Authorities in the discussion of priorities;
- » to further reinforce regional cooperation in the implementation of the Pericles Programme by adding new cooperation areas to the ones already in place (e.g.: Mediterranean and North East Europe).

3.3. Assistance to national authorities

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

ETSC can provide assistance either to Member States' CNACs and police agencies or to third country authorities based on Cooperation Arrangements with the third countries concerned¹⁹.

ETSC support is based on the interaction between law enforcement and technicians. The effectiveness of such an approach has been proved in recent years several times and it represents a value added in investigations against currency counterfeiting which significantly improves the quality of investigations.

In 2011 ETSC experts provided "on-the-spot" technical support in the following cases:

- » Investigation carried out by the Italian Police: ETSC drew up a technical report on the concerned counterfeit coin class.
- » Follow-up of the investigation carried out by the Italian Police: the ETSC assisted the Italian Public Prosecutor during the formal interview of the suspects.
- » After the dismantling of an illegal mint in Belgium: the ETSC assisted the Belgian CNAC and NCO soon after the police raid in order to evaluate possible technical links with similar cases in Europe.
- » Coordination technical meeting with Italian CNAC: ETSC assisted the Italian CNAC in order to evaluate possible technical links among Italian cases and other European ones.

¹⁹ Cooperation Arrangements with Croatia, Montenegro and Turkey have been already concluded.

3.4. Training

3.4.1. Pericles actions for the protection of the euro coins

The 'Pericles' 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 the year 2011, the Pericles Programme financed the following initiatives specifically or partially dedicated to the protection of euro coins.

- » Security features for future coins. The project was carried out by the Mint Directors Working Group (MDWG) under the Pericles Programme. Its perimeter included the analysis of the new security features that could be implemented in case of important counterfeiting threats. It shortlisted 4 new security features out of 11 analysed and presented a contingency plan, specific to the euro coins.
- » Conductivity study. A second step to the technical study on calibration methods for measuring the electrical conductivity of coins, run under the Pericles Programme, has been in progress. The project was managed by a private sector consortium. An important part of the project was the peer review organised in Brussels in December 2011, concerning the "calibration procedure for obtaining certified reference standards". The peer review gathered the representatives of the consortium, external experts, representatives of the mints and OLAF. As a result of the study, the Mints will be able to measure the conductivity with an error rate below 1%. Coins produced with a narrower distribution of conductivity, will be more easily recognised by vending machines and better distinguishable from the counterfeits. Another possible added value would be the use by blank suppliers of the new standards. This would lead to a better quality of the supplied materials and the result will ensure a better quality of the produced coins. The ETSC's goal, is to ensure that the electrical conductivity of coins can be measured in a precise and consistent way, throughout the EU and internationally.
- » Training activities Following the agreement signed between the European Commission/OLAF and the Republic of Turkey, the ETSC provided specialised training to experts from the Turkish Mint on counterfeit euro coin analysis and classification.
- » In the second half of 2011, 5 counterfeit experts from the National Bank of Poland were also trained.

In 2011, the ETSC was one of the main contributors to the successful fulfilment of the Pericles strategy.

3.4.2. Cooperation with third countries

Upon request of the Colombian Authorities investigating a case of counterfeit euro coins, the ETSC prepared a comparative analysis of the physical and electromagnetic properties of circulation euro coins, 1 Argentinean peso, 1 and 1000 Venezuelan bolivars.

Based on cooperation arrangements signed in previous years with Croatia and Montenegro nearly 1000 pieces of counterfeit euro coins have been withdrawn from circulation in these countries²⁰.

²⁰ The negotiation procedure to sign an Administrative Cooperation Arrangement (ACA) with Serbia is ongoing.

3.5. Coin-related legislative developments

The new 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-compliance²¹.

²¹ 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).

4. Successful policies and potential threats to euro coins

Developments in 2011 confirmed the success of the policy applied to protect the euro coins in particular against counterfeiting. The annual report shows the following:

- » the number of counterfeit euro coins found in circulation continued to drop and has remained well below 200.000 pieces per year, resulting in equivalent of 1 counterfeit coin for 100.000 genuine ones;
- » counterfeiters are deterred by the measures applied within the European framework to protect the Euro, this is reflected by the decreasing number of new types of counterfeit coins found in circulation.

However, the number of sophisticated counterfeits increased, sharply, in 2011 indicating that significant numbers of counterfeit euro coins may remain undetected. In addition, a significant number of illegal mints is still operating. This means that the criminal potential is present and that continuous vigilance and cooperation is necessary to guarantee the confident use of euro coins.

During 2011, some Member States received large quantities of recycled euro coins for reimbursement. Many of those coins were severely damaged or reassembled.

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

- » vigilance, including in non EU countries, by law enforcement and targeting, in particular, high risk counterfeit classes;
- » cooperation between competent national authorities and with the private sector players in order to ensure the identification of counterfeits;
- » implementation by the competent authorities in Member States of the authentication regulation, in order to improve the capacity of detection of the continuously improving counterfeits;
- » continuation of studies on the detection methods and security features of the coins, in order to keep ahead of counterfeiters.