



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.7.2003  
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2003/0158 (CNS)

Proposal for a

**COUNCIL DECISION**

**concerning the analysis and cooperation with regard to counterfeit euro coins**

(presented by the Commission)

## **EXPLANATORY MEMORANDUM**

### **1. The scheme for the protection of the euro coins**

Council Regulation (EC) No 1338/2001 of 28 June 2001<sup>1</sup> laying down measures necessary for the protection of the euro against counterfeiting, and in particular its Article 5, provides for the analysis and classification of counterfeit coins by the Coin National Analysis Centre (CNAC) in each of the EU Member States<sup>2</sup> and by the European Technical and Scientific Centre (ETSC). The smooth operation of this structure requires cooperation among those authorities which carry out the technical tasks of analysis and classification of the counterfeit euro coins.

In its conclusions of 28 February 2000, the Ecofin Council agreed the technical scheme for handling counterfeit euro coins. The main principles for its implementation were enshrined in the above Regulation.

The Member States have established or designated appropriately equipped CNACs and the Commission has provided for a framework for the co-ordination of Member States' actions regarding the collection and technical analysis of counterfeit euro coins. For that purpose, the Commission has informally set up the Counterfeit Coin Experts Group, which it manages and chairs.

### **2. The European Technical and Scientific Centre**

Based on an exchange of letters between the President of the Ecofin Council and the Finance Minister of France of 28 February and 9 June 2000, the ETSC was established on a temporary basis at the French Mint as an entity distinct and independent from the hosting structure. The ETSC has started operating on 1 October 2001. The Commission has appointed staff for the ETSC, which carries out the necessary analyses in close proximity to the French CNAC. The French authorities put the relevant staff and equipment, as a priority, at the disposal of the ETSC and provide secretarial assistance, premises, equipment and maintenance for the functioning of the ETSC. Thus, the Community budget bears the travel cost of the appointed ETSC staff and minor office expenditure (phone communications).

Council Regulation (EC) No 1338/2001 and the exchange of letters of 28 February and 9 June 2000 provide that the future status and the permanent location of the ETSC will be decided by the Council in due course. In line with the Ecofin Council conclusions of February 2000, a status report was prepared assessing the performance of the ETSC. The report was prepared under the responsibility of the EU Mint Directors and concludes that the location at which the ETSC presently carries out its activity is appropriate and that the Commission ensures the appropriate administrative and institutional setting in terms of efficiency and independence.

The status report has been endorsed by the Economic and Financial Committee (EFC), which welcomes the assessment report on the ETSC and proposes that it should continue to carry out its activities using the facilities of the French Mint. The EFC also suggests that the Commission should continue co-ordinating Member States' technical work related to the

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<sup>1</sup> OJ L 181, 4.7.2001, p. 6.

<sup>2</sup> Regulation 1339/2001 (L 181, 4.4.2001, p. 11) extends the effects of Regulation (EC) No 1338/2001 to those Member States which have not adopted the euro as their single currency.

protection of the euro coins and take the appropriate action for ensuring the functioning of the ETSC. The EFC has approved draft conclusions for the Ecofin Council to that effect.

Based on the above, two formal steps are envisaged: one Council Decision assigning to the Commission the responsibilities regarding the functioning of the ETSC and the co-ordination of the Member States technical actions to protect the euro coins against counterfeiting; and a subsequent Decision by the Commission by which it implements that responsibility.

The current proposal refers to the first of the two steps.

### **3. The proposed Council Decision**

The aim of the proposed Council Decision is to formally assign to the Commission the responsibility to ensure the functioning of the ETSC and the co-ordination of the activities of the competent technical authorities to protect euro coins against counterfeiting.

The proposal is based on article 123(4) EC and is aimed at implementing article 5 of Council Regulation 1338/2001, related to the analysis and classification of counterfeit euro coins.

The Commission is currently providing the framework allowing the co-ordination of Member States technical actions to protect the euro coins against counterfeiting and has been ensuring the functioning of the ETSC, since it became operational in October 2001, through management and administrative support. The Member States are satisfied with the performance of the ETSC.

As a result, the Commission should continue to perform these activities carried out until now on a temporary basis, ensuring that the protection of the euro coins is carried out on a basis of stability and independence.

The sole Article of the proposed Council Decision specifies the responsibilities to be assigned to the Commission. These include the functioning of the European Technical and Scientific Centre and the co-ordination of the activities of the competent technical authorities to protect the euro coins against counterfeiting.

Under the current configuration of the tasks of the ETSC and the level of coin counterfeiting, no additional financial means will be required.

### **4. Intended follow-up action by the Commission**

Building on the above Council Decision, the Commission would then adopt a Commission Decision, by which:

- (1) it will establish the ETSC as part of the Commission's services in Brussels and will detach staff to the French Mint in order to use its technical facilities;
- (2) it will formally provide for the necessary co-ordination of Member States' technical action for the protection of the euro coins;
- (3) it will provide for regular reporting to the EFC on the co-ordination activities.

Prior to the adoption of the Commission's Decision, a formal commitment by the French authorities will be required, confirming the continuation of the present sharing of the relevant costs.

The ETSC would continue to work in close collaboration with the EU Mint Directors and would continue to report annually to the EFC, the ECB, Europol and the competent authorities in Member States.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular the third sentence of Article 123(4) thereof,

Having regard to the proposal from the Commission<sup>3</sup>,

Having regard to the opinion of the European Parliament<sup>4</sup>,

Having regard to the opinion of the European Central Bank<sup>5</sup>,

Whereas:

- (1) Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting<sup>6</sup> provides for the analysis and classification of counterfeit coins by the Coin National Analysis Centre (CNAC) in each of the Member States and by the European Technical and Scientific Centre (ETSC). The Commission has provided, since the year 2000, the framework for the co-ordination of the relevant actions of those technical authorities,
- (2) Since October 2001, the ETSC has been carrying out its tasks on a temporary basis at the French Mint with administrative support and management provided by the Commission, in line with an exchange of letters between the President of the Council and the French Minister for Finance of 28 February and 9 June 2000.
- (3) In order to ensure the continuity and independence of the protection of euro coins against counterfeiting, the Commission should be given responsibility for performing the activities of the ETSC and for ensuring the co-ordination of the competent technical authorities in their actions in this field,

HAS DECIDED AS FOLLOWS:

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<sup>3</sup> OJ C , , p. .

<sup>4</sup> OJ C , , p. .

<sup>5</sup> OJ C , , p. .

<sup>6</sup> OJ L 181, 4.7.2001, p. 6.

*Sole Article*

The Commission shall ensure the functioning of the European Technical and Scientific Centre and the co-ordination of the activities of the competent technical authorities to protect euro coins against counterfeiting.

Done at Brussels,

*For the Council  
The President*

## ANNEX

### FINANCIAL IMPACT

No additional financial impact.

#### 1. FINANCIAL IMPACT ON PART B

No financial impact.

#### 2. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

No additional impact. The needs for human and administrative resources shall be covered within the allocation granted to the managing DG in the framework of the annual allocation procedure.

##### 2.1. Impact on human resources

One temporary agent A-5 and one temporary agent A-7, to be provided from existing resources. Based on the current standards, the annual cost of the two agents is 135000 euro.

##### 2.2. Other administrative expenditure deriving from the action

Budget line (A-360; 24.01.06 as of 2004)	Amount €	Method of calculation
<b>Overall allocation (Title A7)</b>	-	
<b>Information systems (A-5001/A-4300)</b>	Provided by the French Mint	
<b>Other expenditure - Part A</b>		Based on previous year and estimates for coming years
A01300 – Missions	23000	
A02500 – Meetings of counterfeit coin experts	50000	
A02410 – Telephone, fax, telex	3000	
Other expenditure	Premises provided by the French Mint	
Total	76000	

The amounts are total expenditure for twelve months.