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**Customs 2020 Programme - Progress Report 2017**



**EUROPEAN COMMISSION**  
DIRECTORATE-GENERAL  
TAXATION AND CUSTOMS UNION  
International and General Affairs  
**Management of programmes and EU Training**

## **CUSTOMS 2020 PROGRAMME**

### **PROGRESS REPORT 2017**

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## 1. ACRONYMS AND ABBREVIATIONS

The following acronyms are used in this document:

Abbreviation	Meaning
AEO	Authorised Economic Operator
AEO MRA	Authorised Economic Operators - Mutual Recognition of trade Partnership programmes
AES	Automated Export System
AFF	Action Follow up Form
AFF WV	Action Follow up Form for working visits
AFIS	Anti-Fraud Information System
ART	Activity Reporting Tool
ASEAN	Association of Southeast Asian Nations
AWP	Annual Work Programme
BCP	Border Crossing Point
BPM	Business Process Management
BTI	Binding Tariff Information
CAP	Common Agricultural Policy
CBG	Customs Business Group
CC	Centralised clearance
CCN/CSI	Common Communications Network - Common Systems Interface
CCI	Centralised Clearance for Import
CDC	Customs Duties Calculation
CDMS	Customs Decisions Management System
CDS	Customs Decision System
CEG	Customs Expert Group
CELBET	Customs Eastern Land Border Expert Team
CETA	Comprehensive Economic and Trade Agreement (EU-Canada)
CFW	Customs Competency Framework
CIRCABC	Communication and Information Resource Centre for Administrations, Businesses and Citizens
CIS	Centralised IT customs applications
CLET	Customs Laboratories Expert Team
COPIS	System for Protection of Intellectual Property Rights (Counterfeiting and Piracy)
CRMS PCA	Community Risk Management System Priority Control Area
CRS	Customer Reference Services
C2020	Customs 2020 programme
CVED	Common Veterinary Entry Document
DG SANTE	Commission's Directorate-General for Health and Food Safety
DG TAXUD	Commission's Directorate-General for Taxation and Customs Union
DG TRADE	Commission's Directorate-General for Trade
EAF	Event Assessment Form
EBTI	European Binding Tariff Information
EC	European Commission
ECCG	Electronic Customs Coordination Group
ECICS	European Customs Inventory of Chemical Substances Database
ECS	Export Control System
EIS	European Information System
ESDEN	European statistical data exchange network
ET	Expert Team
EUIPO	European Intellectual Property Office
EUROSTAT	European statistical office of the European Union
FSS	Functional System Specifications

GSP	Generalised System of Preferences
GUM	Guarantee Management
ICS	Import Control System
INF	Information Sheets
IO	International Organisations
IPR	Intellectual Property Rights
ISPP	Information System for Processing Procedures
ITSD	IT systems development group
JA	Joint Action
LCP	Local Clearance Procedure
MASP	Multi-Annual Strategic Plan
MOSS	Mini-One-Stop-Shop
MFF	Multiannual Financial Framework
N/A	Not available
NCTS	New Computerised Transit System
PICS	Programmes Information and Collaboration Space
PMF	Performance Measurement Framework
PoUS	Proof of Union Status
REX	Registered Exporters
RfC	Request For Change
SASP	Single Authorisation for Simplified Procedures
SD	Standard declaration (or Simplified Declaration)
SLA	Service Level Agreement
SP	Simplified Procedures
SPEED	Single Portal for Entry or Exit of Data
SW	Single Window
T2L / T2LF	Certificates proving the EU status of goods
TARIC	Tarif Intégré des Communautés européennes
TCG	Trade Contact Group
TP	Trader Portal
TSS	Technical System Specifications
UCC	Union Customs Code
VOeS	VAT on e-Services
WCO	World Customs Organisation
WSC	World Shipping Council

## 2. EXECUTIVE SUMMARY

2017 was the fourth year of activities under the Customs 2020 programme and in many ways similar to 2016. The numbers of European Information Systems (and their availability), actions, events, trainings and participants remained at high levels, testifying to a strong demand from business owners and national administrations for programme activities. There were no significant changes to the budget, notwithstanding the absence in committed expenses dedicated to the new type of joint actions introduced during 2016 and that continued during 2017 - the Expert Teams<sup>1</sup>.

In terms of **performance measurement**, 2017 was the fourth year for which a number of indicators could be collected. The indicators obtained under the 2017 framework give an overall positive assessment, both from the business data perspective and from the feedback obtained from the action managers and the participants to the activities. Similarly to previous years, the indicators suggest that during the year the programme was on course to fulfilling its objectives and that it played an important role in facilitating the implementation and development of Union customs policy through its European Information Systems (EIS), joint actions and human competency building. Such overall assessment has been confirmed by the results of the Mid-term Evaluation of the programme (see section 7). The vast majority of programme funding (approx. 80 %) goes into the development and operation of the EU components of the EIS. It should be noticed that the information contained in this report regarding the implementation of the EIS provides an overall description of the main achievements in 2017 and the IT performance indicators established in the PMF of the Customs 2020 programme. It is complemented by the 2017 e-Customs progress report<sup>2</sup>, which provides a complete picture with detailed information on the progress made by the Member States and the Commission in the development and implementation of all IT systems related to customs. It is prepared by DG TAXUD taking into account national reports and covers the IT systems/components funded by the Customs 2020 programme (Union components) and those managed and funded by Member States (national components).

The **European Information Systems** create the conditions for setting-up and functioning of a more modern and fully integrated paper-less customs environment. Throughout the 2014-2017 period, work on the implementation of the planned IT systems progressed under the programme, notably to ensure that Union Customs Code (UCC) electronic systems are deployed, as much as possible, in accordance with UCC legal requirements and deadlines. It is to be noticed, however, that 7 of the UCC related EIS will be postponed beyond 2020<sup>3</sup>, as announced in the Electronic Customs Multiannual Strategic Plan (MASP) revision of 2017<sup>4</sup>

Ensuring the business and IT systems continuity is a major responsibility under the programme since disruptions in the operation of the EIS would affect customs national administrations, citizens and businesses across the entire EU and hamper the functioning of the internal market. All the major centralised IT systems, as well as the underlying infrastructure (Common Communications Network/Common Systems Interface CCN/CSI) – developed, managed and maintained by the Commission - were available as scheduled during the period 2014-2017, with more than 99% of the time during working hours, meeting the expected targets. The number of exchanged messages on the network for Customs has been rising since the launch of the programme: 440 million (2014), 450 million (2015), 520 million (2016) and 540 million (2017).

Regarding IT developments, two key UCC related electronic system were implemented during the year: the **Customs Decisions System (CDS)**, allowing traders to submit all new applications for decisions or authorisations electronically through a single electronic access point at EU level; and the **Registered**

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<sup>1</sup> The reasons for the absence of commitments related to expert team in 2017 are twofold:

- the expert teams created in 2016 continued to work during 2017 under the funds committed in 2016.
- due to the fact that the operational activities of the four expert teams launched in 2017 were supposed to start in 2018, they were not included in the AWP for 2017 but in the one for 2018.

<sup>2</sup> The e-Customs progress reports are produced pursuant to Article 12 of the e-Customs Decision (Decision No 70/2008/EC) and are published in the Europa website: [https://ec.europa.eu/taxation\\_customs/general-information-customs/electronic-customs\\_en](https://ec.europa.eu/taxation_customs/general-information-customs/electronic-customs_en)

<sup>3</sup> AES, NCTS Phase 5 & Phase 6, PoUS, GUM Comp. 1 & Comp. 2, ICS2, CCI Phase 1 & Phase 2, SP EXP

<sup>4</sup> [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/resources/documents/customs/policy\\_issues/e-customs\\_initiative/masp\\_annex2\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/customs/policy_issues/e-customs_initiative/masp_annex2_en.pdf)

To reflect the impact of these delays on the Union Customs Code, the Commission tabled, in March 2018, a legislative proposal, which has been agreed by the co-legislators and is in the process of being adopted.

**Exporter System (REX)**, that facilitates the certification of origin of goods applied in the Generalised System of Preference (GSP) of the EU. In the course of the year, several other systems entered research and development phases thanks to the support of the programme.

**Expert Teams (ET)** represent a new instrument from the programme supporting enhanced operational collaboration. The Expert Teams allow customs experts of Member States to have in depth cooperation on operational issues, which go beyond the traditional means of cooperation to realise the pre-identified objectives of a common complex and long-term project. The three Expert Teams that were created for customs in 2016 became fully operational and produced their main outputs during 2017.

CELBET (Customs Eastern and South-Eastern Land Border Expert Team) pools expertise for strengthening and improving their operational co-operation at the external land borders of the EU. It has produced very relevant outcomes, such as coordinated controls in the 174 border crossing points, targeted risks profiles, mapping of customs equipment and developing training maps. The resulting improved controls also contribute to smoother and faster border crossing. CLET (Customs Laboratories Expert Team) pools expertise and equipment in a network (Meta-laboratory) to analyse samples and to share analytical results. Thanks to the work of this Expert Team, Member States not having analytical capacity in a specialised area, can submit a request for analysis to another Member State who will provide the analytical result for free. The Expert Team on Binding Tariff Information (BTI) strengthens the functioning of the BTI system by solving divergent classification of imported and exported products, allowing for their faster and smoother customs processing.

In 2017, the preparatory work for launching four new ET initiatives was developed by Member States. Three initiatives related to the continuation of the work done under the first generation of ETs created in 2016 (CELBET2, CLET2 and BTI2). The last initiative referred to a new Expert Team on the Import Control System. As their operational activities were supposed to start in 2018, they were not included in the AWP for 2017 but in the one for 2018.

The programme also continued to finance in 2017 studies that support the policy developments in the area of customs, such as the Study on EU Customs Single Window implementation and the Study on Import Control System (ICS2), amongst others.

In the area of **EU customs training**, in 2017 considerable eLearning development investment was dedicated to further supporting harmonised implementation of the Union Customs Code (UCC). Two new eLearning modules supporting the implementation of the new UCC-related IT systems CDS and EBTI-3 were developed and a maximum of national language versions of the extensive UCC EU eLearning programme (2016 EU eLearning programme) were produced to further facilitate its national use.

More holistically, the use of EU Custom eLearning modules by national administrations increased in 2017 by 43%, with 34.214 officials having been trained on EU eLearning classes (compared to 23.970 officials in 2016). Additionally, almost 12.000 downloads of EU Customs eLearning courses from the public website EUROPA were registered in 2017, reporting more than 204.000 private sector professionals (traders) trained on them. Furthermore, the usefulness of innovative training delivery methods for national use was further explored, leading to the development of the first interactive EU e-book (on AEO) and the delivery of a first series of EU Training Webinars (on customs control techniques - passenger profiling). A common strategic Action Plan for EU customs and tax training & staff development was also put in place for the period 2017 – 2020.

The key **observations** that can be deduced from the analysis of the Performance Measurement Framework indicators in 2017 are as follows:

- **Continued strong demand for programme support.**
- **High level of achievement of results of the joint actions is reported by the action managers.**
- **Very positive assessment of the achieved results of the joint actions, their usefulness and met expectations by national customs officials who participated in them.**
- **Increase in the degree of networking among programme participants.**
- **The European Information Systems are regularly operated and are resistant to increased volume of data traffic.**
- **There were key new European Information Systems that entered into operation in 2017 (in particular the Customs Decision System and REX).** It is to be noticed, however, that 7 of the



UCC related EIS will be postponed beyond 2020, as announced in the Electronic Customs Multiannual Strategic Plan (MASP) revision of 2017.

- **Successful operational development of the Expert Teams tool.**
- **New EU training modules and increased number of national language versions, as well as a common multi-annual Action Plan for EU Customs Training & Development (2017 – 2020) in place.**

### 3. INTRODUCTION

#### 3.1 Customs 2020 in a nutshell

The EU Regulation 1294/2013 established the multiannual action programme Customs 2020 for the period 2014-2020 with the aim to support the functioning and modernisation of the customs union in order to strengthen the internal market. Total budget foreseen for this programme period is 522.9 million euros. The programme represents a continuation of the earlier generations of programmes Customs 2007 and Customs 2013, which have significantly contributed to facilitating and enhancing co-operation between customs authorities within the Union.

**Figure 1: Customs 2020 programme objectives**

**The Customs 2020 specific objectives:**

- To protect the financial and economic interest of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights.
- To increase safety and security, protect citizens and the environment.
- To improve administrative capacity of the customs authority.
- To strengthen the competitiveness of European businesses.

The specific objectives shall be achieved, in particular by:

- (a) computerisation;
- (b) ensuring modern and harmonised approaches to customs procedures and controls;
- (c) facilitating legitimate trade;
- (d) reducing compliance costs and administrative burden; and
- (e) enhancing the functioning of the customs authorities.

**The Customs 2020 operational objectives:**

- to support the preparation, coherent application and effective implementation of Union law and policy in the field of customs;
- to develop, improve, operate and support the European Information Systems for customs;
- to identify, develop, share and apply best working practices and administrative procedures, in particular further to benchmarking activities;
- to reinforce the skills and competences of customs officials;
- to improve co-operation between customs authorities and international organisations, third countries, other governmental authorities, including Union and national market surveillance authorities, as well as economic operators and organisations representing economic operators.

There are three types of activities that are organised under the programme:

- **European Information Systems (EIS)** -DG TAXUD's IT capacity supports the Customs Union by operating the common infrastructure (CCN, CCN2, SPEED2), two TAXUD Data Centres and developing, maintaining and operating the Union components of more than 80 Customs Trans-European Systems. These systems allow seamless, automated information exchange on import/export/transit movements with Member States and third countries and other actors of the supply chain at international level facilitating trade and enabling the functioning of the EU single market.
- **Joint actions (JA)** - bringing together officials from the participating countries - these are most commonly project groups, working visits, workshops and seminars (see full list below). The programme covers the cost of organisation and participation to these activities.

Types of joint actions:

- (i) seminars and workshops;

(ii) project groups, generally composed of a limited number of countries, operational during a limited period of time to pursue a predefined objective with a precisely defined outcome, including coordination or benchmarking;

(iii) working visits organised by the participating countries or another country to enable officials to acquire or increase their expertise or knowledge in customs matters; for working visits organised within third countries only travel and subsistence (accommodation and daily allowance) costs are eligible under the Programme;

(iv) monitoring activities carried out by joint teams made up of Commission officials and officials of the participating countries to analyse customs practices, identify any difficulties in implementing rules and, where appropriate, make suggestions for the adaptation of Union rules and working methods;

(v) Expert Teams, namely structured forms of co-operation, with a non-permanent or permanent character, pooling expertise to perform tasks in specific domains or carry out operational activities, possibly with the support of online collaboration services, administrative assistance and infrastructure and equipment facilities;

(vi) customs administration capacity building and supporting actions;

(vii) studies;

(viii) jointly developed communication actions;

(ix) any other activity in support of the general, specific and operational objectives

- **Human competency building (HCB)** - a customs staff competency framework, common training materials and electronic learning modules play a vital part in developing the human competency component of the customs union. Hence, the Customs 2020 programme finances conceptual HCB initiatives as well as the development of eLearning courses on topics of common interest in collaboration with customs administrations and representatives of trade. Such courses support the implementation of EU legislation and ensure the dissemination of good customs practices throughout the European Union.

The Commission and the participating countries (EU Member States and countries recognised as candidates or potential candidates for EU membership having concluded international agreements for their participation in the Customs 2020 programme<sup>5</sup>) decide jointly on the annual priorities and objectives of the programme by adopting each year **the Annual Work Programme**. The implementation of the programme is under direct management by the Commission meaning that it is centrally managed by DG TAXUD. It is implemented financially on the basis of grant agreements with the participating countries (joint actions), and procurements (mostly for European Information Systems and human competency building).

### 3.2 The Performance Measurement Framework

The Customs 2020 regulation stipulates in Article 17 that the Commission shall monitor the implementation of the Programme and actions under it on the basis of indicators and make the outcome of such monitoring public. The final evaluation of the Customs 2013 programme equally made a recommendation to "develop a comprehensive monitoring framework to track performance and to identify issues of concern in a timely manner".

In order to achieve this purpose, the Commission established in 2014 a Performance Measurement Framework (PMF) to be implemented with the start of the new programme. The PMF is based on the intervention logic (see Figure 3), which describes the logical step-by-step link between the wider problems and needs addressed by the programme and the programme's objectives, inputs, activities, outputs, results and impacts. The PMF relies both on the quantitative (indicators) and qualitative (reporting and interpretation) data for assessing the progress achieved.

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<sup>5</sup> 34 participating countries: 28 Member States, Albania, Bosnia-Herzegovina, Rep. Macedonia, Montenegro, Serbia and Turkey.

The indicators can be divided into two categories:

**Output and Results indicators** – these are first and second order effects that can be directly attributed to the programme. Outputs refer to those effects (most often tangible products) achieved immediately after implementing an activity, while the results look at the mid-term effects or the difference made on the ground thanks to the outputs. Both types of indicators are collected annually, reflected in the Progress Report and are linked to the operational objectives of the programme.

**Impact indicators** – they indicate the long-term effects of the programme by measuring its contribution to the broader policy areas, where programme activities are only one of the contributing factors. They mostly rely on the use of existing external indicators (not collected by PMF surveys) and are mainly assessed as part of evaluations, such as those foreseen in 2018 and 2021 for the Customs programme (mid-term and final evaluation, as required by Article 18 of Regulation 1294/2013). They are linked to the higher-level specific objectives of the programme and the policies it supports.

The PMF uses both its own data collection tools and the data gathered externally. The external data is collected either by other organisations at a global level or inside DG TAXUD of the Commission. The PMF's own data collection tools gather feedback from programme stakeholders and are summarised in the table below.

**Figure 2: PMF data collection tools**

Tool	When is the data submitted?	Who is submitting the data?
<b>Action Reporting Tool (ART) - Proposal form</b>	At the beginning of each activity	Action managers
<b>Action Follow up Form (AFF)</b>	In February, one form per action or one form each year for multi-annual actions	Action managers
<b>Action Follow up Form for working visits</b>	Within three months after the end of the working visit	Participants to the working visit
<b>Event Assessment Form (EAF)</b>	Three months after the end of an event or yearly in case of project groups or similar activities longer than 1 year	Participants to an event or members of a project group or similar activities
<b>Programme Poll</b>	Every 18 months – to be launched in: <ul style="list-style-type: none"> <li>Mid-2015, beginning 2017, mid-2018, end 2019</li> </ul>	The Programme Poll is addressed to all customs officials in the participating countries

The PMF follows the annual reporting cycle. It takes into consideration a calendar year of activities initiated or organised under the programme. The drafting of the Progress Report starts in the following year once the data collection process is finalised. Following data analysis and consultation with stakeholders, it is published during the following year. The Progress Report represents a summary of the main output and result indicators and gives an assessment of the overall progress achieved.

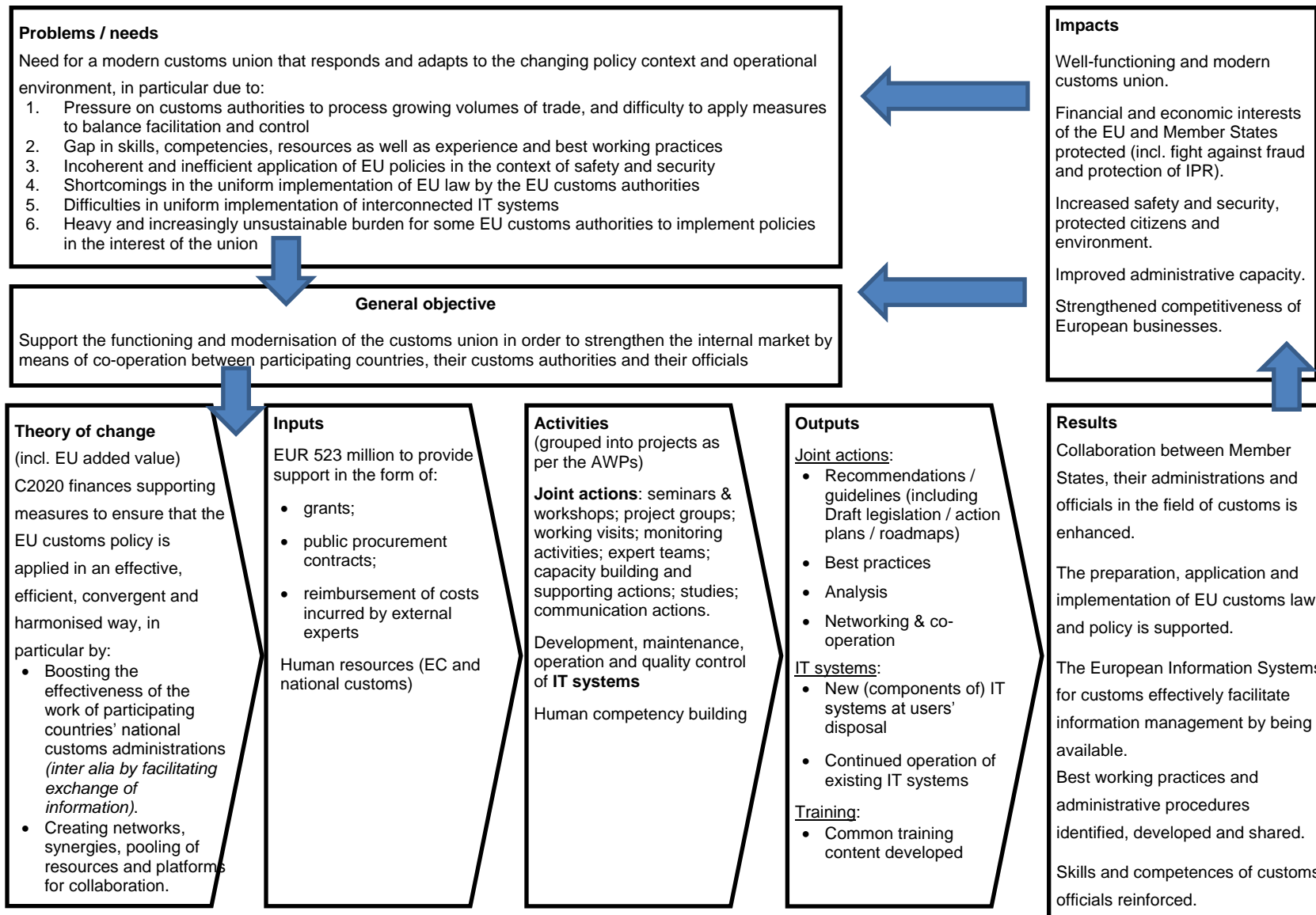
The mid-term evaluation (in 2018) and the final evaluation (in 2021) of the programme will make full use of the available Progress Reports and in addition report on the progress in relation to the impact indicators.

In relation to the implementation of the PMF, it has to be highlighted that during 2017 there was a very positive **response rate of participants**, increasing from 23% in 2016 to 68% in 2017. The main reason for this increase in the response rate is the new automatic notification system put in place in ART at the beginning of the year. This notification is sent to all participants 60 days after the event finalisation and contains the link to EAF in the webpage of EUSurvey.

**Figure 3: Response rate**

	2015	2016	2017
<b>Rate of replies from participants to the event assessment form (EAF)</b>	28%	23%	68%

**Figure 4: Intervention logic of the Customs 2020 programme**



## 4. PROGRAMME YEAR 2017 – BASIC PARAMETERS

### 4.1 Introduction

2017 was the fourth year of activities under the Customs 2020 programme and represented a continuity to 2016. The numbers of European Information Systems (and their availability), actions, events, trainings and participants remained at high levels, testifying to a strong demand from business owners and national administrations for programme activities. Such strong demand has been also confirmed by the conclusions of the Mid-Term Evaluation of the programme.

In accordance with the allocation of funds included in the programme's legal basis<sup>6</sup>, the vast majority of funding in 2017 went into the development and operation of European Information Systems, followed by the organisation of the joint actions and the training activities. There were no significant changes to the budget levels, notwithstanding the elimination of the committed expenses dedicated to the new type of joint actions introduced during 2016 - the Expert Teams. The reasons for this change are twofold:

- the Expert Teams created in 2016 continued to work during 2017 under the funds committed in 2016.
- due to the fact that the operational activities of the four Expert Teams launched in 2017 were supposed to start in 2018, they were not included in the AWP for 2017 but in the one for 2018.

The action type with the higher number of activities remains by far working visits, followed by project groups placed second and workshops as third. The situation with regards to the number of participants is somewhat reversed with the project groups being by far the largest activity type in terms of participation (4259 participants), followed by workshops (557 participants) and working visits (222).

Finally, while all participating countries have used the programme in 2017, the levels of their participation remain varied and in line with the voluntary nature of participation in the programme activities.

### 4.2 Budget

The overview in Figure 6 below summarises the programme funding according to the four main activity types. In order to make the table more meaningful, the budgetary information for the previous years has been added.

**Figure 6: Committed<sup>7</sup> expenses per year and main action categories under the programme**

	2014	2015	2016	2017
<b>European Information Systems</b>	€57,333,696.81	€ 61,167,253.05	€59,897,436.10	€71,800,000.00
<b>Joint actions (excl. Expert Teams and studies)</b>	€6,523,000.00	€ 5,700,000.00	€5,700,000.00	€5,520,000.00
<b>Expert Teams (pilot projects)</b>			€1,867,365.00	
<b>Training</b>	€1,350,000.00	€ 995,000.00	€2,646,000.00	€1,745,000.00
<b>Studies</b>	€1,083,116.13	€ 846,359.35	€1,682,024.50	€2,830,000.00
<b>TOTAL</b>	€66,289,812.94	€ 68,708,612.40	€71,732,825.60	€81,895,000.00
<b>AWP</b>	€66,293,000.00	€ 68,801,000.00	€71,733,000.00	€81,895,000.00
<b>EU Annual Budget</b>	€66,293,000.00	€ 68,801,000.00	€71,733,000.00	€81,895,000.00
<b>Amount MFF</b>	€66,293,000.00	€ 68,801,000.00	€71,733,000.00	€81,895,000.00

<sup>6</sup> Annex III of Regulation 1294/2013

<sup>7</sup> The table compares committed amounts for the last four years, since the actual expenses are not finalised for all the previous years.

As is standard for the programme, the vast majority of funding in 2017 went into the development and operation of European Information Systems, followed by the organisation of the joint actions, and the training activities.

It is worth recalling that the expenses for joint actions are difficult to forecast in advance, given that the actions and events are triggered by constantly evolving business needs. For this reason, the anticipated (committed) expense can differ to a smaller or larger percentage from actual expenses incurred in a given year on joint actions. We can also notice that in 2017, there was an increase for the IT part. This increase integrates the IT frontloading requested for 2017 and is consistent with the increase set in the MFF and relates to the multiple new IT developments needed for the implementation of the UCC. We can also notice a decrease for the training component, which was mainly due to the change of framework contract with a decreased budget envelope for training activities.

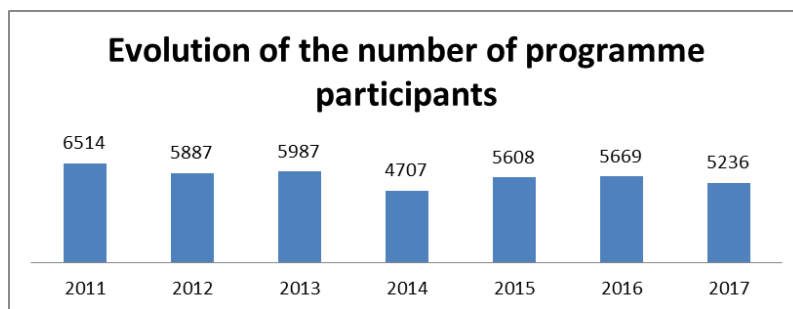
The programme also finances the conduct by external contractors of studies, data collection and comparative analyses in customs issues. During 2017 a series of important studies were launched, increasing the budget commitments from €1.6M in the previous year to €2.8M. Some of the initiatives launched in 2017 related to:

- Study supporting the Mid-Term Evaluation of the Customs 2020 programme.
- Study on the EU Customs Single Window implementation.
- Study on Import Control System (ICS2) Transition Plan/Strategy.
- Customs Laboratories (CLET): Study on the update and enrichment of ECICS database and Study on the revision and translation of chemical names.
- Study to evaluate the EU Drug Precursors Regulations.

#### 4.3 Participants in joint actions (excluding Expert Teams)

The number of total participants (which measures all instances of participation in activities and allows for the same people to have taken part in multiple activities) remained at a high level, above 5200, after a continued rise since the launch of the programme.

**Figure 7: Number of participants<sup>8</sup> in joint actions per year under the Customs 2013 and Customs 2020 programmes**



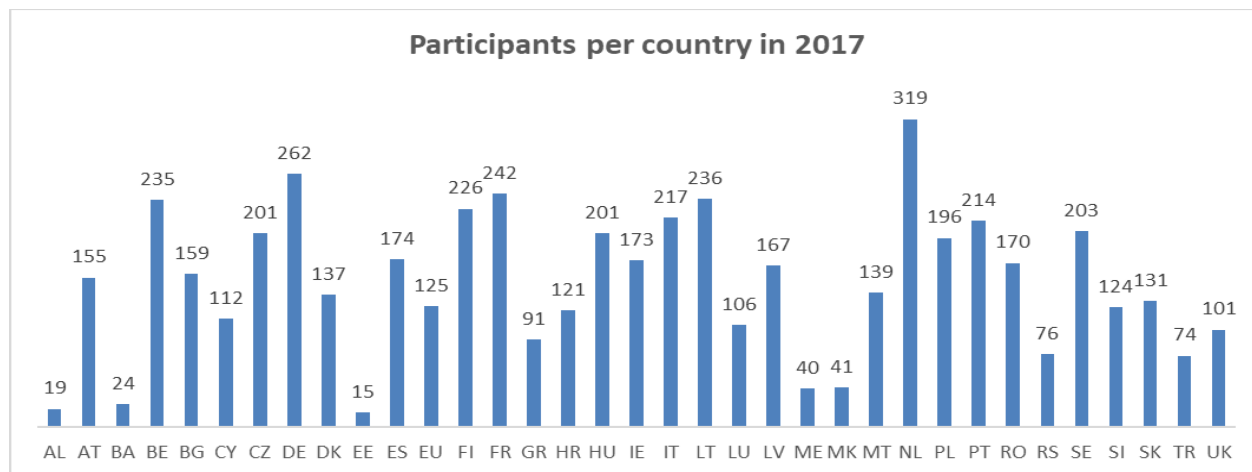
It is important to stress that participation to programme activities is voluntary and is influenced by a number of factors, such as: the business need for organising activities, the trend of moving away from physical meetings and toward online collaboration, as well as the individual national administrations' capacity and interest for participation.

If we look at the distribution of participants by country, we can see that all the countries are making use of the programme, but that there are countries that do so to a greater extent than others. This is in line with the voluntary nature of participation in the programme activities, where the number of participants from a given country depends partly on the level of interest and activity shown by the country's administration in

<sup>8</sup> This is the number of total participants (which measures all instances of participation in activities and allows for the same people to have taken part in multiple activities).

utilizing the potential of the programme. This is especially true in the case of working visits, which the participating countries initiate and organise autonomously.

**Figure 8: Overview of participants per country in 2017<sup>9</sup>**



#### 4.4 Joint actions (other than Expert Teams): Proposals and Actions

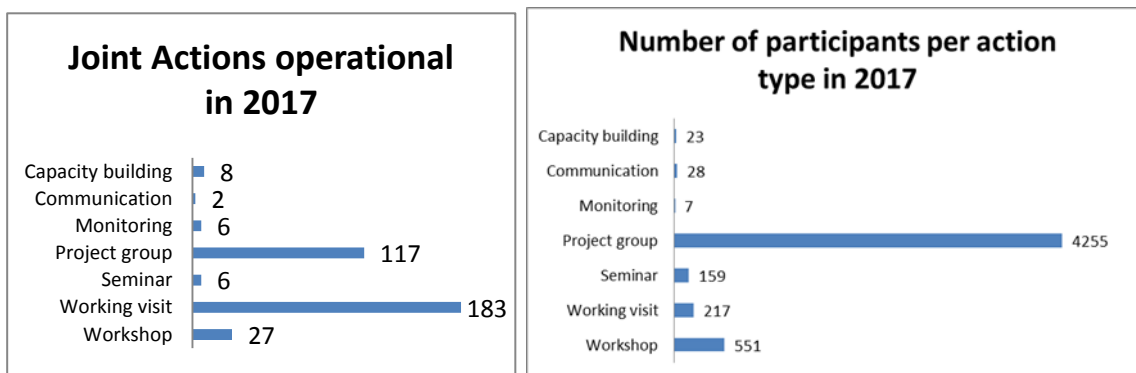
In order for an activity to be organised under the programme, one of the programme teams (participating country or the EU) has to submit a proposal for this activity, with information on the background, objective, expected results, participants and financial cost involved. This proposal is then evaluated by TAXUD and, if confirmed, becomes usually a single joint action. Each activity (action) is approved for a certain period during which the associated work, including the meetings, take place. This period is only restricted by the programme's overall timeframe and is detached from calendar or budgetary years.

In 2017, there were 349 such operational (ongoing) joint actions. Some of these actions were launched as new proposals in 2017, while some continued from the earlier programme years. It is worth underlying that some of the proposals approved in 2017 will have their first activities only in 2018. If we look at their distribution, we can see from the two figures below that the trends on activity types and number of participants remain quite stable when compared with previous years. The most popular action type is working visits, followed by project groups placed second and workshops as distant third. The number of working visits has decreased from 259 in 2016 to 183 in 2017. This is the result of a significant rise in 2016 caused by the adoption of the new procedure for working visits' implementation introduced in previous years. The situation with regards to the number of participants is somewhat mirroring the ranking of the most popular actions, with the project groups and workshops being the largest activity types in terms of participation, followed by working visits.

<sup>9</sup> The participants marked as EU represent external experts who come outside national administrations and who may be invited to contribute to selected activities organised under the programme wherever this is essential for the achievement of the programme objectives. Candidate and potential Candidate Countries abbreviations: AL (Albania), BA (Bosnia-Herzegovina), ME (Montenegro), MK (Rep. Macedonia), RS (Serbia), TR (Turkey).

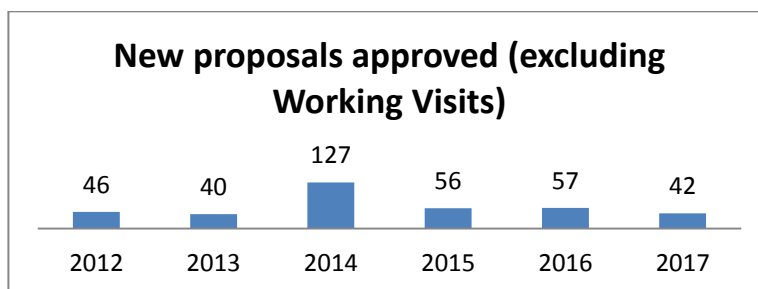


**Figure 9: Overview of activity types and number of participants per activity type**



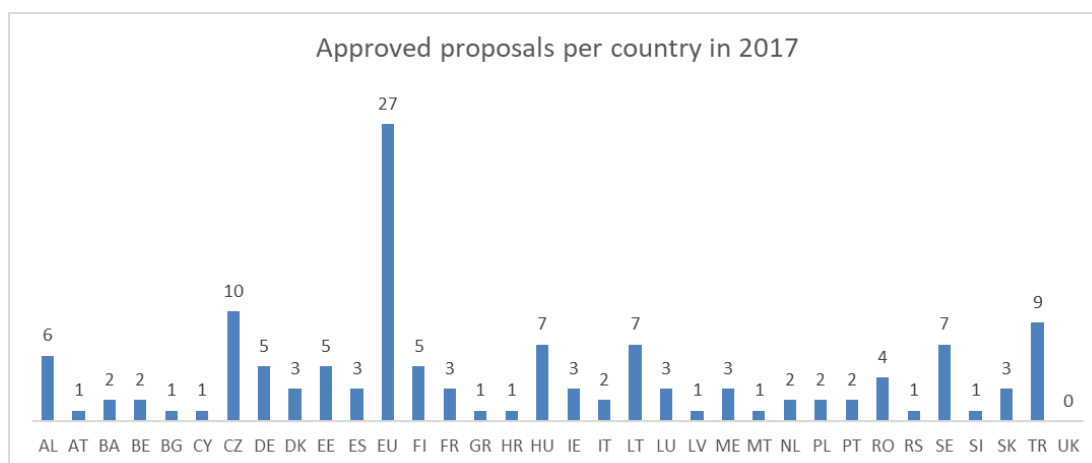
If we want to look at the evolution of new proposals over time (Figure 10), we first need to exclude the working visits, in order to get a comparative number. This is because in the period before 2014 all the working visits were covered by a single proposal, while under the Customs 2020 programme each business case for a working visit is treated as a separate proposal (thus increasing the number of proposals by a significant margin). Comparing the proposals in this way, outside working visits, we can see that their number was steady in the period 2011-2013. 2014 as the year of transition to the new programme meant that all proposals for ongoing activities had to be re-launched, which led to the great increase in the number of proposals treated in the year. In the 2015-2016 period, we can observe a stable number of new proposals launched every year, and a decrease in 2017 (from 57 to 42 proposals), which anyway is higher than the average under the Customs 2013 programme.

**Figure 10: Number of new proposals approved under the programme (without working visits)**



Most of the proposals for joint actions, as expected, were initiated by DG TAXUD units (marked EU in Figure 11). The national programme teams mostly submitted proposals for working visits, and here too we can observe in Figure 11 the difference among the administrations in the level to which they pro-actively utilise the programme.

**Figure 11: Overview of approved proposals under the Customs 2020 programme (including working visits)**



## 5. PROGRESS IN RELATION TO THE OPERATIONAL OBJECTIVES

### 5.1 Cross-cut indicators: collaboration robustness between programme stakeholders

The first section of the Performance Measurement Framework contains a number of programme-wide indicators measuring the achievement of results by the joint actions, awareness, networking and the use of outputs.

Firstly, in this section we take a general look at the **achievement of results as reported by the action managers of joint actions**. In the case of most project groups, the action managers are DG TAXUD policy experts, while for the working visits these are national customs officials. The level of achievement of results is evaluated on a scale from 0 (not achieved) to 4 (fully achieved) at the end of the action against the anticipated results. The level of achievement is impacted both by internal factors (if an activity lasts for several years, the results cannot be fully achieved immediately) and by external factors (such as political, business or technological developments). It is therefore advisable to set realistic targets for the achievement of results. In the case of most joint actions, such a target could be set at 3 or higher (3 corresponding to "results achieved to a large extent"). When we compare the obtained indicators for 2017 against the targets and the values in the preceding years, we can see that overall joint actions have been performing well, achieving their results to a large extent, regardless of minor fluctuations between the years. The results for working visits were even higher and kept growing year after year since the launch of the programme, indicating that these participants are highly satisfied with the business value obtained from the working visits.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Extent to which JA (that sought to enhance collaboration between participating countries, their administrations and officials in the field of customs) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF (excl. Working Visits)	2.91 (2014)	$\geq 3$	2.91	3.12	3	3
	AFF Working Visits	3.55 (2014)	$\geq 3$	3.55	3.59	3.64	3.72

**Raising awareness** about the programme and its potential among the target audience is an important precondition to fulfilling the programme's objectives. The awareness is measured through the Programme Poll, which is distributed to all the customs administrations of the participating countries every 18 months. The second Programme Poll took place in January 2017 and around 3500 customs officials from 32

programme countries participated. As the poll measures awareness and networking in the period between the two polls, the results of the January 2017 poll can be included as the measurement for 2016<sup>10</sup>. As a reminder, the Poll is distributed among both participants and non-participants of the programme, since its goal is to measure awareness among the whole of the target audience.

We can observe that 55% of all customs officials in Europe are aware of the Customs 2020 programme, which represents a rise in the awareness of 4% compared to the poll results for 2014. The Progress Report 2014 recommended to TAXUD to take actions aimed at raising awareness among general customs audience. A communication policy towards the national stakeholders was identified as a potentially beneficial action in this respect: accordingly, in 2016 TAXUD defined a new communication strategy for the Customs 2020 programme, which included the use of new communication tools and channels, as well as a common efforts between the EU and national programme teams in the distribution of information on the programme to the potential beneficiaries. During 2017, based on the communication strategy for the Customs 2020 programme, TAXUD identified and started to implement several actions: preparation of an animation video highlighting the benefits of the new joint action tool of Expert Teams, updating existing guidance on programme tools (Expert Team guide, project group guide, working visit guide). Also in 2017, TAXUD launched a programme newsletter which informs national administrations on highlights in the programme community. A network meeting took place where participants had the occasion to get to know their counterparts in other administrations, get an update on programme management issues and discuss the Annual Work Programme. The 2018 programme poll will show if the activities have helped to raise awareness on the programme in the participating countries.

Indicator	Source	Baseline (2011 Poll)	Target	2014 value	2015 value	2016 value	2017 value
Extent to which the target audience is aware of the programme	Prog. Poll	65.7%	>75%	51%	No poll results	55%	No poll results

The **collaboration** between customs officials is a key sustainable success factor for implementing customs policy in Europe. It creates a **networking** that improves the understanding and the implementation of the customs law, as meeting fellow officials from other countries and maintaining professional contacts with them facilitates the exchange of best practices and better functioning of the customs union.

Indeed, the feed-back from participants in joint actions collected under the Performance Measurement Framework shows that the collaboration robustness between programme stakeholders (Customs administrations and their officials) is progressing in the desired direction. In 2014, approx. 97% of the responding participants declared that the programme provided a good opportunity for them to expand their network of (and contacts with) officials abroad; similar outcome was maintained in 2016 (96%). Additionally, in the same period, the number of respondents who declared that they have been in contact for work purposes with the officials they met during programme activities after the activities averaged at around 70% during 201-2016, rising to 77.72 % in 2017.

Indicator	Source	Baseline (2011 Poll)	Target	2014 value	2015 value	2016 value	2017 value
Degree of networking generated by programme activities	Prog. Poll	Q 1: 94%	Q1: >90%	Q1: 97%	No poll results	Q1: 96%	No poll results
Q 1: Did the activity provide you a good opportunity to expand your network of and contacts with officials abroad? (percentage agreeing)							

<sup>10</sup> The results of the next programme poll (launched mid-2018) will be used in the annual progress report of 2018.

Indicator	Source	Baseline (2011 Poll)	Target	2014 value	2015 value	2016 value	2017 value
Q 2: Have you been in contact for work purposes with the officials you met during this activity since the activity ended? (percentage agreeing)	EAF	Q 2: 84%	Q2: >85%	Q2: 71.5%	Q2: 72%	Q2: 70%	Q2: 77.72 %

The levels of sharing of the **programme outputs** (such as recommendations, guidelines, studies etc.) returned in 2016 to their baseline level, following a drop in 2015. In 2017 the rate increased above the baseline, to 81.48%. In other words, around 80% of action managers reported that the outputs of their actions were shared in the national administrations. Through the Event Assessment Forms, we can also observe the levels of sharing reported by the participants and here 95.96% (a slight increase compared to 2015) reported that they shared what they learned at the programme activities with their national colleagues. This is a high value, well above the set target of 90%.

Indicator	Source	Baseline	Target <sup>11</sup>	2014 value	2015 value	2016 value	2017 value
Extent to which programme outputs (e.g. guidelines or training material) are shared within national administrations  Q 1 (AFF): Were the outputs of the action shared in national administrations? (percentage agreeing)	AFF	Q1: 81% (2014)	Q1: >80%	Q1: 81%	Q1: 71%	Q1: 81%	Q1: 81.48%
Q 2 (EAF): Further to your participation in this activity, did you share with colleagues what you learned? (percentage agreeing)	EAF	Q2: 94%  (2011 Prog. Poll)	Q2: >90%	Q2: 96%	Q2: 93.5%	Q2: 95.3%	Q2: 95.96%

## 5.2 Objective 1: to support the preparation, coherent application and effective implementation of Union law and policy in the field of customs

There were 122 joint actions, mostly project groups and working visits, running under this objective during 2017. Altogether, 8 new project groups were launched during 2017.

A new project group was launched on import and export customs formalities related to low value consignments. Given the exponential growth of e-commerce, customs administrations and economic operators are witnessing a significant and rapid growth of imports and exports of low-value consignments. These developments require that customs formalities at import and export are revisited in order to explore the need and possibilities to adapt them so that these rules are adequate to: ensure proper customs control and supervision; protect the financial interests of the EU; enable appropriate targeting of low value consignments for customs control purposes; facilitate streamlined, fast and efficient customs clearance, whilst ensuring enforcement of security and safety regulations; and reduce compliance costs. The project group worked on establishing whether a new model of customs treatment of low value goods is needed and, in the affirmative, will outline and design a suggested new implementation framework.

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<sup>11</sup> In 2016, after three years of measurement of this indicator, we could set a provisional target of 80% as the minimal value for which to aim in the future.

One project group was launched dedicated to the development of customs IT systems in relation to the new project 'Centralised Clearance for Import' (CCI). Participating countries contributed to the preparation of the L4 Business Process Models / Functional System Specifications Package for the project.

Another initiative focused on the creation on a project group in charge of the preparation of the CELBET 2 Expert Team, which will be the continuation of the operational cooperation carried out under CELBET 1 on the EU Easter and south-Easter land border. The project group supported the further work needed to implement the CELBET 2 objectives, namely by producing its Implementation Plan.

**Information box 1**

**Expert Teams** represent a recent tool from the Customs 2020 programme tool-box supporting enhanced operational collaboration, either on a regional or on a thematic basis. This tool allows willing Member States to bring their cooperation to a next dimension of European integration at the policy implementation level. The Expert Teams approach allows customs experts of Member States to have in depth cooperation on operational issues which go beyond the traditional means of cooperation to realise the pre-identified objectives of a common long term project. The three Expert Teams that were created for customs in 2016 started to produce their outputs in 2017 on the areas of customs laboratories (CLET), Binding Tariff Information (BTI) and operational cooperation at the EU Easter and South-Eastern land border (CELBET).

Some of the most relevant deliverables were produced by the CELBET Expert Team for border management between 11 Member States of the eastern and south-eastern land border. CELBET carried out a mapping and analysis of border crossing points (BCPs) and developed instructions and methodology for evaluating the level of smuggling (random controls), with a view to ensuring equivalent level of customs protection across EU Member States.

Further information on the CLET Expert Team (customs laboratories) can be found in section 6.5.

Equally, two project groups started their activities on the development of new eLearning modules on the new Customs Decision System (CDS) (see also section 5.3) and on the European Binding Tariff Information (EBTI) System.

Three project groups (customs debt and guarantees under UCC; remission/repayment under UCC; customs laboratories compliance assessment) were launched in 2017 but only started their activities towards the end of 2017. The envisaged results can only be assessed in the coming years.

**The Union Law and Policy Application and Implementation Index**

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Extent to which JA (that sought to support/ facilitate the preparation, application and/or implementation of a specific piece of new (or revised) customs law or policy) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF	3.17 (2014)	>3	3.17	2.88	3.02	3.02
Participants' views on the extent to which a JA (that sought to support/ facilitate the preparation, application and/or implementation of a specific piece of new (or	EAF	94% (2014)	>80%	94%	95%	96%	95%

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
revised) customs law or policy) (has) achieved its intended results (percentage of those who replied 'fully' or 'to large extent')							
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	91% (2014)	>80%	91%	95%	95%	95%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	98% (2014)	>80%	98%	98%	99%	99%
Number of actions (JA) that have supported or facilitated the implementation, preparation or application of (a specific piece of new or revised) customs law	ART	67 (2014)	Grow or stable compared to baseline	67	121	123	122
Number of recommendations (R) / guidelines (G) / other outputs (O) issued further to a JA	AFF	2014: 266 (R) 9 (G) 385 (O)	On average at least one output per action	266 (R) 9 (G) 385 (O)	237 (R) 10 (G) 74 (O)	114 (R) 111 (G) 234 (O)	152 (R) 115 (G) 434 (O)

The **Union Law and Policy Application and Implementation Index** provides a comprehensive overview of the performance of the joint actions organised under this objective. The main indicator relates to the level of achievement of expected results, as they were identified prior to the activity and later evaluated by their action managers. The obtained value of 3.02 in the last two years represents a slight increase from the 2015 value (2.88), suggesting that the action managers are very satisfied with the progress obtained within their groups in 2016. Such a positive evaluation is also confirmed by the participants to joint actions, who have also expressed very high levels of satisfaction since the beginning of the programme (95% in 2017) with the activities in terms of 'meeting their expectations' and 'being useful'.

The two output indicators included in this group have given us further insights into the **number of actions** organised and the **recommendations and guidelines produced** under the programme. There has been a significant fluctuation in this indicator between the three years, both positive and negative. It is worth clarifying that the recommendations and guidelines are counted here individually, rather than by the number of documents containing them. Under 'other outputs', we count studies, reports, measures, presentations and other reported types of outputs. Fluctuations in these indicators, however, need to be interpreted carefully, as not every recommendation or guideline is equally important. Furthermore, the number of outputs depends largely on the business need and the type of the subject matter addressed by the programme action. With these considerations in mind, it is difficult to set concrete targets for this indicator. The approach taken, as in previous years, has been to set a minimum target of at least one output per action in a given year. Such a target would demonstrate that on average all programme activities produce outputs. Concretely, for 2017, this would mean, that there are at least over 122 outputs produced for all joint actions and working visits. With over 600 different types of outputs produced in 2017, we can see that this target has been largely achieved, showing in addition a considerable increase by comparison with 2016.

### 5.3 Objective 2: to implement, improve, operate and support the European Information Systems for customs

The great majority of the programme funding (approx. 80%) is spent on the **European Information Systems (EIS)**, which are of critical importance for the well-functioning of the customs union. The list of the existing EIS is included in the Annex II of the Customs 2020 Regulation, while those planned for

development are included in the Electronic Customs Multi-Annual Strategic Plan (MASP), a document drawn up by the European Commission in partnership with Member States in accordance with Article 8(2) of the Decision 70/2008/EC<sup>12</sup> on a Paperless environment for customs and trade, also known as the e-Customs Decision.

The section below provides information on the key performance indicators for EIS, together with detailed technical information on different IT aspects, such as continuity, deployment and development. In addition, Annex 1 of this report provides specific information on the status of the IT projects of the UCC work programme, including the trend line of actual plotted against the planned in MASP 2017, which provides a view into the milestones that were successfully delivered by TAXUD in 2017.

It should be noticed that the information contained in this report regarding the implementation of the EIS is complemented by the **2017 e-Customs progress report**<sup>13</sup>, which covers both the EU components (funded by the Customs 2020 programme) and the national components of the EIS.

## I - Key performance indicators for EIS

<b>C2020 output indicators – New IT systems for customs</b>	<b>Year 2016</b>	<b>Year 2017</b>
Number of IT projects in the research phase	11	11 <sup>14</sup>
Number of IT projects in the development phase	13	19 <sup>15</sup>
Number of new IT systems in operations	1	8 <sup>16</sup>
Ratio of IT projects in status "Green" (%) <sup>17</sup>	61%	85.71% <sup>18</sup>
<b>C2020 output indicators – Existing IT systems for customs</b>	<b>Year 2016</b>	<b>Year 2017</b>
Number of European Information Systems in operations, as per Annex 1 of the Customs 2020 Regulation <sup>19</sup>	41	49
Number of modifications on IT systems in operation following business requests	439	571
Number of modifications on IT systems in operation following corrections	627	1024
Number of occurrences where the service desk is not reachable	None	None
Percentage of services calls answered on time	99.65%	99.45%

<sup>12</sup> Decision No 70/2008/EC of the European Parliament and of the Council of 15 January 2008 on a paperless customs environment for customs and trade, OJ 2008, N° L23, p. 21.

<sup>13</sup> The e-Customs progress reports are produced pursuant to Article 12 of the e-Customs Decision (Decision No 70/2008/EC) and are published in the Europa website: [https://ec.europa.eu/taxation\\_customs/general-information-customs/electronic-customs\\_en](https://ec.europa.eu/taxation_customs/general-information-customs/electronic-customs_en)

<sup>14</sup> MASP Rev 2017 V1.4: (Status at the end of 2017) MRA Canada, UCC AES, UCC NCTS, COPIS e-AFA, UCC ICS 2.0, CUP-MIS, GUM, UCC CCI, UUM/DS Release2, SSSL, CRMS2.

<sup>15</sup> MASP Rev 2017 V1.4: Customs Decisions iteration2, UCC BTI phase 2, EU AEO Major Enhancements, EOR12, COPIS-AFIS, CLASS, SURV3, CCN2 release2, HA Gold service, UCC Special Procedures (INF), REX2, AEO EU trader access, MRA Norway, EU SW (4 projects), ICS2, UCC INF

<sup>16</sup> MASP Rev 2017 V1.4: Customs Decisions iteration1, UCC BTI Phase 1, REX, COPIS AFIS, CCN2 Release1.5, UUM/DS release1, HA Silver service, CTA

<sup>17</sup> Projects that are progressing in line with the requirements, time and budget limitations set-up.

<sup>18</sup> End of 2017, among the 28 ongoing projects: Green: Customs Decisions iteration2, UCC BTI phase 2, MRA Norway, EU AEO Major Enhancements, EOR12, UCC AES, UCC NCTS, COPIS e-AFA, UCC ICS 2.0, CUP-MIS, GUM, UCC CCI, UUM/DS Release2, SSSL, CRMS2, CLASS, SURV3, HA Gold service, UCC Special Procedures (INF), REX2, EU SW (4 projects) Amber: MRA Canada, Exchange of TIR movement data via SPEED2 to Republic of Moldova and Ukraine, CCN2 release2, AEO EU trader access

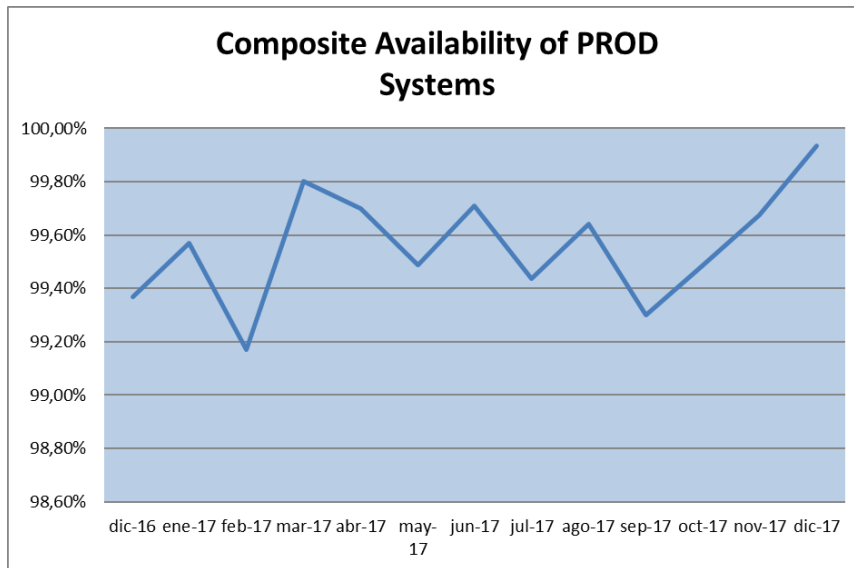
<sup>19</sup> EIS in operation: An annual increase in the number of existing European Information Systems would reflect that the programme is contributing effectively to the stated objective in particular by operating the necessary EIS. Refer to the IT projects in operation.

<b>C2020 result indicators – European Information Systems for customs</b>	<b>Year 2016</b>	<b>Year 2017</b>
Availability of the Common Communication Network (CCN), Common Systems Interface (CSI) (%)	99.98%	99.984%
Availability of centralised IT customs applications (%)	98.37%	98.70%
Availability of New Computerised Transit System (NCTS), Export Control System (ECS), Import Control System (ICS) (%)	99.23%	99.30%
Availability of the Single Portal for Entry or Exit of Data (SPEED2)	99.85%	98.46% in PROD 94.90% in CONF
Activity indicators (application data volumes and number of messages CCN Network)	5.54 Tbytes volume 4547 M messages	5.57 Tbytes volume 4320 M messages

## II- IT Continuity

The availability of production systems (ITSM<sup>20</sup>- operated systems, the CCN/CSI network as well as the CCN production services) was on average above 99.58% during 2017.

**Figure 12: Composite Availability of Production Systems**

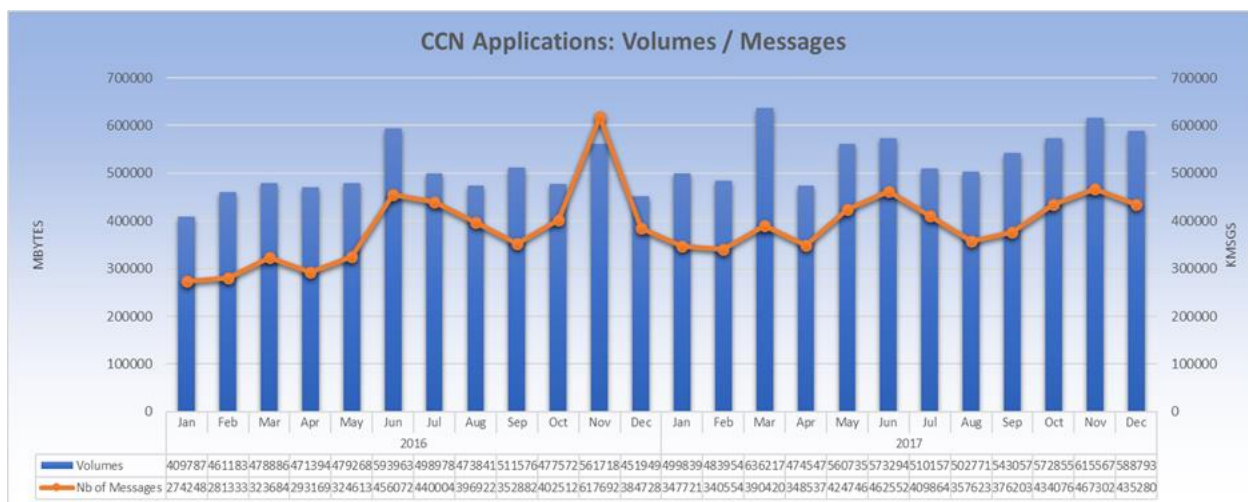


The total number of messages exchanged on the CCN network in 2017 was 4.32 billion with an application traffic volume of 5.57 Tbytes in comparison to the total number of messages of 4.54 billion with a traffic volume of 5.54 Tbytes in 2016.

**Figure 13: CCN Applications - Volumes/Messages**

<sup>20</sup> Information Technology Support Management (DG TAXUD Contractor)





For NCTS, over 11.2 million transit movements which represents an increase of 7% compared to 2016 were released. The number of NCTS/TIR movements to Russia (0.3 million) was further reduced by -2.4% compared to 2016, for business reasons (no technical issue). For ECS, 15.1 million indirect export movements, an increase of +5.9% compared to 2016, were released. For ICS, approximately 48 million Entry Summary Declarations (ENS) were lodged in EU which is an increase of +9% compared to 2016.

The SPEED2 platform had an average availability of over 98.46% in PROD and 94.90% in CONF. Currently EU Single Window (SW), Common Veterinary Entry Document (CVED), Mutual Recognition Agreements (MRA) (China & Japan), Foreign Account Tax Compliance Act (FATCA), and SPEED2 Conformance Test applications are in operation.

The DG TAXUD Data Dissemination System (DDS2) Internet site has been accessed (hits) 120,687,740 times in 2017 excluding Vies on Web (VoW). This is about 12.5% increase compared to previous year.

In February 2017 an important incident on the Drosbach data centre affected DG TAXUD applications availability. Services have been restored to normal situation within the given service level agreements, but downtimes negatively impacted the business on some occasions. Remediation plans have been drafted basing on the lessons learned and applying best practices, and are tracked formally; corrective actions have been completed and relevant improvement projects have been started and planned.

### III – IT security

The Infrastructure and IT Service Delivery improved the security patching capability and its reaction and remediation on incidents and exploitation vulnerabilities. It has accelerated the implementation of the audits security recommendations and has incorporated penetration and vulnerability tests focusing on realistic threats in the audit plans.

The Infrastructure and IT Service Delivery conducted proactive risk assessments in DG TAXUD Service-Oriented Architecture Platform and Uniform User Management & Digital Signature environments, and enforced the implementation of the technical security settings on Oracle components, servers, VMWare, and network devices.

The Infrastructure and IT Service Delivery insisted on awareness for contractors<sup>21</sup> on the TEMPO<sup>22</sup> requirement for the compliance on Technical Risk Assessment standards and new developing applications.

In addition, the Infrastructure and IT Service Delivery evaluated the security performance of the Information Technology Support Management (ITSM2 Lot1) and enforced security compliance on their IT operations. Finally, it was enforced a closed monitoring of DG TAXUD security infrastructure on baseline compliance of

<sup>21</sup> Contractors for Infrastructure and IT Service Delivery, Enterprise IT Architecture & Strategy and Customs IT Systems.

<sup>22</sup> TEMPO is the Electronic Management of Project On-line used by DG TAXUD.

all flavours of operating systems, network devices, user management, risk management, incident management, security patching and the Business Continuity Plan / Disaster Recovery Plan.

#### **IV - IT service support**

Throughout the reporting period, in the context of office automation, the IT Infrastructure Consolidation Service Desk handled +/-9,100 new calls.

In 2017 the Information Technology Support Management (DG TAXUD Contractor) Service Desk handled over 30% calls more than in 2016 and exceeded 60 000 open calls.

In 2017 the CCN2 Development contractor handled about 200 calls (3rd level). These covered about: 80 incidents, 50 request for information calls and about 70 request for service calls. On top of that about 28 problem calls and 29 request for changes where managed linked to the 16 CCN/CSI related configuration items.

#### **V - Maintenance and support**

Extended activities have been initiated in 2017 (and will be pursued in 2018) to increase the High Availability /Disaster Recovery capabilities within the 2 DG TAXUD data centres.

49 Customs IT applications and systems were maintained and operated at a central level by the end of the year. The development contractor delivered 171 software releases in 2017. The operational contractor has performed 231 testing cycles and 679 deployments in the Site Acceptance Test, Preliminary Site Acceptance Test, and Conformance and Production environments in 2017.

In 2017 the CCN2 Development contractor maintained 16 CCN/CSI related configuration items: 9 releases were developed and 5 deployments were done.

#### **VI - Deployment and entry in operation**

The Customs Decisions System (CDS)<sup>23</sup> entered in production on 02/10/2017 according to schedule<sup>24</sup>. The Uniform User Management & Digital Signature (UUM&DS) and the CCN2 (R1.Production) entered in production on 02/10/2017, in time to support the Customs Decisions System. UUM&DS platform enables access to CDS Trade Portal and federates all 28 Member States Identity and Access Management systems for Economic Operators. The Disaster Recovery and monitoring capabilities are also in operation.

**Combined, the Customs Decisions System, UUM&DS and CCN2 R1.PROD systems represent the largest joint deployment in TAXUD IT history.**

##### **Information box 2**

As of 2 October 2017, traders submit all new applications for customs decisions or authorisations electronically through a single electronic access point at EU level which is linked to the central **Customs Decisions System (CDS)**. Importers in all Member States now use the same portal and the information is exchanged between all relevant customs authorities. CDS manages 22 different types of authorisations. It enables European traders to benefit from authorisations having been granted with EU wide validity and being managed in a harmonised way. The system allows economic operators to file electronically and in one place applications for these 22 customs authorisations. This development will considerably facilitate the flow of more than EUR 3 trillion worth of goods in and out of the EU each year.

See also section 6.2.

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<sup>23</sup> The Customs Decisions Systems includes the Trade Portal, the Customs Decisions Management System and the Customer Reference Services (CRS)

<sup>24</sup> CRS was in production since the 1st of January 2017.

The Registered Exporters system (**REX**) entered in production on 01/01/2017 according to schedule **as the first main UCC business project**. The REX system required an important integration activity for 10+ IT components.

### Information box 3

As from 1 January 2017, the **Registered Exporter system (REX)** facilitates the certification of origin of goods applied in the Generalised System of Preference (GSP) of the European Union. It is based on a principle of self-certification by economic operators that were registered in a database by their competent authorities.

UCC Binding Tariff Information (BTI) Phase 1 and Surveillance3 Phase 1: UCC BTI Phase 1 step 1 aka SURV-RECAPP is in production since the 1st of March 2017. UCC BTI Phase 1 step 2 (BTI usage and extended BTI usage control in EBTI-3) is in production since the 2nd of October 2017. Surveillance3 Phase 1 is in production since the 2nd of October 2017 in order to produce the reports for the UCC BTI Phase 1 step 2 BTI usage reports.

The link between the Anti-Counterfeiting and anti-Piracy System (COPIS) and the Anti-Fraud Information System (AFIS) is implemented and is ready for operation.

The implementation of the Mutual Recognition Agreement with Norway is completed and is in conformance testing.

Following a mission of CCN2-Development in Spain, all 6 CCN/CSI COBOL sites have been upgraded to the latest available COBOL CSI stack.

Deployment of CCN/CSI over Internet services took place in Q3 2017.

In relation to the Single Portal for Entry or Exit of Data (SPEED2):

- The EU Single Window - Common Veterinary Entry Document R1.4.1 entered in production Q3/2017; the conformance test campaign with 9 Member States is on-going. Ireland was the first Member State entered in production with R1.4.1.
- The Foreign Account Tax Compliance Act R1.0.1 was deployed in production in Q4/2016; its conformance test campaign took place with Member States in Q1/2017.
- Conformance Tests 1.0.3 was deployed in production in Q3/2017. Conformance test campaign completed in Q4/2017.
- The Mutual Recognition Agreement with Norway R1.0.0 was deployed in production in Q3/2017. Conformance test campaign in on-going.
- IBM Message Queuing<sup>25</sup> series upgrade was successfully completed in Q1/2017.

## VII – System development

The development activities of UCC BTI Phase 1 step 2 (European Biding Tariff Information-3 evolutions), Customs Decisions (Customs Decisions Management System and Trader Portal), Economic Operators for EU Authorised Economic Operators (AEO) major enhancements (UCC-related) and Economic Operators Registration and Identification-2 projects, Surveillance3 Phase 1, Tariff Application Technical Architecture Framework new generation, COPIS-AFIS and Mutual Recognition Agreement with Norway have been completed.

The development activities of Surveillance3 phase 2 & 3, Classification Information System, Generic Trader Portal and UCC Information Sheet for Special Procedures projects are progressing or started.

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<sup>25</sup> refers to IBM WebSphere MQ, aka MQ Series

Developments in relation to SPEED2: EU Single Window- Common Veterinary Entry Document R1.4.1, Foreign Account Tax Compliance Act, SPEED2 TIR Russia; SPEED2 conformance tests, and Mutual Recognition Agreement with Norway were completed during this year.

CCN/CSI: three releases (Hotfix, Minor and Major) linked to the CCN/CSI Gateway were delivered during 2017. On top of that, a new release of the Native Java CSI stack (V3.2.0) was delivered to Member States and three releases of updated CCN/CSI test tools were provided. By the end of 2017 also the specifications were completed for a new release of the CSI stack (V5.6.0) and a new release of the Application Configuration Tool for Member States.

CCN2: despite recurring major issues with the contractor's deliveries, a "fit for purpose" CCN2 platform was developed and entered into production on 02/10/2017 supporting the Customs Decisions Systems. Two corrective maintenance releases are foreseen in 2018 that should also cover missing features and new features that will be needed in order to support Import Control System 2.

### **VIII - Inception phase**

Vision documents of Exchange of TIR movement data via SPEED2 to Republic of Moldova and Ukraine and update of the vision document of UCC Binding Tariff Information Phase 2 were completed and accepted during this reporting year. Vision documents of UCC New Computerised Transit System, Automated Export System, and Generic Trader Portal and COPIS electronic-Applications for Actions were produced during 2017 and the reviews are ongoing.

During 2017, three proof of concepts/feasibility studies were successfully performed by CCN2-Development contractors in the context of CCN/CSI.

Furthermore, during S1/2018 an overall security improvement program was launched to upgrade from SHA-1 to SHA-2 and from TLS 1.0 to TLS 1.1 or TLS1.2 on all CCN/CSI related configuration items.

During summer 2017 an architectural solution was presented to make the SIMSTAT application available through CCN using EU Login. Preparation & testing was delivered in S2/2017<sup>26</sup>.

### **IX – Pre-inception phase**

DG TAXUD provided support for the production of Business Cases of COPIS implementation of electronic Applications for Actions (phase2), SSTL, NCTS Phase 5, Automated Export System, CCI Phase1 and Customs Union Performance- Management Information System. The Transition Strategy document for Automated Export System and NCTS P5 were produced and approved by ECCG on the 6th of December 2017.

Uniform User Management & Digital Signature Release 2 for system to system secure connectivity, certificates management and Digital Signatures per-inception activities with ICS 2.0 team, COPIS 2.0 team and DIGIT have started.

### **X – Member States joint actions and training activities in the area of IT**

A number of meetings/trainings/workshops with Member States and other stakeholders took place in 2017:

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<sup>26</sup> The architectural solution was presented by ESTAT.

Name of the activity	Type of the activity	Number of sessions
CCN-OPS	Training	6
MS development with the CCN/CSI stacks	Training	3
UUM&DS - R1 rolling to operation and R2 pre-inception	Webinar	7
UUM&DS	Training	1
NCTS-ECS-ICS	Webinar	27
Customs Decisions	Webinar	13
Customs Decisions	IT Workshops	3
COPIs	Webinar	9
COPIs	Training	4
CRMS PCA	Training	4
CRMS RIF	Training	4
EBTI-3 Basic	Training	4
EBT-3 Advanced	Training	3
IT Systems Development Group	Meeting	3
IT Technology & Infrastructure project group	Meeting	3
EBTI-3	Webinar	2
EOS (AEO Major enhancement and EORI2)	Webinar	10

Apart from the above-mentioned activities, joint actions that were organised in relation to the EIS were mostly project groups and working visits. Like in previous years, the project groups included the continuation of those started in 2014, such as the IT systems development group (ITSD), IT technology and infrastructure group, Customs Business Group and Electronic Customs Coordination Group (ECCG), as well as those started in 2015 related to the UCC implementation. The new project groups launched in 2017 focused on the UCC Customs Decision System, the UCC Arrival Notification, Presentation Notification and Temporary Storage and on the Import Control Systems (ISC2) shared trader interface. The activities of these project groups will extend beyond 2017.

**A High-Level Seminar on the long-term strategy for the implementation of the Customs IT Systems** was organised on 27/29 September of 2017 in Tallinn, bringing together 28 high representatives of customs administrations and related external experts to find a way forward to reduce the IT costs for the Member States and the EU as a whole, while minimizing risk and increasing the agility of IT to support the evolving policy agenda of Customs. This group discussed the different approaches and brought their results to CPG. The results of this High-Level Seminar were formalised in the “Tallinn declaration on the development of the future customs IT systems”. The Tallinn declaration stresses the need to further explore the potential of a more centralised or a collaborative development and maintenance of future Customs IT systems as a means to increase efficiency, effectiveness and cost-savings, in particular by pooling of resources. Experience of common procurement, development and operations in other policy areas should be also further explored and taken into account;

The **stakeholders’ assessment of the IT related joint actions** was very positive and above target levels:

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Extent to which JAs (that sought to enhance the availability, reliability and/or quality of (specific) Union components of EIS) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF	3.16 (2014)	> 3	3.16	3.96	3.57	3.57
Participants’ views on the extent to which a JA (that sought to enhance the availability, reliability and/or quality of (specific) Union components of EIS) (has)	EAF	93% (2014)	>80%	93%	96%	95%	95%

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent')							
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	93% (2014)	>80%	93%	93.5%	93%	94.5%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	99% (2014)	>80%	99%	99%	98%	98.6%

#### 5.4 Objective 3: to identify, develop, share and apply best working practices and administrative procedures

The development, sharing and application of best working practices and administrative procedures take place at several levels in the programme. It is done through joint actions, European Information Systems and the online collaboration platform, PICS.

Joint actions linked to this primary objective represent the biggest number of joint actions under the programme. 143 joint actions were running under this operational objective in 2017, which represents a decrease from 2016 figures (193 running actions). The stakeholders' assessment of these joint actions was very positive and above target levels.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Extent to which JAs (that sought to extend working practices and/or administrative procedures/guidelines in a given area to other participating countries) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF	3.25 (2014)	>3	3.25	3.2	3.14	3.14
Participants' views on the extent to which a JA (that sought to extend working practices and/or administrative procedures/guidelines in a given area to other participating countries) (has) achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent')	EAF	95% (2014)	>80%	95%	97%	95%	95.7%
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	95% (2014)	>80%	95%	95%	95%	95.3%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	98% (2014)	>80%	98%	99%	99%	98.5%

A number of **project groups** continued from previous years, such as the four project groups concerning customs controls at the various types of border: RALFH (northern ports), ODYSSEUD (southern ports), ICARUS (airports), and LFCG (land frontier contact group). These project groups bring together permanent contact points from the participating Member States and senior managers from customs offices at the

border, with the aim to address any issues relevant for operational co-operation and co-ordination with regard to controls at the external frontier.

Three new project groups were launched in 2017 (compared to one in 2016). A project group brought together the experts of the Visegrád Group countries<sup>27</sup> and Member States representing customs in order to decide on a set-up of a joint control action on product safety import controls of toys. Another project group focused on social media networks, aiming at a coordinated, professional and correct use of social media by the Commission and by the customs and tax administrations in order to address customs and tax issues in the interest of the EU. Finally, there was a proposal on Customs Detection Technology, which continued the works of a previous project group in this area. It aims to discuss technology used by customs, facilitate knowledge transfer, produce guidance documents to all Member States, organise events and stimulate research and innovation for customs purposes.

53 **working visits** took place in 2017 under this objective, involving nearly all the participating countries. The range of topics covered by these visits went from horizontal areas, such as post-clearance audits and learning, to more technical subjects, as implementation of national Customs Single Window, examination of containers at ports or controls at the airports.

There were three **workshops** organised in relation to best working practices. The first one aimed at promoting AEO programs in the Enlargement Countries and the DCFTA Eastern Countries, by exchanging experiences and identifying best practices in the implementation of national AEO programs including their promotion among traders. Two workshops were organised in application of CLEP (Common Learning Event Programme): one covered the Tobacco and Other Selected Substances' Detection Techniques for Canine Service, aiming at sharing knowledge and expertise during a plenary session built around a programme focusing on dog's ability to discern specific scents; the second one dealt with mobile controls training,

The **seminar** for Chemists on Customs Analytical Methods was held in 2017 under this programme objective. It was organised by German authorities with a view to exchanging information on the most recent developments, analysis methods and on new technologies to determine the correct tariff classification for customs purposes.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Percentage of participants that disseminated a working practice and/or administrative procedure/guideline developed/shared produced with the support of the programme in their national administration	EAF	94% (2014)	>90%	94%	94%	93%	95%
Percentage of participants which declare that an administrative procedure/working practice/guideline developed/shared under the programme led to a change in their national administration's working practices	EAF	84% (2014)	>70%	84%	74%	74%	74%
Number of actions under the programme organised in this area	ART	85 (2014)	Grow or stable compared to baseline	85	200	191	142

<sup>27</sup> Czech Republic, Hungary, Poland and the Slovak Republic.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Number of working practices/administrative procedures (AP) developed/shared	AFF	1 (2014)	On average at least one output per action	1	2	19	74
Number of actions which had outputs used for a benchmarking activity as declared by the action managers	AFF	0 (2014)	Grow or stable	0	2	2	17

If we look at the outputs produced by the joint actions under this objective, we can observe that in 2017 there were 74 best working practices and administrative procedures developed (as reported by action managers), which represents an increase of 55 outputs from the previous year.

In 2017, we observe a high rate of dissemination of programme outputs by the participants, with 95% of them declaring to have distributed the outputs nationally (93% in 2016). A stable percentage of 74% of the participants (same as in previous years) declared that the programme outputs led to a change in their national administrations' working practices. This would suggest that these outputs are of desired quality and relevance and are widely distributed at the national level.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Number of face to face meetings (total for the programme)	ART	443 (2013)	Grow or stable compared to baseline	265	551	552	448
Number of on-line collaboration groups (PICS) (total for the platform)	EC	110 (2013)	Grow	199	261	301	277
No of downloaded files from PICS (total for the platform)	EC	13564 (2013)	Grow or stable compared to baseline	73 200	116 538	96 062	104 941
No of uploaded files on PICS (total for the platform)	EC	3445 (2013)	Grow or stable compared to baseline	5 521	11 177	7 807	7 184

In the area of **online collaboration**, we are looking at the use of the Programme Information and Collaboration Space (PICS). This platform is used by many DG TAXUD and national customs officials to facilitate the running of joint actions, but also for other, non-programme related collaboration needs. We can see that the total number of online collaboration groups (both customs and tax) on the platform continued to rise since 2014, with a slight decrease of 7% in 2017. In relation to the number of new users that signed up to PICS, there is a clear trend since 2014, with an annual increase of approx. 1000 new users (in particular for 2017, there were 1182). In terms of file sharing, after a significant increase in 2015, the numbers came down in 2016 and started to increase in 2017 (number of downloaded files increased from 96 000 to 105 000), the numbers being always significantly higher than the baseline and the 2014 values.



## 5.5 Objective 4: to reinforce skills and competencies of customs officials

Under this objective, we are measuring indicators related to the use of the different types of EU common training and human competency building provided under the programme: the e-Learning courses, the commonly developed training materials and the IT trainings for European customs IT systems. There are also other types of activities with a learning dimension organised under the program, such as seminars and working visits. However, they are assessed in relation to their primary business objective and reported on in other chapters.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017
Number of EU eLearning modules used by participating countries (combined number of all modules used in each country)	EC	174 (2014)	Grow	174	183	305	271
Average training quality score by customs officials (on a scale of 100)	EC	70.3 (2015)	>70	73.3 <sup>28</sup>	70.3	74.3	73.1
Number of customs officials trained in IT trainings	ART	124 (2014)	Grow or stable compared to baseline	124	293	374	472
Percentage of officials that found that the IT training met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	95% (2014)	>80%	95%	92%	87%	89%
Percentage of officials that found the IT training to be useful (percentage of those who replied 'very useful' or 'useful')	EAF	99% (2014)	>80%	99%	98%	97%	97%
Number of officials trained by using EU common training material	EC	4 776 (2014)	Grow or stable compared to baseline	4 623	6 108	23 970	34 214
Number of IT training sessions organised for given systems / components	ART	22 (2014)	Grow or stable compared to baseline	22	45	58	40
Number of produced EU eLearning modules <sup>29</sup>	EC	15 (2013)	Grow or stable	15	15	30	129 <sup>30</sup>

The Customs 2020 programme finances the development of eLearning courses on topics of common interest in collaboration with customs administrations and representatives of trade. Such courses support the implementation of EU legislation and ensure the dissemination of good customs practices throughout the European Union.

<sup>28</sup> The new format of the satisfaction survey was only launched towards the end of 2014. Therefore the data collected in 2014 is insufficient to be representative and we should rather rely on the 2015 data as the baseline.

<sup>29</sup> This indicator counts the modules as English (master version) and further localised versions in EU languages as requested by participating countries, as the resources needed to develop each localised version request approx. 60% of the resources spend for the original English version.

<sup>30</sup> The indication of '129 eLearning developments' in 2017 relates to 2 newly produced eLearning modules and the production of 127 national language versions of existing EU eLearning modules. During 2017 a specific focus was put in developing localised language versions of existing eLearning modules on specific request of participating countries.

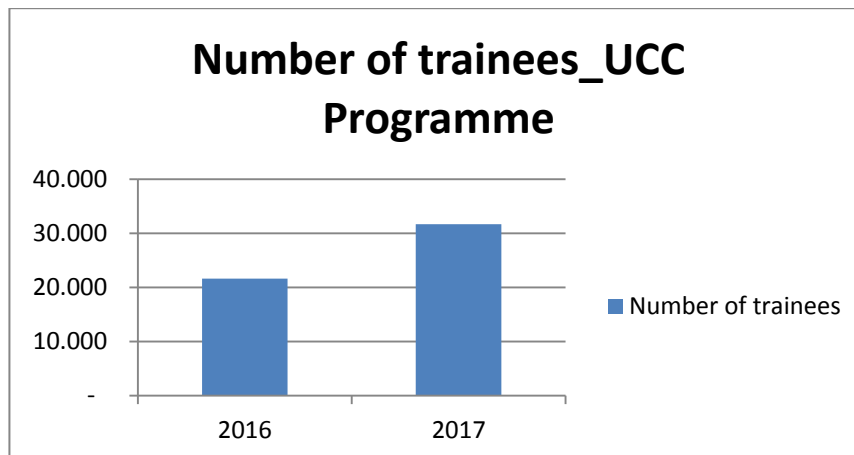
Whilst in 2016, an extensive UCC EU eLearning programme has been developed and deployed in support to the implementation of the new Union Customs Code (UCC) that entered into force on 1 May 2016 - the initial UCC eLearning programme consists of 1 overview module (Level 1) and 14 customs domain specific modules (Level 2), containing in total 17.5 hours of learning material -, the 2017 work focus was twofold:

- 1) making this programme available in a maximum number of EU languages to facilitate the national use of this extensive programme and
- 2) producing further UCC eLearning modules in support of the introduction of UCC-related IT systems, the so-called UCC Level 3 eLearning modules.

Hence, in 2017, two new EU eLearning modules were produced for national public and private sector training, namely on the new UCC Customs Decision Systems (CDS IT System) and the new UCC EBTI-3 IT system. Additionally, the first UCC-related IT eLearning course of Registered Exporter System (REX), was released early 2017 (supporting the entry into force of the new IT system as from 1 January 2017), and further 127 national language versions of existing EU eLearning modules were produced (mainly national versions of the UCC eLearning programme at Level 2).

With currently in total 28 eLearning courses on the customs area, all of which support customs professionals from both public and private sector, **the number of officials trained by using common training material has risen substantially between 2016 and 2017 by 47%** (in terms of number of trainees) for the full customs-specific EU eLearning course portfolio.

For the specific **UCC-related EU eLearning programme, an increase from 21.607 trained officials in 2016 to 32.669 in 2017 could be observed** – see chart below.



In parallel, some of the eLearning courses are also available on the EUROPA website, where they can be downloaded by economic operators and other interested stakeholders. The number of downloads is still significant (11.997 downloads in 2017), representing **additional 204.711 private sector customs professionals trained** on EU Customs eLearning modules – see also under objective 5.

The customs officials were asked to report back on the **quality of the training courses** using the internationally recognised Kirkpatrick training scale<sup>31</sup>. The trainees were requested to score the relevance of the courses, the achievement of their learning objectives, the learning retention and the 'user-friendliness' of the courses. The average score in 2017 measured 73.1 points across all available EU Customs eLearning modules (with 75 = 'very good' and 50 = 'fairly') and indicates an overall positive assessment. The latest developed UCC eLearning modules (e.g. on REX and on CDS IT systems) exceeded the overall quality feedback and scored up to 76.8.

Still, while most trainees are highly satisfied, some expressed the need for even smaller bits of learning items (shorter modules) and others expressed the wish for more in-depth training (expert training modules).

<sup>31</sup> [http://www.wa.gov/esd/training/toolbox/tg\\_kirkpatrick.htm](http://www.wa.gov/esd/training/toolbox/tg_kirkpatrick.htm)

This represents a repetitive feedback from former years, that was specifically addressed in 2017 by continuing to adapt the format of the learning material in function of the learning objectives - for example, by using different tools such as eBooks, webinars, train-the-trainer events and similar. Hence, in 2017, new efficient EU training tools were introduced in form of an EU eBook (on EU AEO Guidelines) and first pilot EU Customs Training Webinars were successfully tested (continuation in 2018).

**5.6 Objective 5: to improve co-operation between customs authorities and international organisations, third countries, other governmental authorities, including Union and national market surveillance authorities, as well as economic operators and organisations representing economic operators**

Under this objective, we look at the joint actions that sought to support co-operation with third countries, the use of training outputs by economic operators and the use of European Information Systems for exchange of information with third countries.

In total, there were 30 **joint actions** running under this objective, mostly project groups, (21), followed by working visits, workshops and seminars.

The **project groups** continued the work initiated in previous years, mainly in the areas of cooperation with Eastern neighbours, Authorised Economic Operator (mutual recognition with Japan) and competitiveness and trade facilitation. All this testifies to the importance of the programme for the EU's international customs cooperation.

Under the auspices of the Customs 2020 programme, the **11<sup>th</sup> Asia-Europe Meeting (ASEM) Working Group** on Customs Matters took place in April 2017 (organised by Poland) and the 12<sup>th</sup> ASEM Director Generals/Commissioners meeting on customs matters took place in October 2017 in Berlin. ASEM is an informal process of dialogue and cooperation between the EU, its Member States, Norway, Switzerland, and 21 Asian countries. It addresses political, economic and cultural issues, with the objective of strengthening the relationship between the two regions. Customs issues play an important part of the ASEM activities.

The **High-level Seminar on the Strengthening of Cooperation between Customs and Tax Authorities** took place in April 2017, with the aim that both authorities are more effective in achieving their objectives, while, at the same time, reducing bureaucracy and enhancing the services offered to the general public and stake holders.

The participants' feedback on 'fulfilled results', 'met expectations' and 'usefulness' is overall very positive, and well above target levels. The action managers, however, have reported for the last two years a lower level of achievement of expected results (2.44), when compared to 2015 (3.17). Since the start of measurement of achievement of results under the programmes, international activities have been reporting more moderate levels of this indicator when compared to other types of programme activities. As reported by action managers, this is primarily due to political and organisational changes in the partner countries, which impact the success and progress of these activities.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Extent to which JAs (that sought to support co-operation between customs authorities and IOs, third countries, other governmental authorities, economic operators) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF	2.36 (2014)	>3	2.36	3.17	2.44	2.44
Participants' views on the extent to which a JA (that sought to support co-operation between customs authorities and IOs, third countries, other governmental authorities, economic	EAF	95% (2014)	>80%	95%	91%	92%	93.46%

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
operators) (has) achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent')							
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	94% (2014)	>80%	94%	90%	91%	94.61%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	99% (2014)	>80%	99%	96%	98%	98.85%
Number of programme actions supporting the operational objective relating to co-operation with 3 <sup>rd</sup> parties	ART	22 (2014)	Grow or stable compared to baseline	22	43	39	30
Number of downloaded e-learning courses by economic operators and others via Europa.eu website	EC	3219 (2014)	Grow or stable compared to baseline	3 219	3202	12 920	11 807
Average training quality score by other users (e.g. traders and individuals) (on a scale of 100)	EC	69.2 (2014)	>70	64	69.2	78.5	73.1

In the area of **exchange of information through IT systems** with third countries in 2017, no new countries have been added after Serbia in 2016. The EU currently exchanges information with 13 partner countries: Japan, USA, Norway, Iceland, Switzerland, Liechtenstein, Andorra, San Marino, Russia, Turkey, the Former Yugoslav Republic of Macedonia, China and Serbia. With some of these partner countries the information exchanged concerned transit movements (NCTS), while with others it concerned the authorised economic operators (AEOs). New initiatives are being investigated in pre-Inception mode, particularly in the area of NCTS collaboration with Moldova, Ukraine and Georgia. There is equally an ongoing project concerning the future implementation of AEO-MRA with Canada.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Number of partner countries that the customs union exchanges information with via IT systems	EC	10 (2014)	Grow or stable	10	12	13	13

**eLearning courses** as addressed under Objective 4 that do not contain control-related or otherwise confidential content, are also publicly available for download through the Europa website, where they are mostly used by economic operators for training of their staff involved with customs. During 2017, these courses were downloaded 11.997 times and reported 204.711 private sector customs professionals having been training on EU Customs eLearning modules. The slight decline of downloads compared to 2016 is smaller than expected, given that the 2016 figures (for memory: in 2016, a 4-fold increase compared to 2015 could be reported) related mainly to the introduction of the eLearning support provided to the introduction of the new legislation, the UCC in May 2016.

Economic operators also reported back on the quality of the eLearning course used, in line with the international Kirkpatrick training quality scale. Their replies summed up to an average score of 73.1 (with 75 = 'very good' and 50 = 'fairly') and indicates their overall positive assessment. The latest developed UCC eLearning modules (e.g. on REX and on CDS IT systems) exceeded the overall quality feedback and scored up to 76.8.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Average training quality score by other users (e.g. traders and individuals) (on a scale of 100)	EC	69.2 (2014)	>70	64 <sup>32</sup>	69.2	78.5	73.1

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<sup>32</sup> The new format of the satisfaction survey was only launched towards the end of 2014. Therefore the data collected in 2014 is insufficient to be representative and we should rather rely on the 2015 data as the baseline.

## 6. PROGRESS IN RELATION TO THE ANNUAL WORK PROGRAMME

### 6.1 Introduction

The Annual Work Programme (AWP) is a strategic and budgetary frame for setting up the actions to be financed by the Customs 2020 programme. The Customs 2020 Committee provides its formal opinion on the AWP before its adoption by the Commission.

The AWP consists of three main parts:

- a. **Strategic framework:** It provides the priority policy objectives for the implementation of the programmes. As such, they give steering for programme activities and prioritization of financial efforts in 2017.
- b. **Financial framework:** This part is structured by type of financing instrument: grants, procurements and reimbursement of external experts. The information provided allows the AWP's to be equally the Financing Decision.
- c. **Policy projects to which the grant for joint actions may contribute:** It provides a high-level description of customs projects. The description contains the relevant policy objectives, the general context, and refers to related Union policy initiatives and legislation. The indicated policy areas may be supported by joint actions (e.g. seminars, workshops, project groups) under the programmes.

In the chapter below, we have included one AWP project per each part of the specific objective of the programme (4 AWP projects in total), with additional information on their work and achievement during 2017. The selected projects are representative of the type of AWP projects initiated under each part of the specific objective. The summaries of projects are provided by the action managers and highlight the main actions and their results.

### 6.2 General objective

Title of the AWP Project:
<b>Implementing a modern customs environment</b>
Description of the project:
<b>UCC Customs Decisions (CDS)</b> The project aims at harmonising the processes related to the application for a customs decision, the decision-taking and the decision management through standardisation and electronic management of application and decision/authorisation data across the Union. It is part of the UCC Work Programme & the Multi-Annual Strategic Plan.
<b>UCC Information Sheets (INF) for Special Procedures (SP)</b> The aim of this project is to develop a new trans-European system to support and streamline the processes of INF data management and the electronic handling of INF data in the domain of Special Procedures.
<b>UCC New Computerised Transit System (NCTS) upgrade and UCC Automated Export System (AES)</b> The aim of the project on the UCC NCTS upgrade is to align the existing trans-European NCTS system to the new UCC requirements such as the registration of " <i>en route</i> " events and the alignment of information exchanges to UCC data requirements and the upgrade and development of interfaces with other systems. The aim of the project on UCC AES is to implement the full export and exit procedures (including simplified procedures, partial exit and split exit) in accordance with the UCC processes and data requirements and to develop interfaces with other systems.
<b>UCC Proof of Union Status (PoUS)</b>

The aim of the project is to replace the paper-based process related to the issuing and presentation of the T2L/T2LF documents (for transit procedures) by electronic means and to implement the process related to the customs goods manifest as a means of proving customs status of Union goods.

### **UCC Centralised Clearance for Import (CCI)**

This project aims to allow for goods to be placed under a customs procedure using centralised clearance at European level, allowing economic operators to centralise their business from a customs viewpoint. The processing of the customs declaration and the physical release of the goods should be coordinated between the related customs offices. It concerns a trans-European system containing components developed centrally and nationally.

The Commission uses the following planning and governance instruments to plan, initiate and roll out the projects in close collaboration with Member States and trade community:

The UCC Work Programme (UCC WP) entails the high-level overview of the IT projects and related national and trans-European systems to be developed and deployed in compliance with the UCC. It defines the end dates of the transitional arrangements specified in the UCC Transitional Delegated Act.

The Multi-Annual Strategic Plan (MASP) is a management and planning tool, drawn up and regularly reviewed by the Commission in partnership with Member States for the implementation of the electronic customs agenda. The MASP ensures effective and coherent management of IT projects by providing a strategic framework and the milestones to implement all electronic customs requirements as defined in European Union legislation and international agreements. Numerous projects are being initiated and elaborated in order to develop and deploy the required IT systems, on both Union and national level. The preparatory work requires defining business scenarios and cases, elaborating business models from a legal point of view into a detailed system functional point of view BPM's and establishing methodology, guidance and support. Detailed specifications to support the development of the IT systems will be established where relevant.

#### **Expected results:**

##### **Activities and expected results:**

- Create and maintain the business process models, business cases and functional specifications in alignment with the latest developments deriving from the legal or IT technical side.
- Provide support to Member States and traders for a uniform interpretation and application of the UCC and its delegated and implementing acts by making optimum use of the designed BPM and the prepared business scenarios.
- Analyse, define, discuss and finalise with Member States and traders the scope, the process description, the system functionalities and the architectural IT implementation option for the following projects: UCC NCTS upgrade, UCC AES, UCC INF, UCC PoUS, and UCC CCI.
- Promote the use of BPM and maintain the EU Customs BPM policy and methodology material.

##### **Main activities in 2017**

#### **For UCC CDS and EU Trader Portal:**

- business implementation support provided for the start of operations on 2/10/2017 and for the follow up;

#### **For UCC NCTS upgrade and UCC AES**

- define the details of the transition strategy, ensure acceptance by Member States and traders, and reflect the outcome in the Business Case and Vision Documents;
- achieve progress on the L4 BPM FSS in order to have the package accepted in Q1 2018;

#### **For CCI**

- establish the Business Case and have it accepted;
- start L4 BPM FSS activities;

**For INF**

- finalise the L4 BPM FSS and provide business support to the IT technical activities and pilot;

**For PoUS**

- finalise Business Case and the accompanying working document clarifying the processes for the customs goods manifest;

Use meetings of the ECCG, CBG and dedicated PG to enable a collaborative working method with the Member States and their experts. Use contracts to ensure support services are provided by external contractors.

Actions initiated under the programme:

**UCC Customs Decisions System and EU Trader Portal (including UUM&DS)**

The IT project is organised according to the execution of 3 sub-projects: CDMS (Customs Decisions Management System), the TP (Trader Portal) and CRS (Customer Reference Services).

The new UCC Customs Decisions System (with these 3 components) started its operations successfully on the 2nd October 2017.

The implementation of such huge project also required implementation support and a communication strategy to provide information to users of the new system. A Europa webpage was created introducing the CDMS and EU TP, and clarifying to Economic Operators where and how they can submit their applications.

An e-Learning course was prepared and made available on the Europa website.

An information workshop to legal experts was held on 11 July 2017 and info was provided to trade associations on 12 July 2017.

A business user guide (for Member States & Trade) was presented in these meetings and made available on PICS shortly after.

IT Training was provided to support the deployment and usage of the system.

Taking into consideration the needs and concerns of the Member States, the Commission established a PICS group – EU CDS dedicated space to disseminate pertaining information. Europa website and other communication means are being used by the Commission to ensure a wide distribution of the information related to the operational status of the CDS.

A Call management has been set up and documented.

**Follow up activities:**

Activities have been initiated firstly to correct any errors against the baseline, secondly to improve issues of UI ergonomics that were identified by Member States, with priority to the Trader Portal part, and thirdly to investigate how some functional issues related to the difference between the baseline and the legislation may be addressed.

The baseline of the IT implementation is the BPML4 version of April 2015. The IT specifications compliant with this baseline have been produced and the review cycle with the Member States has been completed in January 2016. Since the legal amendment of the UCC Implementing Act was adopted in June 2017, the impact on BPMs and specifications is being subject of RfC lists, which trigger further changes to the CDS.

A new PG was established to analyse the way forward for the identified customs business issues which would need to be addressed.

**UCC Information Sheets (INF) for Special Procedures (SP)**

The first release of INF SP system will consist of a Pilot Phase where all 28 Member States can contribute by information from customs declarations, but only a selected number of traders will contribute with INF data. The elaboration phase for the pilot phase implementation has started in Q4/2016 and ended in Q2/2017. The pilot is targeted to be in operation in Q4/2018 for evaluation until the MASP operation deadline of Q2/2020.

The L4 BPM on INF SP was accepted by the Member States and Trade Contact Group in the ECCG of December 2016 and follow up discussions took place at the Customs Business Group of 19/01/2017. Further updates are handled via Change Management Procedure.



A RfC has been launched for INF SP L4 BPM improvement.

The document for INF SP data access as a follow-up of the CBG meeting on 19/01/2017 has been created.

Impact of the first UCC IA legal amendment on BPMs was being analysed through the RfC list.

### **UCC New Computerised Transit System (NCTS) upgrade and AES**

The C2020 Programme supported the following key activities in 2017:

- Facilitate the acceptance of the level 4 BPM/Functional Specifications package for the Automated Export System (AES) and the New Computerised Transit System (NCTS).
- Fine-tune the transition (migration) strategy on switching from Export Control System 2 (ECS Ph2) to AES and from NCTS (NCTS Ph4) to upgraded UCC NCTS (NCTS Ph5).

L4 BPM Functional Specifications:

The L4 BPMs/FSS of NCTS was published in two waves. The first wave includes a review of the process models and functional requirements taking into account the core business and Guarantee management sections of the FSS. External review of the first wave for NCTS L4 BPM/FSSs was launched in November 2017. The changes of newly updated packages were based on the outcome of the PG on NCTS. The APOs for the NCTS L4 BPMs (wave1) have been published mid-February 2017.

The progress of the L4 BPMs/ FSS was presented at the ECCG meeting on 30/03/2017. Meeting Decisions (MDEs) of Wave 1 regarding L4 BPM/FSS were published for Member States verification on 24/05/2017. The ECCG on 8-9/06/2017 agreed to the APOs for Wave 1 and the review cycle was closed.

The review of the L4 BPMs / FSS was complicated, since 3464 comments were received for wave 1 and wave 2 which were handled by the Commission: L4 BPMs were updated accordingly and the final package of L4 FSS was published on 18 December 2017 (for implementation verification). Comments were expected, APOs published to Member States/Trade in January 2018.

The scope of the second wave encompasses a review of the full alignment of data requirements to the EU CDM.

A survey related to the implementation of the UCC data requirement & data model in the Level 4 BPM/FSS package for AES and NCTS update was made available in July 2017 on CIRCABC in order to collect Member States view on the approach to take for the alignment.

The work progressed well to ensure a final acceptance of the L4 BPM/FSS packages for AES and NCTS Update Ph5 at the ECCG of 13-14 March 2018.

It is assumed that the data parts will be subject to further evolution and harmonisation across the different domains.

#### Transition strategy:

The Project Group on AES and NCTS and the final reports issued in 2016 indicated a need to further assess in details the transition strategy. The Commission has conducted an extensive analysis to define the most appropriate transition scenario for UCC AES and NCTS transition and avoid a "big bang". Detailed analysis work has been carried out with support of Member States. During several webex meetings, a common understanding has been achieved on the solution of "progressive start of operations", suggesting a conversion alternative such that ECS/AES and NCTS ph4/ph5 can coexist and a phased rollout by 28, respectively 35 partner countries is possible. This has been further discussed at TCG and CBG meetings in Q3-4 2017.

The transition strategy document was presented at the CBG on 13/10/17 and TCG on 31/10/17. The transition strategy document was finalised, published on PICS and CIRCABC and accepted by the ECCG (joined with TCG) on 5-6/12/17.

The selected option was then integrated in an updated version of the BC and VD, which was submitted for Member States review on 11 January 2018 in view of the acceptance at the ECCG on 13-14 March 2018.

### **UCC Proof of Union Status**

The project work was suspended awaiting the needed legal changes. At the CBG meeting on 19/01/2017 the Commission presented the status of the PoUS, which triggered further requests of the Traders Associations: the possibility to amend the proof in order to make last corrections or to load

additional goods in subsequent ports.

Discussions took place with the legal experts and with the trade community, and as a follow-up, the Business Case (BC) had to be amended and submitted for a formal review.

There was no agreement with Member States on the scope of PoUS. More functionality are requested, which are not covered in the current legal provisions, therefore Business Case, L4 BPM and Vision Document activities are on hold.

The required legal activities to include the requested amendments were discussed.

As the results of the survey on the feasibility and implementation of the UCC WP and MASP 2016 showed that PoUS does not belong to the high priority projects, the MASP Revision 2017 reflects the shift of the project development.

### **UCC Centralised Clearance for Import**

The Project Group on the UCC Centralised Clearance Import Design (CCID PG) which was established following the publication of the final version of the L2-L3 BPMs aligned to the UCC IA/DA, finalised its activities in June 2017. The objective of the CCID PG was 1) to analyse and define the project scope and implementation options and 2) support the drafting of the BC. In this respect the CCID PG held 6 meetings since December 2016 to discuss and examine the issues involved in this project and define the scope. The PG consisted of 14 Member States and 4 TCG members.

The CCID PG prepared the Final Report which is the basis for the Business Case document, and agreed that the project would be implemented in phases.

Phase 1 will include standard, simplified and supplementary declarations as well as declarations in advance of presentation. Release for free circulation, customs warehousing, inward processing and re-import after outward processing are the procedures that the PG considered should be included. As the implementation of CCI will be done in phases and there will be a national deployment window. This means that SASP/CC procedures will continue during and after Phase 1 for the missing parts.

Excise and Common Agricultural Policy goods are to be excluded from this phase as is Entry in the Declarant's Records. It was also agreed that the combination of the Entry Summary Declaration with the customs declaration should be excluded in Phase 1 of the project.

Concerning VAT a proposed way forward has been found which involves specifying the minimum VAT-related data which needs to be exchanged between the supervising office and the presentation office, i.e. method of payment and VAT taxable amount.

The Project Group also discussed the impacts that CCI could have on the current organisational structures of national administrations, which will require consideration at management level in the customs administrations.

The preferred implementation option of the Project Group was the Distributed/Decentralised system approach which follows the approach already in use for ECS and NCTS.

A full review by the ECCG and TCG of the draft Business Case document has started in August 2017, reviewed, finalised and approved by the ECCG in December 2017. Scope for Centralised Clearance is envisaged to be limited for phase 1 and planning might include some pilots by 2020 and further roll out beyond 2020.

In September 2017, the activities on Level 4 BPMs and Functional System Specification started with the support of newly launched Project Group on Centralised Clearance for Import Specifications (CCIS PG) with 15 Member States participating. By December, the Project Group UCC CCIS had met 3 times.

The support of external contractors has been put in place to support the process and data modelling activities.

### Summary of main outcomes:

The Commission put effort updating the EU **Customs Business Process Modelling (BPMs) and Project Management Methodology** and in the meantime carried out activities pertaining to the Level 1-2-3 and Level 4 (L4) for different projects.

### **For UCC SPEC PROC – INF:**

Project progresses progressed regularly. The final package of L4 BPM was presented to the Member

States and Trade in the CBG in January 2017. Application and service specifications were completed by Q2 2017. Technical systems specifications progresses timely to ensure completion by Q1 2018.

**For UCC NCTS Ph5 and AES:**

Main activity in 2017 for NCTS Phase 5 and AES was to finish the review of the L4 BPM/FSS and to make available the aligned final package and to have the transition strategy defined and accepted.

**For UCC CCI:**

- Business case adopted, Vision Document under elaboration.
- New Project Group to initiate and support the L4 BPM/FSS creation.

The planning available related to the EU customs IT systems implementation is reflected in the MASP. A dedicated 3rd HLPG meeting on the implementation of the UCC and eCustoms on the MASP revision took place on 31/03/2017.

A new version of the MASP has been prepared in 2017 based on close consultation with Member States (discussed in the ECCG/TCG and with an approval "in principle" in the CPG in July 2017) and led to the final MASP Revision 2017 which provides a new planning proposal for several systems based on feasibility and priority as endorsed by the CPG in December 2017.

The MASP 2017 provides for a planning beyond 2020 for the following projects: UCC AES (Automated Export System) and UCC SP (special procedures) - export, UCC NCTS upgrade, UCC CCI (Centralised Clearance for Import), UCC PoUS (Proof of Union Status), and UCC GUM (Guarantee Management).

**6.3 Specific Objective part 1 – to protect the financial and economic interests of the Union and of the Member States – selected project**

Title of the AWP Project:
<b>Rules of origin</b>
Description of the project:
<p><b>I. Monitoring visits to third countries – preferential rules of origin</b></p> <p>In line with the Action Plan for monitoring the functioning of preferential arrangements (COM(2014)105 Final of 26-2-2014), the Commission has to monitor the proper implementation by beneficiary/partner countries of the preferential rules of origin.</p> <p>The Commission has significant rights and powers available to it in connection with its obligations to supervise and monitor the proper implementation of preferential rules of origin and when examining applications for repayment or remission of import duties. Monitoring helps to protect the EU’s financial interests and makes for fair trade between the EU and its partners.</p> <p>In its monitoring function DG TAXUD sends out detailed questionnaires, evaluates and follows-up the answers thereto and provides tailor-made advice to competent authorities.</p> <p>In the case of India, Indonesia and Myanmar it was decided to carry out monitoring visits, which took place respectively in February 2017, May 2017 and November 2017. One origin expert from EU Member States participated in each of the visits and their participation was financed under this project.</p> <p><b>II. Monitoring visits to EU Member States – non-preferential rules of origin</b></p> <p>On 3/4 December 2015, a monitoring action relating to the non-preferential rules of origin applied by EU Member States was approved by the Customs Policy Group. The monitoring action is spread over 3 years (2016-2018) and takes the form of a detailed questionnaire addressed to all Member States, followed by a monitoring visit to a selection of them, chosen on the basis of the replies to the questionnaire.</p> <p>In 2017, two monitoring visits were carried out (France in June 2017 and Germany in October 2017). The participation of experts from Member States in these monitoring visits (2 per visit) was financed under this project.</p> <p><b>III. REX (Registered Exporters)</b></p> <p>The objectives of the project are:</p> <ul style="list-style-type: none"> <li>• Preparation of the REX Manual document</li> <li>• Maintenance and enhancement of the REX Manual document</li> <li>• Participation in the elaboration of training material, providing feedback on practical issues</li> <li>• Participation in testing</li> <li>• Detailed Entry plan and Entry checklist document preparation</li> <li>• Correct application of the self-certification scheme in all GSP Beneficiary Countries and OCTs</li> </ul> <p><b>IV. Guidance for rules of origin in CETA (Comprehensive Economic and Trade Agreement between Canada and the EU)</b></p> <p>The objectives of the project are:</p> <ul style="list-style-type: none"> <li>• Perform a gap analysis of the differences between the rules of origin in CETA and standard EU agreements</li> <li>• Provide guidance to EU customs authorities on the rules of origin in CETA</li> <li>• Review the guidance in light of the entry into force of CETA</li> </ul> <p><b>V. Guidance on preferential origin</b></p>

The work involved:

- Inventory of existing guidance on the rules of origin
- List of common areas in rules of origin for preference
- Drafting of new guidance

Expected results:

#### **I. Monitoring visits to third countries– preferential rules of origin**

- Less erroneous proofs of origin issued/made out in the third country will be discovered at importation into the EU
- Less erroneous proofs of origin issued/made out in the third country will be presented for accumulation purposes in other third countries which are benefitting from preferences at importation into the EU
- Subsequent verification requests sent by Member States to the third country should be answered timely.
- Any negative impact on the EU's financial interests should be reduced due to the above-mentioned results.

#### **II. Monitoring visits to EU Member States – non-preferential rules of origin**

- Increase awareness about the importance of the correct implementation of non-preferential rules of origin, the application of trade policy measures like anti-dumping measures or safeguard measures being based on non-preferential origin;
- Recommendations for the correct and uniform implementation of non-preferential rules of origin, an enhanced knowledge of the non-preferential rules of origin leading to an improved implementation on the rules and creating a level playing field for the operators;
- Identification of good practices in the area of non-preferential rules of origin.

#### **III. REX (Registered Exporters)**

- Preparation of the REX Manual document
- Regular revision of the REX Manual document and enhancement with updates, best practices
- Contribution to the training material
- Improvement of the system by testing users other than COM users
- Creation of a detailed entry plan and an entry checklist document
- At the end of the action and as a result, proofs of origin should be duly and correctly issued, resulting in granting preferences only to originating goods.

#### **IV. Guidance for rules of origin in CETA**

- List of identified differences based on the gap analysis on rules of origin between CETA and other EU trade agreements
- Improved understanding of the rules of origin in CETA: correct and in consistent approach across the EU
- A complete and accurate guidance document following the entry into force of CETA.

#### **V. Guidance on preferential origin**

- Inventory of existing guidance
- List of common themes common to preferential rules of origin
- Create new guidance on common themes in rules of origin

Actions initiated under the programme:

- CMT 007 - Monitoring visits to EU Member States on the implementation of non-preferential rules of origin
- CMT 008 - Monitoring visit preferential rules of origin, Indonesia
- CMT 011 - Monitoring visit preferential rules of origin, India
- CMT 012 - Monitoring visit preferential rules of origin, Myanmar
- CPG 112 - Registered Exporters (REX) project group for GSP (Generalised System of Preferences) Beneficiary Countries
- CPG 128 - Guidance for rules of origin in CETA
- CPG 129 - Guidance on preferential origin

Summary of main outcomes:

### **I. Monitoring visits to third countries – preferential rules of origin**

The mission team gave presentations and explanations on the following issues:

- Legal framework of GSP scheme
- Rules of origin, including wholly obtained versus sufficiently processed, verification procedures, retrospective issuance of proofs of origin, non-manipulation, cumulation, tolerance rules, necessity to have evidence of the originating status of the materials/components used in the production (e.g. suppliers' declarations, movement certificates EUR. 1, Form A certificates, statements on origin, invoice declarations), the REX system and controls to be carried out, especially regular controls on own initiative of the authorities under the REX system, based on risk analysis.

After the visits, India, Indonesia and Myanmar stated they had a better understanding of the underlying rules and principles. The legal references in Indian<sup>33</sup> and Indonesian<sup>34</sup> instructions had to be updated.

In the case of India, the competent authorities communicated to DG TAXUD updated lists of the names and addresses of the authorities and the specimen impressions of the stamps used.

In the case of Indonesia, it was further proposed that relevant information should be translated into Indonesian and published on their website. As origin calculations were done on a wrong basis and as this was an IT-supported application, the competent authorities were convinced to adapt their IT system accordingly and inform DG TAXUD via the EU delegation once this was done.

In the case of Myanmar, the competent authorities communicated to DG TAXUD updated lists of the names and addresses of the authorities and the specimen impressions of the stamps used. In case of fish and fishery products it was recommended to closely cooperate with other authorities (e.g. Ministry of Marine Products) to verify requirements related to territorial waters and open sea, namely registration, flag of vessels and ownership-criteria whenever necessary. In this regard it was explained that most of the relevant information could be found in catch certificates and processing statements made out according to the IUU regulation<sup>35</sup>. Myanmar agreed with that approach. The importance of informing the exporters not only on the provisions related to REX, but also on the underlying GSP origin rules as such, as they will have the responsibility to determine the origin, was underlined. Exporters should apply correctly the EU GSP rules without direct intervention and support of authorities. Myanmar agreed. It was recommended to train exporters to distinguish between different preferential regimes (e.g. Association of Southeast Asian Nations - ASEAN - and GSP).

The follow-up to the visits is done by DG TAXUD by way of a follow-up questionnaires and further exchange of information. The EU Member States' experts were only involved in the missions – but not directly in the follow-up measures. However, the main results of the missions were communicated to other Commission services concerned and all Member States during the Customs Expert Group -

<sup>33</sup> Commission Delegated Regulation (EU) No 2015/2446, Articles 37 and 41-58, annexes 22-03 until 22-05 and Commission Implementing Regulation (EU) No 2015/2447, Articles 60 and 70-112, annexes 22-06 until 22-10

<sup>34</sup> Commission Delegated Regulation (EU) No 2015/2446, Articles 37 and 41-58, annexes 22-03 until 22-05 and Commission Implementing Regulation (EU) No 2015/2447, Articles 60 and 70-112, annexes 22-06 until 22-10

<sup>35</sup> Council Regulation (EC) No 1005/2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing

Origin meetings.

## **II. Monitoring visits to EU Member States – non-preferential rules of origin**

The monitoring visit to France was carried out from 21 to 23 June 2017. Experts from Romania and Luxembourg took part to the visit (financed under this project). Several departments dealing with non-preferential origin were visited<sup>36</sup>.

The monitoring visit to Germany was carried out from 17 to 19 October 2017. Experts from Finland and France took part to the visit (financed under this project). Several departments dealing with non-preferential origin were visited<sup>37</sup>.

The following topics were covered during both visits :

- Structure and tasks of the departments involved in the implementation of the non-preferential rules of origin, including for the purposes of controls;
- Training and dissemination of information to staff;
- Dissemination of information to economic operators;
- Implementation of non-preferential rules of origin (use of binding and non-binding list rules);
- Interpretation of the concept of last substantial transformation;
- Non-preferential origin verification (risk analysis, physical checks, documentary checks, post-clearance controls, post-clearance audits...);
- Binding Origin Information.

During the monitoring visits, good and best practices concerning the implementation of non-preferential rules of origin were gathered. In France, no recommendations were made. In Germany, recommendations were communicated to the German authorities.

The results of the visits and the good/best practices identified will be presented to all Member States in the framework of the CEG-ORI. The information obtained with the replies to the questionnaires and during the visits will allow the Commission and the Member States to better understand the underlying rules and the difficulties encountered for their implementation and when controlling their correct use.

## **III. REX (Registered Exporters)**

In 2017, 4 meetings have been organised, from which one meeting was organised in India as a regional seminar on the REX system.

The first meetings of the project group, which were organised before the REX system was effectively applied by the GSP beneficiary countries, have been dedicated to the creation of the documents (input and review of the REX guide, elaboration of the entry plan and checklist providing feedback on the eLearning module). The guidance document has been published on TAXUD website<sup>38</sup>

Since the REX system has been effectively applied, the focus of the project group is now informing all the GSP beneficiary countries about the new self-certification system and providing all necessary information. This is so that the transition from the former system with certificates of origin issued by competent authorities to the REX system happens smoothly in those countries (expected result n° 6).

In 2017, all beneficiary countries of the GSP which were supposed to apply the REX system in 2017 or in 2018 have been invited to participate in meetings of the project group. At each meeting, the REX system is explained from a business and from an IT perspective to the participants. The eLearning module on the REX system is also presented to the participants and their feedback is considered for possible future improvements of the tool. Having participants from third countries has proven to be a useful way of collecting ideas to improve the material related to the REX system.

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<sup>36</sup> Direction Générale des Douanes (Bureau E1 – Politique tarifaire et Commerciale and Bureau D2 – Politique des contrôles), Direction Nationale du Renseignement et des Enquêtes Douanières (DNRED), Service d'Analyse de Risque et de Ciblage (SARC).

<sup>37</sup> German Customs Administration, Central Customs Authority, Customs Office Nuremberg-Port and Customs Criminological Office.

<sup>38</sup> [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/registered\\_exporter\\_system\\_rex\\_-\\_guidance\\_document\\_v1\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/registered_exporter_system_rex_-_guidance_document_v1_en.pdf)

So far, 46 different beneficiary countries of the GSP have participated in the meetings of the project group. 27 of those countries are already applying successfully the REX system. The exporters in those countries are making out statements on origin to declare the origin of the goods they export under GSP preference to the EU. Importers in the EU make use of those statements on origin to claim GSP preferential tariff treatment.

#### **IV. Guidance for rules of origin in CETA**

Seven meetings have been held since 21 February 2017, resulting in the identification of the topics to be provided in the CETA guidance document on the Commission website and the drafting of the guidance document.

The Guidance document is available on the Commission website<sup>39</sup>.

#### **V. Guidance on preferential origin**

A total of 11 meetings have been held, 4 with all participants, and 7 meetings amongst the 3 sub-groups created to draft the documents.

At each stage the group shared the information with the CEG-ORI and seek their position in determining in which area new guidance was needed and thereafter on the content of the new guidance.

There are 11 draft documents that have been created:

- Guidance on proof of preferential origin – DE, EL, AT, NL
- Customs Union documents – AT, EL
- Accounting segregation – FR, ES (to be reviewed by SI, AT and DE)
- Duty drawback – RO
- Territorial requirements – IE, LV
- Cumulation – SI, TR
- List rules – LT
- Minimal operations – SI, TR
- Tolerance – LT, PL
- Law cases – NL, DE
- Existing tools – NL

The guidance document on supplier's declaration is available on the Commission website<sup>40</sup>.

### **6.4 Specific Objective part 2 – to protect citizens and the environment, to increase safety and security and to strengthen the competitiveness of Union businesses – selected project**

Title of the AWP Project:
<b>The European Union Customs Action Plan on Intellectual Property Rights (IPR)</b>
Description of the project:
The Council Resolution of 10 December 2012 established a European Union Action Plan aimed at coordinating the actions of Member States' customs in fighting IPR infringements at the external borders. The implementation of the Action Plan is scheduled for the period of 2013-2017. The

<sup>39</sup> [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/ceta\\_guidance\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/ceta_guidance_en.pdf)

<sup>40</sup> [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/suppliers-declaration-may-2018\\_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/suppliers-declaration-may-2018_en.pdf)



<p>Commission is working together with the Member States in programme activities to implement actions identified in the action plan, such as establishing a manual for right-holders, developing common approaches, mapping the needs of third and neighbouring countries, reinforcing cooperation with China and Hong Kong.</p>
<p>Expected results:</p>
<ul style="list-style-type: none"> <li>• Support Member States applying Regulation (EU) No 608/2013 concerning customs enforcement of intellectual property rights in understanding the legislation and in interpreting it in a uniform manner.</li> <li>• Implement the European Union-China Action Plan on customs enforcement of IPR in all key actions.</li> <li>• Implement the Action Plan on cooperation in customs enforcement of IPR between the European Union and Hong Kong in all embedded actions.</li> <li>• Carry out survey/mapping exercise on possible needs of technical assistance for capacity building to candidate and neighbouring countries.</li> </ul>
<p>Actions initiated under the programme:</p>
<p><b>Project groups:</b></p> <ul style="list-style-type: none"> <li>• CPG/029 - IPR customs enforcement on small consignments.</li> <li>• CPG/034 - EU/China Customs Cooperation on IPR enforcement – Implementation of the Action Plan 2014-2017.</li> <li>• CPG/105 - EU/HK Cooperation on IPR customs enforcement – Implementation of the Action Plan.</li> </ul> <p><b>Capacity building:</b></p> <ul style="list-style-type: none"> <li>• CCB/004 - Support visits to Member States concerning the implementation of Regulation (EU) No 608/2013 on customs enforcement of IPR.</li> </ul>
<p>Summary of main outcomes:</p>
<p><b>IPR customs enforcement on small consignments</b></p> <p>A Project Group on IPR customs enforcement on small consignments has been created, whose focus has been first on supporting customs administrations in the controls of small parcels, then on discussing the implementation of the procedure.</p> <p>Article 26 of Regulation (EU) No 608/2013 set out a new procedure applicable, upon request by the holder of a decision granting an application for action by customs, to counterfeit and pirated goods which have been sent by post and courier in small consignments. Under such procedure, suspected goods may be destroyed without the involvement of the IP right-holders where the declarant or holder of the goods has agreed or has been so presumed. The objective of the procedure was “to reduce the administrative burden and costs to a minimum”.</p> <p>The Project Group met four times. The first meeting in November 2013 in Brussels, before Regulation (EU) No 608/2013 became applicable, and then in Vienna (2014) to early share experiences.</p> <p>In 2017, It met again twice (5 April and 23 November) to discuss the results of detentions made under the small consignment procedure for the years 2014 and 2015 and the following specific aspects of the procedure:</p> <ul style="list-style-type: none"> <li>- Involvement of the right-holders,</li> <li>- Human resources dedicated to the handling of the procedure,</li> <li>- Definition of “small consignment” in Regulation (EU) No 608/2013,</li> <li>- Notification practices,</li> <li>- Costs, storage and destruction,</li> <li>- Registration of data concerning detentions in COPIS.</li> </ul>

The results of the discussion showed that as the use of the procedure by right-holders remains on average relatively low, awareness-raising actions should be envisaged and targeted to the right-holders themselves rather than to their representatives (to emphasise the added value for them of such a procedure).

The group concluded that for the time being the procedure needs to be used to its full potential and in a homogeneous way.

### **EU/China Customs Cooperation on IPR enforcement – Implementation of the Action Plan 2014-2017**

In the framework of this action plan two meetings under C2020 were organized in 2017. At the meeting in Florence in February a limited number of enforcement experts (BE, IT and PT) were gathered to agree on a new template for the exchange of information on detentions in the EU and China.

During a second meeting in May the Member States presented the new participants in the network and focused on the implementation issues of Key Action 2, the targeting of high risk consignments in key ports via the direct exchange of case-specific information on detentions. Also the yearly analysis of the detention statistics in execution of key action 1 was performed during this meeting. Every year, a group of risk management experts of both sides, specialised in IPR, should carry out a joint analysis of these statistics and of any other relevant information with a view to detecting general trends and risk information. This should lead to better targeting of high risk consignments and an optimal allocation of resources to those ports and routes with the highest incidence of IPR related detentions. Finally this meeting was a perfect occasion to start reflecting on the following action plan covering 2018-2020, which was signed in 2018.

### **EU/HK Cooperation on IPR customs enforcement – Implementation of the Action Plan**

During a first meeting in the framework of the action plan with Hong Kong, the main topic was the updating of the manual and the procedures for exchange of information (referrals & spontaneous) with HK customs. Also other implementation issues were tackled as the use of the AFIS<sup>41</sup> platform for communication, the (lack of) detentions in air cargo and the collaboration with express couriers.

In November, a 2-days meeting under C2020 was organized. During the first day, the traditional coordination meeting took place during which the detention statistics were discussed, a new strategy was developed to limit the referrals to 'significant cases' (including the definition of significant cases), the issue and upcoming threat of packaging material and labels was discussed, and finally also an exchange of ideas took place to include Hong Kong in the IPKey programme of DG TRADE (effectively implemented in 2018). The next day, a videoconference took place with HK customs giving the opportunity to all EU participants in the action plan to directly discuss pending issues with them.

### **Support visits to Member States concerning the implementation of Regulation (EU) No 608/2013 on customs enforcement of IPR**

A campaign of support visits was conducted between 2015 and 2017 to all the Member States. The support visits were the ideal instrument to have an in-depth dialogue with customs departments implementing Regulation (EU) No 608/2013, to clarify possible doubts on practical enforcement, facilitate the exchange of experiences between different Member States and provide the necessary advice.

Each visit was performed by two representatives from the Commission (DG TAXUD) and two experts from the Member States who volunteered to take part in the exercise.

A questionnaire with a standard set of questions was circulated to the Member States ahead of the visit and was used as a basis for discussion. All aspects of Regulation No 608/2013 were covered by the

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<sup>41</sup> The Anti-Fraud Information System (AFIS) is a collection of applications facilitating the exchange of anti-fraud information between the Commission and competent administrations in the framework of the Mutual Assistance Regulation (515/97).

questionnaire and discussed during the visit.

Member States' IPR customs experts highlighted the usefulness of the exercise as an opportunity for experts from different Member States to discuss implementation practices.

In 2017 four support visits were conducted: in IE and the UK in April 2017 and in RO and BG in October 2017.

**6.5 Specific Objective part 3 – to improve the administrative capacity of the customs authorities - selection of projects**

Title of the AWP Project:
<b>European Customs Laboratories</b>
Description of the project:
<p>European customs laboratories are an important tool for customs and tax authorities. Their work is crucial in traditional areas of customs, excise and agriculture policy, such as analyses to determine tariff classification, level of duties and other taxes. However, their role has also evolved over time with changes in the trade environment. Consequently, customs laboratories now play an important role in other activities, such as antifraud operations, determining the authenticity and origin of products, detecting illegal imports like narcotics, drug precursors and unknown psychotropic substances, protecting consumers against dangerous goods or contaminated food, safeguarding the environment and endangered species.</p> <p>European customs laboratories work together to coordinate their activities, pool resources and share their knowledge and expertise. This requires networking (European Union and worldwide), benchmarking, updating of databases, cooperation with other stakeholders and information initiatives. The Customs Laboratories European Network (CLEN) provides the structure for the coordination of the Member States' customs laboratories. The CLEN plays a key role in delivering results and keeping expertise in pace with the policy developments. This close collaboration brings the advantages of a share of the burden, a more rapid and comprehensive response to fraud, the maintenance of equipment and expertise even for rare and unusual analysis, the wide and correct implementation of Union policies and the support to the development of new Union policies, while at the same time, permitting economies of scale.</p>
Expected results:
<ul style="list-style-type: none"> <li>• Maintain the Customs Laboratories European Network (CLEN).</li> <li>• Exchange practises and methods used by the laboratories, including those of third countries, to reach harmonisation, identify and share good working practices.</li> <li>• Maintain collaboration between customs laboratories and customs administrations, other related bodies and the industry.</li> <li>• Update and enrich the Inter-Laboratory Inventory of Analytical Determination (ILIADe), the Sampling Manual for Customs and Tax Authorities (SAMANCTA) and the European Customs Inventory of Chemical Substances (ECICS) databases.</li> <li>• Provide information on the activities of the customs laboratories and of the Customs Laboratories European Network (CLEN) for the wider public.</li> <li>• Reinforce the efficiency and effectiveness related to the functioning and capacities of Customs laboratories of the Customs 2020 programme's participating countries possibly via pooling resources in an Expert Team.</li> <li>• Facilitate the cooperation of customs laboratories in a global context.</li> <li>• Increase cooperation between customs laboratories and customs operational officers.</li> <li>• Support the operational analytical work related to challenging/problematic goods, substances and materials requiring special analytical techniques, equipment or expertise, such as new psychoactive substances, drug precursors, etc.</li> <li>• Facilitate the drafting of specifications and testing equipment for customs laboratories.</li> <li>• Facilitate the adaptation to new analytical technologies and methodologies.</li> </ul>
Actions initiated under the programme:
<p><b>Project Groups:</b></p> <ul style="list-style-type: none"> <li>• Classification of products in the HS/CN nomenclatures - Chemical chapters CPG/001</li> <li>• Customs Laboratories European Network (CLEN) CPG/002</li> <li>• CLEN - Project Group on designer drugs and other illicit products CPG/004</li> </ul>

- CLEN - Project Group SAMANCTA CPG/008
- CLEN - ILIADe project group CPG/009
- CLEN - Meetings of the participants in proficiency tests CPG/010
- Detection Technology Network CPG/114 (co-chaired with Unit A3)
- CLEN - compliance assessment, use of precision data and statistics CPG/154

**Workshops:**

- CLEN – Training on plant microscopy CWS/060
- CLEN – CDTEG – 2nd Workshop on Customs Detection Technologies CWS/061 (co-chaired with Unit A3).

Summary of main outcomes:

The CLEN carries out coordination through six integrated actions. The main outcomes have been by action:

- Action 1 - Inter Laboratory Inventory of Analytical Determination: this action consists in the development and maintenance of the database of analytical methods used by the customs laboratories. The annual meeting took place and it updated/enriched the ILIADe database. The database contained end of the year 526 analytical methods. Two new methods received the status of CLEN method, which give them a status of recognized method throughout all EU Member States.
- Action 2 - Inter-comparisons and method validations: this action organizes various tests to evaluate the performances of the customs laboratories or to validate new analytical methods. These activities are very important for the accreditation of the laboratories, which in turn is a guarantee of quality for them. Six tests were organized on spirits (alcoholic beverages and products), sugars, mineral oils, aromatics in mineral oils, rice and milk products. The number of participating laboratories fluctuated between 26 and 46 for the various tests. This represented also some 4000 analytical determinations. From the results, it appeared that customs laboratories had most of the time very good performances.
- Action 3 - Networking on quality: the main activity in this action is currently the development and maintenance of the Sampling Manual for Customs and Tax Authorities (SAMANCTA). A new release was provided to customs, but, due to a delay in the renewal of a contractor, the manual could not be more developed. Besides SAMANCTA, the collection of data for the tri-annual survey establishing the picture of the customs laboratories was conducted and a new Project Group on compliance assessment was set up.
- Action 4 - Communication and Strategy: regarding communication, the electronic community of the CLEN under Sinapse<sup>42</sup> increased up to 331 members and 255 documents, and 27 discussions took place. Four discussion groups were also maintained under PICS. A new cooperation tool, the Customs Laboratory Expert Team, was also set up to evaluate the interest of a greater cooperation in the analysis of various products. The aim of this Expert Team is to provide analytical capacity to Member States and candidate countries which would not dispose of certain sophisticated equipment or would not have certain specialized expertise. It was coordinated by Italy and gathered nine other partners. Due to the need to create a laboratory information management system and to set up the procedures of this new tool, it became operational rather late and only 45 products were analysed. Nevertheless the idea was warmly welcomed.
- Action 5 - Scientific expertise: this action is dedicated to the exchange of knowledge,

<sup>42</sup> SINAPSE is a web communication platform offering tools to promote a better use of expertise in EU policy making and governance (networking of advisory bodies, support to expert groups, ad-hoc/public consultations and e-debates, etc.). It allows the creation of "e-Communities" which enables groups of members and organisations with a common interest to share and exchange information in a dedicated environment.

expertise and best practices between customs laboratories, or between customs laboratories and customs authorities or other authorities, in new or challenging fields. Two fields were particularly interesting for the CLEN, as well as for customs authorities. The first field was the customs detection technologies, the search and the promotion of new technologies which could help customs laboratories and customs authorities in their new challenges. The CLEN and the Customs Detection Technologies Project Group set up a new cooperation network, the Detection Technology Network, and had their first annual meeting together. A specialized technical meeting was subsequently organized on Ion Mobility Spectroscopy as well as the 2<sup>nd</sup> Workshop on Customs Detection Technologies which gathered 128 experts from the customs laboratories, customs authorities and equipment manufacturers. The second field of interest, which is also more and more connected to detection technologies, was the fight against illicit substances among which most of them are new psychoactive substances (NPS). Two meetings took place to discuss the current challenges and the existing solutions with illicit substances which brought to the need of sophisticated analytical equipment in laboratories, portable detectors on the ground, exchange of data and safety for customs officers considering that some of the illicit substances are particularly dangerous. Besides, a training session was also organized on the recognition of plants and plants products by microscopy.

- Action 6 - European Customs Inventory of Chemical Substances: this action is dedicated to the update and enrichment of the ECICS database, a tool first published in 1974 to help customs officers and economic operators to classify in the customs tariff and name correctly chemical substances. The tariff codes (Combined Nomenclature codes) were updated and the content of the database was increased up to 48 576 approved records (131 997 records counting also the substances under study) and 85 888 chemical structures important for the identification and the tariff classification of these substances. During this year, an evaluation study of the database was also conducted which confirmed that ECICS was a very useful and unique tool for customs officers and economic operators and that it had to be further enriched and developed.

## 7. MID-TERM EVALUATION OF THE CUSTOMS 2020 PROGRAMME

In accordance with Article 18 of the Customs 2020 Regulation, DG TAXUD conducted a mid-term evaluation of the programme supported by a study conducted by an external contractor. The main objective of this evaluation has been to assess the programme's performance since the launch of the programme in 2014 until 2017, including strengths and weaknesses of activities; the continued relevance of problems and needs and the programme's efficiency and value for money.

The main conclusions of the mid-term evaluation exercise can be summarised as follows:

- **RELEVANCE:**

The Customs 2020 programme has been highly relevant to meet the needs of the customs administrations, the economic operators, the citizens and ultimately the customs union as a whole. Throughout the years, it has been engrained in the national and European customs landscape, policies, processes and procedures, providing interoperable, interconnected and reliant European Information Systems. As the Member States are dependent on each other in pursuing their customs functions well, they need effective and efficient tools for communication, exchange of information and overall cooperation, all of which are the programme's objectives.

- **EFFECTIVENESS:**

The programme was effective in the achievement of its objectives and contributing significantly to the good functioning of the customs union and its modernisation. It fostered cooperation and exchange of information, ranging from facilitating convergence at the strategic level to approximating approaches, interpretation of law, administrative procedures, best practice and rules at the operation level. The secured platform for information exchange helped Member States and economic operators to overcome their reluctance of sharing sensitive data and built trust. Further exchanges of best practices and learning were possible thanks to the programme's joint actions. Their outputs were shared and used in the daily work while connections with counterparts from other countries were used to solve day-to-day problems regularly. The value of human networks and personal contacts were amongst the programme's most appreciated benefits.

Enhanced cooperation and trust helped the Member States to support each other in protection of the financial and economic interests of the EU and its Member States as well as increasing safety and security thanks to efficient exchange of reliable information. With regard to increasing administrative capacity of customs authorities, Customs 2020 programme was instrumental in supporting customs administrations in preparation for the formal adoption of the UCC through shared understanding of legal requirements, alignment of interpretations of the customs provisions, standardisation of terminology and ultimately more uniformity in application of the working methods of the UCC.

- **EFFICIENCY:**

In terms of the programme's efficiency, the most resource-intensive component – the European Information Systems – were also the most useful, bringing an array of benefits in all areas of customs activities including harmonisation of customs procedures, uniform implementation of the customs law, sharing of information and generating economies of scale, particularly through the centralised systems. They are used in the day-to-day operations of the customs authorities and economic operators, and their importance in pursuing modernisation of customs towards a paperless environment was found invaluable. Different benefits stem from the joint actions and training activities, which provide framework for broad and inclusive continuous collaboration, increasing understanding, knowledge and capacity, creating professional bonds and acting as catalysts. The Customs 2020 programme's input is equally important when considering its support to initiatives related to simplification and modernisation of the customs environment. The common IT systems and databases supported by the programme lead directly to a simpler, more robust, more reliable, simple to maintain and support technological framework underpinning the UCC.

- **COHERENCE:**

The Customs 2020 programme has become an integral part of the EU's broader policies and coherent with the EU's goal of creating a modern, paperless environment for customs and trade,

while preserving the EU's financial, economic and societal interests and wellbeing. By supporting the implementation of the UCC, the programme contributes to facilitation of trade and reduction of costs for businesses, increasing their productivity and competitiveness.

- **EU ADDED VALUE:**

Customs 2020 programme's greatest EU added value lays in supporting all the aspects of the implementation of the UCC, which demand EU solutions for EU problems, and close cooperation of the Member States, which need to apply the same rules and assist each other in pursuing the customs union's objectives. The Customs 2020 programme provided financial sustainability of the interoperable and interconnected European Information Systems, realising with greater economies of scale and efficiency the requirements behind the UCC. The symbiotic features of the central pan-European IT architecture for customs are unmatched and unreproducible at national level. Additionally, the joint actions gave the administrations unequalled opportunities for cooperation, communication and networking, ultimately building trust and leading to greater convergence of approaches and practices. Given the scale of the Customs 2020 operations, versatility of topics, their European dimension or pan-European breadth, it is difficult to assume that similar activities would have been organised at any other level. None of the programme's outputs were found likely to endure beyond the short-term horizon if the programme were to discontinue. Existing differences would persist and networks built and reinforced through years of programme-fostered collaboration fade. The functioning of the customs union and the further integration of the national customs authorities that run it remain entirely dependent on the Customs programme. In view of the rapid changes and challenges ahead the EU customs union, the programme's continuous support is essential.



## 8. CONCLUSIONS

2017 was the fourth year of activities under the Customs 2020 programme and represented a continuity to 2016. The numbers of actions, events and participants remained at high levels, due to a high demand from stakeholders. This aspect has been confirmed by the conclusions of the Mid-Term Evaluation of the programme, which has highlighted that Customs 2020 has been highly relevant to meet the needs of the customs administrations, the economic operators, the citizens and ultimately the customs union as a whole.

In terms of **performance measurement**, 2017 was also the fourth year for which a number of indicators could be collected. The existence of four consecutive measurements allowed establishing more concrete targets under the framework. As always, the performance is assessed primarily against the targets rather than any smaller fluctuations between the years. With this in mind, the indicators obtained under the framework in 2017 give an overall positive assessment, both from the business data perspective and from the feedback obtained from the action managers and the participants to the activities. The indicators suggest that during the year the programme was on course to fulfilling its objectives and that it played an important role in facilitating the implementation and development of Union customs policy through its European Information Systems, joint actions and human competency building. The preliminary results of the Mid-Term Evaluation exercise support this overall assessment.

There were no significant changes to the budget, notwithstanding the absence in committed expenses dedicated to the Expert Teams<sup>43</sup>. The vast majority of the spending under the programme continues to be spent on the **European Information Systems**<sup>44</sup>. The IT related expenditure is projected to rise further in the future, as the new systems connected to the Union Customs Code continue to be developed. The first UCC related electronic system was implemented on 02/10/2017: the Customs Decisions System (CDS), allowing traders to submit all new applications for decisions or authorisations electronically through a single electronic access point at EU level. The CDS (combined with the Uniform User Management & Digital Signature and CCN2 R1.PROD system, which supported CDS) represent the largest joint deployment in TAXUD IT history.

In the course of the year, many more systems entered research and development phases thanks to the support of the programme. It is to be noticed, however, that 7 of the UCC related EIS will be postponed beyond 2020, as announced in the Electronic Customs Multiannual Strategic Plan (MASP) revision of 2017.

Besides developing new systems, the programme supports the customs systems already in place and the **IT network** on which they operate - the CCN/CSI (common communication network/common systems interface in the area of customs and taxation), which offers all national administrations a coherent, robust and secure method of access to European Information Systems. In 2017, there was an increase on both the number of exchanged messages on the network and the size of data exchanged. At the same time, the network and the key customs systems maintained high availability rates and provided reliable helpdesk functionality to national customs administrations.

In the area of **joint actions**, the co-operation between the Commission and national administration in the running and functioning of the customs union would be impossible without the use of project groups, seminars, workshops, working visits, monitoring visits, capacity building activities and other types of joint actions.

An innovative instrument called **Expert Teams** was rolled out in the Customs 2020 programme in 2016. The Expert Teams are flexible structures that allow to further both EU-wide and regional co-operation between national customs administrations in order to support daily operational work as identified by the Member States. The three Expert Teams that were launched in 2016 in the area of cooperation to manage

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<sup>43</sup> The reasons for the elimination of commitments related to expert team in 2017 are twofold:

- the expert teams created in 2016 continued to work during 2017 under the funds committed in 2016.
- due to the fact that the operational activities of the four expert teams launched in 2017 were supposed to start in 2018, they were not included in the AWP for 2017 but in the one for 2018.

<sup>44</sup> It should be noticed that the information contained in this report regarding the implementation of the EIS is complemented by the 2017 e-Customs progress report, which covers both the EU components (funded by the Customs 2020 programme) and the national components of the EIS.

the eastern and south-eastern land border (CELBET), making best use of resources in customs classification issues (Binding Tariff Information - BTI) and in customs laboratories (CLET), produced their main results in 2017.

The **CELBET** team of eleven Member States situated along the EU's eastern and south eastern land border carried out a mapping and analysis of the non-commercial border crossing points (BCPs). The team also developed instructions and methodology for evaluating the level of smuggling (random controls) and carried out such controls at the border. The team equally compiled data for an inventory of available and currently deployed control and detection equipment. The work of this Expert Team was of great importance as its outputs gave a picture of all BCPs at the EU Eastern and South-Eastern land border and was used for drafting analysis on the specific technical needs for the BCPs, including gap analysis serving as a basis for the future Customs Control Equipment Programme

The **CLET** Expert Team, in the area of customs laboratories, pools expertise and equipment in a network (Meta-laboratory) to analyse samples and to share analytical results. Thanks to the work of this ET, Member States not having analytical capacity in a specialised area, can submit a request for analysis to another Member State who will provide the analytical result for free.

In 2017, the preparatory work for launching four new ET initiatives was developed by Member States. Three initiatives related to the continuation of the work done under CELBET (CELBET 2), CLET (CLET 2) and BTI (BTI2) and to a new Expert Team on the Import Control System (ICS). Their operational activities started in 2018 (except for ICS) and as such they were not included in the AWP for 2017 but in the one for 2018.

In the area of **EU training**, the significant 2017 increase of customs professionals trained on EU Customs eLearning modules (the use of EU Custom eLearning modules by national administrations increased in 2017 by 43% and led to more than 204.000 private sector professionals (traders) having been trained on EU eLearning modules) demonstrates the added value potential of the Customs 2020 Programme's Human Competency Development (HCD) activity area.

Further to the availability of the new common strategic Action Plan for EU customs & tax training & staff development for 2017 - 2020, researching the usefulness of innovative training delivery methods for national administrations (e.g. AEO eBook, EU Training webinars) led in 2017 to positive results and promises resource and efficiency gains in common skills & knowledge development of customs staff for the years to come.

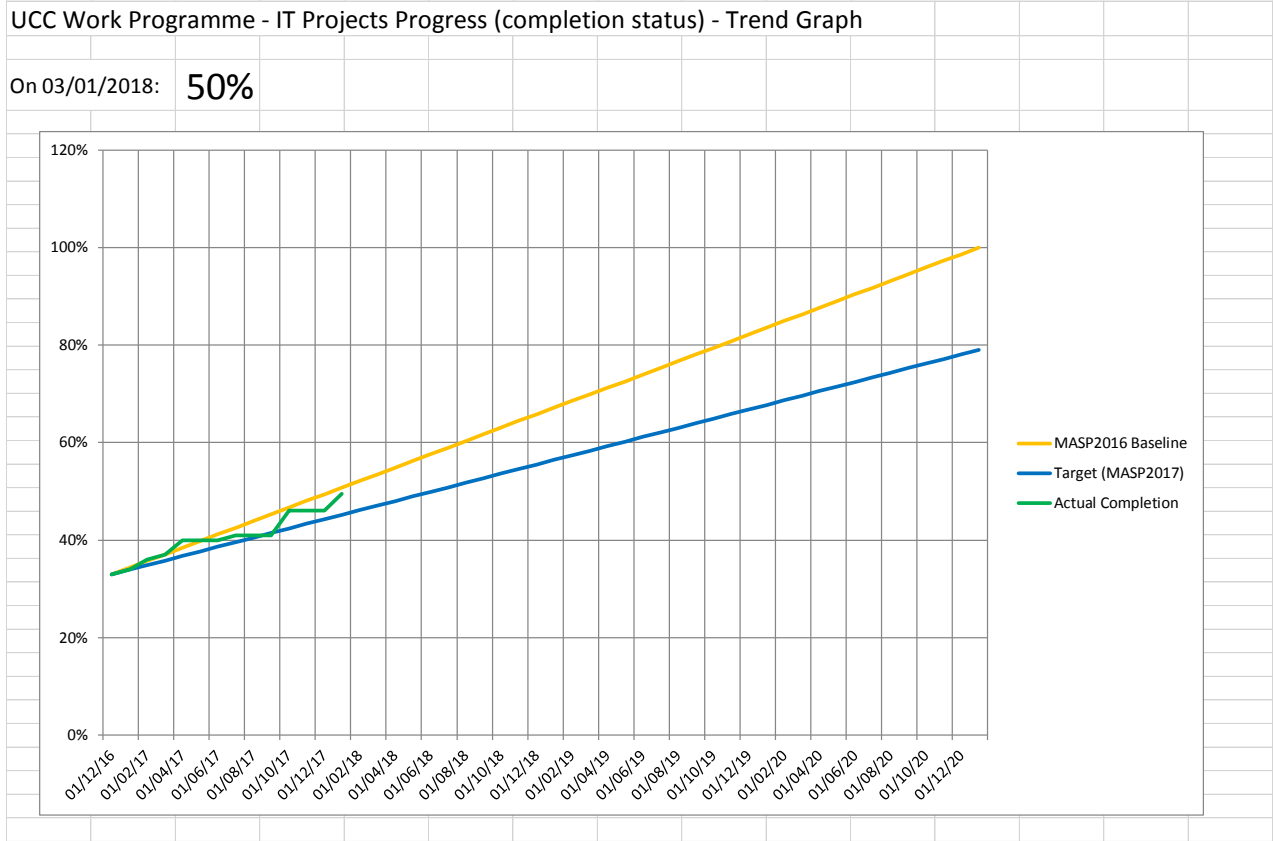
The key **observations** that can be deduced from the analysis of the Performance Measurement Framework indicators in 2017 are as follows:

- **Continued strong demand for programme support.** This can be seen in the stable levels of the number of activities, organised events and participation levels. These levels are high and similar to 2016 numbers.
- **High level of achievement of results of the joint actions is reported by the action managers.** The measured level of 3 corresponds to "results achieved to a large extent", which is the case for all joint actions. This indicates that, as in previous years, the business owners see the value of the programme for achieving the policy objectives. It is to be highlighted that the reported level of achievement of results is particularly high for working visits, and that it increased from 3.64 in 2016 to 3, 72 in 2017.
- **Very positive assessment of the achieved results of the joint actions, their usefulness and met expectations by national customs officials who participated in them.** The values remain high and above targets, as in previous years, with minor fluctuations over the years for some of the operational objectives. This shows that the programme participants find that the programme activities correspond to their stated objectives and are professionally useful to them.
- **Increase in the degree of networking among programme participants.** The lasting networking averaged at around 70% during 201-2016, rising to 84% in 2017, facilitating the exchange of best practices and better functioning of the customs union.
- **The European Information Systems are regularly operated and are resistant to increased volume of data traffic.** The volume of data traffic on European Information Systems increased by

a large margin in 2017, while the performance and availability remained very high. The systems are regularly maintained and updated and the user support and training are functioning properly.

- **There were key new European Information Systems that entered into operation in 2017 (in particular the Customs Decision System and REX)**, and many more systems entered research and development phases thanks to the support of the programme. It is to be noticed, however, that 7 of the UCC related EIS will be postponed beyond 2020, as announced in the Electronic Customs Multiannual Strategic Plan (MASP) revision of 2017.
- **Successful operational development of the Expert Team tool.** Three new Expert Teams that were launched during 2016, in the area of cooperation to manage the eastern and south-eastern land border (CELBET), making best use of resources in customs classification issues (BTI) and in customs laboratories, produced their main outputs during 2017. On the basis of the highly recognised results of these Expert Teams, their second generation (CELBET 2, BTI 2 and CLET 2) will continue the work in the coming years on the areas of the eastern and south-eastern EU land border, the tariff classification of goods and the customs laboratories.
- **Significant increase of customs professionals (public and private sector) trained on EU Customs eLearning modules.** The use of EU Custom eLearning modules by national administrations increased in 2017 by 43% (increase in number of trained officials compared to 2016). More than 204.000 private sector professionals (traders) trained on EU Customs eLearning courses in 2017.

# ANNEX 1: UCC IT PROJECTS – PROGRESS STATUS



UCC Work Programme - IT Projects Progress report  
Status 03/01/2018

	Bus. Analysis & Modelling		Project Init.	Elaboration			Construction	Transition	Milestone	Per project	% DONE
	Business Case (BC)	Business Requirements (BPM (L1-2-3))		Functional Specifications (FSS)	Technical Specifications (TS <sup>2</sup> )	ELABORATION BY COMMISSION <sup>1</sup>					
1. UCC-REX (Registered Exporter System)	DONE	DONE	DONE	DONE	DONE	DONE	DONE	DONE	07/01/2017	100%	4,2%
2. UCC-BTI (Binding Tariff Information) (Phase 1 Step 2 - BTI Usage Control + SURV3 Phase 1)	DONE	DONE	DONE	DONE	DONE	DONE	DONE	DONE	07/03/2017	100%	4,2%
2. UCC-BTI (Binding Tariff Information) (Phase 2 - EU harmonised trader interface)	DONE	DONE	DONE	DONE	DONE	DONE	DONE	DONE	01/10/2017	100%	7,0%
3. UCC-CD (Customs Decisions) (Iteration 1: Update to L4 BPM 2015 & Rev.5 Specifications)	DONE	DONE	DONE	DONE	DONE	DONE	DONE	DONE	01/10/2019	43%	1,8%
3. UCC-CD (Customs Decisions) (Iteration 2)	DONE	DONE	DONE	DONE	DONE	DONE	DONE	DONE	02/10/2017	100%	5,6%
4. UCC-UUM&DS (Uniform User Management & Data Signature)	DONE	DONE	DONE	DONE	DONE	DONE	DONE	DONE	Q4 2019	38%	2,1%
5. UCC-AEO (Authorised Economic Operators) (Phase 1 - II. Major Enhancement - 3.9.0.1 release)	DONE	DONE	DONE	DONE	DONE	DONE	DONE	DONE	02/10/2017	100%	5,6%
5. UCC-AEO (Authorised Economic Operators) (Phase 2 - III. Direct Trader Access)	N/A	N/A	N/A	DONE	DONE	DONE	DONE	DONE	05/03/2018	83%	2,3%
5. UCC-AEO (Authorised Economic Operators) (Phase 2 - III. Direct Trader Access)	N/A	N/A	N/A	DONE	DONE	DONE	DONE	DONE	01/10/2019	0%	0,0%
5. UCC-AEO (Authorised Economic Operators) (IV. Mutual Recognition Enhancement)	N/A	N/A	N/A	DONE	DONE	DONE	DONE	DONE	Q1 2023	75%	1,1%
6. UCC-EDRIZ (Economic Operator Registration and Identification System)	N/A	N/A	N/A	DONE	DONE	DONE	DONE	DONE	05/03/2018	40%	1,1%
7. UCC-SURV 3 (Surveillance 3) (Phases 2-3 - SURV2/SURV-CDC functionality and new reports)	DONE	DONE	DONE	DONE	DONE	DONE	DONE	DONE	01/10/2018	71%	3,0%
8. UCC-PoUS (Proof of Union Status)	Q4 2019	DONE	Q1 2020	Q4 2019	Q4 2021	Q1 2018	N/A	Q4 2018	01/10/2018	71%	3,0%
9. UCC-NCTS (New Computerised Transit System) (Phase 5)	Q1 2018	DONE	Q1 2018	Q1 2018	Q4 2021	Q1 2018	N/A	Q2 2023 - Q2 2025	Q2 2023 - Q2 2025	13%	0,4%
9. UCC-NCTS (New Computerised Transit System) (Phase 6)	Q4 2019	DONE	Q1 2020	Q4 2019	Q4 2021	Q2 2023	Q4 2023	Q1 2021 - Q4 2023	Q1 2021 - Q4 2023	13%	0,7%
10. UCC-AES (Automated Export System) (Component 1 - Trans-European AES)	Q1 2018	DONE	Q1 2018	Q1 2018	Q4 2019	Q2 2023	Q2 2023	Q2 2023 - Q2 2025	Q2 2023 - Q2 2025	13%	0,4%
11. UCC-INF-SP (Standardised Exchange of Information for Special Procedures)	DONE	DONE	DONE	DONE	Q2 2018	Q1 2020	Q1 2020	Q1 2021 - Q4 2023	Q1 2021 - Q4 2023	13%	0,5%
12. UCC-Special Procedures (Component 1) "National SP EXP"	N/A	DONE	N/A	N/A	N/A	N/A	N/A	Q2 2020	02/09/2020	50%	1,4%
12. UCC-Special Procedures (Component 2) "National SP IMP"	N/A	DONE	N/A	N/A	N/A	N/A	N/A	N/A	(Nat. Planning)	100%	1,4%
13. UCC-MA, PN, TSD (Notification of Arrival, Presentation Notification and Temporary Storage Declaration)	N/A	DONE	N/A	N/A	N/A	N/A	N/A	N/A	(Nat. Planning)	100%	1,4%
15- UCC-CO (Centralised Clearance for Import) (Phase 1)	Q1 2018	DONE	Q2 2018	Q1 2020	Q1 2020	Q2 2020	Q2 2020	Q1 2021 - Q4 2023	Q1 2021 - Q4 2023	13%	0,4%
15- UCC-CO (Centralised Clearance for Import) (Phase 2)	not planned	DONE	Q4 2020	Q2 2020	Q2 2022	not planned	not planned	Q4 2023 - Q4 2025	Q4 2023 - Q4 2025	13%	0,4%
16- UCC-GUM (Guarantee Management) (Component 1)	Q4 2019	DONE	Q1 2020	Q4 2021	Q4 2021	Q4 2022	Q4 2024	Q4 2025	01/05/2023	13%	0,4%
17- UCC-ICSZ (Import Control System) (Block 1a)	DONE	DONE	DONE	Q1 2018	Q2 2018	Q4 2019	Q1 2020	Q4 2020 - Q2 2025	Q4 2020 - Q2 2025	38%	2,6%
17- UCC-ICSZ (Import Control System) (Block 1b)	not planned	not planned	not planned	not planned	not planned	not planned	not planned	not planned	not planned	0%	0,0%
17- UCC-ICSZ (Import Control System) (Block 2)	not planned	not planned	not planned	not planned	not planned	not planned	not planned	not planned	not planned	0%	0,0%
<b>OVERALL PROGRESS (weighted average of all IT projects)</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>40%</b>	<b>36%</b>	<b>28%</b>	<b>20%</b>	<b>20%</b>			<b>50%</b>