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COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2021) 179 final
Subject:	Communication from the Commission to the European Parliament pursuant to Article 294(6) of the Treaty on the Functioning of the European Union concerning the position of the Council on the adoption of a 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")

Delegations will find attached document COM(2021) 179 final.

Encl.: COM(2021) 179 final



Brussels, 16.4.2021
COM(2021) 179 final

2018/0194 (COD)

**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT**

pursuant to Article 294(6) of the Treaty on the Functioning of the European Union

concerning the

position of the Council on the adoption of a 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”)

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1. BACKGROUND

Date of transmission of the proposal to the European Parliament and to the Council 31 May 2018
(COM(2018)0369 / 2018/0194 (COD))

Date of the Opinions of the European Economic and Social Committee 19 September 2018

Date of the position of the European Central Bank 16 August 2018

Date of the position of the European Parliament, first reading: 13 February 2019

Date of adoption of the position of the Council: 13 April 2020

2. OBJECTIVE OF THE PROPOSAL FROM THE COMMISSION

The euro is, as the single currency of the Union, a core European interest, the integrity of which needs to be protected in all its dimensions. Counterfeiting of the euro poses a true problem for the Union and for its institutions. Its threats are still substantial, as demonstrated by the increasing availability of high quality counterfeit euro's and security features, like holograms, on the internet/darknet and the existence of counterfeiting hotspots, e.g. in Colombia, Peru and China. Counterfeits harm citizens and businesses that are not reimbursed for counterfeits even if received in good faith. More generally, counterfeiting of the euro impacts the legal tender status and trust of citizens and businesses in genuine euro notes and coins. The Programme has the following general objective: To prevent and combat counterfeiting and related fraud, thus enhancing the competitiveness of the Union's economy and securing the sustainability of public finances.

The Programme has the following specific objective: To protect euro banknotes and coins against counterfeiting and related fraud, by supporting and supplementing the measures undertaken by the Member States and assisting the competent national and Union authorities in their efforts to develop among themselves and with the Commission a close and regular cooperation and an exchange of best practice, where appropriate including third countries and

international organisations. The legal basis of the Commission's proposal is Article 133 of the Treaty on the Functioning of the European Union (TFEU).

3. COMMENTS ON THE POSITION OF THE COUNCIL

The position of the Council as adopted in the 1st reading fully reflects the agreement reached in the trilogue between the European Parliament, the Council, and the Commission, as concluded on 29 January 2021. The main points of this agreement include the following:

- The Programme's general objective, as laid out in Article 2, will be the following: to prevent and combat counterfeiting and related fraud, preserve the integrity of the euro banknotes and coins, thus strengthening the trust of citizens and business in the genuineness of these banknotes and coins and therefore enhancing the trust in the Union's economy, while securing the sustainability of public finances.
- The financial envelope for the implementation of the Programme, as per Article 3, will be EUR 6.193.284.
- When preparing the work programmes pursuant to Article 10, the Commission shall take into account existing and planned ECB and Europol activities against euro counterfeiting and fraud.
- The exchange of information targeted at best practices in preventing counterfeiting and fraud relating to the euro shall be also eligible for financial support
- The European Central Bank is added to the list of institutions to be provided annual results on the results of the Programme
- The word *independent*, as it is formulated in the current Pericles 2020 regulation¹, is introduced into Article 13 which foresees carrying out an *independent* interim evaluation.
- In the annex, the following performance indicators for the evaluation of the programme were agreed upon by co-legislators:
 - (a) the number of counterfeit euros detected;
 - (b) the number of illegal workshops dismantled;
 - (c) the number of competent authorities applying to the programme;
 - (d) the satisfaction rate of participants in the actions financed by the Programme; and
 - (e) the feedback of participants that have already taken part in previous Pericles actions on the impact of the Programme on their activities in protecting the euro against counterfeiting.

The annex also makes reference to the fact that the data collection on these key performance indicators will be undertaken by the Commission and/or the beneficiaries to the programme.

- Recital 6 of the proposal additionally refers to the results of the mid-term evaluation of 2017 which was supported by an independent report.

¹ 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, OJ L 103, 5.4.2014, p. 1–9

- Additional wording has been added to Recitals 3, 4, 4a, 7, 7a, and 8, on common challenges to combat organised crime, on the link to the EU objective of improving the efficient functioning of the Economic and Monetary Union, on the participation of a maximum number of competent authorities, on the international dimension of the fight against euro counterfeiting, and on drawing on the experience of the European Central Bank.
- The recitals of a horizontal nature on the financial rules, conditionality regime (recital 9) and the roles of OLAF and EPPO (recital 14) have been updated in accordance with the inter-institutional agreement on the Multiannual Financial Framework.

The Commission supports the agreement reached at the trilogue, which paves the way for a swift adoption of the programme and enhances the effectiveness of the Pericles IV programme in achieving its objectives in several respects. In this regard, it achieves the objectives of the Commission proposal.

4. CONCLUSION

The Commission accepts the position taken by the Council, which fully reflects the agreement reached by the co-legislators on 29 January 2021.