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concerning the implementation and the results of the Pericles 2020
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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**concerning the implementation and the results of the Pericles 2020 programme for the
protection of the euro against counterfeiting in 2018**

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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

concerning the implementation and the results of the Pericles 2020 programme for the protection of the euro against counterfeiting in 2018

1. General

The "Pericles 2020" programme (hereafter "the Programme") is an exchange, assistance and training programme for the protection of the euro against counterfeiting. It replaces the Pericles programme that was established in 2001 and ran during the period 2002-2013. The Programme was established by **Regulation (EU) No 331/2014 of the European Parliament and of the Council of 11 March 2014¹. Its application was extended to the non-participating Member States by Council Regulation (EU) 2015/768 of 11 May 2015²**. Regulation (EU) No 331/2014 establishes the duration of the Programme until 31 December 2020. Article 13(3) of the Regulation requires the Commission to provide annual information on the results of the Programme to the European Parliament and to the Council. This Annual Report responds to that requirement in relation to the year 2018.

2. Annual Work Programme 2018

a. Implementation of the Annual Work Programme in 2018

The annual budget for the implementation of the Programme for the year 2018 was set at EUR 1 055 100 and was financed from the budget line 01. 020400 of the general budget of the European Union for 2018. A total of EUR 993 388.74 was committed in 2018. The Programme is implemented through co-financed actions (grants) originating from the competent authorities of the Member States and through "Commission actions", organised directly by the Commission. A transfer of EUR 167 199.89 was made from the grants budget to the Commission actions budget in 2018 to complement the actions of the Member States.

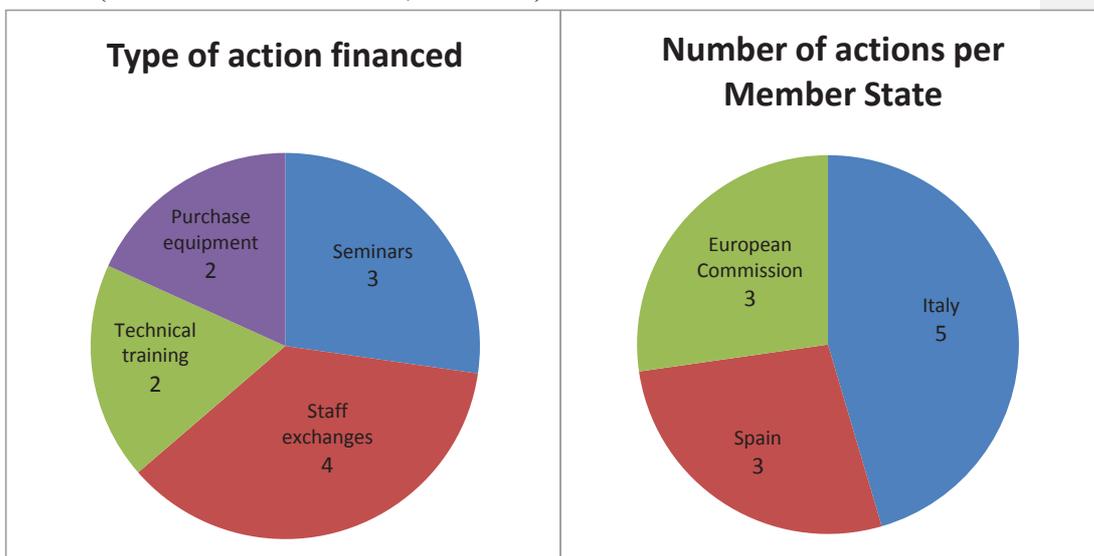
The implementation of the Programme reflected the commitment of Member States and the Commission to protect the euro against counterfeiting. Discussions of the multi-annual strategy at the meetings of the Euro Counterfeiting Experts Group (ECEG) made it possible to commit 94.15% of the overall budget in 2018. In 2018, the Programme funded 11 projects in total³. Altogether, 8 grants were successfully awarded from applications originating from the competent authorities of the Member States. A decrease from 10 grants in 2017. Furthermore, 3 Commission actions were funded, the same number as the previous year. 5 actions were implemented in 2018, while 6 actions are being/will be implemented in 2019 and later.

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

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

³ A comprehensive overview of Pericles actions committed to in 2018 can be found in Annex I.

Chart I and Chart II: Type of action financed and Number of actions per Member State (actions committed to in 2018, see annex I)⁴



Applicants to the Programme in 2018 represent two Member States, namely Italy and Spain. This reflects the fact that the countries most affected by euro counterfeiting are more frequent users of Pericles funds. Their efforts enhance the protection of the euro which is beneficial to all other Member States participating in the euro area.

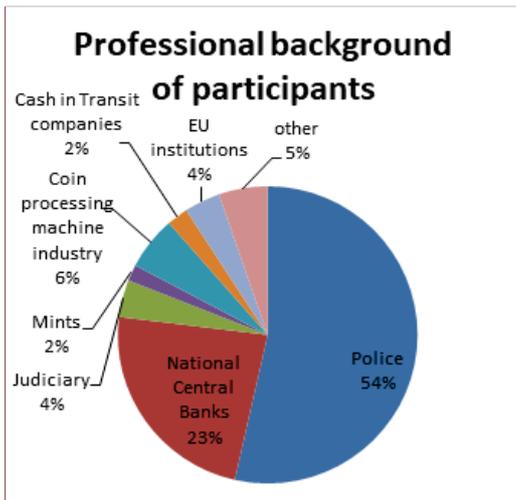
The actions for which commitments were made in 2018 consist of 3 seminars/conferences, 2 technical trainings, 4 staff exchanges, and 2 purchases of equipment. Of note is the relatively high number of staff exchanges, which is a cost-effective measure targeting a relatively large audience, thereby facilitating the exchange of know-how and increasing the creation of homogeneous framework for protecting the euro against counterfeiting. Furthermore, the implementation of another 2 purchases of equipment for third country authorities confirms the success of introducing this measure as an eligible action under the Pericles 2020 programme. The actions take place⁵ both inside and outside the EU depending on the specific needs to protect the euro against counterfeiting. Since its inception, the Programme has consolidated its regional approach by implementing actions involving particularly sensitive regions of the world. Of specific focus are Latin America (2 actions organised by Spain and 1 Commission action), and South-East Europe (4 actions organised by Italy).

⁴ All data concerns both actions implemented in 2018 and actions that are being/will be implemented beyond 2018.

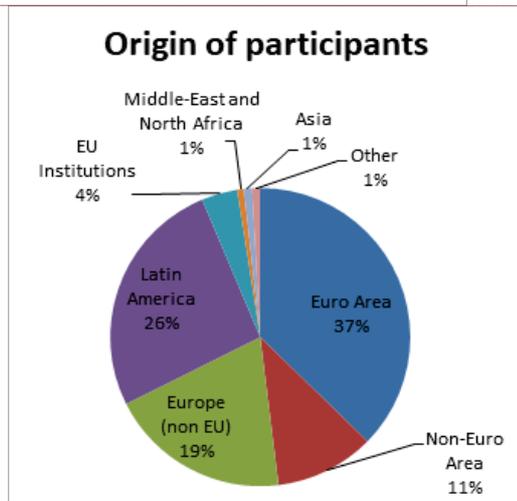
⁵ Some actions are still being implemented in 2019.

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

Chart III and Chart IV: Origin of participants and Professional background of participants⁶ (actions committed to in 2018, see annex I)⁷



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An estimated number of 568 experts participated in actions for which commitments were made in 2018.

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

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

In terms of origin, participants come from 58 countries. The majority of trainees (67%) are European participants: 37% come from the euro area Member States, while non-EU countries in Europe represents 19% and non-euro area Member States 11%; 26% of trainees are from Latin America, a significant increase compared to the previous year⁸. Finally, 1% come from the Middle East and North Africa and 1% from Asia.

With respect to the professional background of participants, members from police forces represent 54% of the total. That prominent presence is due to the fact that police authorities represent the front line in the fight against euro counterfeiting, and police staff includes both investigators and technicians.

Other categories of participants account for 46% of the total, a decrease from 58% in the previous year. The substantial participation of central banks has remained nearly constant with 23% and there is a continuing participation of members of the judiciary (4%). Of particular note is the participation of mints (2%), ministries of finance (1%) and cash-in-transit (2%), reflecting a full range of professional backgrounds of the participants. Finally, the implementation of the Commission action "second meeting of the Platform 1210" results in a high participation of representatives from the coin processing machine (CPM) industry (6%) for the third year in a row, which affirms the private sector as a significant stakeholder in the fight against counterfeiting.

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

b. Overview of actions under the Annual Work Programme 2018

A comprehensive overview of Pericles actions under the 2018 Annual Work Programme can be found in Annex I. The following actions can be highlighted:

Regional international cooperation in South Eastern Europe

The Programme has succeeded to maintain and further strengthen strong regional international cooperation in South Eastern Europe in 2018. One of the highlights of 2018 was the UCAMP-organised 'A community strategy to protect the euro in the Mediterranean Area' which took place in Serbia in 2018. The action brought together seven countries from the Southeast of Europe and France, and was successful in maintaining an efficient network of experts in one of the most sensitive regions with respect to euro counterfeiting. Following this action, three Administrative Cooperation Arrangements for euro coin protection were signed between the European Commission and respectively Serbia, Montenegro, and Kosovo UNSCR 1244. Furthermore, the Italian UCIFM organised a purchase of equipment to be used by specialised anti-counterfeiting authorities for protecting the euro against counterfeiting and a training of the police and national bank of Montenegro.

Regional international cooperation in Latin America

⁸Report from the Commission to the European Parliament and the Council concerning the implementation and the results of the Pericles 2020 programme for the protection of the euro against counterfeiting in 2017 COM/2018/581 final.

The Programme has also succeeded to maintain and further strengthen strong regional international cooperation in Latin America:

- The Spanish BIBE organised the ‘Training course on money counterfeiting for experts from Latin American countries’, which brought together the authorities of 18 Latin American countries in Panama in 2018, promoting measures to protect the euro against counterfeiting in Latin American countries that are potentially susceptible to it. This action supported the establishment and functioning of National Central Offices (NCO) for currency counterfeiting in the participating countries. Based on a previous training of the same format, Argentina established such an NCO.
- The Spanish BIBE implemented a Purchase of equipment used by anti-counterfeiting specialists of the above-mentioned newly established Argentinean National Central Office to protect the euro against counterfeiting.
- The Commission will implement in 2019 its biennial ‘technical tactical training’ in Medellin, Colombia, targeting the law enforcement and judicial authorities of Colombia.

3. Implementation of actions in 2018 that were committed to under previous budgets of the Programme

2018 saw the implementation of 10 actions that were committed to under previous budgets of the Programme⁹. Of those actions, 8 originated from the competent national authorities of Member States - namely France, Spain, Portugal, Romania, Austria, Croatia and Italy - while 2 actions were initiated by the Commission. The actions consisted of 3 seminars, 1 technical training, 4 staff exchanges, 1 purchase of equipment and a study. Particular focus regions and topics were South-Eastern Europe, China, and Latin America, as well as the darknet and the authentication of euro coins. The following actions can be highlighted:

Regional international cooperation in South Eastern Europe

2018 saw the implementation of several Pericles 2020 actions which focussed on encouraging and maintaining strong cooperation among the competent national authorities in South Eastern Europe. This included staff exchanges organised respectively by the Romanian and Italian police authorities, the former establishing and maintaining cooperation with countries in the Eastern Balkan and Black Sea region, including Turkey, Moldova and Ukraine. Furthermore, the '3rd Balkan Network Conference', organised by the Croatian National Bank brought together participants from National and commercial banks in the region and supported the functioning and information exchange of an early alert system among the countries involved.

Regional international cooperation in Latin America

The reinforcement of strong regional international cooperation in Latin America can also be highlighted in referring to the implementation of Pericles 2020 actions in 2018. The Portuguese Policia Judiciaria included participation of the Brazilian competent authorities in their staff exchange. The Spanish BIBE's diversified approach resulted in the implementation of a training conference, a staff exchange and a purchase of equipment in the region, thereby ensuring the participation of a large number of Latin American participants from many countries in the region.

Internet/darknet: the 'ICIT Darknet Investigation – Protection of the Euro' conference

Several actions implemented in 2018 addressed the threat posed by the internet/darknet in the fight against counterfeiting, focussing on the effectiveness of investigation techniques and the need for a coordinated response to the threat. In particular, the 'ICIT Darknet Investigation – Protection of the Euro' conference' was fully dedicated to this topic and brought together judicial and police experts in this field from 19 countries. The conference issued several recommendations, such as the need for setting up of a network of regional specialists for Darknet investigations and the drafting of a best practice manual for law enforcement.

⁹A comprehensive overview of Pericles actions committed to under previous budgets of the Pericles 2020 programme but implemented in 2018 can be found in Annex II.

4. Conclusion and way forward

The "Pericles 2020" programme continues to be an important and efficient tool in the fight against counterfeiting. The Programme forms the basis for the support of studies, maintaining and developing cooperation, and exchanging best practices among all actors involved in the fight against euro counterfeiting.

The Commission constantly disseminates the results of the actions supported under the Programme to the experts of the Euro Counterfeit Experts Group (ECEG). In 2018, 3 ECEG meetings took place. The Programme shows a high degree of consistency and complementarity with other relevant programmes and actions at Union level because it is dedicated exclusively to and focuses on preventing and fighting a specific form of organised crime, namely euro counterfeiting. This is true for the *Technical Assistance and Information Exchange (TAIEX)* instrument, most often used in support of accession negotiations, and the Internal Security Fund - Police¹⁰, which covers the prevention and combating of crime in general.

Taking into account the recommendation to renew the programme beyond 2020 and its proven effectiveness underlined in the Mid-Term evaluation of the "Pericles 2020" programme¹¹, as well as the positive support from its stakeholders such as the Member States, the ECB and Europol, the Commission has adopted as part of the next Multi-Annual Financial Framework a proposal to continue the programme beyond 2020 as the Pericles IV programme¹². The Council adopted a Partial General Approach on 19 December 2018. The Council's supportive approach reflects the broad support for the Commission's Pericles IV proposal. In the European Parliament, the LIBE Committee adopted unanimously its position on the Commission proposal on Pericles IV on 4 February 2019, expressing its support for the continuation of the programme.

Based on the results of the implementation of the Programme and the continuous analysis of emerging threats discussed in the ECEG, the priorities for 2019 are the following¹³:

- Supporting activities aimed at improving cooperation among those Member States which are particularly affected by the production and distribution of counterfeits;
- fostering cooperation with authorities of those third countries where there is suspicion of or evidence for counterfeit euro production;
- maintaining an efficient framework for the protection of the euro in South Eastern Europe;

¹⁰ Regulation (EU) No 513/2014 of the European Parliament and of the Council of 16 April 2014 establishing, as part of the Internal Security Fund, the instrument for financial support for police cooperation, preventing and combating crime, and crisis management and repealing Council Decision 2007/125/JHA (OJ L 150, 20.5.2014, p. 93).

¹¹ A mid-term evaluation of the Programme was carried out by an independent contractor on the basis of Art 13(4) of Regulation (EU) No 331/2014. The Commission adopted Communication COM(2017) 741 to the European Parliament and to the Council on the results of the Mid-Term Evaluation of the programme on 6 December 2017, in which it shares the conclusion that the Programme should continue until its natural expiry in 2020, supports the continuation of the Programme beyond 2020 given its EU added value, its long-term impact and sustainability, and concurs with the assessment of the Evaluation on the continuation of the Programme as a standalone programme beyond 2020, Communication COM(2017) 741 final - Communication from the Commission to the Council and the European Parliament on the mid-term evaluation of the Programme for exchange, assistance and training for the protection of the euro against counterfeiting ('Pericles 2020' Programme), 6 December 2017.

¹² Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the 'Pericles IV programme') COM/2018/369 final - 2018/0194 (COD) and Proposal for a COUNCIL REGULATION extending to the non-participating Member States the application of Regulation (EU) No .../2018 establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting for the period 2021-2027 (the 'Pericles IV' programme) COM/2018/371 final - 2018/0219 (APP).

¹³ The priorities of the Programme for 2019 are an essential part of the Annual Work Programme, which is annexed to Commission Decision C(2019) 806 final of 2 February 2019 concerning the adoption of the work programme for 2019 of the Pericles 2020 programme.

- topical developments: Security features of euro coins, the implementation of Regulation (EU) No 1210/2010 concerning authentication of euro coins and handling of euro coins unfit for circulation, distribution of counterfeits and high quality components on the internet, support for the establishment/reinforcement of NCO's.