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**Subject: Draft *e*Customs vision statement and
multi-annual strategic plan**

This document will be discussed on the Electronic Customs Group meeting on 5th November 2004, and the Customs Policy Group (CPG) Deputies meeting on 10 November 2004 and the Trade Contact Group meeting on 18th November 2004.

Introduction

The Member States have taken engagements in the framework of e-Europe and in particular e-government¹, and an action plan has resulted therefore.

Moreover, the Council Resolution of December 5, 2003² which endorsed the Communication by the Commission on a simple and paperless environment for customs and trade³ invites the Commission to "draw up, in close co-operation with Member States, a multi-annual strategic plan, aiming at creating a European electronic environment, which is consistent with the operational and legislative projects and developments scheduled or underway in the areas of customs and indirect taxation".

Consequently, the Commission services have drafted a vision statement and a plan which aims at establishing a list of implementation actions and a timetable to be agreed and respected by all actors involved. The purpose of this document is therefore to serve as a basis of discussion with Member States and traders which will result in a commonly agreed action plan and timetable allowing to dedicate resources both at EU and national level.

1. Vision statement

The Commission and the Member States will aim at achieving by 2008 that

- electronic data exchange between customs offices is possible throughout the Community where required for any customs procedure or any other purpose (e.g. pre-arrival declarations);
- an importer can lodge his summary and/or customs declaration in electronic form from his premises, irrespective of the Member State in which the goods are entering into the Community;
- an exporter can lodge his export declaration in electronic form from his premises, irrespective of the Member State from which the goods are leaving the Community;
- the collection and the repayment/remission of import duties will, in principle, be handled by the customs office responsible for the place where the importer/exporter is established and keeps his customs records;
- the selection of goods for customs controls at border and inland customs offices is based on risk analysis using international, Community and national criteria, the Community criteria being electronically exchanged between the Member States;
- Authorized Economic Operators (AEO), including customs agents, can, at their request, operate throughout the Community on the basis of a single authorization granted according to Community-wide established criteria; this includes the use of facilitations, a common reference for operators and common quality standards, as well as the

¹ Communication from the Commission to the Council, the E.P, the EESC and the CoR on "the role of e-Government for Europe's future" 26.9.2003, COM (2003)final

² OJ N° C 305, p. 1

³ COM (2003) 452, 24.07.2003

existence of a common AEO database accessible by customs offices throughout the Community;

- traders have access to an information portal and a single electronic access point for import and export transactions, irrespective of the Member State in which the transaction starts or ends, and even if the transaction involves agencies other than customs (single window, one-stop-shop).

All existing and future computerised systems related to customs will be part of the *eCustoms* multi-annual strategic plan with the aim of an integrated architecture (e.g. TARIC, NCTS, etc). Fiscal computerised systems (e.g. VIES EMCS) will be taken into account and links will be created where necessary.

2. Multi-annual strategic plan

The multi-annual strategic plan on *eCustoms* has been broken down in the following categories:

- *legal changes and simplification,*
- *operational convergence, and*
- *computerisation of customs processes.*

However, regulatory and operational changes and the computerisation of customs processes will have to be tackled in parallel, in order to enable customs to face the new challenges efficiently. Action undertaken at Community and national level will have to be brought into line.

2.1 Legal changes and simplification (2003-2007)

The use of IT for the benefit of customs authorities and economic operators requires changes to the Customs Code to bring it into accord with the electronic environment. It also offers an opportunity to simplify and harmonise the customs processes across the Community.

The Customs Code (CC) is being modified in two stages:

2.1.1 *Amendment of the CC in order to include security requirements and the Authorised Economic Operator (AEO) concept*

This draft includes the following items which are relevant for electronic customs:

- a common data set for pre-arrival and pre-departure declaration (Art. 36b (1) and 182d (1) CC);
- electronic lodging of pre-arrival and pre-departure declarations (Articles 36b (2) and 182 d (2) CC);
- exchange of data between the customs office of import and the customs office of entry and between the customs office of export and the customs office of exit (Art. 36a (2) and 182c (2) CC);
- an electronic system for risk management (Art. 13 (2) CC);
- a legal framework and common criteria for AEOs (Art. 5a); this will require a common trader reference system.

The draft regulation has reached political agreement and is expected to be adopted by the Council and the E.P. at the beginning of 2005, and is to be applied in 2006, once the necessary implementing provisions, which are currently being drafted, have been adopted. The necessary IT systems must be in place three years later.

2.1.2 *Modernization of the Customs Code*

A modernization of the current Customs Code, with subsequent amendment of its implementing provisions, is underway.

The current draft includes the following additional items which are relevant for eCustoms:

- the obligation for traders to lodge an electronic customs declaration (Art. 90 (a) draft CC Rev. 3);
- the obligation for Member States to introduce a 'single window' (Art. 1 draft CC Rev. 3);
- the creation of a single simplified declaration system for AEO (Art. 10 and 104 draft CC Rev. 3);

The proposal is expected to be adopted by the Commission by the end of 2004 and to be adopted by the Council and the E.P. by 2006. In parallel, the Commission will start drafting and discussing the implementing provisions (CCIP) in 2005.

The whole package (CC and CCIP) is expected to be applied in 2007/2008, including the IT aspects, unless the date of application is deferred for any specific system.

2.2 **Operational convergence (2003-2005)**

In many areas common legal rules do not, by themselves, ensure a level playing field for economic operators or efficient management of the Customs Union. The current diversity in the areas of simplified procedures and risk analysis are cases in point. Along with the legal changes, therefore, common guidelines and working methods are required.

The following activities for operational convergence need to be given priority:

2.2.1 *Risk management*

The exchange of data according to common criteria and standards is essential to ensure efficient risk analysis. A Customs 2007 project group, which has carried out a 'mapping' exercise on risk management since September 2003, has now reported its findings. The report includes a series of recommendations on how to develop, in more detail, the elements of a risk management framework to ensure delivery of a common Community approach. It also outlines, in detail, suggested common risk criteria. The Commission made a presentation to the Customs Policy Group (CPG) on 8th July 2004, setting out the proposed approach and seeking endorsement for it. The system must be operational, at the latest, three years after the CCIP implementing the security-related changes to the Customs Code have entered into force.

2.2.2 *Common criteria for AEO status*

The concept of Authorized Economic Operator is essential in order to allow customs resources to be applied to the areas of greatest risk and to provide

advantageous conditions for approved operators. Work will have to take account of the common position reached on the Commission's proposed changes to the Customs Code. The project group created for making recommendations for the common criteria will recommence its work in the autumn, with the aim of making a report before 30 April 2005. This will be considered in detail by the Working Methods Group and regular updates will be given to the Electronic Customs Group and the Customs Policy Group. It is intended to consult trade fully during the course of this work. The criteria for AEO status must be established in 2005; the corresponding guidelines should be available in 2006.

2.2.3 *Common criteria for simplifications afforded to AEOs*

In parallel with establishing the criteria for AEO status, it will be necessary to agree the benefits of accreditation. These will need to be established in close co-operation with the work on risk management and co-ordinated with the changes in the implementing provisions. The legal provisions will be drafted in 2005, and the corresponding guidelines should be available in 2006.

2.3 **Computerisation of customs processes**

The computerisation of the customs business process is beneficial both to customs administrations and traders. It should allow effective risk analysis, efficient monitoring of trade flow that is of interest to customs administrations and the appropriate selection of consignments to be checked. It should reduce costs for economic operators doing business in the EU, accelerate the movement of goods and get rid of unnecessary formalities.

In order to maximise the added value for the Community, the Commission suggests organizing the computerisation activities along two parallel threads: interoperability between Member States and accessibility to eCustoms for traders.

2.3.1 *Interoperability*

According to the Communication by the Commission on e-government, ***interoperability is the means by which inter-linking of systems, information and ways of working will occur: within or between administrations, nationally or across Europe, or with the enterprise sector.***

2.3.1.1 *Interoperability between Customs administrations in different Members States (2004-2009)*

In order to allow for an efficient monitoring of goods flows, it is important that the customs administrations (and other administrations and agencies involved) of the 25 Member States can exchange information on the movement of goods, and on economic operators without undue delay. This requires that customs practices converge and that the automated customs systems of the Member States and of the Commission can fully interoperate via CCN/CSI.

The Member States and the Commission will draw on their NCTS experience to collaboratively manage and conduct the computerisation activities related to interoperability.

The main projects either underway or planned in order to ensure interoperability are:

- *Automated Export System (AES) (2003-2007)*

For the first stage of AES, namely the Export Control System (ECS), the user requirements have been defined and the functional specification has been reviewed by Member States. The next step will be to achieve political agreement by all Member States to introduce the ECS if and when the test runs have been successfully completed.

The security-related changes to the CC provide a legal basis for the ECS; any remaining gaps will be filled through the creation of a legal basis for data exchange for simplified declarations in the next draft of the modernized CC. It is expected that the ECS will be operational in 2006.

- *Automated Import System (AIS) (2004-2009)*

First discussions on the basis of a draft document describing user requirements took place on 1.06 and 27.09.2004 in the Electronic Customs Group and the project group. The AIS will include processing of pre-arrival information in its scope.

The security-related changes to the CC provide a legal basis for the ICS as far as the data exchange concerns summary declarations. In addition, an explicit legal basis will be created for simplified declarations in the next draft of the modernized CC. It is expected that the first phase of the system will be operational in 2008.

- *Exchange of risk information (2004-2007)*

The user requirements and functional specifications for a more secure system to exchange and manage risk information (RIF) have been agreed and the project is now proceeding. This is based on the experience gained in the current pilot system implemented on the CIRCA infrastructure, through the exchange of e-mails. The implementation of Community Risk Management Framework (RMF) is likely to engender additional IT activities, including common technical specifications for national risk analysis systems, and ensuring Community profiles are readily incorporated into the national systems. Statistical information could also be duly obtained and processed via this approach. This will require interconnectivity and interoperability possibilities between the national risk systems.

The security-related changes to the CC provide a legal base for a risk management system, which will apply Community and national risk profiles, and the exchange of risk information amongst the Member States and the Commission. It is anticipated that the system will be operational in 2006.

- *AEO database(s) (2005-2009)*

The recognition of AEOs and the facilitations granted to them requires that every EU customs administration has access to information on AEOs established in another Member State. This can be achieved:

- either by a central database (along the lines of the new SEED system – list of the Excise Authorised Economic Operators - currently under development);
- or by achieving interconnectivity and interoperability between the national databases (along the lines of the VIES and NCTS systems).

The system could be extended to cover the exchange of information prior to the granting, amending or withdrawal of an authorisation.

The modernized CC will provide for an explicit legal basis for an AEO database. It is planned to extend the system also to other economic operators in order to allow for a unique trader reference number throughout the Community.

The work will start once the multi-annual plan is endorsed and proper resources are allocated by the Commission. It is anticipated that the system will be available in 2008.

2.3.1.2 *Interoperability between customs administrations and other administrations or agencies involved in customs transactions within the same MS (2004-2007)*

The effective functioning of the Customs Union and the Single Market requires intensive collaboration between customs and border agencies, trade and logistics communities in all EU countries. Traditionally, the different border agencies have acted independently both at EU and national level; this has caused unnecessary burdens for trade and logistics, in the provision of the necessary information to different agencies on cross border transactions. Furthermore, security concerns now urgently require common sharing of information related to the movement of goods across external borders and within the EU customs territory.

All this will be achieved through co-ordination, by customs, of all cross border operations and related *e*-documentation with all relevant border agencies. This is consistent with the e-Government model.⁴

The legal basis for the interoperability between customs and other administrations or agencies involved to the movement of goods is laid down in Art. 1 CC Rev. 3. This is a project to be carried out within each Member State.

⁴ Points 4.2.6 and 4.2.7 of the Communication mentioned in footnote 1.

2.3.1.3. Interoperability between central systems that have an impact on customs procedures

Interoperability should be also ensured between community existing systems, such as NCTS, and future systems, such as the export (ECS/AES) and import (ICS) control systems and the system for the control of the movement of excise goods (EMCS). The interoperability will also encompass the adaptation of the current customs systems (Tariff application NCTS, CCN/CSI) in order to ensure their integration into the electronic customs.

2.3.2 Accessibility (2004-2010)

For the benefit of traders, it is important to provide for electronic access to automated customs computer systems, so that they can carry out all customs transactions and information retrieval on-line. This should be achieved on the basis of the principle of "inclusive access" (multi-platform access) as defined in the above mentioned communication on e-Government⁵. The following two aspects can be distinguished :

- *Common customs information portal for traders (2004-2010)*

If a trader wishes to access import and export related information before he imports or exports goods from or to the EU, he should be able to do so through a customs portal which will allow him to obtain the requested information before the goods are moved.

Provided that interoperability between customs and other administrations and agencies is effective, the customs portal would guide the trader efficiently through customs and other relevant information concerning the movement of goods (such as agricultural or environmental legislation). This portal constitutes a site of general information related to the movement of goods.

The Commission, in line with the e-Government roadmap, could support such an approach in the same way as the single electronic transaction access point. In this context, the Commission will need to transform and strengthen its current Data Dissemination Service that it currently delivers via Europa, to take account of the operational expectation of traders, the Member States and the "single access point" providers. This work could start in 2005 and be completed in 2010. In parallel, Member States will have to enhance their information portals as part of a national project.

- *Single electronic access point for transactions (2004-2010)*

The possibility of on-line access to administrative procedures is part of the e-Government action plan. In the customs field, this means that a trader should be able to carry out all customs transactions from a single electronic access point of his choice in the Community, and even if the movement of goods involves different Member States.

⁵ Point 4.2.1. of the Communication.

The emergence of a variety of “single access point” providers “competing” across the Community may better serve the diversity of economic operators than the “one size fits all” approach of harmonising the interface for traders with customs across the Community.

The implementation of the “single access point” approach will require that the Member States further extend their interoperability to forward traders’ declarations to the relevant administrations.

The Commission could support the emergence of such single access points:

- by providing a framework for the exchange of information, and best practice, between the Member States and the trader community via the Electronic Customs Group and, individual projects financed under the customs 2007 programme;
- by promoting the definition of the content of the common messages to be exchanged between different Member States;
- by facilitating the production of common functional and technical specifications;
- by creating a common system of trader identification;
- and, if adequate, by offering a basic and minimal Community access point (robust enough, however, to sustain continuous operation and handle a substantial declaration load with an acceptable quality of service).

The Commission will encourage the submission of research proposals addressing the implementation issues of “single access point” under the 6th R& D Framework programme. This will be done in 2005. The legal framework for common messages and trader identification will be established in the Customs Code Committee, and the functional specifications by project groups.

3. Organisational framework for eCustoms

Legal changes will be prepared and primarily discussed in the Customs Code Committee (CCC). Changes to the Customs Code (CC) are subsequently submitted to the Council and the Parliament, whereas changes to the CC implementing provisions are adopted by the Commission after a vote in the CCC.

Strategic policy decisions will be taken, and their follow up be monitored, by the Customs Policy Group.

From an operational standpoint it is crucial to give the utmost priority to the multi-annual strategic plan and the implementing projects. In this regard the Electronic-Customs Group should meet as soon as possible in order to:

- set out strategies, resources and developments phases (multi-annual strategic plan);
- organize the implementation plan based on projects, including on-going projects (annual implementation plans);
- spell out the legal and operational aspects, as well as the training actions and IT developments ;

- ensure the coherence and the complementarity of *e*Customs-related activities submitted under Customs 2007, in order to best use resources and, most of all, to maximise the use of the resources already involved at a national and Community level in the different workshops, and projects.

Within DG TAXUD, strong management supervision will be ensured and the same approach should be followed within Member States.

Conclusion

Simplification, interoperability and electronic access to, and transmission of, data are the guiding principles of the *e*Customs multi-annual strategic plan, in conformity with the spirit of e-Government.

The commitment of Member States to the content and the timetable of the *e*Customs multi-annual strategic plan is a key element for the success of *e*Customs.

Common co-ordination mechanisms such as the "Electronic Customs Group" operating under Customs 2007, for customs administrations, and the Trade Contact Group for representatives of economic operators, will be instrumental in exploiting synergy, reaching agreements and respecting commitments.

On the basis of the proposed multi-annual strategic plan, Member States need to establish their own implementation strategy which sets out the conditions for the migration path towards *e*Customs. This is essential in order to avoid an extended period during which IT systems and paper-based solutions must be used alongside each other as a result of individual Member States not meeting the target date.

The CPG is asked to endorse the proposed strategy, and to ensure the appropriate follow up.

Annexes:

- Detailed timetable
- Communication on the role of e-Government for Europe's future
- Working document on e-government