

Protection of the euro against counterfeiting, Pericles programme 2002-2005

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PURPOSE : to present a report on the implementation and results of the Pericles programme for the protection of the euro against counterfeiting.

CONTENT :Article 13(3)(b) of the Pericles Decision, a detailed report on the implementation and results of the Programme is required to be submitted to the European Parliament and the Council. The present report responds to that requirement.

Overall, since early Summer 2003, the number of counterfeit euro banknotes detected in circulation has stabilised at about 50 000 a month, a level below the pre-euro levels, lower than the US dollar and extremely low compared to the 9 billion genuine euro banknotes in circulation. At the same time, the number of counterfeit euro coins is continuing to increase but also remains low by historical standards. In addition, the police forces have successfully conducted a number of operations to dismantle workshops and seize large numbers of counterfeit banknotes and coins before they enter into circulation.

This overall favourable situation is the result of a long preparation at both legislative and institutional level and demonstrates the high level of cooperation achieved in EU and at international level.

The Pericles programme is playing a significant role in achieving the present results in the protection of the euro and the fight against the crime of counterfeiting, through the exchange of information and the development of cooperation. Training and technical assistance plays an important role in this respect, hence the need to continue the Pericles programme.

As regards the implementation of the programme : based on the reference amount of EUR 4 million for the period 2002-2005 and EUR 1 million for 2006, the annual appropriations authorised under the Pericles programme, were EUR 1.2 million for 2002; EUR 0.9 million for 2003; EUR 0.9 million for 2004; EUR 1 million for 2005 and EUR 1 million for 2006.

The implementation of the Programme made a slow start, mainly due to its adoption in December 2001. Thus, the first project under Pericles was only carried out in October 2002 and the amount committed in 2002 was just under 40% of the initial budget allocation. Subsequently, the programme took off and the budget allocation was committed at high levels in 2003, 2004 and 2005. Based on these statistics /forecasts, the overall level of commitments during the period 2002-2006 will have reached 80% of the initial reference amount.

Value added of the programme : the Pericles programme has been offering substantial value added to the protection of the euro against counterfeiting. This has materialised through a broad range of actions

undertaken, the precise targeting of the actions and the large numbers of participants.

Emphasis was put on the European dimension of the fight against euro counterfeiting and, in addition to the EU Member States, it was possible to target sensitive geographical areas. Finally, the Pericles programme has made a substantial contribution to the further improvement of coordination and cooperation at international, European and Member States level, as well as the creation of more solid structures for the protection of the European currency.

Broad range of Actions : in the course of the first four years of the programme 50 projects were initiated; for 2006 another 14 actions are intended by the Member States and the Commission. Of the total 64 projects, 48 originate from the competent authorities of Member States, while 16 were initiatives of the Commission/OLAF. Most of the actions carried out have been conferences, seminars and workshops, as well as specialised training courses. Staff exchange has, nonetheless, gained ground and has now become a standard feature of Pericles. Following enlargement, this type of activity is likely to develop further, which is also in line with the recommendation of the Pericles evaluator. Only one technical study was implemented under the current Pericles and another two are in the

process of implementation in 2006.

European Dimension : the organisation of Pericles actions covered all the areas relevant to the protection of the euro: law enforcement, judicial, financial and technical and promoted particularly the creation of networks useful for achieving greater efficiency in the fight against the crime of counterfeiting. The European dimension of the protection of the euro is emphasised through the systematic involvement of ECB, Europol and other European and international organisations in Pericles actions.

Geographical Emphasis : the Pericles actions have taken place mostly inside the EU. However, a number of actions have been organised in third or candidate countries, reflecting the specific needs to protect the euro. Awareness-raising actions were a priority for candidate countries before accession. By

identifying areas having a major impact on the production of counterfeit banknotes, South America, in particular Colombia became a major focus for Pericles actions, as were countries neighbouring the EU, including Bulgaria and Romania.

Coordination among European Bodies and within the Commission : Pericles has now practically centralised Community level initiatives carried out by the Commission and Member State with respect to the protection of the euro and has also largely replaced the Commission's specific 'Protection of the euro' budget line. A small number of actions geared to the protection against currency counterfeiting are carried out under other Community programmes, such as TAIEX and Twinning. Such actions are mainly single-country or single-subject actions (i.e. not eligible under Pericles) and are systematically coordinated with Pericles by the competent service in the Commission in coordination with Member States.

Increased cooperation and coordination among Member States : the success of the Pericles programme is demonstrated by the increased effectiveness of the cooperation among law enforcement agents, and more recently, representatives of the judiciary and financial institutions. This is true particularly between Member States but also with respect to acceding, candidate and other neighbouring countries. In addition to its training and technical content, the Pericles programme provides a forum for regular contacts among experts responsible for the protection of the euro but importantly, also enables professionals to develop links which contribute to closer working relationships and improved cooperation overall.

Structural improvements : Pericles actions have led to a number of structural and other improvements in Member States and in third countries. Among others, National Central Offices for the fight against counterfeiting were created in several countries; two Pericles seminars assisted the (then) acceding countries in their efforts to apply the Community acquis in the specific area of protecting the euro; a code of conduct was drawn with respect to press and communication issues; and one of the workshops led to a proposal, by Member States, for a Council Recommendation.