



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Customs Policy
Customs policy and Electronic customs



Taxud.c.1(2009)172599

2008 E-customs progress report

TABLE OF CONTENTS

1. INTRODUCTION.....	3
2. BACKGROUND	3
2.1. E-CUSTOMS INITIATIVE.....	3
2.2. SAFETY AND SECURITY SYSTEMS.....	4
2.3. TASKS AND RESPONSIBILITIES	4
2.3.1. <i>Governance of e-customs initiative</i>	5
2.3.2. <i>Community and Member States tasks</i>	5
3. COMMISSION ANNUAL PROGRESS REPORT	5
3.1. COSTS INCURRED BY DG TAXUD ON IT SYSTEMS DEVELOPMENT	6
3.2. TRAINING COSTS.....	8
4. NATIONAL ANNUAL PROGRESS REPORTS.....	8
4.1. IMPORT CONTROL SYSTEM.....	8
4.2. EXPORT CONTROL SYSTEM – PHASE 1	8
4.3. EXPORT CONTROL SYSTEM – PHASE 2	9
4.4. ECONOMIC OPERATORS' SYSTEMS.....	9
4.5. CUSTOMS RISK MANAGEMENT SYSTEM.....	9
4.6. NCTS PHASE 4.....	10
4.7. COSTS INCURRED BY THE MEMBER STATES ON IT SYSTEMS DEVELOPMENT	10

1. INTRODUCTION

This annual progress report for 2008 is the first report prepared on the basis of Article 12 of the e-customs decision¹ where Member States are required to report on their progress with the tasks allocated to them under the Multi-Annual Strategic Plan ('MASP') – see section 2.1. The Commission on the basis of the national progress reports establishes 'a consolidated report evaluating the progress made by Member States and the Commission' with the e-customs initiative in the given year.

All the Member States provided the Commission with national progress reports based on a template agreed in the Electronic Customs Group ('ECG').

This report covers only projects active in 2008 and reported on by the Member States. As some projects were reported on only by some Member States, the consolidated report focuses on the safety and security systems (see section 2.2) on which all the Member States reported.

2. BACKGROUND

2.1. E-customs initiative

The Commission and the Member States are committed to delivering pan-European e-Government services, providing for efficient, effective and interoperable information and communication systems between public administrations, including between their front and back offices, in order to exchange and process public sector information across Europe in a secure manner. The Community and the Member States have also committed themselves, under the Lisbon Agenda, to increasing the competitiveness of companies doing business in Europe.

The pan-European e-Government action, as provided for by Decision 2004/387/EC², requires measures to increase the efficiency of the performance customs controls and ensure the seamless flow of data in order to make customs clearance more efficient, reduce administrative burdens, help to combat fraud, organised crime and terrorism, serve fiscal interests, protect intellectual property and cultural heritage, increase the safety of goods and the security of international trade and enhance health and environmental protection. For that purpose, the use of information and communication technologies for customs purposes is of crucial interest.

As part of this commitment, the Commission and the Member States have undertaken to set up and operate secure, integrated, interoperable and accessible electronic customs systems in order to facilitate end-to-end supply chain logistics and customs processes for the movement of goods into and out of the European Community, and to reduce the risks of threats to the safety and security of citizens by minimising the remaining differences between Member States' customs processes. This initiative is referred to as the 'e-customs initiative'.

¹ Decision No 70/2008/EC of 15 January 2008 on a paperless environment for customs and trade (OJ L 23, 26.1.2008, p. 21)

² OJ L 144, 30.4.2004, p. 65, as corrected by OJ L 181, 18.5.2004, p. 25

The objectives to be met in creating this paperless environment for customs and trade as well as the structure, means, time limits and allocation of tasks between the Commission and the Member States are in general set in the e-customs decision. The modernised Customs Code³ provides the necessary legal basis for the computerisation of all customs procedures, declarations and data exchange.

Operational planning of the e-customs initiative and the allocation of the tasks to the Commission and the Member States is provided in the MASP, the overall project management tool.

2.2. Safety and security systems

Safety and security systems represent the first major step of the e-customs initiative. The systems are planned to be implemented by 1 July 2009, as provided for in the implementing provisions⁴ to the safety and security amendment to the Customs Code⁵. The safety and security systems are:

- Import Control System ('ICS');
- Export Control System ('ECS');
- Economic Operator's Registration and Identification system ('EORI') and Authorised Economic Operator ('AEO') – EORI and AEO are referred to as Economic Operators Systems ('EOS');
- Customs Risk Management System ('CRMS').

The implementation of the safety and security legislation also requires amendments of the existing systems, such as NCTS, which will be performed by 1 July 2009 as well.

Other IT systems requested by the e-customs decision and the modernised Customs Code have their implementation dates set from 2011 to June 2013, the final deadline set by the modernised Customs Code. In addition, the establishment of some IT systems requested by the e-customs decision depends on an evaluation of their functional specifications.

Following from the above, and apart of the management of already operational systems, the vast majority of activities in 2008 were focused on finalising the technical development of the safety and security systems and starting the conformance testing to ensure meeting the deadline of 1 July 2009. For the same reason, the 2008 progress report concentrates on the safety and security systems.

2.3. Tasks and responsibilities

Articles 5 to 7 of the e-customs decision define Community and national components of the e-customs systems and assign tasks to the Commission and the Member States to

³ Regulation (EC) No 450/2008 laying down the Community Customs Code (Modernised Customs Code) (OJ L 145, 4.6.2008, p. 1)

⁴ Commission Regulation (EC) No 1875/2006 (OJ L 360, 19.12.2006, p. 64)

⁵ Regulation (EC) No 648/2005 (OJ L 117, 4.5.2005, p. 13)

develop them. Other/more specific tasks might be assigned to both parties in the MASP which also sets milestones and deadlines for individual tasks. Although MASP is not legally binding, the deadlines of the upcoming milestones are confirmed by the Member States. Please refer to Annex 2 of the MASP for the exact deadlines of individual tasks.

2.3.1. Governance of e-customs initiative

The MASP is, based on the Governance Scheme for the Implementation of Electronic Customs⁶, discussed in the ECG and endorsed by the Customs Policy Group ('CPG').

The progress with the individual tasks is regularly followed up and reported to the ECG technical sub-groups dedicated to individual projects or groups of projects and is also reported up to the plenary ECG and to CPG respectively, in case guidance or a decision is needed.

As a part of the initiative and of its risk management, in order to assist the Member States reporting problems with meeting the deadlines, series of multi-/bi- lateral meetings and consultations are carried out – there were about 20 of them in 2008.

2.3.2. Community and Member States tasks

In general, the Commission is responsible for the preparation of the common documents, products and services for each of the projects. DG TAXUD is consequently responsible for the preparation of common user requirements, functional and technical specifications and the preparation of conformance tests of the systems with national authorities.

DG TAXUD also has a coordination role to play in respect of:

- the development of Community and national components with a view to a synchronised implementation of projects;
- systems and services provided for in the e-customs decision with other relevant e-Government projects at Community level;
- training needs.

The Member States should ensure the fulfilment of the similar tasks at the national level.

3. COMMISSION ANNUAL PROGRESS REPORT

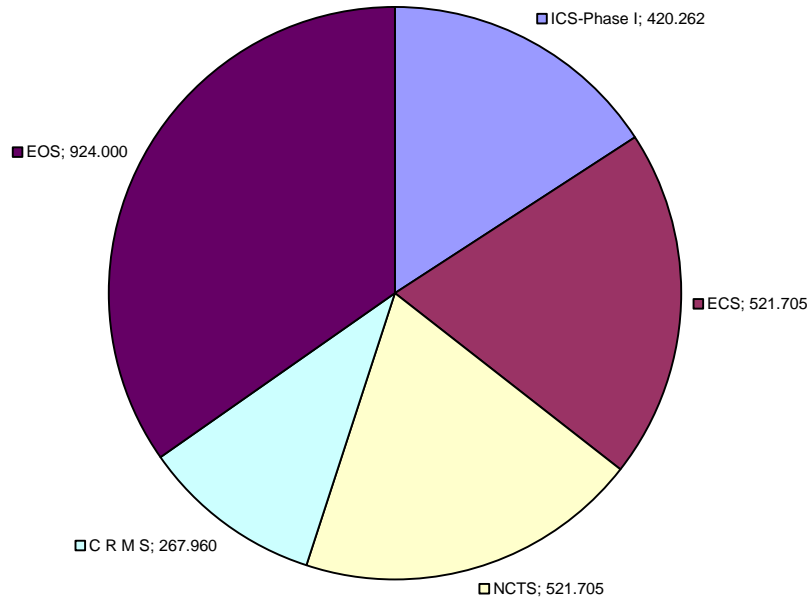
The Commission fulfilled all tasks assigned to it under the MASP. Certain delays occurred as regards the production of the ICS technical documentation due to the difficulties encountered in transposing the legal provisions concerned into IT applications. Finally, the implementing provisions to the safety and security amendment to the Customs Code had to be amended twice⁷ in order to allow for a proper computerisation.

⁶ TAXUD DOC/2005/124 – Revised – Annex 3 of the MASP rev. 9

⁷ Commission Regulation (EC) No 312/2009 (OJ L 98, 17.4.2009, p. 3) and Commission Regulation (EC) No 414/2009 (OJ L 125, 21.5.2009, p.6)

3.1. Costs incurred by DG TAXUD on IT systems development

Commission costs of safety and security systems



The costs of safety and security systems in the graph above are also included in the table summarizing the costs of DG TAXUD on IT system development and coordination role below:

System/Activity		Committed budget for 2008 (EUR)
Transit systems	NCTS	521.705
	ATIS	313.989
Total:		835.694
Tariff systems	CN	170.940
	DDS	217.140
	DDS2	561.000
	EBTI3	223.740
	ECICS2	309.540
	Quota2	84.480
	REX	479.820
	SMS	46.200
	Surveillanve2	84.480
	Suspensions	46.200
	TARIC2	46.200
	TARIC3	805.200
Total:		3.074.940
Electronic customs	AEO Full system/EORI	924.000
	AES	260.852
	AIS	260.852
	CRMS	267.960
	ECIP	521.705
	ECS	521.705
	ICS	420.262
	SASP	165.000
	SPEED	1.043.410
Total:		4.385.746
Communication network – Customs part	CCN/CSI	5.865.174
Quality and management – Customs part	TEMPO	1.520.607
ECG meetings		804.115
IT training sessions ⁸		533.396
Grand total		17.019.672

⁸ Covers Joint Actions of Customs 2013 programme with the following financial codes: CWG/023 – NCTS and ECS (incl. SPEED) training cycles; CWG/186 – training sessions for CCN users; CWG/193 – ICS and EOS training cycles and CWG199 – IT training on goods related systems. Source: Activity Reporting Tool Financial Report

The ECG meeting costs include the costs of the formal and informal plenary ECG meetings and meetings of the technical sub-groups. The meetings deal with all e-customs related issues and cannot be allocated to individual projects. As already mentioned, the main issues discussed in the ECG meetings in 2008 were related to the safety and security systems.

3.2. Training costs

Single Authorisation for Simplified Procedure e-learning application was developed in 2008 and incurred costs of 427.401 EUR including localisation into 11 languages.

4. NATIONAL ANNUAL PROGRESS REPORTS

4.1. Import Control System

Following discussions in the ECG - ICS technical subgroup, staging of the ICS project was proposed and the scope of ICS Phase 1 was agreed at the ECG meeting of 15 January 2008⁹. Functional and technical specifications were consequently adopted in the first half of 2008 and, following maintenance of the latter specification, the consolidated technical specifications were published at the end of the third quarter 2008. Consequently, also following two necessary amendments of the implementing provisions to the safety and security amendment to the Customs Code (see section 3), the development of the system was started later than planned.

However, the development of centrally developed applications was finished at the end of 2008 and the environment for ICS Phase 1 Conformance Testing was ready in January 2009.

Due to the delay in finalising the technical documentation and the changes in the legislation during 2008, the Member States reported delays in the preparations of their national technical specifications. For the same reasons, the Member States were not able to provide sufficiently detailed information to (sub)contractors and start the work on the development of the national systems. It was also reported that the Member States incurred higher costs of development.

Following the delays in the development of ICS and the strong requests from the trade community, the Commission launched at the end of 2008 discussions that led to the adoption, at the beginning of 2009, of a Regulation, declaring the lodging of the entry summary declarations voluntary until end 2010¹⁰. Moreover, discussions on an overall business continuity plan¹¹ were launched in 2008 and continued to 2009.

4.2. Export Control System – Phase 1

ECS Phase 1 entered into operation on 1 July 2007 – for more information please see Annex 2 of the MASP.

⁹ Document CUD-SC01-ICS-SD – The Business Scope of ICS Phase 1

¹⁰ Commission Regulation (EC) No 273/2009 (OJ L91, 3.4.2009, p. 14)

¹¹ Doc. TAXUD/1609/2008

In April 2008, the first ECS Evaluation Workshop was held in Prague to address the issue of open movements in ECS Phase 1. The conclusions of the Workshop led to the presentation of a document concerning a technical solution for non-closed movements in ECS Phase 1¹², whose discussion continued in 2009.

4.3. Export Control System – Phase 2

The technical documentation for ECS - Phase 2 was agreed in 2007. The agreed changes in the functional and technical specifications in order to align them to the EORI legislation were accepted by the Member States in July 2008 and should be implemented by the final deadline of 1 July 2009.

The development and testing of supporting central applications (e.g. internal reference and test tools) was finalised in July 2008 and the conformance testing in the Member States started in November 2008.

The implementation of ECS Phase 2 in 2008 proceeded according to the schedule.

The situation mentioned in the last paragraph of point 4.1 applies also to the exit summary declarations.

4.4. Economic Operators' Systems

In June 2008, the ECG - AEO/EORI subgroup endorsed a DG TAXUD proposal to integrate the EORI and AEO functional and technical specifications. As a result, the AEO functional specifications were updated in November 2008 to reflect EORI requirements. Joint technical specifications for both systems were agreed by the Member States in December 2008 with their final acceptance only in February 2009.

The implementation of EOS in 2008 proceeded according to the schedule.

4.5. Customs Risk Management System

The Customs Risk Management System is mainly comprised of two elements namely:

- Risk Information Form ('RIF');
- Common Priority Control Area including Common Risk Criteria.

A major functional release of RIF was deployed in the second quarter of 2008. The common risk criteria of security and safety risk analysis for entry operations were agreed with the Member States in the respective Committee in September 2008¹³.

Some Member States reported problems due to the late publication of common risk criteria for entry operations and lack of those for exit operations.

¹² Doc. TAXUD/1601/2009

¹³ The respective Commission Decision C(2009) 2601 was published on 15 April 2009

4.6. NCTS Phase 4

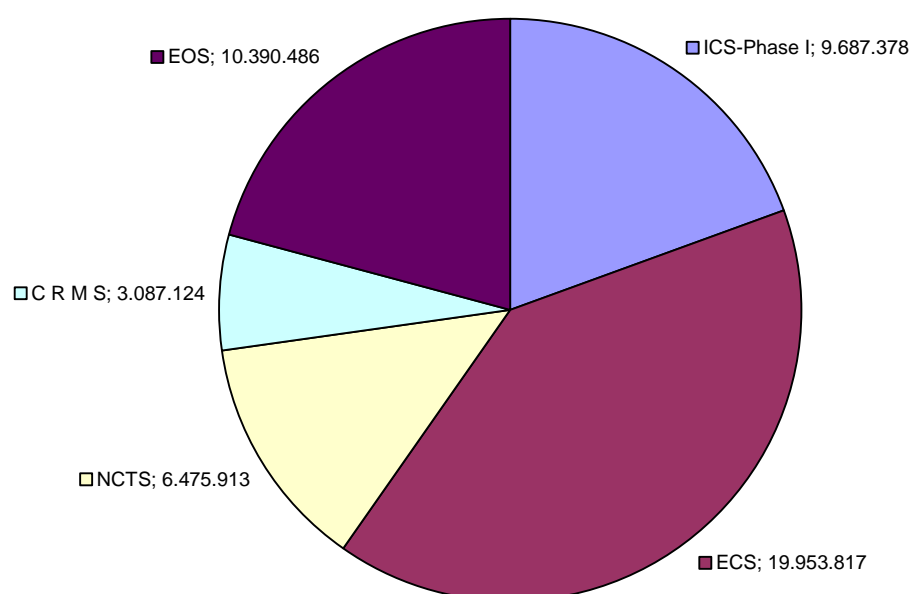
NCTS Phase 4 to be implemented by 1 July 2009 covers safety and security amendments as well as the ATIS amendment, the upgrade of the enquiry procedure and the introduction of an electronic recovery procedure.

Technical specifications for NCTS Phase 4 were agreed in the first quarter of 2008 with the development and testing of supporting central applications (e.g. internal reference and test tools) finalised before the end of the year.

The implementation of NCTS Phase 4 in 2008 proceeded according to the schedule.

4.7. Costs incurred by the Member States on IT systems development

Member States costs for safety and security systems



The above graph illustrates the amount spent by Member States on the individual safety and security systems in 2008, as reported. As costs incurred were not reported for all the projects and not by all the Member States, only costs of the safety and security systems are shown. Please note that:

- not all the Member States provided information on their costs of safety and security systems development;
- in general, the costs reported include neither the internal staffing costs of the national administrations, nor the operational costs;

- some Member States reported an amount contracted for the whole development of the systems – in those cases, the amount was split into individual years proportionally;
- given differing methodologies in the Member States, different phases of projects and/or costs (e.g. project management costs) might be reported under the headings;
- given differing reference basis in the Member States, systems might be built on common platforms and costs of the platform assigned to one system only, which results in the distortion of the data.

The total costs incurred by the Member States in 2008 on all IT projects (as reported by some of the Member States) amount to approximately 62 million EUR. The above disclaimers apply to this figure as well.