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REPORT

1. on the proposal for a Council decision establishing a training, exchange and assistance programme for the protection of the euro against counterfeiting ('Pericles' programme)
(COM(2001) 248 – C5-0303/2001 – 2001/0105(CNS))

and

2. on the proposal for a Council decision extending the effects of the Decision establishing a training, exchange and assistance 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
(COM(2001) 248 – C5-0304/2001 – 2001/0106(CNS))

Committee on Citizens' Freedoms and Rights, Justice and Home Affairs

Rapporteur: Gerhard Schmid

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

CONTENTS

	Page
PROCEDURAL PAGE	4
1. LEGISLATIVE PROPOSAL.....	5
DRAFT LEGISLATIVE RESOLUTION	15
2. LEGISLATIVE PROPOSAL.....	16
DRAFT LEGISLATIVE RESOLUTION	16
EXPLANATORY STATEMENT	17
OPINION OF THE COMMITTEE ON BUDGETS	20
OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS	29

PROCEDURAL PAGE

By letter of 26 June 2001 the Council consulted Parliament on the proposal for a Council decision on establishing a training, exchange and assistance programme for the protection of the euro against counterfeiting ('Pericles' programme) (COM(2001) 248 – 2001/0105(CNS)).

By letter of 26 June 2001 the Council consulted Parliament, pursuant to Article 308 of the EC Treaty, on the proposal for a Council decision extending the effects of the Decision establishing a training, exchange and assistance 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 (COM(2001) 248 – 2001/0106(CNS)).

At the sitting of 5 July 2001 the President of Parliament announced that she had referred the two proposals to the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs as the committee responsible and the Committee on Budgets for its opinion. At the same sitting the President of Parliament announced that she had referred the two proposals to the Committee on Economic and Monetary Affairs and the Committee on Employment and Social Affairs for their opinions (C5-0303/2001 and C5-0304/2001).

The Committee on Citizens' Freedoms and Rights, Justice and Home Affairs appointed Gerhard Schmid rapporteur at its meeting of 10 July 2001.

It considered the Commission proposals and the draft report at its meetings of 28 August, 9 October and 16 October 2001.

At the last meeting it adopted the amended text by 12 votes to 1 with 2 abstentions, the first draft legislative resolution by 12 votes to 1 with 2 abstentions, and the second draft legislative resolution by 13 votes to 0 with 2 abstentions and decided to apply the procedure without debate pursuant to Rule 114(1) of the Rules of Procedure.

The following were present for the vote: Giuseppe Di Lello Finuoli, acting chairman; Gerhard Schmid, rapporteur; Niall Andrews, Roberta Angelilli, Carlos Coelho, Gérard M.J. Deprez, Pernille Frahm, Margot Keßler, Alain Krivine (for Fodé Sylla), Juan Andrés Naranjo Escobar (for Jorge Salvador Hernández Mollar), Hartmut Nassauer, Paolo Pastorelli, Hubert Pirker, Anna Terrón i Cusí and Christian Ulrik von Boetticher.

The opinions of the Committee on Budgets and the Committee on Economic and Monetary Affairs are attached; the Committee on Employment and Social Affairs had decided on 21 June 2001 not to deliver an opinion.

The report was tabled on 18 October 2001.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

LEGISLATIVE PROPOSAL

1. Proposal for a Council decision on establishing a training, exchange and assistance programme for the protection of the euro against counterfeiting ('Pericles' programme) (COM(2001) 248 – C5-0303/2001 – 2001/0105(CNS))

The proposal is amended as follows:

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1 Recital 7

(7) In the Commission communication to the Council, the European Parliament and the European Central Bank of 22 July 1998 on the protection of the euro², the Commission stated that it would examine the possibility of launching a pilot training scheme for all parties involved in preventing, detecting and suppressing counterfeiting. This measure would be designed to complement national vocational training policies and should allow guidelines to be determined for training policy in the coming years.

(7) In the Commission communication to the Council, the European Parliament and the European Central Bank of 22 July 1998 on the protection of the euro³, the Commission stated that it would examine the possibility of launching a pilot training scheme for all parties involved in preventing, detecting and suppressing counterfeiting. This measure would be designed to complement national vocational training policies and should allow guidelines to be determined for training policy in the coming years. ***In the resolution adopted on 17 November 1998 on that communication, the European Parliament called on the Commission to submit a proposal in this connection.***

Justification

The fact that the Commission proposal comes in response to Parliament's wishes should not go unmentioned.

¹ OJ C 240 E, 28.8.2001, p. 120.

² COM(1998) 474 final.

³ COM(1998) 474 final.

Amendment 2
Recital 12 a (new)

(12a) CEPOL (the European Police College) whose aim and mission is to develop a European approach to the main problems facing Member States in the fight against crime, crime prevention, and the maintenance of law and order and public security, in particular the cross-border dimensions of those problems.

Justification

This college must be included in the bodies responsible for combating counterfeiting.

Amendment 3
Recital 14 a (new)

(14a) Compatibility of the budgetary repercussions of this programme with the financial programming in force;

Justification

Amendment seeking to ensure compatibility with the financial perspective.

Amendment 4
Article 2, paragraph 2, introduction and indent 1

In particular, its remit shall encompass:

- ***raising awareness of the staff concerned of the Community dimension of the new currency (also as a reserve currency and a currency for international transactions);***

Its remit shall encompass:

Deleted

Justification

In the interests of efficient allocation of scarce resources, the programme must focus on what is essential. It can be assumed that Member State authorities are aware of the Community dimension of the euro.

Amendment 5
Article 2, paragraph 2, indent 4

- *expanding general knowledge of Community and international law and instruments.* Deleted

Justification

Because of national differences, knowledge of the law can be better publicised by Member States.

Amendment 6
Article 3, paragraph 3

3. Technical, scientific and operational support shall concern any measure which establishes *teaching resources at European level (handbook of EU legislation, information bulletins, practical manuals, glossaries and lexicons, databases, especially in the area of scientific assistance or technology watch) or software support applications but also studies with a multidisciplinary and transnational dimension* and the development of technical support instruments and methods to facilitate detection activities at European level.

3. Technical, scientific and operational support shall, *as needed, also* concern any measure which establishes software support applications at *European level* and the development of technical support instruments and methods to facilitate detection activities at European level, *but shall concern the establishment of teaching resources only in so far as this appears necessary for training seminars organised as part of the programme.*

Justification

The programme must concentrate on passing on knowledge and exchanging information. Multidisciplinary and transnational studies are very involved and thus would go beyond the programme's remit. The programme is unlikely in the normal course of events, because of its limited funding, to be able to accommodate the production of teaching resources, information bulletins, glossaries, lexicons, databases or transnational studies and the like, however interesting that may be.

Amendment 7

Article 4, paragraph 1, indent 1

- staff of agencies (police, customs, **tax authorities, etc.**) engaged in detecting and combating counterfeiting;

- staff of agencies (police **and** customs) engaged in detecting and combating counterfeiting;

Justification

In accordance with the principle of efficient allocation of scarce resources, the programme must be confined to occupants of key anti-counterfeiting positions, since only there can a multiplier effect be achieved.

Amendment 8

Article 4, paragraph 1, indent 2

- **intelligence personnel;**

deleted

Justification

See justification for Amendment 7.

Amendment 9

Article 4, paragraph 1, indent 4

- **judicial officers and specialist lawyers;**

deleted

Justification

See justification for Amendment 7.

Amendment 10
Article 4, paragraph 1, indent 5

- any other group of specialists concerned (chambers of commerce and industry and comparable structures providing access to craftsmen and traders, hauliers, etc.). *deleted*

Justification

See justification for Amendment 7.

Amendment 11
Article 4, point 2, introduction

2. Contributions and expertise

The following parties shall contribute their respective areas of expertise to the objectives of the Community programme:

2. Contributions and expertise

The following parties shall contribute their respective areas of expertise to the objectives of the Community programme, ***in accordance with the terms of Article 7 of Regulation No 1338/2001¹***:

Justification

This college must be included in the bodies responsible for combating counterfeiting.

¹ OJ L 181, 4.7.2001, p. 6.

Amendment 12
Article 4, paragraph 2, indent 4

- **the Commission**, Europol and Interpol; Europol and Interpol;

Justification

Guest speakers must be selected on the basis of targeted profiling. An ability to make some form of contribution on the euro and counterfeiting is not enough. It is not clear to what extent the Commission has specialist counterfeiting knowledge comparable to that of Interpol and Europol which would make it advisable to involve the Commission on an expert basis.

Amendment 13
Article 4, point 2, indent 5 (new)

- **CEPOL (European Police College)**;

Justification

This college must be included in the bodies responsible for combating counterfeiting.

Amendment 14
Article 4, paragraph 2, indent 6

- specialist bodies concerned, **for instance**,
by **duplication and** certification
technologies, **printers and engravers**;

- specialist bodies concerned by
certification technologies;

Justification

Engravers and printers can be dispensed with since specialist certification bodies also have that knowledge.

Amendment 15
Article 4, paragraph 2, indent 7

- *any* other *body* offering specific expertise, *including, where appropriate*, third countries and in particular applicant countries.

- *where needed*, other *bodies* offering specific expertise, *e.g. in* third countries and applicant countries.

Justification

See first two sentences of justification for Amendment 12.

Amendment 16
Article 6, indent 1

- the associated countries of Central and Eastern Europe (CEECs);

- the associated countries of Central and Eastern Europe (CEECs) *and the states of former Yugoslavia*;

Justification

Combating euro counterfeiting is primarily in the interests of the EU itself. Appropriate knowledge should be available anywhere there is large-scale use of the euro as a means of payment. The euro is likely to replace the deutschmark in various countries which used to be part of Yugoslavia. In view of the commonly found economic difficulties of the countries concerned, it does not seem appropriate to levy a financial contribution.

Amendment 17
Article 6, indent 3

- on the basis of joint financial involvement, cooperation with other third countries can also be envisaged.

- on the basis of joint financial involvement, cooperation with other third countries can also be envisaged *in which the euro is likely to circulate, and which present potential risks of counterfeiting, with consideration to be given on a case-by-case basis to the levying of a financial*

contribution.

Justification

See justification for Amendment 16.

Amendment 18
Article 7, paragraph 1

1. The workshops, meetings and seminars provided for in Article 3(2b) may be organised jointly with other bodies such as Europol, Interpol or the ECB, provided the related expenses are divided on a proportional basis or those bodies provide at least a substantial contribution in kind. In any event, each body shall bear the travel and accommodation costs of its guest speakers.

1. The workshops, meetings and seminars provided for in Article 3(2b) may be organised jointly with other bodies such as Europol, Interpol or the ECB, provided the related expenses are divided on a proportional basis or those bodies provide at least a substantial **and quantifiable** contribution in kind **to the co-financing arrangements**. In any event, each body shall bear the travel and accommodation costs of its guest speakers.

Justification

The arrangements relating to entry in the budget should be spelt out and the amounts allocated each year should be linked to the outcome of the evaluation.

Amendment 19
Article 7, paragraph 3

3. Assistance

The **Commission** shall bear up to 70% of the cost of the operational support referred to in Article 3(3) by way of co-financing, in particular:

3. Assistance

The **Community budget** shall bear up to 70% of the cost of the operational support referred to in Article 3(3) by way of co-financing, in particular:

Justification

The arrangements relating to entry in the budget should be spelt out and the amounts allocated each year should be linked to the outcome of the evaluation.

Amendment 20
Article 7, paragraph 3, indent 2

- the cost of studies, particularly comparative law studies, on the protection of the euro against counterfeiting. Deleted

Justification

In an effort to maximise the efficiency of the programme, comparative law studies should be dispensed with. See Amendments 5 and 6.

Amendment 21
Article 7, paragraph 4a (new)

4a. Any expenditure of an administrative nature within the meaning of Article 19 of the Financial Regulation shall be financed under line B...A relating to the programme.

Justification

The arrangements relating to entry in the budget should be spelt out and the amounts allocated each year should be linked to the outcome of the evaluation.

Amendment 22
Article 7, paragraph 4b (new)

4b. The amounts allocated to this programme shall be decided annually by the budgetary authority and shall take account of the evaluation criteria set out in Article 8 below.

Justification

The arrangements relating to entry in the budget should be spelt out and the amounts allocated each year should be linked to the outcome of the evaluation.

Amendment 23

Article 8, paragraph 1, third indent

- complementarity with other previous, current or future projects;

- complementarity with other previous, current or future projects, ***in particular those within the framework of the Prince programme and law enforcement measures under the third pillar;***

Justification

The budgetary authority should be informed of the evaluation of this programme.

Amendment 24

Article 8, paragraph 4

4. The Commission shall send to Parliament and the Council by 31 December 2004 an outside report evaluating the relevance, the efficiency and the effectiveness of the programme.

4. The Commission shall send to Parliament and the Council by 31 December 2004 an outside report evaluating the relevance, the efficiency and the effectiveness of the programme. ***When the Commission submits the preliminary draft budget, it shall forward to the budgetary authority the result of the quantitative and qualitative evaluation of the measure based on the annual programme and on the performance indicators.***

Justification

The budgetary authority should be informed of the evaluation of this programme.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the proposal for a Council decision establishing a training, exchange and assistance programme for the protection of the euro against counterfeiting ('Pericles' programme) (COM(2001) 248 – C5-0303/2001 – 2001/0105(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2001) 248¹),
 - having been consulted by the Council (C5-0303/2001),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs and the opinions of the Committee on Budgets and the Committee on Economic and Monetary Affairs (A5-0362/2001),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
 3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 4. Asks to be consulted again if the Council intends to amend the Commission proposal substantially;
 5. Instructs its President to forward its position to the Council and Commission.

¹ OJ C 240 E, 28.8.2001, p. 120.

LEGISLATIVE PROPOSAL

2. Proposal for a Council decision extending the effects of the Decision establishing a training, exchange and assistance 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 (COM(2001) 248 – C5-0304/2001 – 2001/0106(CNS))

The proposal is approved.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the proposal for a Council decision extending the effects of the Decision establishing a training, exchange and assistance 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 (COM(2001) 248 – C5-0304/2001 – 2001/0106(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2001) 248¹),
 - having been consulted by the Council pursuant to Article 308 of the EC Treaty (C5-0304/2001),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs and the opinions of the Committee on Budgets and the Committee on Economic and Monetary Affairs (A5-0362/2001),
1. Approves the Commission proposal;
 2. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 3. Asks to be consulted again if the Council intends to amend the Commission proposal substantially;
 4. Instructs its President to forward its position to the Council and Commission.

¹ OJ C 240 E, 28.8.2001, p. 124.

EXPLANATORY STATEMENT

1. Introduction

Obviously, every means must be used to combat euro counterfeiting: counterfeiting not only harbours a danger of inflation, since it expands the money supply; it also involves a risk of increasing loss of confidence in a currency, with potentially serious economic consequences. In addition, counterfeiting (especially if it is done on a large scale) is often driven by organised structures. If only to deprive organised crime of this source of income, it must be rigorously combated.

The reason why there is a particularly urgent need for action concerning the euro is that, during the start-up phase in particular, no-one will be familiar with the new currency and it will therefore be relatively easy to bring counterfeit money into circulation. In addition, it will be a key currency, alongside the yen and the dollar, and as such will be much more attractive to forgers than individual predecessor currencies.

2. The Commission proposal

2.1. Assessing the strategy: combating counterfeiting through training

To counter the increased risk of counterfeiting, the Commission submitted a strategy to safeguard the euro as long ago as July 1998 in the communication entitled 'Protection of the euro - Combating counterfeiting'¹. The section on measures to step up protection under criminal law has already been acted on. The programme under consideration is now intended to tackle the training-related measures that are sought.

What is being sought has basically already been welcomed by the rapporteur in his report on the communication referred to and by Parliament, following his line, in its resolution, which, regrettably, has been ignored in the proposal (Amendment 1). The Member States' experience concerning counterfeiting differs very widely. As a rule, the most experience and knowledge of counterfeiting is to be found in those states whose national currencies are attractive to forgers and thus susceptible to counterfeiting. Only if knowledge is brought up to a uniformly high level across Europe can counterfeiters be prevented from exploiting the fact that many a Member State has largely escaped this type of crime.

2.2. The need to extend the programme to third countries

Regardless of the need for training measures in the Member States, the importance of the fact that the euro will also be used as a means of payment in third countries must not be underestimated. The proposal provides for the programme also to be open to the CEECs, Malta, Turkey and Cyprus plus the EFTA countries, but not to other third countries unless they make a financial contribution.

¹ COM (1998) 474.

These provisions seem questionable, given that combating euro counterfeiting is in the interests of the EU, primarily, and that therefore third states should not be prevented from taking part in training measures on cost grounds. Member State currencies are de facto means of payment in several non-Community countries and are also likely to be superseded by the euro. It is precisely in those countries in economic difficulties, such as in various states of former Yugoslavia, where the deutschmark serves as a parallel currency, where it does not appear to make sense to insist on a contribution towards costs. That should be taken into account in the programme (Amendments 16 and 17).

2.3. Need for the programme to be restricted in order to make it more efficient

The resulting additional costs can be offset by using the available funding more efficiently and focusing the programme, as regards training, on areas where there is a specific need to act as a result of the introduction of the euro. The currently projected scale of the programme is too sweeping; certain constraints need to be placed on the proposal.

Objectives of the programme (Article 2)

The aim of the programme must be to bring general awareness into line with the highest level of knowledge in the Member States and to ensure that there is equivalence of training for instructors in the Member States. These points should therefore be endorsed. Doubtless, those responsible for training in the Member States do not have to have their attention drawn to the Community dimension of the new currency, since it can be assumed that occupants of key national anti-counterfeiting positions have that knowledge and thus do not have to be educated accordingly. Nor can it be an objective of the programme to publicise laws and instruments, since they differ from country to country and that would involve the Commission in vast efforts to try its hand at a task which the Member States themselves can carry out far better (Amendments 4 and 5).

The measures sought (Article 3)

The programme's measures must be effective where a threat is to be countered of an emerging security gap as a result of the introduction of the euro, because of its special nature, and the measures must therefore be targeted on exchanging and passing on knowledge. Measures to establish teaching resources can be carried out to a limited extent only, and should therefore be restricted to what is necessary for carrying out the training events under the programme. Tools and technical procedures to support counterfeit detection across Europe must be subject to cost-benefit considerations. Before approval, however desirable such measures may appear on principle, consideration must be given to priorities and possible alternative uses for the necessary resources. Given the principle of efficient allocation of scarce resources, there is at any rate no scope for multidisciplinary and transnational studies, glossaries, lexicons and the like, however interesting all that may be, too (Amendments 6 and 20).

Programme access (Article 4)

As far as the target group is concerned, the programme must concentrate on those in key anti-counterfeiting positions and/or responsible at national level for training in banks and the police service, etc., so that they act as 'multipliers', and facilitate an exchange of knowledge between them. It therefore would seem correct for the counterfeiting detection and combating departments within central banks, the police service, customs authorities and probably the judiciary, too, to be targeted, even if central bank representatives are already being trained by the ECB. In the interests of standardised training, there may be a wish to include national commercial banks, too, even if their training is normally handled by national central banks. The inclusion of tax authorities is inexplicable, however, since they usually do not handle cash, as is the inclusion of intelligence personnel, who, if they are tasked with investigating organised crime involving counterfeit money, can fall back on police intelligence, but, because of the need for secrecy, are not normally interested in attending training sessions in public. It also appears possible to dispense with the inclusion, which is what is intended by Article 4(1), fifth indent, of the proposal, of 'any other group of specialists concerned (chambers of commerce and industry or comparable structures providing access to craftsmen and traders, hauliers, etc.)', since this would mean devoting an enormous effort to 'non-multipliers' and the resources can be put to other, and better, uses (Amendments 7-10).

The group of individuals to be called in as guest speakers must be selected on the basis of targeted profiling. An ability to make a contribution, whatever it may be, on the issues of the euro and counterfeiting is not a sufficient criterion. Similarly, it is not entirely obvious to what extent the Commission has acquired experience in the field of counterfeit money that is comparable to that of Europol or Interpol, for instance, which would make it advisable to involve the Commission in an expert capacity. It also appears possible to dispense with involving printers and engravers, since it is to be hoped that specialist certification bodies have the appropriate expertise. There must be maximum streamlining of the programme (Amendments 12, 14 and 15).

Only on the basis of these amendments, which seek to make better use of the resources available and are therefore essential to ensure the programme efficiency that is being sought after, can the rapporteur endorse adoption of the programme.

26 September 2001

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs

on the proposal for a Council Decision establishing a training, exchange and assistance programme for the protection of the euro against counterfeiting ("Pericles" programme) (COM(2001) 428 – C5-0303/2001 – 200170105 (CNS))

and the proposal for a Council Decision extending the effects of Decision establishing a training, exchange and assistance 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 (COM(2001) 428 – C5-0303/2001 – 200170105 (CNS))

Draftsman: Juan Andrés Naranjo Escobar

PROCEDURE

The Committee on Budgets appointed Juan Andrés Naranjo Escobar draftsman at its meeting of 26 June 2001.

It considered the draft opinion at its meeting of 12-13 September 2001.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Terence Wynn, chairman; Reimer Böge, vice-chairman; Juan Andrés Naranjo Escobar, draftsman; Gordon J. Adam (for Joan Colom i Naval pursuant to Rule 153(2)), Ioannis Averoff, Jean-Louis Bourlanges, Kathalijne Maria Buitenweg, Paulo Casaca, Carlos Costa Neves, Den Dover, James E.M. Elles, Göran Färm, Markus Ferber, Salvador Garriga Polledo, Neena Gill, Catherine Guy-Quint, John Joseph McCartin, Jan Mulder, Giovanni Pittella, Elly Plooij-van Gorsel (for Anne Elisabet Jensen), Bartho Pronk (for Armin Laschet), Encarnación Redondo Jiménez (for Alejo Vidal-Quadras Roca), Esko Olavi Seppänen (for Chantal Cauquil), Per Stenmarck, Francesco Turchi, Kyösti Tapio Virrankoski and Ralf Walter.

SHORT JUSTIFICATION

Background

The third sentence of Article 123(4) TEC, which enables the Council, acting on a proposal from the Commission and after consulting the ECB, to take the measures necessary for the rapid introduction of the euro as the single currency of the Member States, covers training, exchange and assistance measures for the protection of the euro against counterfeiting. In addition, Article 308 TEC offers the possibility of extending the measures taken on the basis of Article 123 to the Member States which have not adopted the euro as the single currency.

These proposals seek to establish the legal bases that the Commission considers necessary to combat counterfeiting of the euro effectively, in addition to the various existing initiatives, namely:

- the Commission Communication of 22 July to the Council, Parliament and the European Central Bank¹
- the Ecofin Council guidelines of 19 May 1998 and 23 November 1998²;
- the conclusions of the Nice European Council of 7, 8 and 9 December 2000;
- the European Parliament's resolution of 17 November 1998³;
- the ECB recommendation of 7 July 1998⁴;
- the extension of Europol's mandate to counterfeiting on 29 April 1999⁵;
- the framework decision of 29 May 2000⁶ on increasing protection by criminal penalties and other sanctions against counterfeiting in connection with the introduction of the euro;
- Regulations Nos 1338/2001 and 1339/2001⁷.

The measures envisaged to tackle counterfeiting include training, staff exchanges, operational support and technical assistance, through cooperation on an ongoing basis between the various bodies responsible.

Expenditure covers the organisation of workshops, meetings and seminars, placements and staff exchanges, production of teaching materials, design of computer support applications and comparative studies of Community interest.

Budgetary aspects

PERICLES is a multiannual programme (2002-2005) with a reference amount of EUR 4 million. It is to be funded under heading 3 of the Financial Perspective, on line B5-910

¹ COM (1998) 474.

² Conclusions of 19 May 1998 emphasising the importance of putting in place an effective system of protection throughout the Monetary Union and of 23 November 1998 calling for the necessary measures to be taken in good time for everything to be ready by 1 January 2002.

³ A4-0396/98 – C4-0455/98 – 98/0911 (CNS).

⁴ OJ C 11, 15.1.1999.

⁵ OJ C 149, 28.5.1999.

⁶ OJ L 140, 14.6.2000.

⁷ OJ L 181, 4.7.2001.

(General measures to combat fraud). The Commission has allocated a larger amount for the first year (2002), in which notes and coins are actually introduced.

The contribution from the Community budget will be supplemented by other sources, in particular national co-financing and the involvement of other agencies such as Europol, Interpol and the ECB.

There are two funding arrangements:

- up to 100% for measures concerned with technical, scientific and operational assistance at European level, for which the initiative rests with the Commission;
- up to 70% when such measures are requested by the Member States or carried out on the territory of a non-member country.

Rapporteur's observations

The rapporteur supports efforts to protect the single currency within the euro zone and outside it, and hence to ensure its credibility and to strengthen the confidence of European citizens in a process of integration that is without precedent. However, he questions the need for an additional double legal basis, given the existing instruments and the responsibility of the economic operators already involved in combating counterfeiting.

With regard to the budgetary aspects, he would point out that:

- the creation of a specific budget line seems appropriate;
- cooperation with non-member countries (other than applicant countries and EFTA) should be strengthened and made more visible by adding a remark to sub-section B7, to ensure that the source of funding is heading 4 of the Financial Perspective;
- the implementation of an action programme only a few months (weeks) before the actual introduction of the currency is a belated reaction on the part of the Commission and casts doubt on the usefulness of additional legislation, as mentioned above;
- cooperation between national bodies should lead to the rapid creation of joint operational investigation teams, so as to ensure that this measure results in real Community added value;
- contributions in kind made by the authorities involved in joint measures should be quantifiable and taken into account as such in the percentage of co-financing;
- no expenditure of an administrative nature may be funded from section B of the budget, in accordance with the provisions of the Financial Regulation; this confines the budget contributions under line B5-910 to operational measures only;
- the reference amount in the financial statement of the legislative measure is established without prejudice to the decision of the budgetary authority within the

framework of the annual budgetary procedure;

- in accordance with the Joint Declaration of 20 July 2000, the budgetary authority must evaluate the compatibility of any new measure with the financial programming in force;
- the evaluation of the measure provided for in Article 8 will have to be made in quantitative terms, on the basis of the annual programme drawn up by the Commission and communicated to the budgetary authority, and in qualitative terms, on the basis of performance indicators established prior to implementation;
- it is essential to avoid any duplication with existing measures relating to the euro and, in particular, those funded by the Prince programme.

Proposal for a Council Decision establishing a training, exchange and assistance programme for the protection of the euro against counterfeiting ("PERICLES" programme)

AMENDMENTS

The Committee on Budgets calls on the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs, as the committee responsible, to incorporate the following amendments in its report:

Text proposed by the Commission¹

Amendments by Parliament

Amendment 1
Recital 12 a (new)

- CEPOL (the European Police College) whose aim and mission is to develop a European approach to the main problems facing Member States in the fight against crime, crime prevention, and the maintenance of law and order and public security, in particular the cross-border dimensions of those problems.

Justification

This college must be included in the bodies responsible for combating counterfeiting.

¹ OJ C (not yet published).

Amendment 2
Recital 14a (new)

Compatibility of the budgetary repercussions of this programme with the financial programming in force;

Justification

Amendment seeking to ensure compatibility with the Financial Perspective.

Amendment 3
Article 4, point 2
Contributions and expertise

The following parties shall contribute their respective areas of expertise to the objectives of the Community programme:

- the ESCB² and the ECB, especially as regards the technical database (CSM);
- national analysis centres⁴;
- the ETSC⁶ and the national mints;
- the Commission, Europol and Interpol;

The following parties shall contribute their respective areas of expertise to the objectives of the Community programme, ***in accordance with the terms of Article 7 of Regulation No 1338/2001¹***:

- the ESCB³ and the ECB, especially as regards the technical database (CSM);
- national analysis centres⁵;
- the ETSC⁷ and the national mints;
- the Commission, Europol and Interpol;
- ***CEPOL (European Police College)***;

Justification

This college must be included in the bodies responsible for combating counterfeiting.

Amendment 4
Article 6, third indent
International cooperation

¹ OJ L 181, 4.7.2001.

² European System of Central Banks.

³ European System of Central Banks.

⁴ For notes and coins.

⁵ For notes and coins.

⁶ European Technical and Scientific Centre, set up on a provisional basis at the Paris Mint.

⁷ European Technical and Scientific Centre, set up on a provisional basis at the Paris Mint.

- on the basis of joint financial involvement, cooperation with other third countries can also be envisaged.

- on the basis of joint financial involvement, cooperation with other third countries *which have specific economic relations with the Union and present potential risks of counterfeiting* can also be envisaged.

Justification

Extension of the programme should be kept within limits and given a specific focus.

Amendment 5

Article 7, paragraphs 1, 3, 4a (new) and 4c (new)
Financial provisions

1. The workshops, meetings and seminars provided for in Article 3(2b) may be organised jointly with other bodies such as Europol, Interpol or the ECB, provided the related expenses are divided on a proportional basis or those bodies provide at least a substantial contribution in kind. In any event, each body shall bear the travel and accommodation costs of its guest speakers.

1. The workshops, meetings and seminars provided for in Article 3(2b) may be organised jointly with other bodies such as Europol, Interpol or the ECB, provided the related expenses are divided on a proportional basis or those bodies provide at least a substantial *and quantifiable* contribution in kind *to the co-financing arrangements*. In any event, each body shall bear the travel and accommodation costs of its guest speakers.

3. Assistance

The **Commission** shall bear up to 70% of the cost of the operational support referred to in Article 3(3) by way of co-financing, in particular:

- the design and production costs of technical resources and computer applications or technical instruments with a European dimension;
- the costs of studies, particularly comparative law studies, on the protection

3. Assistance

The **Community budget** shall bear up to 70% of the cost of the operational support referred to in Article 3(3) by way of co-financing, in particular:

- the design and production costs of technical resources and computer applications or technical instruments with a European dimension;
- the costs of studies, particularly comparative law studies, on the protection

of the euro against counterfeiting.

of the euro against counterfeiting.

4a. Any expenditure of an administrative nature within the meaning of Article 19 of the Financial Regulation shall be financed under line B...A relating to the programme.

4c. The amounts allocated to this programme shall be decided annually by the budgetary authority and shall take account of the evaluation criteria set out in Article 8 below.

Justification

The arrangements relating to entry in the budget should be spelt out and the amounts allocated each year should be linked to the outcome of the evaluation.

Amendment 6

Article 8, paragraph 1, third indent, and paragraph 4

- complementarity with other previous, current or future projects;

- complementarity with other previous, current or future projects, ***in particular those within the framework of the Prince programme and law enforcement measures under the third pillar;***

The Commission shall send to Parliament and the Council by 31 December 2004 an outside report evaluating the relevance, the efficiency and the effectiveness of the programme.

The Commission shall send to Parliament and the Council by 31 December 2004 an outside report evaluating the relevance, the efficiency and the effectiveness of the programme. ***When the Commission submits the preliminary draft budget, it shall forward to the budgetary authority the result of the quantitative and qualitative evaluation of the measure based on the annual programme and on the performance indicators.***

Justification

The budgetary authority should be informed of the evaluation of this programme.

10 October 2001

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs

on a proposal for a Council decision establishing a training, exchange and assistance programme for the protection of the euro against counterfeiting ("Pericles" programme) (COM(2001) 248 – C5-0303/2001 – 2001/0105 (CNS))

on a proposal for a Council decision establishing a training, exchange and assistance 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 (COM(2001) 248 – C5-0304/2001 – 2001/0106 (CNS))

Draftsman: Helena Torres Marques

PROCEDURE

The Committee on Economic and Monetary Affairs appointed Helena Torres Marques draftsman at its meeting of 27 August 2001.

It considered the draft opinion at its meetings of 12 September and 10 October 2001.

At the last meeting it adopted the following conclusions by 21 votes to 0, with 1 abstention.

The following were present for the vote: Christa Randzio-Plath, chairwoman; José Manuel García-Margallo y Marfil, vice-chairman; Generoso Andria, Richard A. Balfe, Luis Berenguer Fuster, Hans Udo Bullmann, Jonathan Evans, Carles-Alfred Gasòliba i Böhm, Robert Goebbels, Brice Hortefeux, Christopher Huhne, Othmar Karas, Wilfried Kuckelkorn (for Bernhard Rapkay), Werner Langen (for Alexander Radwan), Astrid Lulling, Thomas Mann (for Christoph Werner Konrad), Ioannis Patakis, Fernando Pérez Royo, Mikko Pesälä, Olle Schmidt, Ieke van den Burg (for Pervenche Berès) and Karl von Wogau.

SHORT JUSTIFICATION

Following various initiatives, both at national and European level, to prevent and combat counterfeiting of the Euro, the steering group set up for that purpose between the Commission, the ECB and Europol recently identified the need for training measures to integrate all these various approaches. The Proposal for a Council Decision under review is intended to fill this gap by establishing, under the name of Pericles, such a programme for training, exchange and assistance.

The programme will be targeted at the staff of relevant national authorities, intelligence agencies, the banking system and support organisations of transport, retail and industry. Through seminars and workshops animated by experts from the ESCB, the Commission, Europol and Interpol and national authorities, as well as staff exchanges between national authorities and with international institutions, it will make staff involved more aware of the Community dimension of the new currency, popularise the new multidisciplinary approach, encompassing technical security, detection tools, databases, as well as international agreements and the legal background, and promote a climate of mutual knowledge and trust among staff concerned.

The urgent need for increased co-operation in combating counterfeiting has been highlighted on several occasions by the Committee on Economic and Monetary Affairs and, at its instigation, by the European Parliament as a whole. Against this background, the Council is to be congratulated for the Pericles Programme initiative (CNS 2001/0105), as it will lay the groundwork for a solid network of all the authorities involved in the fight against counterfeiting, with shared procedures and databases. Particularly welcome is the accompanying proposal (CNS 2001/0106), extending the programme to those member States that have not adopted the euro, as counterfeiting and organised crime around the euro certainly will transcend Eurozone boundaries.

Given the urgency of all measures to protect the euro against counterfeiting, it is not intended to amend the Council proposal.

CONCLUSIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs, as the committee responsible, to adopt the Proposals for a Council Decision without amendments.