



# **FINAL EVALUATION OF THE CUSTOMS 2013 PROGRAMME**

## **FINAL REPORT**



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## List of acronyms

€	Euro
AEO	Authorised Economic Operator system
AIS	Automated Import System
ART2	Activity Reporting Tool
C2013	Customs 2013 programme
CCC	Community Customs Code
CCN/CSI	Common Communications Network/Common Systems Interface
CCT	Common Customs Tariff
CIRCA BC	Communication and Information Resource Centre for Administrations, Businesses and Citizens
CN	Combined Nomenclature
COPIs	anti-Counterfeit and anti-Piracy Information System
CPCA	Common Priority Control Areas
CPG	Customs Policy Group
CRMS	Customs Risk Management System
CS/MIS	Central Services/Management Information System
CS/RD	Central Services/Reference Data
DG TAXUD	Directorate General for Taxation and the Customs Union
EBTI	European Binding Tariff Information database
EC	European Commission
ECICS	European Customs Inventory of Chemical Substances
ECS	Export Control System
ENS	Entry summary declarations
EO	Economic Operator(s)
EORI	Economic Operators Registration and Identification system
EOS	Economic Operator Systems
EU	European Union
ICS	Import Control System
MASP	Multi-annual Strategic Plan
MRA	Mutual Recognition Agreement(s)
MS	Member State(s)
NB	Nota bene (note well)
NCP	National Contact Point
NCTS	New Computerised Transit System
OJ	Official Journal
PICS	Programmes Information and Collaboration Space
QUOTA	Database tracking the overall EU usage of "first come, first served" import quotas for certain third countries
RALFH	Rotterdam, Antwerp, Le Havre, Felixstowe and Hamburg
RIF	Risk Information Form
SASP	Single Authorisation for Simplified Procedures
SURV2	Database displaying the volumes of specific products under 'surveillance' or monitoring imported into the EU customs territory in the present and in the past year
SUSP	Database giving access to the autonomous tariff suspensions in force and in preparation.
TARIC	Integrated Tariff of the European Communities database
TEP	The Evaluation Partnership
ToR	Terms of Reference
UCC	Union Customs Code
UCCIP	Union Customs Code Implementing Provisions
US	United States
VAT	Value Added Tax

## **Abstract**

This study is an evaluation of the Customs 2013 programme, an EU expenditure programme that supported national customs administrations through collaboration fora and common IT systems. The programme ran from 2008-2013.

The evaluation starts with the premise that the programme is intimately linked to the wider objectives of the Customs Union. The achievement of these objectives relies in turn on the implementation and application of key EU customs legislation. Customs 2013 plays primarily a supporting and enabling role, leading to indirect but important impacts.

To measure these indirect impacts as well as assess the programme more broadly, the evaluation employed a two-part approach. The first part is a comprehensive assessment of the entire programme. This consisted of desk research, a questionnaire for the national administrations benefiting from the programme and a survey of customs officials. The second part used a technique called 'contribution analysis' to develop a holistic understanding of how the programme contributes to desired policy-level objectives, taking into account factors not directly related to or influenced by the programme. This part of the evaluation relied on in-depth case studies of six EU Member States.

## Executive Summary

### i. The Customs 2013 programme

The Customs 2013 programme was an **EU expenditure programme that supported national customs administrations** through collaboration fora and common IT systems. The programme was established by Decision 624/2007/EC<sup>1</sup> and it ran from 2008-2013. Participation was open to the EU Member States, candidate and potential candidate countries and countries of the European Neighbourhood Policy. In addition to the 28 EU Member States, five other countries took part in the programme, namely Turkey, Serbia, the Former Yugoslav Republic of Macedonia, Montenegro and Albania. The cost of the programme was shared between the European Union and the participating countries. The financial envelope for the six years of the programme's implementation was **EUR 323.8 million**.

The programme was aimed at **providing support to and fostering co-operation and co-ordination** between the national customs administrations to work towards a number of objectives in the fields of meeting the needs of the internal market, protecting EU financial interests, ensuring safety and security and preparing countries for accession. To achieve these objectives (which are spelled out in detail in the Decision 624/2007/EC), the programme relied primarily on:

- **Communication and information-exchange systems**, such as the Import Control System for handling Entry Summary Declarations and the New Computerised Transit System (NCTS), as well as a number of tariff-related systems (including the information system on the integrated tariff of the Community – TARIC) and risk management and information systems (e.g. Customs Risk Management System – CRMS)<sup>2</sup>. Approximately 80% of the programme's budget was spent on IT systems and they underpinned its other activities.
- **Joint Actions**, including seminars and workshops, project groups and steering groups, working visits, training activities, monitoring actions, benchmarking and other actions.

### ii. The final evaluation

The Decision establishing the programme carries a legislative requirement for **independent mid-term and final evaluations**, with the present report comprising the latter. The objective of the evaluation was to assess the Customs 2013 programme from several perspectives, including results, impacts, efficiency, effectiveness, utility and EU added value. The evaluation starts with the premise that the programme is intimately linked to the wider objectives of the Customs Union. The achievement of these objectives relies in turn on the implementation and application of key EU customs legislation. Customs 2013 plays primarily a supporting and enabling role, leading to indirect but important impacts.

To measure these indirect impacts as well as assess the programme more broadly, the evaluation employed a **two-part approach**. The first part is a **comprehensive programme assessment** based on a methodology similar to that used for the mid-term evaluation 2011. The second part used a technique called '**contribution analysis**' to develop a holistic understanding of how the programme contributes to desired policy-level objectives, taking into account factors not directly related to or influenced by the programme.

<sup>1</sup> Decision 624/2007/EC of the European Parliament and of the Council of 23 May 2007 establishing an action programme for customs in the Community (Customs 2013): <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007D0624&qid=1407759344364&from=EN>

<sup>2</sup> The list of systems financed was presented in Article 7 of Decision 624/2007/EC.

The evaluation relied on data gleaned from a number of different primary and secondary sources. For the **programme assessment**, these consisted of:

- **Desk research:** in depth-analysis of qualitative and quantitative data, including policy documents, programme documentation and independent evaluation studies and reports.
- **Evaluation questionnaire (one per country):** gathered the views of national customs administrations in all participating countries.
- **Survey of customs officials (5,401 responses):** gathered feedback from individual customs officials in the national administrations based on their awareness of and participation in the programme.

The **contribution analysis** required in-depth study and therefore relied on a data collection strategy based on case studies with specific areas of focus. These were:

1. **Programme objectives:** the contribution analysis is based on three of the five specific objectives of the programme, namely (1) protecting the financial interests of the EU; (2) safety and security and (3) facilitating trade.
2. **Customs movement and processes:** the analysis examines the contribution of the programme specifically through the lens of the import of goods and related customs processes.
3. **Programme activities:** the research concentrates on those IT systems and joint actions that are especially germane to the programme objectives and customs processes described above.

We conducted **case studies of six EU Member States** to test the programme theory of change<sup>3</sup>. These consisted of field visits of 3-5 days in each of the six countries selected, whereby members of the evaluation team carried out face-to-face interviews with 10-12 programme managers and customs officials in conjunction with an examination of relevant national documentation. The sample of countries was based on several customs-related criteria and included Croatia, the Czech Republic, France, Germany, Hungary, and the Netherlands.

### iii. Programme effectiveness

The evaluation findings are broadly positive with regard to the Customs 2013 programme's contribution to policy-level objectives and in terms of helping customs authorities to work as one.

Starting with the policy objectives, the biggest gains can be summarised as follows:

**Enhancing safety and security:** the progress made towards this objective is the most striking and can be regarded as an important step towards the eventual harmonisation of risk management processes for customs. Several of the key developments have taken place since the previous evaluation. These include the full implementation of the Import Control System and the Customs Risk Management System as well as the mainstreaming of the Authorised Economic Operator and Economic Operator Systems.

**Facilitation of trade:** in the field of customs, this objective is pursued passively. The idea is that risk management systems disturb trade as little as possible. This is exemplified by the uptake of the ICS and CRMS, in addition to the abovementioned

<sup>3</sup> The contribution analysis technique involves developing a programme's theory of change and seeking to infer causality based on observable results. For further detail see section 2.2.2 of the full report or Mayne, John, Contribution: An approach to exploring cause and effect, ILAC brief 16, May 2008.



mainstreaming of the AEO and EOS systems. These have all allowed the Customs Union to become more secure while carrying out fewer of the manual controls that slow down the flow of trade. Similarly, the NCTS has helped do away with paper-based transit declarations. This has speeded the transit process and reduced the amount of time during which guarantees must be withheld from economic operators while creating electronic records that reduce the potential for errors and fraud.

**Protection of the EU's financial interests:** centralised databases like TARIC and QUOTA, as well as the NCTS (which is generally regarded to have greatly reduced fraud) were already in operation prior to the programme, with gains in this area being mostly incremental. Nonetheless, the enhanced effectiveness of risk management systems has contributed not only to the enhanced control of dangerous goods, but also to the effective identification and collection of customs duties. This has a direct and positive impact on protecting the EU's financial interests.

There is still **considerable diversity in the execution of import processes** within the EU. Each Member State still has its own automated import system and national versions of all the trans-European systems. However, this diversity is most notable not for its persistence but for its significant reduction during the programming period.

Common IT systems are not only being developed and implemented, but also being used, and customs-specific resources, not least in risk management, are beginning to be pooled. This progress can be grouped as progress towards the objective of all EU customs administrations acting as one customs administration. IT infrastructure is necessary but not sufficient for progress of this nature, and it is here that the other key component of C2013, namely the joint actions, plays a crucial role.

The **joint actions**, account for about 20% of the programme budget. They complement the IT systems and have been of crucial importance to the effectiveness of the programme. The eight types of joint actions provide administrations with a flexible set of tools for bringing officials together. Sometimes, the meetings lead to concrete outputs, such as a set of guidelines for operating a particular IT system or common training programme. Other times, the immediate results are less tangible, and consist, for example, of officials from one Member State learning about how their counterparts in another country deal with a specific type of process or problem.

The **evaluation shows most of these to be essential**. It would be hard to imagine the development of mutually acceptable common IT system, for example, if that development occurred in a top-down fashion rather than under the auspices of a project group set up to bring the relevant officials together.

The Electronic Customs Group, while not oriented expressly towards the development of a single product or IT system, deserves special mention for ensuring that the opinions of all administrations are taken into account in IT planning, that implementation issues are discussed communally and that mutual solutions are found. Project groups that are regularly convened, such as the AEO contact group or RALFH, as well as working visits that bring smaller groups of officials together, help the involved officials to share experiences and ideas and thereby come up with common solutions to common problems. They also foster the creation of professional networks and build confidence and trust. Acting as one administration requires customs administrations to treat the products of their counterparts' analyses and judgements as they would treat their own, and the relationships made within C2013 let officials see each other's work and give it the necessary credence to do this.

The evaluation also discovered some problems that inhibited the full implementation of some IT systems and / or slowed the harmonisation process. The included relatively minor functional problems and meant that, in some cases, key pieces of information remain disjointed. In addition, some Member State administrations found the costs associated with implementing and maintaining national versions of the systems funded through the programme to be difficult to bear.

#### iv. Unexpected and unintended results

The evidence suggests that the programme did not have a disproportionately negative impact on any of the stakeholders involved. The unexpected and unintended impacts that we did identify related mostly to barriers to the implementation of IT systems and included:

- Costs incurred by national administrations
- Complexity and diversity of national IT infrastructures
- Historical and geographical context
- Clarity of EU legislation
- Existence of legal channels for sharing information
- Amount of joint actions
- Language capacities of customs officials

There was no evidence that the programme reduced standards in best performing countries. In addition, administrative burdens were minimal and that the opportunity cost to participation in the programme by national administrations was small.

#### v. Dissemination of results

The C2013 programme is **relatively well known** among customs officials: half of the surveyed officials knew of the programme. More importantly, the findings suggest that those officials who needed to be aware of the programme to ensure its effective implementation usually had a good knowledge of it. They played an important role in disseminating programme outputs and ensuring that the right people took part in the relevant joint actions.

In terms of the **practical use of programme outputs**, more than half of respondents who knew the programme had used one or more concrete outputs. These outputs included general information, reports, IT applications, and guidelines and recommendations. The overall use of the programme outputs is likely to be even higher, as officials not aware of the programme may well use outputs without knowing that these were developed or financed under the EU programme.

#### vi. Programme efficiency and value for money

The EU's exclusive competence for customs means that customs legislation emanates from the European level and calls for the harmonisation of customs policies and procedures. Feedback collected for the evaluation from stakeholders has clarified the Customs 2013 programme's essential role in this.

In-depth examination of the programme's **cost drivers** reveals a more nuanced picture, and some aspects of the programme are more cost effective than others. For example, the support provided to participating country administrations by the Commission's **programme management unit was generally well regarded**, but officials found the multiplicity of online collaboration tools confusing and burdensome. Merging tools such as PICS and CIRCA BC could address this.

With regard to the joint actions, those that exemplified oft-**praised features such as flexibility** and the ability to foster both tangible (e.g. guidelines) and softer (e.g. trust and networking) benefits were found relatively cost effective. Most notably, these included project groups and working visits; the benefits of benchmarking and monitoring activities were less pronounced. In addition, despite the myriad benefits of steering groups like the Electronic Customs Group, they were delivered at **substantially lower costs** than joint actions on average. **Seminars**, on the other hand, led to important benefits that would be hard to produce elsewhere, such as building political momentum for new initiatives, but were **relatively expensive**.

The IT systems examined in depth for the evaluation, namely those relating to the import of goods, also **varied in terms of their effectiveness and cost**, in addition to their capacity to engender economies of scale and leverage the EU funding invested in them. For example, centralised databases, like **TARIC and QUOTA**, provided Member State administrations with important information they would otherwise have to request from the Commission and store at their own expense. The **AEO / EOS** systems have received **substantial funding** during the life of the programme, allowing them to **scale upwards and produce significant contributions** to safety and security without hindering trade. Our assessment of the CRMS, which was allocated about half of the funding as the AEO / EOS systems, is less sanguine. It has provided notable benefits for some administrations in terms of improved risk management processes, but others have not (yet) experienced similar gains and sometimes regarded using the system as burdensome.

The trans-European systems, like the NCTS and ICS, allow for burden sharing between the Commission and Member State administrations. The latter need to **develop and implement national versions of each system** and, while this entails significant costs (estimated to be similar to those borne by the Commission), it allows for common components despite the continued existence of unique automated import systems in each Member State. In the short-term, there remains considerable room for improving the interoperability between existing national systems and those funded through the programme.

#### **vii. EU added value**

The evaluation has identified a strong case for the EU added value of the programme, particularly regarding its role in **supporting the implementation of EU legislation at national level**. The IT systems funded through the programme are highly complementary to national initiatives and mostly relate to implementing such legislation. This led to **reductions in administrative costs** that would result from each Member State needing to develop similar IT systems on its own. The networking fostered through the joint actions of the programme was also considered crucial for several reasons, including ensuring the consistent application of common legislation, spreading best practices and building the trust needed for administrations to act as if they were one administration. While room for improvement was found in all these areas, it was at the margins rather than in the fundamental dynamics of the programme.

Regarding **sustainability of results** in the absence of future funding, the running and maintenance costs of the IT systems, in addition to a substantial management function currently played by the Commission, imply that the Member States would find it **difficult to continue to use them past the medium-term**. Perhaps more importantly, in such a situation the **networks** fostered through continuous participation in the joint actions **would begin to fade**, rendering continued progress towards overarching customs policy objectives unlikely. Thus while the progress already achieved will be felt into the future, its reliance on future Commission support should not be overlooked. Without a forum for collaboration, it is **difficult to imagine** the Member States passing legislation that requires **further harmonisation**. Among other things, implementing such legislation without a programme would require substantially higher costs due to the duplication of efforts.

#### **viii. Overall conclusions**

The evaluation set out primarily to assess the extent to which the Customs 2013 programme **contributed to enhanced safety and security, the protection of the EU's financial interest and the facilitation of trade**. On all three counts, we found this contribution to be significant. The EU's exclusive competence in the field of customs combined with persistent disparities in customs traditions, (IT) infrastructure

and working practices testify to the potential EU added value of a programme to foster cooperation and collaboration.

Moreover, the achievements made during the period under review (with the programme in its fifth iteration) do not simply represent the continued evolution of on-going trends. Rather, they are significant and path breaking (especially regarding the introduction of IT systems related to security and safety) and **indicative of major developments** towards the realisation of the key programme objective that all customs administrations should act as if they were one administration.

Many of these developments relate to IT (the focus of the present exercise) and took place over the past three years, after the mid-term evaluation was completed. They relate in large part to safety and security and stem from initiatives taken **to implement the Safety and Security Amendment to the Community Customs Code**, whose full range of provisions did not come into force until 2011. In addition, it needs to be emphasised that much of the programme's contribution is cross cutting, affecting the execution of many customs processes in similar ways. This applies in particular to the **trust and collaboration** engendered through the joint actions.

## **ix. Recommendations**

Based on the findings of the evaluation we made ten recommendations to improve future iterations of the Customs programme. The recommendations are structured according to five broad themes, namely programme management, policy implementation, joint actions, programme-funded IT systems and efficiency.

### *Programme management*

1. Develop specific and measurable goals that can be achieved during the life of the programme. They should include the provisions of the Union Customs Code (to be implemented during the life of the next programme) in addition to the programme's existing specific objectives.
2. Develop a comprehensive monitoring framework to track performance and to identify issues of concern in a timely manner.
3. Streamline the platforms used for sharing documents and facilitating communication between the Commission and Member States.

### *Policy implementation*

4. Take an active approach toward the achievement of policies aimed at centralised customs clearance. From the Commission side, this could include the identification of roles and responsibilities for the actors involved and efforts to ascertain the likely costs and benefits for the Member States, Commission and traders.

### *Joint actions*

5. Ensure joint actions are flexible and adaptable as well as more goal-oriented and accountable.
6. Develop a more systematic mechanism to review longstanding joint actions periodically.
7. Communicate more with national administrations on the outcomes of joint actions.

### *Programme-funded IT systems*

8. Address technical issues and user problems of specific IT systems that inhibit their contribution to key customs processes.
9. Enhance the integration of EU and national IT systems.

### *Efficiency*

10. Use potential efficiency gains to make the case for further harmonisation and integration of IT systems.

## 1. Introduction

This report was submitted to the European Commission's Directorate General for Taxations and Customs Union (DG TAXUD) in the context of the final evaluation of the Customs 2013 programme.

This report consists of the following main sections:

- Section 2 presents a brief introduction to the subject of the evaluation, namely the Customs 2013 programme and summarises its purpose, approach and methodology;
- Sections 3 presents the main findings of the evaluation, structured around the evaluation questions defined in the Terms of Reference;
- Section 4 provides an update on the implementation of the mid-term evaluation recommendations;
- Section 5 presents overall conclusions regarding the programme's achievements;
- Section 6 offers practical recommendations for the future;
- Annexes contain more detailed evaluation findings, organised by data collection method, in addition to the analytical framework we used to structure the research.

## 2. Context and approach to the evaluation

### 2.1. Evaluation background

#### 2.1.1. EU customs policy

The origins of the current **Customs Union** were established by the European Community in 1968, which abolished customs duties at internal borders and put in place a uniform system for taxing imports. With the creation of the Single Market in 1993, customs checkpoints at borders between the European Union (EU) countries disappeared completely. Since then, the Customs Union has been an essential element of establishing the Single Market – the latter can only function properly when there is a common application of common rules. This requires that customs administrations of all Member States act as though they were one, and apply the common tariff as well as a range of other common rules that extend to all aspects of trade policy, including preferential trade, health and environmental controls, the common agricultural and fisheries policies, the protection of the EU's economic interests by non-tariff instruments and external relations policy measures.

Thus, in addition to their traditional role of collecting customs duties and indirect taxes at import, customs in the EU today play a **dual role**. On the one hand, they protect the interests of the Union and its citizens by making an important contribution to the fight against fraud, terrorism and organised crime, thereby providing a safe and secure environment for EU citizens. At the same time, customs are to keep the burden placed on trade regarding customs legislation and procedures to the minimum that is necessary, facilitating trade and thereby contributing to ensuring the competitiveness of the European trade environment.

Recognising that *"customs bear an important part of the responsibility for the management of the Customs Union, one of the foundations upon which the European Union is based"*, the Commission adopted a **customs strategy**<sup>4</sup> in 2001. It highlights that the environment in which customs operate is changing, meaning that *"customs are now facing the difficult challenge of coping with an increasing range and number of Community controls in an environment where the volume and speed of international trade is increasing. At the same time the increasingly global marketplace offers greater opportunities for fraud and organised crime"*. Given these new challenges, the customs strategy aims to modernise control methods and reinforce co-operation between the different services in order to achieve the correct balance between the competing demands.

As an important step in the implementation of the customs strategy, the Commission adopted a package of measures (often referred to as the **customs package**) in 2003. The package set out the detailed vision for EU Customs and the detailed objectives - including simplifying administration and strengthening security at the EU's external borders. The measures covered the role of customs for the integrated management of the external borders, a paperless environment for customs and trade, and proposals for amending the Community Customs Code. Among others, the package called for improved co-operation and exchange of information between all services responsible for goods crossing the EU's external borders, and established a strategy for the simplification and rationalisation of customs regulations and procedures, maximising the use of information technology and supported by improved risk analysis and advanced auditing. Ultimately, its measures were meant to be a way to meet security requirements whilst at the same time facilitating trade.

Since the adoption of the customs strategy in 2001, the EU has taken further steps to improve customs legislation and procedures. Among the most significant recent

<sup>4</sup> Communication from the European Commission to the Council, the European Parliament and the Economic and Social Committee concerning a strategy for the Customs Union (COM(2001) 51 final): <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0051:FIN:EN:PDF>

developments is the **strategy for the evolution of the Customs Union**<sup>5</sup> agreed in 2008. The strategy is aimed at modernising the legal environment through the Modernised Customs Code and at building a robust communication chain between all customs offices in the EU, between customs and other public authorities operating at the border, and between public authorities and traders through the creation of a pan-European electronic customs system that brings a paperless environment for customs and trade. In October 2013, the Union Customs Code<sup>6</sup> was adopted. This replaces the Modernised Customs Code and enters into force in 2016.

### 2.1.2. The Customs 2013 programme

In order to support the effective functioning of the Customs Union, the EU has launched a series of expenditure programmes. The Customs 2013 programme is the **fifth Community action programme for customs**. It is the successor to Customs 2007 (covering the period from 2003 to 2007), Customs 2002 (covering the years 2001 and 2002), Customs 2000 (covering the period from 1996 to 2000), and Matthaeus (a training and exchange programme for customs officials adopted in 1991). The current programme takes into account the Commission's customs strategy mentioned above, and represents part of the response to the challenges that were identified.

The Customs 2013 programme was established by **Decision 624/2007/EC**<sup>7</sup> and runs from 1 January 2008 to 31 December 2013. Participation in Customs 2013 is open to the EU Member States, candidate and potential candidate countries and countries of the European Neighbourhood Policy. According to the Terms of Reference (ToR), in addition to the 28 EU Member States, five other countries take part in the programme, namely Turkey, Serbia, the Former Yugoslav Republic of Macedonia, Montenegro and Albania. The cost of the programme is shared between the European Union and the participating countries. The financial framework for the six years of the programme's implementation was set at **323.8 million Euros**.

The Customs 2013 programme aimed at **providing support to and fostering co-operation and co-ordination between the national customs administrations of the Member States** – who are the programme's primary beneficiaries – to work towards a number of policy objectives in the fields of meeting the needs of the internal market, protecting EU financial interests, ensuring safety and security and preparing countries for accession. To achieve these objectives (which are spelled out in detail in the Decision 624/2007/EC), the programme relies primarily on:

- **Communication and information-exchange systems**, such as the Import Control system for handling Entry Summary Declarations and the New Computerised Transit System (NCTS), as well as a number of tariff-related systems (including the information system on the integrated tariff of the Community – TARIC) and risk management and information systems (including the Customs Risk Management System – CRMS)<sup>8</sup>. Approximately 80% of the programme's budget is spent on IT systems and they underpin its other activities.

<sup>5</sup> Communication from the European Commission to the Council, the European Parliament and the Economic and Social Committee concerning a Strategy for the evolution of the Customs Union (COM(2008) 169 final):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0169:FIN:EN:PDF>

<sup>6</sup> Regulation 952/2013 laying down the Union Customs Code, url: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:269:0001:0101:EN:PDF>

<sup>7</sup> Decision 624/2007/EC of the European Parliament and of the Council of 23 May 2007 establishing an action programme for customs in the Community (Customs 2013):

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007D0624&qid=1407759344364&from=EN>

<sup>8</sup> The list of systems financed was presented in Article 7 of Decision 624/2007/EC.



- **Joint Actions**, including seminars and workshops, project groups and steering groups, working visits, training activities, monitoring actions, benchmarking and other actions.

As per the Decision establishing the programme, it was designed to meet five **main objectives**, namely ensuring that customs activities carried out under the programme:

- a) Match the needs of the internal market, including supply chain security and trade facilitation, as well as support the strategy for growth and jobs;
- b) Interact and perform their duties as efficiently as though they were one administration, ensuring controls with equivalent results at every point of the Community customs territory and the support of legitimate business activity;
- c) Provide the necessary protection of the financial interests of the Community;
- d) Contribute to strengthening security and safety; and
- e) Take the necessary steps to prepare the countries for accession, including by means of the sharing of experience and knowledge with the customs administrations of those countries.

The programme's objectives have remained largely unchanged between Customs 2007 and Customs 2013. However, there have been some re-wording and re-organisation of the aims. The main changes are that trade facilitation has now been included as part of the first objective, while in Customs 2007 it constituted an objective of its own (i.e. meet the demands placed on customs administrations by globalisation and increase the volumes of trade and contribute towards strengthening the competitive environment of the European Union). On the other hand, **providing the necessary protections of the Community's financial interests** and **contributing to strengthening security and safety** have become two separate objectives, while in the prior programme they were included within one. These changes might be suggesting, on the one hand, that coordinating the actions of Member States' customs administrations is directly related to the possibility of facilitating trade and, on the other, that protecting the financial interests and strengthening security and safety have been further prioritised.

It is important to note that the Customs 2013 programme has succeeded in maintaining an **objective-based management approach**, which was one of the recommendations made by the evaluation team after the final evaluation of Customs 2007. This was considered as an important asset of the prior programme, particularly because it ensured all activities pursued a set of clearly defined goals in line with the programme's objectives and because it facilitated the monitoring and evaluation.

Customs 2013 is implemented in partnership between the European Commission and the participating countries. The Commission (DG TAXUD) has a facilitating and organising role. The main responsibility for the management of the programme lies with the **Customs 2013 Committee**, which is responsible for its overall functioning, and for providing the link between programme activities and the objectives of the programme. It is composed of one delegate per participating country (normally a Deputy Head of the customs administration in charge of the implementation of the programme at national level). As explained in the Commission's Decision in Article 4(2), *"the common approach regarding customs policy shall continuously be adapted to new developments in partnership between the Commission and the Member States in the Customs Policy Group"*. The **Customs Policy Group** (CPG) is comprised of the Commission and the heads of customs administrations of the Member States (or their representatives) and, as such, it should be regularly informed of the measures related to the programme's implementation.



### 2.1.3. Objectives and scope of the evaluation

The Decision establishing the programme carries a legislative requirement for independent mid-term and final evaluations, with the present report comprising the latter. The objective of the evaluation is to assess the Customs 2013 programme from several perspectives, including results, impacts, efficiency, effectiveness, utility and EU added value. Importantly, the Terms of Reference (ToR) make reference to the specific nature of the Customs programmes, whereby 'continuous succession and rolling implementation ensure continuity of activities and results'. Since many of the mid-term evaluation results are still valid, the ToR stipulate that the final evaluation is meant to 'build on, but not repeat the works [already] undertaken'.

## 2.2. Evaluation approach

To build on the previous research, we started with a key conclusion of the mid-term evaluation, whereas 'it is important to note that the programme does not exist in a vacuum. Instead, it is intimately linked with the wider objectives of the Customs Union, which function mainly through several pieces of EU customs legislation. Ultimately, it is the implementation and application of this legislation that is key to achieving the different policy objectives (such as trade facilitation or ensuring the safety and security of EU citizens and traders). Customs 2013 plays primarily a supporting and enabling role, and thus has indirect impacts on the achievement of these objectives'.<sup>9</sup>

To increase our understanding of the indirect impacts while maintaining some continuity with the mid-term evaluation and allowing something of an update, our approach split the evaluation into two parts. The first of these offers a comprehensive assessment of the entire Customs 2013 programme based on the tried and tested methodology used for the mid-term evaluation. The second employs a technique called 'contribution analysis' to develop a fuller, holistic understanding of how the programme *contributes* to (a selection of) the desired policy-level objectives, taking into account factors not directly related to the programme. In terms of responding to the evaluation questions, though all questions are addressed to some extent through both of these parts, some were answered *mostly* through the programme assessment and others *mostly* through the contribution analysis. The two parts feed into the overall analysis as per the table below. In each row, the main source used to answer each evaluation question is ticked, while, where applicable, the less significant source is shown in parentheses.

**Table 1: Sources of answers to the evaluation questions**

Evaluation question	Focus	Programme assessment	Contribution analysis
1. To what extent and how has the creation of a pan-European electronic customs environment through the development of interoperable communication and information exchange systems helped the customs authorities to: <ul style="list-style-type: none"> <li>a. Strengthen a safe and secure environment for citizens;</li> <li>b. Better protect the EU's financial interests;</li> <li>c. Facilitate trade?</li> </ul>	Effectiveness / utility / impact	(✓)	✓
2. Were there any unexpected and / or unintended results and impacts generated by	Utility / impact		✓

<sup>9</sup> Mid-term evaluation of the Customs 2013 programme, page 7, The Evaluation Partnership, 2011.

the programme's activities, what were their triggering factors and the extent to which they hampered and/or helped the programme's functioning and achievement of its objectives?			
3. To what extent and how the strategies/approaches endorsed by the programme's stakeholders with regard to the dissemination of awareness, knowledge and action (implementation) have weighed on the achievement of the programme's objectives?	Effectiveness	✓	(✓)
4. To what extent have the programme's resources produced best possible results at the lowest possible costs (best value for money)? Could the use of resources be improved?	Economy / Efficiency	✓	(✓)
5. What is the European added value of the C2013 programme? a. Did the programme complement existing initiatives at national and local levels? b. Did the programme lead to reductions in administrative costs and burdens? c. Did the programme foster and sustain networks between national administrations and customs officials? d. Did the programme foster uniformity in terms of implementing EU customs legislation and customs practice? e. Were programme results sustainable? <sup>10</sup>	EU added value	✓	✓

### 2.2.1. Programme assessment

This part of the evaluation serves as an update of the mid-term evaluation and employs a similar set of research tools. Its purpose is to collect and analyse data on the Customs 2013 programme as a whole, the variety of actions that were implemented, and their overall effects and added value. It draws on a variety of sources of evidence comprised of an evaluation questionnaire to gather information from customs administrations; a survey of national customs officials; and desk research of relevant documentation. More detail on these activities are provided below. It is worth noting that this part of the evaluation facilitates continuity and comparison with previous years, highlighting areas where there has been more and less improvement, and allowing some insight into any progress that has been made in terms of responding to the mid-term evaluation and taking its conclusions and recommendations into account.

<sup>10</sup> The preliminary definition of EU added value in relation to the Customs 2013 programme was contained in the ToR. In addition to the elements in the table, the definition also encapsulated 'overall contribution of the programme towards its strategic objectives' and 'increased uniformity of the EU Customs Union'. While we agree that these form part of EU added value, including them in this question would result in a degree of overlap with the other effectiveness questions that we considered potentially confusing and counterproductive. Therefore, these two elements will be treated in questions 2, 3 and 4

### 2.2.2. Contribution analysis

This part of the evaluation provides an in-depth assessment of the programme's *contribution* to a sub-section of its policy objectives. To do this, we focus on factors not entirely dependent on the programme (including, for example, the availability of national resources, the legal framework governing customs policy and various processes and rules) to assess the significance of the programme's impact in relative and comparative terms.

It should be emphasised that the level of detail required for a meaningful contribution analysis entails a considerable undertaking in both conceptual and practical terms. As explained below, this technique requires an in-depth understanding of the theory of change behind a given policy objective, and a mapping of the relationship between the myriad factors at play. It also requires substantial fieldwork to collect robust evidence related both to the programme itself, and (albeit to a lesser extent) the contribution of other factors.

Undertaking such a task for all aspects of customs policy while covering the entire EU in equal measure would risk either a superficial analysis (thereby not adding to the assessment carried out for the mid-term evaluation), or an unrealistic response to the time and budgetary constraints for this study. Therefore, the contribution analysis focused on a selection of policy objectives, customs processes and countries. It also concentrated on the IT systems developed and implemented through the programme.

*What is contribution analysis?*

Contribution analysis can be defined as a method for assessing the influence, or, *contribution*, a programme makes to observed results. This distinguishes contribution analysis from traditional theory-based evaluation in that it focuses on impact rather than process. As explained in a recent paper<sup>11</sup>, contribution analysis seeks to infer causality first by verifying the theory of change of the programme or aspect of a programme under assessment, and then conducting an iterative and thorough analysis of the available evidence according to six relatively simple steps as per the diagram below:

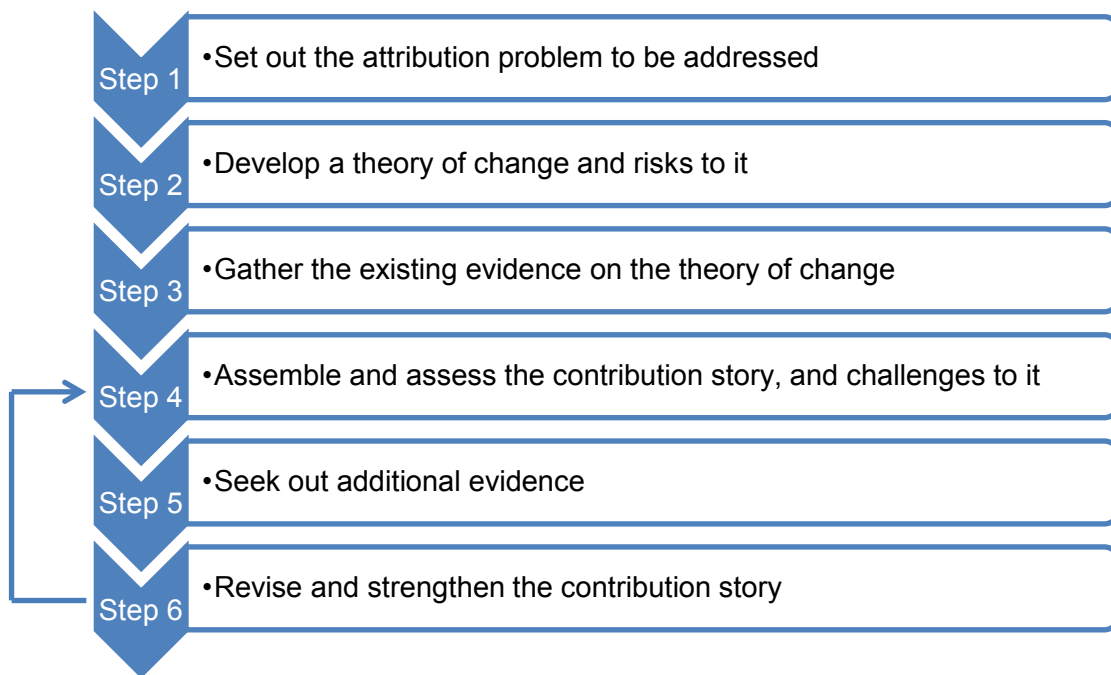
#### **Theory of change**

A programme's theory of change can be defined as a process enabling us to consciously, critically and collaboratively map the changes in a specific situation that are required in order to realise a desired outcome, including factors both internal and external to that programme.

It should be based on consensus among key stakeholders and evidence and be plausible, achievable, testable and meaningful in order to frame the design, implementation, management and evaluation of interventions.

*Source: Eguren I.R (2011) 'Theory of Change – A thinking and action approach to navigate in the complexity of social change processes', UNDP & HIIVOS*

<sup>11</sup> Mayne, John, Contribution: An approach to exploring cause and effect, ILAC Brief 16, May 2008.

**Figure 1: Steps involved in contribution analysis**

Translating the process into more basic language, *conceptually* this is very simple. It entails laying out what we want to know (e.g. what role does the Customs 2013 programme play in the pursuit of a given customs policy objective), figuring out what factors, including the programme, are involved, defining how they interrelate, and then gathering and examining evidence to tease out the roles each factor (both internal and external to the programme) plays in leading to a set of outcomes. Contribution analysis thus provides a useful framework for the assessment of a given programme, but its usefulness relies on the availability, rigour and quality of evidence and analysis at each stage.

### 2.3. Data collection strategy

The evaluation relied on data gleaned from a number of different primary and secondary sources. For the **programme assessment**, these consisted of:

- Desk research: in depth-analysis of qualitative and quantitative data, including policy documents, programme documentation and independent evaluation studies and reports.
- Evaluation questionnaire: gathered the views of national customs administrations in all participating countries, with national contact points in each country being responsible for circulating and collating responses. The questionnaire included a combination of open and closed questions that allowed to both gauge administrations' opinions on the programme's achievements while giving them a forum to provide detailed feedback on areas of particular importance.
- Survey of customs officials: provided an important source of data to judge the Customs 2013 programme's usefulness and effectiveness in the eyes of customs officials. Unlike the questionnaire (which was meant to elicit one response per participating country), the survey gathered feedback from individual customs officials in the national administrations, both regarding awareness of the programme and feedback on their experience of the programme based on participation in the joint actions. Overall, the survey collected 5,401 responses from officials throughout the EU and other C2013 participating countries.

The **contribution analysis** required in-depth study and therefore relied on a data collection strategy based on case studies with specific areas of focus. These were:

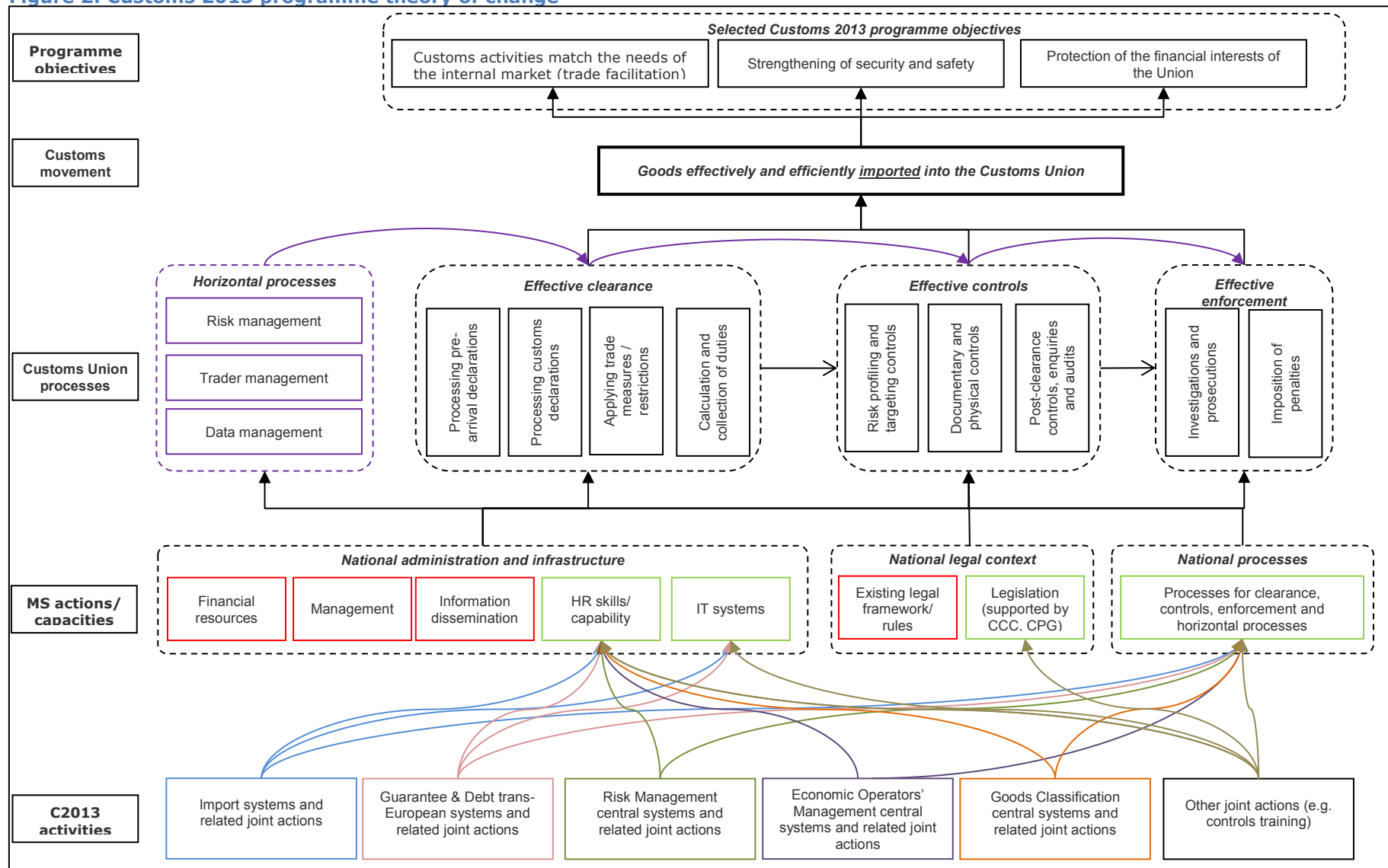
4. Programme objectives: the contribution analysis concentrates on **three of the five specific objectives** of the programme, namely (1) protecting the financial interests of the EU; (2) safety and security and (3) facilitating trade.
5. Customs movement and processes: the analysis examines the contribution of the programme specifically through the lens of the **import of goods and related customs processes**.
6. Programme activities: the research concentrates on **those IT systems and joint actions** that are especially germane to the programme objectives and customs processes described above and categorises them such as to facilitate the analysis.

We conducted case studies of six EU Member States to test the theory of change. These consisted of field visits of 3-5 days whereby members of the evaluation team carried out face-to-face interviews with 10-12 programme managers and customs officials in conjunction with an examination of relevant national documentation.

Based on selection criteria such as the volume and nature of customs traffic, types of customs controls employed, participation in the programme and geographical diversity, we arrived at a sample which included Croatia, the Czech Republic, France, Germany, Hungary, and the Netherlands.

As specified above in the description of contribution analysis, much of the research entailed assessing the programme's theory of change in order to develop a contribution story. The theory of change was developed early on in the evaluation and served as a framework for the ensuing analysis. The diagram on the next page illustrates this theory of change visually. It is meant to depict the main ways in which the programme (as well as external factors over which the Customs 2013 programme exercises little or no control) potentially contribute to effective and efficient import processes, which in turn strengthen safety and security and protect the EU's financial interests (mainly by preventing fraud), while minimising burdens on legitimate trade.

Figure 2: Customs 2013 programme theory of change



As shown, inspired by the 'bird's-eye view' of main customs processes in the Communication on the state of the Customs Union<sup>12</sup>, we broke the **import movement** into three **sequential processes**, namely clearance, controls and enforcement. In addition, **three horizontal processes** defined as risk management, trader management and data management engage with the others at each stage along the way. It is worth noting that, in reality, the processes are fluid, and the difficulty in pinpointing exactly when one ends and another begins demonstrates the somewhat arbitrary nature of classifying them as distinct. Nonetheless, it is helpful for unpacking the various actions and capacities engaging at each step, and for conceptualising how the Customs 2013 programme fits into the mix.

Looking one level down, at the **Member State capacities and actions**<sup>13</sup>, it immediately becomes clear how diverse the many factors that influence the successful execution of the Customs Union processes are. None of these capacities and actions depends wholly on the programme. Rather, the successful execution of national customs processes relies in large part on the use of Central IT applications such as CRMS, while political and administrative forces exogenous to the programme, like the drive for political integration, also play significant roles.

This dynamic holds true for all the areas depicted. The formulation and implementation of national customs legislation, for example, is *supported* by joint actions like the Electronic Customs Group but the importance of national legal traditions and policy priorities cannot be disregarded. The extent to which Member State customs officials benefit from programme training actions depends not only on the quality and relevance of the training actions themselves, but on the curricula and policies of the national administrations in question.

Crucially, several of the capacities and actions identified, such as national resources, the organisation and management of national administrations and the ways in which they promote and disseminate the results of the Customs 2013 programme, are outside the programme's control. Despite this, they are of paramount importance: if any of them are insufficient, the execution of the Customs Union's key processes will be undermined, regardless of how well the Customs 2013 programme was designed and implemented.

The bottom row lists groups of Customs 2013 **programme activities** which we have identified as likely to contribute (via certain national actions and capacities) to making one or more of the different parts of the import process more effective and/or efficient. These are grouped into six categories which emphasise their complementarity and follow, to the extent possible, the categorisation of the MASP. In most cases this includes a subject area, such as import systems or risk management, and related joint actions such as common training, monitoring visits or project groups. Lines of contribution<sup>14</sup> are drawn between each colour-coded group of activities to some of the Member State actions and capacities.

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<sup>12</sup> Communication on the state of the Customs Union, COM(2012) 791 final, url: [http://ec.europa.eu/taxation\\_customs/resources/documents/common/publications/com\\_reports/customs/com\(2012\)791\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/common/publications/com_reports/customs/com(2012)791_en.pdf).

<sup>13</sup> For the sake of simplicity and drawing attention to the subject at hand, the inter-relatedness of the boxes in the Member State actions/ capacities row has not been depicted. Nonetheless, the reader should be aware of these relationships. The availability of adequate financial resources influences the suitability of national IT systems, for example, and national processes depend on the way in which a given administration is managed.

<sup>14</sup> Again, it is worth noting that the lines of contribution represent a degree of simplification. By focusing on the most significant causal relationships, we mean to ensure that our limited engagement with customs practitioners and other stakeholders is put to the best use possible, while providing a manageable framework for the research and ensuing analysis.



## 2.4. Caveats and limitations

The approach and methodology described above allowed us to disentangle programme dynamics and understand them better than was possible in past evaluations. However, they also entailed numerous challenges that the reader should keep in mind while considering the findings, conclusions and recommendations that comprise most of this report. Most of these challenges are interlinked and stem from the nature of the programme and the resulting conceptual challenges for evaluating it, resource constraints on the evaluation and issues arising from the need to rely on qualitative data. The next paragraphs elaborate on each of these types of challenges and explain what they imply in terms of the validity of the evaluation as a whole.

Firstly, the Customs 2013 programme is **inherently difficult to evaluate**. It *supports* (rather than initiates) a range of (policy, legislative, operational customs and IT) processes and systems. As a result, its ultimate impacts are inextricably linked to many factors over which the programme itself holds little sway, and the Member States' universal participation means experimental or quasi-experimental approaches (which ascertain impact by comparing the evolving situations of participants and non-participants in a given initiative) are out of the question. Programme objectives (e.g., protection of the EU's financial interest, the pursuit of safety and security and trade facilitation) are not unique to the programme but are shared with EU policy more broadly.

All this led us to an approach meant to assess the programme's *contribution* to objectives and various aspects of key customs processes (rather than attempting to quantitatively measure impacts and *attributing them to the programme*). While contribution analysis provided a useful and innovative framework for the evaluation, (inter alia through helping us understand how programme-funded activities fit practically into the national customs landscape) it also brought with it serious challenges. Most importantly, programme objectives and activities, European legislation and national prerogatives are connected in complex and interdependent ways, not all of them easily addressed by the contribution analysis approach.

For example, an IT system like the Import Control System (ICS) is mandated by the Safety and Security Amendment to the Community Customs Code, developed under the auspices of the programme then implemented in individual national versions by Member State administrations. There are several (programme-funded) joint actions to train Member State officials and otherwise facilitate smooth implementation, but the majority of such operations are national. Attempting to isolate the contribution of the programme to the ultimate impact of ICS in this confounding web would be theoretical and probably disingenuous, not only for the evaluation team, but for the national officials whose views and opinions we rely on. Such an attempt would beg several questions of a 'chicken and egg' nature. For example, would the Member States agree to such an obligatory IT system in the absence of a programme to fund it? Rather than pronouncing on such issues, we have explored them to the extent possible and grounded our assessment in the underlying context.

The depth required to examine the issues and dynamics described above, combined with the necessarily limited size of the evaluation, required us to **confine the evaluation scope** in terms of programme objectives, activities, customs processes and countries. The rationale for each area of focus is described in detail in section 2.3 above. Here, it is particularly important to note that we conducted case studies (which were the main source of evidence for the contribution analysis) in (only) six Member States. While the countries selected allowed for a degree of geographical, cultural and customs-specific diversity, the **small sample** precludes generalisation. Rather, the case studies provided a practical means to probe deeper into the dynamics surrounding key customs processes and the Customs 2013 programme than would have been possible otherwise. This allowed us to enhance our understanding of the programme's effectiveness but not in statistically representative way. In addition,



since quantitative methods are not conducive to the requisite level of depth, and because meaningful quantitative data sources are scarce, the **evaluation draws primarily on qualitative data**, mostly from interviews with about 75 national customs officials in the six Member States where case studies were conducted. These interviews provide rich data and insights into the programme that were not possible in previous evaluations that relied more on traditional methods, and allowed us to determine whether and to what extent the available quantitative data (like IT system usage statistics) were indicative of programme performance.<sup>15</sup> However, it should be borne in mind that the evaluation relies largely on our interpretation of stakeholder perceptions. Moreover, qualitative interviews are relatively ill suited to drawing conclusions in areas that by their nature are quantitative, such as cost effectiveness. In such areas, we relied on financial and participation data provided by the Commission, combined with the results of qualitative findings, to determine some measure of the programme's efficiency.

In addition, part of the evaluation draws on the results of a questionnaire completed by all customs authorities (one per country) and a survey promoted among a large number of customs officials. Since we used similar tools for the previous evaluation, this ensured some continuity and in theory should have allowed us to look at the **evolution of stakeholder perceptions**. However, improvements to the content of both tools and differences in distribution methods for the survey (which were the remit of NCPs) render fraught direct comparisons of the findings, in addition to making it impossible to gauge the representativeness of the survey<sup>16</sup>. Although where possible we held up current findings against those from the previous evaluation in 2011, the methodological differences limited our ability to measure trends in the opinions and views of customs authorities and officials.

Lastly, during the course of the evaluation we encountered one **practical difficulty** in the organisation of the case study fieldwork that resulted in minor revisions to the methodology. In brief, case study participation was voluntary, and several countries in the original sample declined to host the evaluators due to the amount of time required. This led to some delays while suitable alternatives were identified and their willingness to participate secured, but the final sample differed little from the original in terms of representativeness. In a similar vein, the evaluation relied on National Contact Points to put us in touch with relevant officials and (in some cases) to arrange the interviews. This led to some differences in the expertise and experiences of interviewees and accounts for minor variations in the case studies in terms of the specific issues discussed and reported on.

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<sup>15</sup> In fact, since the use of many IT systems is obligatory, we determined that in most cases usage statistics denote trade flows and customs traffic rather than system performance or usefulness.

<sup>16</sup> In order to ascertain the representativeness of the survey, we would need to know how many officials it was sent to and what proportion of relevant officials this comprised. Since each national authority distributed the survey using different methods, such calculations are impossible. Moreover, despite the large number of respondents (5,401), response rates per country varied greatly, ranging from over 2,000 in France to only 2 in the UK and Latvia.

### 3. Evaluation results

The subsections below form the main content of this report and respond to the evaluation questions listed in the ToR and expanded on in the inception report to provide our assessment of the effectiveness, utility, efficiency, economy and EU added value of the Customs 2013 programme.

When reading the findings, the audience should keep the focus of the research in mind. This is comprised of specific programme objectives (enhanced security, protecting the EU's financial interest and facilitating trade) and activities (IT systems associated with import processes and the joint actions related to them). In addition, much of the findings draw on fieldwork in a limited number of countries. While we have attempted to generalise where possible, we have also restricted our statements in others according to the findings of the research conducted.

It is also important to note the contribution analysis we employed. While we used this technique to develop a holistic narrative, we focus in this section on the evaluation questions, judgement criteria and indicators as defined in the evaluation questions matrix found in Annex 1. The contribution story, which addresses evaluation criteria in a more horizontal way, is contained in section 5 on overall conclusions.

#### 3.1. Programme effectiveness

Evaluation question: To what extent and how has the creation of a pan-European electronic customs environment through the development of interoperable communication and information exchange systems helped customs authorities to: strengthen a safe and secure environment for citizens; better protect the EU's financial interests; facilitate trade?

This question addresses programme effectiveness in terms of the IT systems that account for over 80%<sup>17</sup> of the programme budget and related joint actions. Measuring the effectiveness of C2013 has always been fraught because of its supporting role in implementing EU legislation and the indirect nature of its impacts. Assessing the IT systems in particular is further complicated by a number of factors. They are embedded within national IT landscapes, their use is often required by the legislation and numerous other factors, such as the availability of national resources and prevailing trends, strongly influence the achievement of programme objectives.

For the purposes of this evaluation, we broke down the extremely broad concept of 'effectiveness' into four aspects that allow us to look at it from various angles and indicators. These are:

- Use of the IT systems: extent to which the relevant trans-European IT systems and central applications have been implemented and are in use by national customs authorities.
- Satisfaction with the IT systems: extent to which customs officials are satisfied with the relevant trans-European IT systems and central applications.
- Contribution of the IT systems to programme objectives: extent to which the relevant trans-European systems and central applications contributed to strengthening safety and security; protecting the EU's financial interests; and facilitating trade.

<sup>17</sup> While the budget allocated to IT systems is nominally 80%, the budget analysis contained in section 3.4 shows that in terms of actual spending, IT systems account for nearly 83% of the total.

- Role of other programme activities: extent to which other programme activities (primarily joint actions) have contributed to the creation of a pan-European customs environment.

### **3.1.1. Use of relevant IT systems**

Before making judgements regarding the contribution of the funded IT systems to higher-level objectives, it is worth making some statements about the extent to which Member States are actually using them. Given that EU legislation mandates and defines the terms of use for most of the systems in question, the short answer is clearly 'yes'. In order to implement the various Delegated Acts of the Community Customs Code, the Member States have all developed national versions of trans-European systems such as the ICS, NCTS and ECS that are in use to a greater or lesser extent. Similarly, the central applications (like TARIC, QUOTA, SURV and EOS, in addition to CRMS) are essentially databases without which it would not be possible to manage tariffs, economic operators, risk profiles and other customs information in a way that conforms to EU legislation and rules.

Despite this, the fit of all these systems within existing national structures and circumstances, their perceived potential to add value and the details surrounding their development and implementation imply that some are in greater use (or were rolled out more quickly) than others. The rest of this subsection summarises the context surrounding each system and what it means for their use.

It is clear that all the systems examined in depth for the evaluation are in use by all Member States and, where relevant, other participating countries in the programme. Indeed, the Delegated Acts of the Community Customs Code mandate the implementation of most of these systems, meaning adherence to the legislation would not be possible without doing so.

### **Import Control System (ICS)**

The ICS was developed as a result of the Safety and Security Amendment<sup>18</sup> to the Community Customs Code and the requisite need for economic operators<sup>19</sup> to submit Entry Summary Declarations (ENS) and receive pre-arrival clearance before entering the EU customs area. A lengthy development process and some teething problems meant that the first of the two ICS phases was not fully rolled out until 2011, midway through the current programming period.<sup>20</sup> Since then, all three 'parts' of the ICS have been in use throughout the EU. These all entail components of the existing national systems and consist of:

- The external domain, which is configured to receive ENS declarations from economic operators (in this case, carriers) and exchange messages with them regarding pre-arrival clearance;
- The national domain, which is configured to feed the results from analysing the ENS applications into national risk-management processes;
- The common domain, which is configured to pass messages based on the analysis of ENS declarations to other Member States and the Commission.

In terms of conforming to the legislation, the first of these is most important and indeed feedback from customs officials indicates that its use is universal. The second and third, however, leave considerable scope for flexibility and the evidence collected indicates that the ICS has gained traction among Member State administrations but is yet to realise its full potential. For example, in most Member States where case studies were carried out, the national version of the ICS was not integrated with existing systems for risk management. This meant that the results of pre-clearance analysis were only taken into account for later risk management on an ad hoc basis, rather than systematically.

Since hard data, heavily correlated to the amount of customs traffic, is not conducive to assessing the effectiveness of this system<sup>21</sup>, our finding is based on comments made by Member State administrations in the questionnaire and case studies. Several Member State administrations claimed that relatively high and unexpected national-level costs, combined with the considerable administrative burden of putting a new IT system and customs process (namely that of pre-clearance) into effect, hampered the speedy implementation of ICS. It also increased the amount of time needed for the system to make real contributions to customs practice, as discussed in more detail in sections 3.1.2 and 3.1.3.

There were also numerous criticisms about data quality and consistency, which was attributed to system specifications using free text fields (rather than a list of options) for certain parts of the ENS form. This last point is explored further in section 3.1.3 on the contribution of the system to programme's objectives, but here it is worth pointing out that factors undermining the perceived usefulness of the system reduce its role in national risk management processes and the likelihood that it will be used to share messages between Member States.

Similar comments were made in the case studies. Interviewees consistently reported difficulties surrounding the introduction of the ICS, and, while technical difficulties appear to have been largely overcome, its perceived added value as a risk

<sup>18</sup> Regulation (EC) No 648/2005 and Commission Regulation (EC) No 1875/2006.

<sup>19</sup> For the purposes of pre-arrival clearance, the economic operator responsible for submitting the ENS declaration is almost exclusively the carrier transporting the goods.

<sup>20</sup> The second phase of ICS entails the forwarding of pre-arrival information to relevant administrations further down the chain of import processes and will, once implemented, address some of the issues about data repetition that are discussed elsewhere in the evaluation.

<sup>21</sup> As explained in detail in section 2.4 on challenges and limitations, since every Entry Summary Declaration must be lodged on ICS, usage data reflects the amount of customs traffic rather than the system's effectiveness.

management tool is still limited. This reduces its scope for widespread use beyond the reception and processing of ENS declarations. The upshot is that, with the technical capacity now in place, improvements to the form and content of ENS declarations (discussed in detail below) could greatly increase the extent to which the ICS is used in a relatively short space of time. For this reason, numerous interviewees felt that, despite the difficulties encountered and incomplete implementation, the ICS constitutes a first step towards harmonised processes for risk management.

### ***New Community Transit System (NCTS)***

Like the ICS, the NCTS is a trans-European system in which specifications developed at European level must be adapted to the existing architecture of national IT systems for customs. Among such systems, the NCTS is largely regarded as a success story for its smooth implementation and widespread use (which even includes some participating countries outside the EU).

Several factors have conspired in favour of this speedy and thorough implementation. Unlike the ICS, which was developed in order to facilitate the administration of a new procedure (pre-arrival clearance), NCTS represents the digitisation of a long established process, namely Community transit. The procedures for Community transit are nearly identical to Common transit, which has been in place since 1987<sup>22</sup>. This implies that, rather than introducing new documents or burdens, the NCTS represented a natural step in the progression from paper-based to electronic customs and a streamlining of existing procedures. Moreover, since transit by definition requires cooperation from at least two countries, the responsible officials were already accustomed to sharing information with other Member States as part of their core business.

NCTS was therefore an ideal case for trans-European IT harmonisation, and feedback from administrations via the evaluation questionnaire and case studies confirm its universal use. The NCTS was developed prior to the programme, with the particular goal of combatting transit fraud, and began its pilot phase in 2002. Although implementation was originally envisaged for June 2003, it was achieved in all EU Member States in 2005, and candidate countries, as parties to the Convention on Common Transit Procedures, have tended to have NCTS operational several years before their accession.

Stakeholders contacted for the evaluation generally described the use of NCTS as stable, with a small increase in usage resulting from improvements that were made in 2009. These allowed Entry Summary Declarations, normally lodged in ICS, to be submitted through NCTS in certain cases, thereby increasing usage.

### ***TARIC / QUOTA***

Common tariffs are an integral part of the Customs Union, and are therefore levied at European level. For the customs authorities responsible for receiving and processing customs declarations to calculate tariffs correctly, they need to work from an identical database, and essentially this is what TARIC is meant to provide. Preceding digitisation, TARIC's legal base<sup>23</sup> dates from 1987 and since then it has been in constant use.

Tariff quotas mean that differential customs treatment applies to certain goods from third countries, up to a given limit. The legal basis for the current treatment of goods

<sup>22</sup> Common transit procedures are laid down in the Convention on a Common Transit Procedure, Official Journal L226, 13.08.1987, url: [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:21987A0813\(01\)](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:21987A0813(01))

<sup>23</sup>[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

in this way is outlined in Commission Regulation 2454/93 from 1993<sup>24</sup>. In cases where tariff quotas apply, in order to facilitate coordination across the Customs Union their usage is tracked and managed centrally by the Commission. A database – termed “QUOTA” – tracks usage of ‘first come, first served’<sup>25</sup> tariff quotas. It is accessible for consultation on the Europa website, in addition to being integrated into national TARIC interfaces, and is updated daily to reflect the total usage of the tariff quota and the remaining balance<sup>26</sup>. It contains a host of authoritative information regarding quota tariffs for reference, including the last import date, the last allocation date, etc.<sup>27</sup>

The current iteration of TARIC is in use by all Member States in a highly standardised fashion, as mandated by EU legislation. This entails each Member State developing a component for its national IT system which links to the Commission’s centralised database and downloads updated tariff information on a daily basis, in addition to providing national-level information on excise duties and VAT. The Commission’s database, as well as national versions of TARIC, are freely available to economic operators, which must then use the codes contained therein to complete their customs declarations.

The feedback gathered from customs officials during the evaluation indicates that national versions of TARIC, which integrate QUOTA, are currently operational and in use throughout the EU, with no significant implementation problems reported. Leading from this, all variations in use depend solely on fluctuations in customs traffic which are for the most part external to the programme.

### **Customs Risk Management System (CRMS)**

The legal base for Customs Risk Management System (CRMS) derives from the 2005 amendment to the EU Customs Code<sup>28</sup>. CRMS is the main, overarching, electronic system for risk management of EU-wide threats. Member State risk analysis centres, external border control points in the EU and the Commission are all granted access to the system, and it facilitates the exchange of information in two main ways, namely:

- Common Priority Control Areas (CPCA) are defined by the Commission based on areas of particular risk for the EU, then communicated to the Member States in the form of Common Risk Profiles. These serve to ensure a minimum level of risk analysis of incoming goods;
- Risk Information Forms (RIFs) are exchanged between Member States to inform each other about potential risks based on the results of their own risk analysis.

The first phase of CRMS involved the launch of RIF in 2005 (and an upgrade two years later). These electronic forms serve the purpose of alerting custom officials to potential risks, for example, how to deal with the potential spread of the avian influenza in Thailand through the illegal importing of poultry originating from the affected area. The amount of RIFs generated by Member State administrations has been steadily increasing, rising from about 1,200 in 2010 to 1,700 in 2012.<sup>29</sup>

<sup>24</sup> Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code

<sup>25</sup> i.e. when more than one claim on the same tariff quota is being considered, priority is given to the claim which results from the customs declaration(s) accepted first

<sup>26</sup> the amount that remains available for use under the quota after the last allocation

<sup>27</sup> [http://ec.europa.eu/taxation\\_customs/dds2/taric/quota\\_consultation.jsp?Lang=en](http://ec.europa.eu/taxation_customs/dds2/taric/quota_consultation.jsp?Lang=en)

<sup>28</sup> Regulation (EC) No 648/2005 of 13 April 2005 amending Council Regulation (EEC) No 2913/92 establishing the Community Customs Code

<sup>29</sup> PwC on behalf of DG TAXUD, Study on the Evaluation of the Customs Union, page 129, 2013.

The CPCA module was added to the CRMS in 2006 in accordance with Commission Regulation (EC) No 1875/2006. This CPCA allows for secure electronic transmission and management of Common Risk Criteria.

Feedback from national administrations indicates that there are concerns relating to the accuracy and usefulness of information circulated via the CRMS, in part stemming from insufficiently clear guidelines on the system's use. National officials explained that this led to disparities in the information supplied via RIFs, with some Member States reporting on risks that others would consider relatively minor. CRMS users from such Member States regarded such RIFs as distracting. In addition, responses to the evaluation questionnaire indicated that the usefulness of RIF is compromised by the failure of some administrations to complete all fields.

It should also be noted that contextual factors preclude the easy integration of IT systems and customs processes related to national security. For example, national systems for risk management tend to be integrated with those of other administrations dealing with security or intelligence, while Member States are reluctant to share information that could compromise on-going criminal investigations. This speaks to the importance of trust among factors contributing to increased collaboration and the sharing of information. While the CRMS is implemented throughout the EU, the extent and ways in which customs authorities use it varies, partly due to the functionality of the system and partly due to external factors. These are discussed in more detail in the ensuing sections on satisfaction with the IT systems and their contribution to programme objectives, in addition to section 3.2 on unexpected impacts of the programme, which examines external factors in more depth.

### ***Surveillance (SURV)***

The SURV database allows import monitoring for certain products on an EU-wide basis and stems from legislation dating from 1993 on the collection of statistical data for monitoring purposes.<sup>30</sup> In its current form, based on provisions in the Safety and Security Amendment to the Community Customs Code, the database displays the volumes of specific products under 'surveillance' or subject to monitoring for imports into the EU customs territory for the present and preceding year. It is linked to the automated import systems of each Member State (like TARIC and QUOTA) and thus in universal use. As with many of the other systems, there are differences in the perceived utility of the system that are discussed in more detail below.

### ***Economic Operators Registration and Identification System (EORI) and Authorised Economic Operator system (AEO)***

These two systems were also ushered in with the Safety and Security Amendment to the Community Customs Code<sup>31</sup>. The first, EORI, serves the general purpose of putting in place a common nomenclature and database for the registration of all economic operators that import or export goods in the EU. It has been mandatory for economic operators that engage in customs activities in the EU to have a unique registration number since 2009. By the end of 2010, over 3 million EORI numbers had been issued to companies in the EU.<sup>32</sup>

The second system, AEO, was first piloted in 2006 and involves granting a special status to economic operators who file for inclusion in the system and meet certain criteria<sup>33</sup>. Being certified as an AEO mean that the operator may be able to access

<sup>30</sup> Article 308d of Commission Regulation No 2454/93 (Customs Code's Implementing Provisions)

<sup>31</sup> Commission Regulation (EC) No 1875/2006

<sup>32</sup> PwC on behalf of DG TAXUD, Study on the Evaluation of the Customs Union, page 118, 2013.

<sup>33</sup> Namely customs compliance, appropriate record-keeping, financial solvency and, where relevant, appropriate security and safety standards

simplified procedures for submission of pre-arrival and pre-departure information on goods entering or exiting the EU. AEOs may also benefit from Mutual Recognition Agreements (MRA) with third countries. The use of AEO has increased markedly during the life of the programme, rising from 4,618 certificates in 2010 to 12,144 in 2012.<sup>34</sup>

### 3.1.2. Satisfaction with relevant trans-European IT systems and Central applications

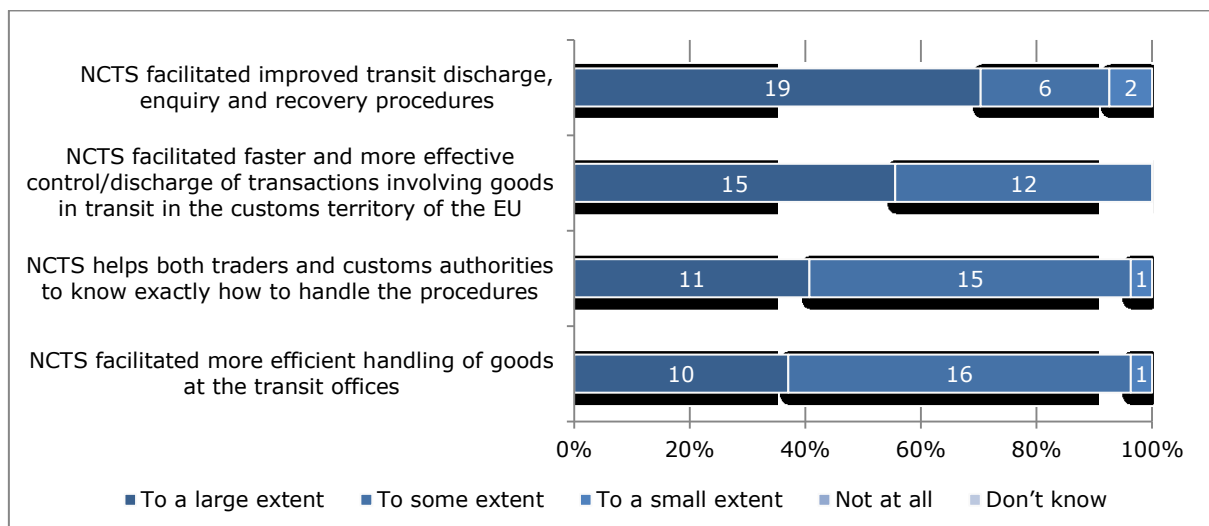
The evaluation focused on IT systems and sought among other things to assess the extent to which officials were satisfied with and found them useful. In line with the contribution analysis approach, our focus was mainly on those systems associated with imports and the three main objectives of enhancing safety and security, protecting the EU’s financial interests and facilitating trade. Though most of the subheadings below adhere to this focus, where available we have also included feedback on other systems that was provided in the evaluation questionnaire and survey for customs officials, both of which covered the whole corpus of systems funded through C2013.

#### ***New Computerised Transit System***

Almost all national administrations and individual interviewees identified **NCTS as the exemplar of an effective trans-European system**. In the questionnaires, nearly all administrations were of the opinion that the system contributed (to a “large” or to “some” extent) to faster and more effective discharge, enquiry, and recovery procedures (25 out of 27 administrations). Similarly, almost all felt that NCTS had contributed to greater awareness among traders and customs authorities on how to handle procedures as a result of the Transit Manual (26 administrations).

The administration which determined NCTS to have made only a limited contribution felt that the Commission had trouble enforcing compliance with enquiry and recovery procedures. This issue was also highlighted in the mid-term evaluation (although improvements had been made in this respect).

**Figure 3: Perceptions of the New Computerised Transit System (NCTS)**



Source: evaluation questionnaire for customs administrations, please note that this question was only asked to EU Member States, n = 27.

<sup>34</sup> PwC on behalf of DG TAXUD, Study on the Evaluation of the Customs Union, page 129, 2013.



The interviewees in the **case studies** also consistently emphasised the important contributions of NCTS to their transit processes. According to the interviewees, the system significantly sped up the exchange of information between customs officers in different Member States, which allowed them to 1) monitor and enforce the collection of customs duties much more effectively, and 2) complete the transit process faster and more efficiently than would otherwise be the case.

This was particularly well illustrated by the case of **Croatia** where NCTS was only recently introduced (2011). Interviewees discussed the huge differences between the previous paper-based system and the new electronic system, for example in relation to the time needed to complete transit processes, communication between customs offices, error rates, scope for automatic risk checks, and guarantee requirements on economic operators. By reducing the time needed for economic operators to navigate the transit process, interviewees considered it to have facilitated trade.

In addition, countries with important external borders where case study fieldwork took place, including the Netherlands, France and Germany, stressed the vital role of NCTS. The **Dutch** customs officials explained that the NCTS is "*extremely important to the transit procedure*". The interviewees explained that given the large volumes of goods entering the Netherlands and the various countries to which goods were subsequently transported, the cooperation between customs offices is particularly important to the transit procedure. NCTS has played a major role in improving the communications between the Dutch authority with other customs offices and speeding up the overall transit process.

**French** customs officials also pointed to the improved communication resulting from the introduction of NCTS. They described NCTS (which was the first trans-European system) as "*the first success*" and "*really the precursor*" for the systems that were developed later on.

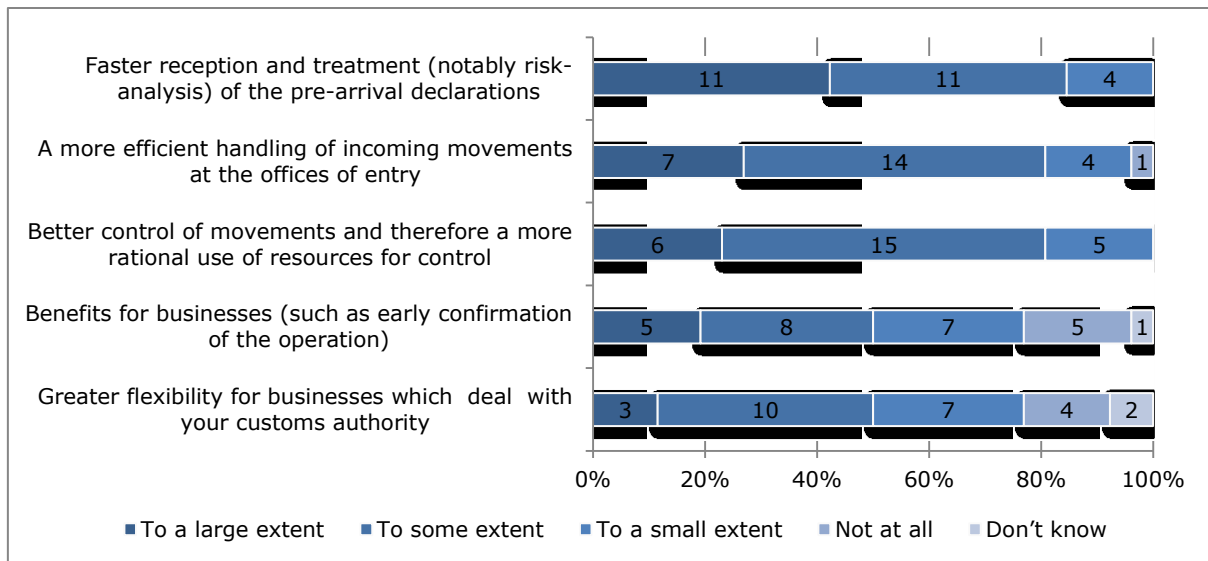
In summary, officials from all the case study countries were highly satisfied with the functioning of NCTS and felt that it increased their ability to execute the transit process effectively by automating the registration of payments of guarantees and duties. In particular, the cooperation between national customs administrations has become significantly more efficient, which means that transit procedures are completed much faster.

### ***The Import Control System***

The findings from the questionnaire show that administrations were satisfied with the ICS, but to a **smaller extent than with some other systems**. Given that ICS became fully operational quite recently (in January 2011) it still faces several 'teething problems'. Consequently, the number of administrations indicating that the system contributed to its objectives "to a large extent" was relatively low across the board.

Overall, administrations were satisfied with the extent to which the ICS contributed to the faster reception and treatment of the (risk analysis of) pre-arrival declarations, as 22 out of 26 administrations indicated that the system contributed to this objective at least to some extent. Moreover, 21 administrations indicated that the ICS contributed to a more efficient handling of incoming movements at the offices of entry and a better control of movements. The benefits for business were assessed less positively by national administrations, although it should be noted that the facilitation of trade was not the original purpose of the system.

**Figure 4: Perceptions of the Import Control System (ICS)**



Source: evaluation questionnaire for customs administrations, please note that this question was only asked to EU Member States, n = 26

In their open responses, national administrations identified a number of **issues hindering the effectiveness** of ICS. The main criticism related to the quality of data entered into ICS. Administrations pointed to the fact that data is entered in the form of open text (rather than CN codes) which limits the extent to which the information can be analysed systematically. In the words of one administration: *"the main problem with the ICS is the lack of quality of the data related to statements. This impedes a correct and complete risk analysis"*. Some national administrations also voiced complaints about the information on economic operators in ICS, as the system contained information on intermediary agents but not the "real" traders whose goods were entering the EU.

In the **case studies**, there was a general agreement that the introduction of the EU-wide risk management framework was a valuable and even necessary addition to EU customs legislation. Being part of the risk management framework, the interviewees recognised ICS' first steps towards a **more harmonised advance risk analysis** of goods entering the EU territory. Interviewees explained that the fact that the customs offices had details about goods at an early stage allowed them to select high-risk consignments in a timely manner. This contributed to a faster and more efficient selection and control process. ICS also created a 'common domain' for Member States and the Commission, which facilitated the exchange of entry information between all EU countries.

At the same time, interviewees voiced a number of **concerns and operational problems** with ICS, some of which were in line with the findings from the questionnaire. The open nature of data entered into ICS made it difficult to use the information for automatic risk analysis, and officials argued for more specific information on the economic operators involved in the customs procedure.

In addition, interviewees pointed to the **difficulties in implementing ICS** at national level. For example, **German** officials described the process of implementing the new processes and systems as being lengthy, complicated, and fraught with delays and setbacks. There was a sense that the legislators underestimated the complexities that would have to be overcome in practice. As a consequence, a lot of work went into clarifying the legal requirements, fine-tuning and harmonising the implementation processes, and making the system operational.

In the **Dutch** context, the interviewees explained that the implementation difficulties were further aggravated by the inherently complicated IT infrastructure in the Dutch customs administration, and the need to separately connect specific elements of ICS to the various national systems.

Another issue raised by the **Croatian** interviewees related to the duplication of information requirements between the ENS declarations and import declarations. In line with comments from some of the Dutch officials, they argued that integrating these different steps into one process would constitute a significant improvement going forward, not the least for economic operators.

A number of administrations and individual interviewees mentioned the **seminar in Richmond, hosted by the United Kingdom** in 2011, which identified a number of areas for improvement on ICS, including the ones described here. While the actions agreed upon were still to be implemented, interviewees were cautiously optimistic that they would improve the effectiveness of ICS.

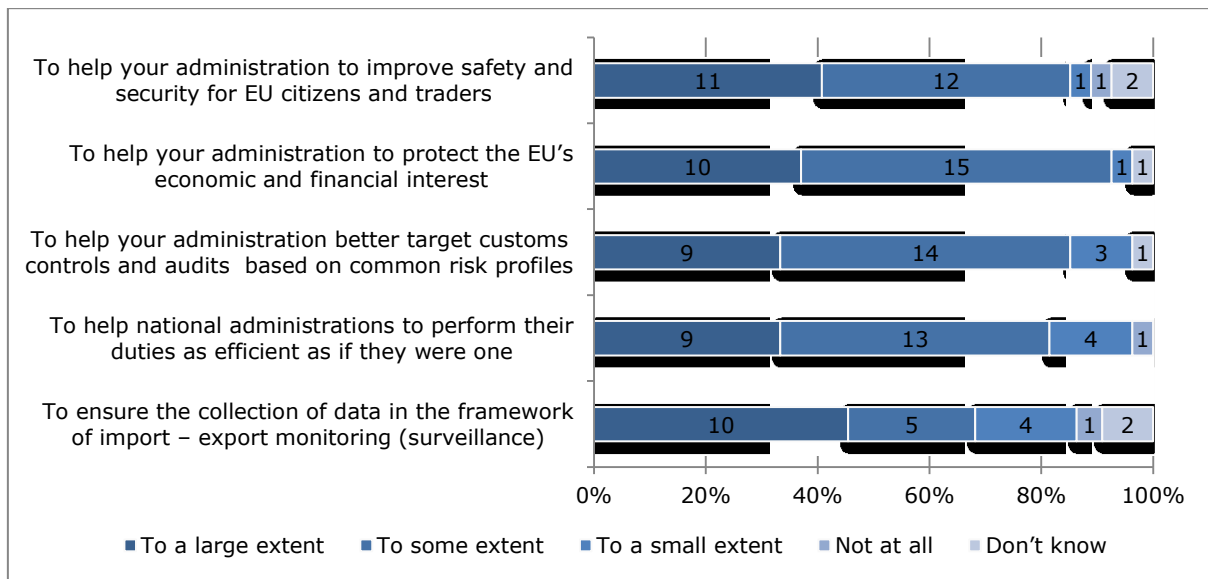
### ***Central Applications on risk management***

The majority of national administrations were very **positive about the CRMS and SURV2** systems' contributions to risk management. They felt that the risk management systems (notably CRMS) helped them to:

- Protect the EU's economic and financial interest for example by improving security against fraud (25 administrations);
- Improve safety and security for EU citizens and traders by sharing risk information and better focusing controls (23 administrations);
- Better target customs controls (23 administrations); and
- Perform their duties as if they were one (22 administrations).

However, with regard to these systems' contributions to the collection of monitoring data (SURV2), many administrations answered "don't know" or did not provide an answer (8 in total).

**Figure 5: Perceptions of central applications related to risk management (CRMS and/or SURV2)**



Source: evaluation questionnaire for customs administrations, please note that this question was only asked to EU Member States. The number of responses varied between n = 22 and n = 27

The feedback provided by the **case study** interviewees was also generally positive. The system was particularly valued for stimulating the exchange of information between Member States. Officials also recognised that the common risk profiles in CRMS had contributed to a **minimum level of risk analysis**, although individual administrations felt that CRMS had been useful to certain countries more than others.

Despite the overall positive feedback on CRMS, a number of administrations and interviewees criticised the way in which the system was used by Member States. They complained about the **quality of data** that was entered into the system by customs offices in different countries. Illustrative of this was the comment of one administration who stated that there *"continues to be an incorrect use of CRMS"*.

More specifically, a number of interviewees complained about Member States creating too many RIFs for relatively small and local risks (e.g. **the Netherlands, France** and the **Czech Republic**). It was argued that this led to an overflow of information and difficulties to identify the *relevant* risks. A few others, however, felt that their colleagues in other countries provided too little information (e.g. **Croatia**), which undermined the potential usefulness and added value of the system to the risk analysis processes.

This feedback pointed to a more general trend, where relatively large capacity administrations considered CRMS to be an *"extra administrative burden"* that added little value to the national risk analysis system already in place, while other (smaller) administrations felt that there was a lot to benefit from the CRMS system. As a consequence, countries with extensive risk management experience (e.g. due to large amounts of customs traffic) felt that the information should be limited to relatively large risks, but countries with less capacity and experience felt that there was a need for more detailed information.

When asked about potential **ways of overcoming this issue**, interviewees recognised that there were CRMS guidelines in place, but suggested that the EC could

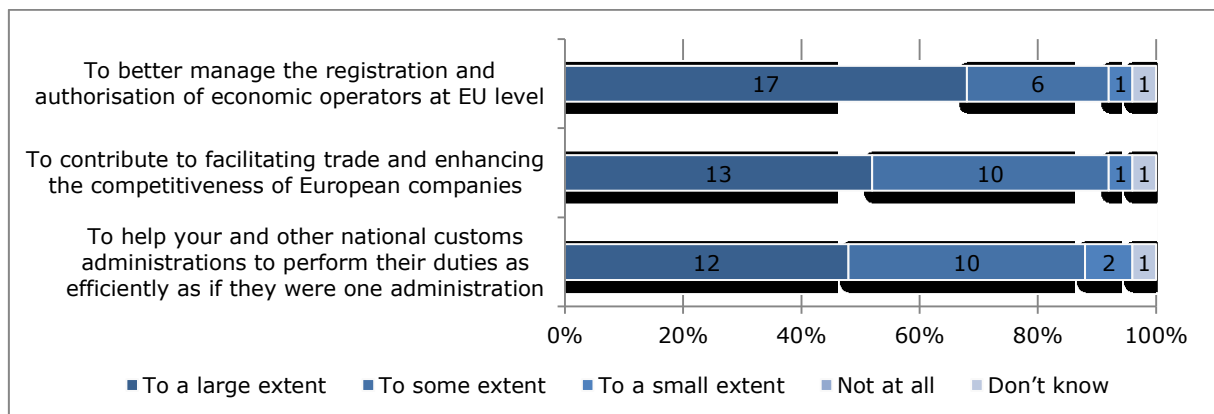
provide more training, clarify the existing guidelines (e.g. by prescribing more precisely when risks need to be reported), and monitor the use of RIFs.

Lastly, officials in **the Netherlands** and the **Czech Republic** pointed to another issue related to the use of RIFs in the system. They explained that national legislation sometimes prevented customs offices from **sharing sensitive information** with other Member States, for example because of on-going criminal investigations. As a consequence, certain (potentially important) risks were not shared with the other Member States. However, it was also noted that this was an issue common to all policy areas related to justice and home affairs and thus largely external to the programme.

**Central applications on trader management**

**Almost all national administrations were satisfied** with the extent to which EORI and AEO contributed to the registration and authorisation of economic operators. As a result, administrations felt that the systems helped customs offices to act as if they were one and to facilitate trade. Among the benefits for customs administrations were improved efficiency, improved functionality (easier to monitor delays, for example) and fewer delays. Traders in turn benefitted from the protection of a level playing field for companies and the simplification and speeding up control procedures.

**Figure 6: Perceptions of applications related to economic operators’ management (EORI, AEO, RSS)**



Source: evaluation questionnaire for customs administrations, please note that this question was only asked to EU Member States, n = 25

The interviewees in the **case studies** were also largely satisfied with the contributions of the Economic Operator Systems (EOS) databases; they were fully operational and there were no significant technical issues.

The role of **EORI** was considered to be straightforward; the system provided administrations with **easy and reliable access to data on economic operators** trading in the EU. The only issue identified by interviewees (e.g. in **the Netherlands** and the **Czech Republic**) was that some companies held multiple EORI numbers (obtained in different Member States). According to the interviewees, it was important to address this issue at European level as it undermined the purpose of EORI, and indeed a recent survey of companies revealed that ‘a significant number reported that they have more than one EORI number as a single legal entity’<sup>35</sup>.

With regard to **AEO**, **German** officials explained that – in the light of the new security and safety rules – the AEO system in particular helped **to offset some of the additional burdens** imposed on economic operators by reducing the likelihood they

<sup>35</sup> PwC on behalf of DG TAXUD, Study on the Evaluation of the Customs Union, page 131, 2013.

would be subject to controls. In line with this, the **Dutch** stated that "*Companies with AEO status are a lower risk category and [are entitled to] have fewer physical controls, a right to priority controls, and they can request controls to take place at a different location or time. [...]. When a company is trusted by one Member State, it might also be for another country*".

While recognising the important steps taken in the area of mutual recognition of 'trusted' operators, some interviewees also pointed to the **continued need to harmonise** the way in which certificates are granted, as interviewees felt there were still discrepancies. Interviewees of the French administration noted that the Commission played an important role in organising meetings and providing training courses in this area.

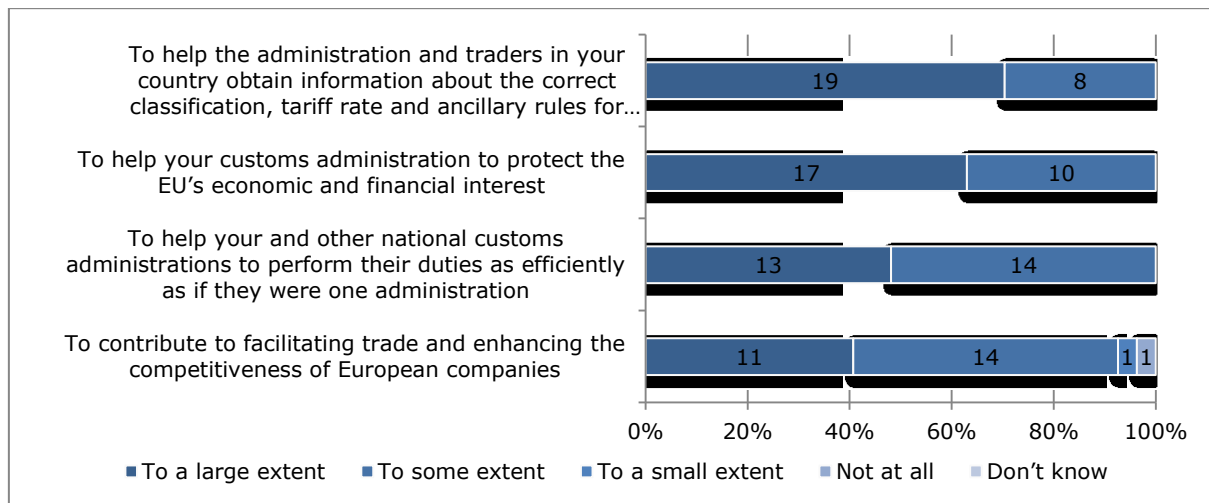
Interviewees in the Czech Republic discussed the facilitation of trade in relation to third countries. They felt that substantial progress had been made in establishing an EU-wide system of **Mutual Recognition Agreements**, but the full integration of the IT functionalities in EOS had not been completed yet (though this was planned for January 2014). While a number of countries had integrated the agreements in their national databases, it was argued that they should also be included in the central applications to ensure a consistent approach across all Member States.

In addition there were **a few relatively small operational issues** with the EOS systems, including the size of the electronic fields in the systems and the search function. Nevertheless, the interviewees indicated that Member States and the Commission were in frequent contact about these operational issues, and that over the last couple of years the systems had already improved significantly.

#### ***Central applications on data management***

The results from the questionnaire suggest that **administrations were satisfied** with the central databases related to goods classification (in particular TARIC, QUOTA, and EBTI). Administrations were especially positive in relation to the extent to which the applications helped national administrations to (1) obtain the correct classification, tariff rates (or the suspension thereof), and thus (2) protect the EU's economic and financial interest. Furthermore, a fair number of administrations felt that the databases helped them to facilitate trade.

**Figure 7: Perceptions of the effectiveness of applications related to goods classification (EBTI, TARIC, QUOTA, ECICS<sup>36</sup>, CN, and SUSP)**



Source: evaluation questionnaire for customs administrations, please note that this question was only asked to EU Member States, n = 27

Some of the complaints in the open responses to the questionnaires related to the **inherent complexity of EU legislation** (e.g. on the classification of goods). According to the administrations, this was aggravated by the fact that data references such as unit measures were not always used consistently in the systems and that product descriptions (in EBTI) were sometimes confusing.

The interviewees in the **case studies** were also satisfied with the central databases. Officials noted that the main contribution of the databases were the **consistent application of EU legislation**, notably in the areas of customs, commercial, and agricultural legislation. Having recently transitioned from a situation without TARIC and QUOTA, Croatian officials praised the efficiency and transparency provided by the electronic records of the systems.

Interviewees in the visited countries indicated that they **used the systems on a daily basis**. They described them as being user-friendly, easy to operate, and low in errors. At the same time though, the discussions revealed that due to the fact that e.g. TARIC and QUOTA had been in place for such a long time, national officials found it hard to conceptualise what the situation would have looked like without the central systems.

Interviewees in a couple of countries commented on the **recent updates to TARIC**. They indicated that – with support of the C2013 – the system had been significantly modernised and improved. For example, interviewees in the Netherlands mentioned the increased number of characters in the electronic fields, and the French highlighted that more precise data was added to the system.

Only few interviewees commented on the issue of **surveillance** and their satisfaction with SURV2. The Croatian officials, for example, felt that this system significantly contributed to the collection and monitoring of relevant data. They indicated that this data was used to "get a picture of what's going on in some of our offices and how the processes are working". Interviewees in some other countries however noted that monitoring data would have been collected anyways, and that the feedback from the Commission (on for example aggregated analyses) was very limited.

<sup>36</sup> Throughout the evaluation, we refer to the most recent iteration of each system. For reference, this question we refer to the third iterations of EBTI and TARIC, the second iterations of QUOTA and ECICS. CN and SUSP do not (yet) exist in multiple iterations.

### **3.1.3. Contribution to strengthening safety and security, protecting the EU's financial interests and facilitating trade**

The contribution analysis approach taken to the evaluation was essentially designed in order to shed light on this judgement criterion. Rather than providing a relatively superficial assessment of all C2013 activities across the entire EU, we sacrificed on breadth in order to examine certain aspects of the programme in greater depth and thereby understand the dynamics by which it could contribute to objectives that are also pursued by other EU and national interventions (in particular legislation).

As described in section 2 on approach and methodology above, the research intended to tease out the roles played by various factors, both within and outside the programme, to determine the contribution of C2013 to the execution of customs processes associated with the import of goods into the EU. The complicated nature of this contribution led us to a case study approach underpinned by interviews with customs practitioners in six EU Member States.

At a general level, the results of the evaluation make clear that the Customs 2013 programme makes a crucial and unique contribution to the implementation of EU legislation and achievement of its objectives. However, disentangling the contribution of the programme to high-level objectives still presents myriad challenges that should be laid out before our assessment of the programme's contribution is presented. In a sense, these form part of the response to this question and consist of the following:

#### 1. Deliberate lockstep of trans-European systems and EU legislation:

Many of the IT systems funded through the programme were developed alongside specific pieces of legislation with a view to facilitating their implementation. This is certainly logical from an operational point of view but presents difficulties to the evaluator charged with determining contribution. Take, for example, the Safety and Security Amendment and its relationship with the ICS. The former instituted the new process of pre-clearance, which requires among other things that carriers submit Entry Summary Declarations prior to arriving in the EU. The ICS was designed to receive and process these declarations electronically, as well as help Member State administrations feed the results of the analysis into their other risk management processes and share relevant information with counterparts in other Member States.

Disentangling the contribution of the ICS from the resultant dynamic is conceptually fraught. Interviewees had trouble separating the two as there was no period of time where the legislation was in force without the IT system (or vice versa). Perhaps inevitably, when asked about the contribution of the ICS, customs officials tended to compare the current situation with the one that existed before the implementation of the Safety and Security Amendment. Such testimony tells how the situation has evolved, but it provides little information that can be used to distinguish the contribution of the programme from that of the legislation. A similar dynamic exists for centralised IT systems such as the CRMS.

#### 2. Obligatory nature of the central applications

Leading from the above, most of the central applications are even more inextricably linked with the correct application of common EU rules. Here, TARIC provides an instructive example. Tariffs in the Customs Union are set at EU level and should be applied consistently across all Member States. The case for developing and storing the database for these tariffs centrally is so obvious that exploring other options would be disingenuous. Lacking a plausible counterfactual, this renders discussions of alternatives brief, superficial and largely theoretical. Interviewees then tended to focus on the details of the system's functionality and links with their national IT architecture. This is important, but leaves the evaluator with little insight into the contribution of the system. Put more judiciously, the contribution of some systems is sufficiently



significant and clear that it is difficult to envisage the import movement functioning effectively without them.

### 3. Interplay between national IT architecture and programme-funded systems

Though the parameters and specifications for the trans-European systems are developed at European level, national versions are then created and maintained by Member State administrations. This interplay, and the fit of individual versions of the IT systems within the national IT architecture, makes it difficult to ascribe issues experienced (with the implementation of ICS, for example) to either the programme or national human and financial resources.

Taking these considerations into account, the contribution analysis approach nonetheless allowed us to deepen our understanding of the programme's theory of change to a significant extent. The ensuing paragraphs take the three key objectives in turn and seek to elaborate on the programme's contribution to each of them in as precise terms as the circumstances allow.

#### ***Strengthening safety and security***

This objective relates primarily to risk management processes and the IT systems ushered in by the Safety and Security Amendment. These are the ICS, CRMS and EOS/ AEO systems, and in concert they can be regarded as an early, but crucial, step towards a harmonised system for risk management. It is worth pausing briefly on this, as it represents a singular achievement that is not simply the continuation of progress made during the programme's previous iteration. Indeed, the development and implementation of all these systems took place under C2013 and not beforehand.

Various aspects of these systems have also brought real gains in safety and security that are already evident, despite their relatively short time in operation. These stem from a number of developments which the IT systems have either facilitated or enabled, including:

- **Standardised risk analysis:** the ICS harmonised the lodging and processing of advance import information for goods entering the EU, thereby setting a minimum standard which all Member State risk management procedures must adhere to.
- **Access to information on traders:** by logging key data about traders centrally, the EORI / AEO system greatly increased the amount of relevant information available to customs authorities for risk assessment purposes.
- **Sharing of information between Member States:** the ICS and CRMS provide platforms to facilitate the sharing of risk-related information between Member States in a more systematic and timely fashion than was possible before their inception.
- **Common risk profiles:** the CRMS facilitated the creation and dissemination of common risk profiles which are built on the systematic analysis of data from across the EU and applied by all Member States.
- **Increased trust:** by raising the bar for risk controls and increasing their consistency, the systems in question collectively served to increase trust between administrations. Leading from this, by allowing the Member States to regard the risk analysis carried out by others as credible they were able to target controls more effectively. Given the importance of targeting (only a small proportion of goods are controlled in most countries), this is a key contribution not only to safety and security but to the efficiency of customs administrations.

These five points capture the main ways in which the IT systems have contributed to enhanced safety and security, but do not pronounce on the extent of this contribution. In fact, the results of fieldwork show that the contribution's nature and scale depend on the type of country involved, and these divided relatively neatly into two broad categories.

Those countries where the amount of customs traffic is relatively small and the existing IT infrastructure is less ingrained expressed the most enthusiasm about both the gains already realised from implementing EU systems and their future potential. These countries included Croatia, the Czech Republic and Hungary, and examples abound of how the EU systems have improved their risk management processes. For example, although the Czech customs authority has its own risk management system, fully 24% of the risk profiles that populate it were created in CRMS. This increased the precision with which automatic analysis could be conducted and thereby helped enhance the targeting of controls; between 2011 and 2013 the success rate of controls increased from 58% to 73%.

In Croatia, which only entered the EU in July 2013, the contribution of the risk-related systems is even more pronounced. Interviewees explained that since accession to the EU, all safety and security-related risk analysis has been conducted solely on the basis of European risk profiles. The benefits have included both an increase in the number of risk profiles against which incoming goods can be checked and the improvement of national risk profiles based on data from the risk information forms.

In Hungary, CRMS was described as a 'major international information source' that helps the customs authority decide which economic operators to target or control.

The other group of countries included France, Germany and the Netherlands, all of which distinguish themselves for their large volumes of customs traffic and sufficiently advanced legacy systems put in place to manage it. Feedback from officials in these countries indicates that their national risk management systems are generally considered highly effective. In simple terms, these two factors make European systems related to safety and security a (slightly) harder sell. While customs officials in this second group of countries were generally receptive to harmonisation and the incorporation of European systems into their existing processes, the drawbacks in the short term of implementing these systems loomed larger in the interviews.

These drawbacks were numerous and fairly consistent and served to reduce the potential contribution of the systems to enhancing safety and security in the short term. For example, interviewees in all three countries noted considerable discrepancies in the types of events meriting RIF submissions into the CRMS, in particular relating to the issuing by some countries of RIFs relating to irrelevant small or local risks. These were seen to crowd out potentially useful information, rendering it difficult for customs officials to distinguish the 'signal' from the 'noise' and thereby undermining the usefulness of the system. Interviewees from the more enthusiastic countries also noted this problem, but for them the immediate benefits were perceived to far outweigh the costs.

Similarly, the interviewees in all countries commented on the teething problems that delayed the implementation of the ICS. However, in the first group of countries (Croatia, the Czech Republic and Hungary) the fact that ENS declarations can now be submitted and fed into risk management processes was seen to represent a major improvement. Interviewees from the second group (France, Germany and the Netherlands) stressed the inconvenience of the time and effort required to get the system online and looked more to future benefits than current ones.

Despite some of the criticism relayed here, our overall assessment of the IT systems' contribution to enhanced safety and security is positive. This is due not only to the immediate benefits, though these have been real and widespread and include the improved effectiveness of controls targeting. It is also due to the expected longer term

benefits of the systems in question for the eventual harmonisation of risk management. Viewed from this angle, the current situation represents a necessary way station from which further integration in this area can be pursued.

### ***Protecting the EU's financial interests***

The lion's share of customs duties is fed into the EU budget and thus supporting their effective collection is a key objective of the Customs 2013 programme. For our purposes, protecting the EU financial interests entails not only the consistent application of tariffs and related rules, but also the minimisation of fraud and enforcement of fines and other deterrent measures.

In other words, protecting the EU's financial interests is an enormous task, and several of the IT systems developed through the programme are meant to contribute to it, in two main ways. The first of these entails consistently and correctly calculating tariffs. For this, TARIC and QUOTA are centralised systems (essentially databases) which all Member States incorporate into their national IT systems for customs. They are the only official sources for tariff- and quota-related data and are thus in universal use by customs officials and economic operators making customs declarations. The second way the programme-funded IT systems contribute to the objective consists of helping the Member States prevent and discover fraud and involves NCTS, SURV and some aspects of the CRMS.

The programme makes a clear and crucial contribution in both of these ways, but the nature and dynamics of each 'contribution story' differ considerably and thus merit separate discussion.

#### *TARIC and QUOTA*

Given that tariffs and quotas are set at EU level, the programme's ideal contribution would consist of nothing other than providing Member State administrations (and through them economic operators) with current, reliable and legible information in as fast and user-friendly a way as possible. The systems are plainly making this contribution, in terms of data fidelity, compatibility with national IT systems and functionality (which since 2011 integrates tariff and quota information with credibility checks on the declarations). Feedback from officials was not only very positive, but highly consistent, referring universally to low error rates and seamless integration within the national IT architecture. Further improvement could potentially be achieved through integrating the national and European systems, but for at least the medium-term the contribution for these systems is as large as could be realistically anticipated.

#### *NCTS, CRMS and SURV*

The potential contribution of these systems to the EU financial interest relates more to preventing and discovering fraud, and is thus somewhat less straightforward and harder to pin down.

The NCTS, for example, grew out of an acknowledged need to reduce the evasion of customs duties by economic operators undergoing transit procedures. While jettisoning paper-based forms in favour of digital ones did nothing to alter the relationships or responsibilities laid down in the Common Transit Convention, it did lead to a substantial drop in errors in the transit process, according to the perceptions of interviewees in several countries<sup>37</sup>. While the system was up and running in near its current form in 2005 (before the current programme started), the contribution it makes to the EU's financial interest was clearly and consistently emphasised during interviews with the responsible officials from Member States where case studies were conducted for the evaluation. There were several key elements to this contribution,

<sup>37</sup> This was impossible to verify with hard data, both because customs officials felt previous transit errors were often unreported, and because the NCTS has been in use since 2005.

including an improved record of all transactions, and enhanced ability to monitor the status of guarantees and a reduced scope to deviate from standard processes. All of this was claimed to lead to reduced corruption and human error, thereby ensuring the correct payment of duties and protecting the EU's financial interest.

In terms of fighting fraud, the CRMS plays a similar role as was described under its contribution to safety and security. Through generating and disseminating information on common risk profiles, Member State authorities are better equipped to identify potentially fraudulent operations and take appropriate action, whether it be documentary or physical controls, audits or launching investigations. While hard figures are thin on the ground, the evaluation showed the benefits of CRMS to be widespread though varied. As described above, for some countries the implementation of European systems presented a step-change in terms of access to data relevant for risk management. They experienced relatively large benefits to their capacity to identify risks in comparison with countries already possessing highly advanced risk management systems. Looked at more generally, the CRMS has enhanced risk management processes throughout the EU (though to varying degrees, as explained above) and, most importantly, provided a necessary intermediate step towards the eventual harmonisation of risk management procedures.

The SURV database pools customs data from all Member States on certain types of goods that the Commission can then use to assess whether any fraud or trade distortions are potentially occurring. It can then respond appropriately in terms of, for example, launching investigations, adapting quota levels or imposing anti-dumping duties. The positive nature of most comments about the database indicates that the desired contribution is being made, but since little of the results of SURV analysis have immediate ramifications for the Member States (indeed, there were some complaints about secrecy on the Commission's part), it is not possible to measure its contribution in concrete terms.

### ***Facilitating trade***

On first glance, the trade facilitation objective sits at odds with those for enhancing safety and security and protecting the EU's financial interests. The latter two are fundamentally *active* and consist of scrutinising and controlling the flow of goods coming into the EU so that dangerous ones are blocked and necessary duties are imposed and collected. The trade facilitation objective is fundamentally *passive*. Since international trade flows depend on economic factors far outside the programme's control, the achievement of this objective entails nothing more than minimising the inhibiting effect on trade that results from the pursuit of the other two. The contribution of the C2013 IT systems in this regard has been to couple measures for increased security with benefits for economic operators that reduce their administrative burden and streamline their engagement with customs authorities.

Of the systems reviewed in depth for the evaluation, the EORI / AEO system has the most potential to contribute directly to the trade facilitation objective. The systems associated with risk management processes, such as the ICS, CRMS, NCTS and SURV, also contribute significantly but indirectly: by improving the targeting of controls they allow safety and security to be increased while still subjecting fewer consignments to the documentary and physical controls that could delay their passage into the EU and thus deter trade.

The interlinked EORI and AEO systems were included among the slew of initiatives introduced in the Safety and Security Amendment. They were aimed primarily at enhancing security, both by increasing the amount of information economic operators were required to provide to customs authorities and by boosting the ability of customs authorities and the Commission to pool and share this information. In order to offset these measures' potentially deleterious effects to trade and make them more palatable to economic operators, they also introduced the concept of AEO status.

AEOs provide customs authorities with more information about themselves than is normally required, in addition to subjecting themselves to periodic audits. The upshot is access to simplified and facilitated customs controls in addition to a stamp of approval which denotes their status as secure and trusted partners. AEO certificates are awarded by individual Member States but are issued according to centrally agreed guidelines and recognised throughout the EU.

Though first piloted in 2006, the AEO programme has largely been rolled out during the life of C2013 and is a continued priority. Over the years of the programme, the number of AEOs has increased significantly. The evaluation questionnaire indicates a strong contribution by the AEO / EORI system to facilitating trade, and the case studies findings back this up based on the practical experience of responsible officials. Moreover, initial misgivings and hesitation regarding the recognition of other Member States' AEO certificates appears to have been largely overcome off the back of increased mutual trust. Officials interviewed expressed confidence that AEO status was increasingly popular among economic operators and that it was widely considered to smooth customs procedures and thereby facilitate trade.

Though difficult to assign hard figures to indicators such as reductions in delays or time spent navigating import procedures for AEOs, it is clear that the system is fully operational and thus beginning to bear fruit. This is reinforced by the continued progress on mutual recognition agreements regarding similar systems in the US, Canada, China and Japan, all of which were put in place during the life of the programme.

Despite these mostly positive findings, the evaluation did uncover areas meriting continued attention. These related mostly to the system's difficulty in linking subsidiaries of larger companies, many of which have multiple EORI numbers. This meant that important risk information might not be considered automatically and required customs authorities to conduct manual checks than might otherwise be avoided.

The contribution of other risk-management-related systems does not need to be discussed in detail here, but it is worth reiterating the relevant aspects covered above in the description of their contribution to enhanced safety and security. Though further progress will doubtless be realised through continued steps towards a harmonised system for risk management, CRMS, ICS and NCTS are clearly contributing to facilitating trade by reducing delays and increasing the ability of customs authorities to target controls. This allows the overall number of manual controls to be reduced and economic operators to conduct legitimate trade with fewer disruptions.

#### **3.1.4. Role of joint actions in supporting the creation of a pan-European e-Customs environment**

The evaluation is focused on the IT systems that make up the vast majority (about 80%) of the programme budget. However, the joint actions financed through the programme also are crucial in supporting the development, implementation and effective use of the IT systems, and thereby play an important role in creating a pan-European e-Customs environment and contributing to the achievement of other programme objectives. This section examines that role, with a focus on those joint actions that are related to e-Customs or specific IT systems.

Rather than assessing the joint actions on their own, we examined them through the prism of the contribution analysis and their role in supporting the IT systems. This role is crucial and was evident in the myriad examples provided by interviewees during the case studies, in addition to quantitative and qualitative evidence provided in the evaluation questionnaire. Officials extolled the joint actions for a variety of reasons, some of which are tangible and others which are equally important but harder to pin down.

Regarding the latter, network effects and opportunities to collaborate on joint projects were often mentioned in the context of building working relationships and trust. The evaluation found these to be crucial, if somewhat soft elements of the programme's contribution that has not been previously examined in detail.

Much of the harmonisation engendered by the trans-European and centralised IT systems requires customs authorities to either share information with other Member States and / or recognise the validity of operations carried out by them. Risk-related information sent through the ICS, for example, would be of little use unless the receiving authority placed credence in the analysis that led to it. Similarly, recognising the AEO status awarded in another Member State implies faith in the ability of the issuing authority to apply community guidelines consistently. The level of trust required for such systems to be effective cannot be assumed among Member State authorities each with their own administrative cultures and working methods. It rather needs to be built, and the programme plays the main role in building it. This is done partly through traditional networking effects, which allow customs officials to develop personal contacts and engage with each other on an informal basis. Perhaps more importantly, trust is also built through repeated meetings and exposure to each other's working methods.

The questionnaire and survey showed that that networking was seen as an important component of all joint actions. However, the case studies made clear that, due to their repeated and intimate nature, project groups and working visits were particularly effective in this respect. Interviewees in all countries provided examples of how these types of joint actions enabled them to build relationships with their counterparts from other Member States and thereby increase trust.

Working visits, though universally lauded, varied widely in terms of frequency and focus. Indeed, flexibility was often mentioned as a key factor in the success of this type of activity. For example, in the run-up to accession, Croatian officials visited their counterparts in Austria multiple times for guidance and in the development of several IT systems, and then hosted Austrian officials after the systems were implemented. This allowed the Croatian authorities not only to benefit from Austrian expertise, but also to highlight the progress they had made in implementing the new systems and adapted to EU practices. Officials from Germany and France also mentioned working visits on Single Authorisation for Simplified Procedures (SASP), without which the necessary trust for bilateral agreements would not have been possible.

Project groups often fulfilled a similar function. Interviewees from several Member States pointed to the project group on AEO, which allowed officials to exchange views on working methods and guidelines were interpreted in a consistent fashion. The RALFH<sup>38</sup> project group, which brings together officials responsible for the largest northern European ports, was singled out by the Dutch customs authority for helping relevant Member States reach a common point of view in terms of processing import declarations and implementing common legislation.

At a more general level, interviewees for several of the case studies highlighted the importance of the **Electronic Customs Group**<sup>39</sup> (ECG) in supporting the development and use of various IT systems. For example, the **French** customs authority considered the ECG crucial for ensuring IT developments pursued at European level were feasible and reflected the priorities of Member States. It also provided a forum to discuss areas for future harmonisation. The **Dutch** authorities echoed this and noted that the ICS in particular would have been difficult to implement without the discussions conducted under the auspices of the ECG. Similarly, the **Czech** customs authority mentioned that

<sup>38</sup> Rotterdam, Antwerp, Le Havre, Felixstowe and Hamburg.

<sup>39</sup> The ECG is a steering group that was created to coordinate the overall planning and implementation of legal, procedural, and operational aspects related to electronic customs. It also addresses the functional and technical specifications of the automated systems.

the ECG kept them informed about key updates to TARIC which they fed back to relevant officials in their administration.

**Training** on the use of IT systems was another area where administrations emphasised the usefulness of the joint actions. This came through in the evaluation questionnaire that each administration completed, with a number of administrations mentioning that the training activities were important for gaining a better understanding of how specific IT systems work in practice, particularly through providing practical cases and scenarios. This perception spread beyond the IT systems examined in depth for the case studies and included EBTI3, ECICS2, COPIS, CS-MIS and CS-RD.

### 3.1.5. Conclusions

The evaluation findings are broadly positive with regard to the Customs 2013 programme's contribution to policy-level objectives and in terms of helping customs authorities to work as one.

Starting with the policy objectives, the biggest gains can be summarised as follows:

**Enhancing safety and security:** the progress made towards this objective is the most striking and can be regarded as an important step towards the eventual harmonisation of risk management processes for customs. Moreover, several of the key developments have taken place since the previous evaluation.

- The Import Control System was fully rolled out in 2011 (after some delays), requiring economic operators to provide supplemental security information before goods arrive in Europe and facilitating the sharing of this information between Member State administrations and the Commission. The data economic operators provide at this stage is fed into and thereby enhances risk analysis that national administrations perform in where goods arrive as well as subsequent destinations.
- The Customs Risk Management System became fully operational. This set a minimum standard for risk analysis by institutionalising the sharing of Risk Information Forms between Member States and the taking into account by all Member States of Common Priority Control Areas and Common Risk Profiles in their national risk management processes.
- The Authorised Economic Operator and Economic Operator Systems were mainstreamed, increasing the ability of customs authorities to pool information about individual economic operators and increasing the amount of information about traders available for risk analysis.

**Facilitation of trade:** in the field of customs, this objective is pursued passively. The idea is that risk management systems like those mentioned above disturb trade as little as possible. This is exemplified by the uptake of the ICS and CRMS, in addition to the abovementioned mainstreaming of the AEO and EOS systems. These have all allowed the Customs Union to become more secure while carrying out fewer of the manual controls that slow down the flow of trade. The passage of Mutual Recognition Agreements with third countries, off the back of meetings funded by the programme, has accelerated the growth of the AEO system further and thus contributed to this objective. Similarly, the NCTS has helped do away with paper-based transit declarations. This has speeded the transit process and reduced the amount of time during which guarantees must be withheld from economic operators while creating electronic records that reduce the potential for errors and fraud.

**Protection of the EU's financial interests:** centralised databases like TARIC and QUOTA, as well as the NCTS (which is generally regarded to have greatly reduced fraud) were already in operation prior to the programme, with gains in this area being

mostly incremental (for example through advances in the SURV system). Nonetheless, the enhanced effectiveness of risk management systems has contributed not only to the enhanced control of dangerous goods, but also to the effective identification and collection of customs duties. This has a direct and positive impact on protecting the EU's financial interests.

There is still considerable diversity in the execution of import processes within the EU. After all, each Member State still has its own automated import system and national versions of all the trans-European systems, the use of which has been assessed for this evaluation. However, this diversity is most notable not for its persistence but for its significant reduction during the programming period.

Looking at the dynamics of the programme's contribution, the paragraphs above make the point that common IT systems are not only being developed and implemented, but also being used, and customs-specific resources, not least in risk management, are beginning to be pooled. This progress can be grouped as progress towards the objective of all EU customs administrations acting as one customs administration. IT infrastructure is necessary but not sufficient for progress of this nature, and it is here that the other key component of C2013, namely the joint actions, plays a crucial role.

The joint actions, account for about 20% of the programme budget. They complement the IT systems and have been of crucial importance to the effectiveness of the programme. The eight types of joint actions (working visits, project groups, seminars, trainings etc.) provide administrations with a flexible set of tools for bringing officials together. Sometimes, the meetings lead to concrete outputs, such as a set of guidelines for operating a particular IT system or common training programme. Other times, the immediate results are less tangible, and consist, for example, of officials from one Member State learning about how their counterparts in another country deal with a specific type of process or problem.

The evaluation shows most of these to be essential. It would be hard to imagine the development of mutually acceptable common IT system, for example, if that development occurred in a top-down fashion rather than under the auspices of a project group set up to bring the relevant officials together. Within such a project group, officials can work together to ensure their respective concerns and ideas are taken into account, and that the final product is likely to fit within existing national institutions. The Electronic Customs Group, while not oriented expressly towards the development of a single product or IT system, deserves special mention for ensuring that the opinions of all administrations are taken into account in IT planning, that implementation issues are discussed communally and that mutual solutions are found. This project group also helps establish smaller offshoots for the development of new IT projects.

Project groups that are regularly convened, such as the AEO contact group or RALFH, as well as working visits that bring smaller groups of officials together, are also of utmost importance. They help the involved officials to share experiences and ideas and thereby come up with common solutions to common problems. They also foster the creation of professional networks that lead to continued contact and, perhaps more significantly, build confidence and trust. Acting as one administration requires customs administrations to treat the products of their counterparts' analyses and judgements as they would treat their own, and the relationships made within C2013 let officials see each other's work and give it the necessary credence to do this.

Of course, this is a gradual process that cannot be completed overnight, but over time participation in the programme not only helps the customs administrations align their procedures and working methods, but also helps them assure each other that this alignment is taking place and that they are, so to speak, on the same page. Stakeholders described this feature as one of the key benefits of the programme.



However, it should also be mentioned that some of the IT systems are still gaining traction. While operational, they are not fully integrated into the execution of customs processes. Partly this stems from relatively small problems with the functionality of fledgling systems that implementation issues project groups should eventually address. Despite their seemingly technical nature, such problems can have important consequences. An instructive example is that, for the ICS, certain information is entered as open text rather than pre-defined answer choices. This makes it much harder for customs authorities to analyse the information efficiently and consistently, and leads to its failure to be taken into account during advanced risk analysis.

Another example relates to the CRMS and significant disagreement among case study countries regarding the type (and size) of events that administrations considered worth feeding into the system in the form of an RIF. Lacking a mechanism to filter CRMS data effectively, some Member States deemed it too difficult to distinguish potential 'signals' in the system from the surrounding 'noise', and chose not to rely on it heavily for their risk analysis. This problem could be attributed partly to insufficiently prescriptive guidelines.

Leading from these problems is the fact that in some areas, related pieces of information remain disjointed. Several such issues emerged during the evaluation. For example, the RIFs and common risk profiles generated by the CRMS are not automatically integrated into national risk management systems, and the results of pre-clearance (input into the ICS) do not necessarily get taken into account during the clearance process (which uses national automated import systems). This requires economic operators to provide similar information more than once, while allowing potentially relevant data to escape notice. Similarly, the EORI system is lauded for registering economic operators centrally, but does not make links between subsidiaries of a single company.

A final IT-related issue that stakeholders indicated was not sufficiently taken into account was the cost for Member State administrations of developing national versions of the trans-European IT systems, training staff to use them and keeping them maintained. Hard figures were impossible to obtain (and most likely highly variable), but Member State officials indicated that the costs to national administrations are of a similar degree as those borne by the Commission. While this dynamic may be unavoidable (and is also linked to the obligatory nature of most programme-funded IT systems), it could partially explain the slow uptake of some systems. It also points to the importance of discussing these issues, prioritising effectively and ensuring the timescales for implementing new systems are compatible with national prerogatives. Suitable fora, such as the Electronic Customs Group, already exist for such discussions but their role in reaching consensus and allowing all Member States to be heard could be further emphasised.

### 3.2. Unexpected and unintended results

Evaluation question: Were there any unexpected and/or unintended results and impact generated by the programme's activities?

It is important to assess any initiative for unexpected or unintended results, either positive or negative, both as good practice and to identify any important issues that may have been overlooked in the design phase. This is especially important for interventions that could change the incentive structure or power dynamics between different groups. However, the Customs 2013 programme is an intervention where the beneficiaries, namely customs authorities, are well defined and the scope for perverse impacts is relatively limited. Moreover, the programme's decision-making processes are consensual in that important decisions affecting Member States and other stakeholders are usually scrutinised and discussed in detail by project groups and through other formats before they are decided upon. As a result, the risk that stakeholder groups are negatively affected (to a disproportionate degree) is small.

It is nevertheless useful to examine the programme to ensure that no major unintended consequences were overlooked. This section therefore focuses on four issues related to potential unexpected or unintended results, namely the extent to which the C2013 programme:

- Encountered factors influencing the successful implementation of the programme, both within and outside its control;
- Reduced standards in best performing administrations by imposing (less performing) harmonised systems;
- Faced conflicts between its main objectives of increasing safety and security and protecting EU financial interests on the one hand and trade facilitation on the other; and
- Created (significant) opportunity costs to Member State participation in joint actions.

#### 3.2.1. Factors influencing the implementation of the programme

Based on the evidence from the case studies and the questionnaires, we identified a number of issues that influenced the implementation of the programme in certain circumstances, depending on the situations in individual Member States. These factors related to:

- Costs incurred by national administrations
- Complexity of national customs IT infrastructures
- Historical and geographical context of individual countries
- Clarity of EU legislation (e.g. in relation to IT specifications and goods classification rules)
- Restrictions on customs authorities' ability to share information
- Governance of the programme
- Language capacities of national customs officials

The sections below elaborate on each of these issues in more depth.

#### ***Costs incurred by national administrations***

A number of interviewees in the case studies pointed to the high costs for national administrations involved in implementing C2013 systems and applications. They explained that while the specifications for IT systems were developed and funded by the C2013 programme, the **costs of the actual implementation of these systems** were borne by the Member State. Interviewees in France for example mentioned that substantial costs arose from ensuring that the national systems were compatible with

the Community systems. They estimated that Member States covered approximately half of the total costs of putting into place new trans-European systems (which require national versions). These costs consisted of, for example, commissioning external contractors to develop the necessary IT solutions to fit EU specifications, adapting the existing systems to ensure compatibility, running training sessions for staff, etc. According to French interviewees, putting the ICS system in place resulted in significant changes for the execution of customs procedures in France. Among these, it required French ports and airports to develop the capacity to receive and process ENS declarations, 7 million of which were submitted in 2013 alone. While many of these costs were frontloaded and associated with putting place a new system, other costs related to maintenance, updates, and improvements to the systems were on-going.

Interviewees in the Czech Republic also identified the difficulty in securing adequate financial resources as an important obstacle to the implementation of programme funded IT systems. This concern was especially relevant to the **maintenance of the various IT systems**. For example, while the Commission's bi-annual list of known errors (KEL) was considered useful, budget cuts at the national level led to concerns about the Administration's ability to implement upcoming changes to the systems within the agreed deadlines.

### ***Complexity and diversity of national IT infrastructures***

A number of interviewees (among others in the Netherlands) mentioned the connectivity of EU systems and applications with national IT infrastructures. They pointed out that the **complexity and diversity of the national IT environment** was considered an important obstacle to fitting in the new systems designed at European level. This was especially pronounced in countries with traditionally large volumes of customs traffic. Such countries were early movers in the shift to electronic customs and their IT infrastructure is commensurately old. Therefore, the IT environment in these countries consisted of many interconnected components that were developed and added to over the years. Interviewees representing the Dutch customs administration explained that making all of their systems and applications compatible with the EU requirements was often a complex, costly and time-consuming exercise for their IT departments.

Some Member States also experienced difficulties integrating national versions of the trans-European IT systems with each other. For example, in Croatia the national versions of the ICS and NCTS could not 'talk to' each other automatically. This led to a situation where the data and resultant analysis from pre-clearance, entered in the ICS, was only passed onward to the NCTS manually, if deemed particularly relevant, on a case-by-case basis. This reduced the amount of data available for future risk analysis during the clearance process, despite the migration from paper to electronic customs that accompanied the implementation of the ICS in Croatia.

This does not detract from the recognised benefits of implementing such systems. In addition to those described in section 3.1 on effectiveness, it should be added that interviewees (in, for example, Croatia, Hungary and the Czech Republic) reported that the IT systems brought substantial improvements to their customs processes once fully integrated into the national IT infrastructure.

Moreover, in a few cases the obligation to comply with the EU requirements and specifications served as an important impetus for administrations to update and modernise their customs systems at national level. This way, the programme benefitted (individual) IT systems regardless of the extent to which it helped the further integration of these systems. The most striking example comes from Croatia, where the accession to the Customs Union led to the introduction of a completely new automated import system (e-clearance) which was the first electronic customs system in the country.

Another example was found in the Czech Republic, where interviewees indicated that the EU requirements and specifications led to significant improvements to their IT environment, despite the continued need to integrate the various IT systems at national and EU level. For example, they explained that CRMS had led to substantial improvements in the national risk system. More concretely, the introduction of common risk profiles that were fed into the national system significantly enhanced the administration's ability to identify potential risks. This benefit had occurred despite the fact that CRMS was not (yet) automatically connected with for example ICS or the national automated import system.

### ***Historical and geographical context***

The results from the case studies revealed that there were substantial differences in the nature and scale of the programme's contributions, depending on the **historical and geographical contexts of individual Member States**. As discussed in section 3.1.3, the evidence showed that countries could be divided into two broad categories. The first group of countries had relatively small amounts of customs traffic and thus less advanced customs IT infrastructures (the Czech Republic, Croatia, and Hungary). The second group consisted of countries that for numerous reasons had significantly large amounts of customs traffic and thus more advanced IT infrastructures (France, Germany and the Netherlands).

Therefore, the first group of countries was relatively less invested in the status quo and more likely to see the benefits of, among other things, sharing information with other Member States than the second group. This was especially apparent in the area of risk management and the perceived contributions of CRMS. While the Netherlands for example already had a robust risk profiling system in place which was in many ways more advanced than the information contained in CRMS, the Czech risk management system was much more limited and thus benefitted to a larger extent from the sharing of risk information between different countries via this system.

Due to these historical and geographical differences, the first group of countries was much more enthusiastic about the benefits of programme-funded **IT systems** than the second group of countries. Where the programme-funded IT systems in the Czech Republic, Hungary and Croatia introduced direct significant improvements, the added value of these systems in France, Germany and the Netherlands was less obvious given the advanced nature of their existing systems and the high implementation costs of the EU systems. In this context, however, it should be noted that the second group of countries still recognised the benefits of having a common minimum standard of risk management at Union level.

However, the historical and geographical situation of various countries also influenced the implementation of the programme's **joint actions**. Interviewees from the Netherlands and France for example explained that given their considerable economic and political interest in trade and customs issues, the joint actions were seen as a very important channel to participate in the political dialogue and decision-making process at EU level and to ensure their voice was heard. While it is impossible to quantify the amount of time and resources dedicated to the programme by national administrations, the evidence from the case studies suggests that the geopolitical context of these countries clearly contributed to their level of participation in the programme.

### ***Clarity of EU legislation***

In the questionnaires and case study interviews a number of specific comments were made regarding the implementing provisions of the ICS.<sup>40</sup> These comments were

<sup>40</sup> When interpreting these findings, it should be kept in mind that the quality of EU legislation is largely beyond the influence of the programme and thus should be considered as an external factor which influences the use and effectiveness of specific elements of the programme.

especially relevant given that ICS was the only system whose entire development and implementation took place during the life of the programme.

In addition to some operational (teething) problems which are discussed in more detail in section 3.1), a couple of interviewees in Germany pointed to a more fundamental barrier which was the **lack of clarity on the legislative requirements**, for example in relation to the content and timing of entry summary declarations. Interviewees felt that the legislators had underestimated the complexities that would result from implementing ICS in practice. As a consequence, a lot of work went into clarifying legal requirements, and fine-tuning and harmonising implementation processes, making the whole process lengthy, complicated, and fraught with delays.

Two administrations also mentioned the clarity of EU legislation in relation to the **classification of goods** (especially in relation to customs tariffs). They indicated that EU legislation in this area was inherently complex, which was even further aggravated by the fact that data references such as unit measures were not always consistently used in the systems and product descriptions (in EBTI) were at times perceived to be confusing. The complexity of legislation in this area was said to affect the clarity and user-friendliness of systems like TARIC and EBTI.

### ***Legal channels for sharing information***

There was a general agreement that the programme-funded IT systems contributed to enhanced cooperation between customs administrations. However, a number of interviewees in the Netherlands and the Czech Republic explained that the sharing of (risk) information was sometimes inhibited by the fact that **national legislation prevented customs offices from sharing sensitive information** with other Member States, for example because of on-going criminal investigations. As a consequence, certain (potentially important) risks were not shared with other Member States. In this context, it should be noted that this issue was typical for all policy areas coinciding with the area of justice and home affairs and was considered beyond the influence of the programme. Nonetheless, in such cases it prevented the IT systems from realising their full potential.

### ***Governance of joint actions***

Despite the widely praised usefulness of joint actions, the questionnaire and interviews revealed some criticism in relation to the way in which the joint actions were governed. For example in the Netherlands, several interviewees felt that there had been a **proliferation of joint actions** over the last couple of years, without a clear mechanism to ensure the review of the (continued) usefulness of these actions. Moreover, it was felt that a number of joint actions covered similar topics and thus duplicated efforts. Leading from this, some found it hard keep an overview of all the relevant joint actions in place, and to determine which ones their officials should participate in. In order to overcome this issue, administrations suggested putting in place measures to determine the utility of project groups before they are set up and to review them periodically.

### ***Language capacities of customs officials***

Lastly, a few interviewees pointed to the language capacity of national customs officials as a potential barrier to the successful implementation of the programme. For example in the Dutch case study interviewees mentioned that the varying levels of language capabilities of national customs officials sometimes complicated effective discussions at joint meetings.

The language issue was also mentioned in one of the questionnaire responses. The administration felt that the **translation costs for training materials** were high considering the small number of officials that would make use of them and their rapid

obsolescence. This, according to the administration, undermined the overall usefulness of these training materials.

### **3.2.2. Impact on standards in best performing administrations**

The second criterion that relates to unexpected or unintended results is about whether the programme reduced standards of national customs processes. Obviously, the impact of harmonisation efforts on national standards varies, depending on the nature of existing systems and procedures in individual Member States.

Nonetheless, the evaluation did **not discover any evidence pointing to the lowering of standards**. In fact, while the harmonised systems superseded some of the functionalities covered by existing national systems, they did not eliminate any existing processes or activities. For example, while some of the processes facilitated by the ICS and CRMS were additional to the existing national activities related to risk management, the introduction of these systems had not led Member States with more advanced risk management systems to reduce the rigorousness of their processes or activities already in place. Instead, the fieldwork revealed that in many cases new risk management systems increased the ability of administrations to conduct thorough risk analyses. In the worst cases, the systems have not added much, but neither have they resulted in any negative impacts in terms of standards of control and analysis (though this dynamic did erode programme efficiency, discussed in section 3.4).

This was for example illustrated by the case of the Netherlands, where interviewees elaborated on the influence of CRMS on the national risk management processes. They explained that while CRMS led to additional automatic checks based on the obligatory EU risk profiles, the system had not replaced the (more advanced) national risk profiles that would have been used anyway. As a result, the implementation of EU systems had not negatively affected the ability of the Dutch customs authority to manage its risks effectively.

A few other Member States, however, indicated that they had not fully integrated the data from certain programme-funded IT systems, such as the CRMS, into their existing customs processes because of its perceived limited usefulness, at least in its current, fledgling form. While this does not represent a reduction in standards, it shows that in some circumstances substantial benefits are yet to be realised.

A few administrations with large volumes of customs traffic expressed some concerns that further harmonisation could lead to a risk of lower standards in future. They indicated that given the considerable differences between Member States, further harmonisation could lead to a reduced effectiveness of national processes. More concretely, this was mentioned in relation to setting European targets for the proportion of controls of incoming goods. Interviewees explained that there had been some discussion about whether it would be feasible and desirable to define a set proportion of incoming goods for controls in all the Member States. Some felt that such common targets would fail to account for large discrepancies between countries in relation to both the volume of customs traffic and the quality of existing risk management procedures.

### **3.2.3. Potential conflict between programme objectives**

Although increasing security requirements for economic operators is potentially burdensome for traders, the programme's scope for action is strictly defined by the legislative framework in which it operates. As discussed under evaluation question 1, the entirely paperless environment that now exists for handling customs declarations, has allowed the Customs Union to implement the new security requirements of the Safety and Security Amendment with minimal additional administrative burden.

Moreover, the mainstreaming and greatly increased uptake of the AEO system<sup>41</sup> has led to fewer manual controls that slow down the flow of trade for many economic operators. In this vein, other IT systems, such as the ICS and CRMS, which improve risk management should allow customs authorities to better target their controls and thus reduce the amount of time lost due to manual controls for legitimate traders.

On a operational level, however, a few interviewees pointed to some areas for improvement, which related to the complementarity of IT systems. For example, they pointed to the duplication of information requirements between the entry summary declarations (required under the Safety and Security Amendment and filed with the ICS) and import declarations. While this duplication is understandable from a safety and security perspective, it was considered somewhat burdensome for economic operators.

At the same time, however, some other interviewees noted that there had been some efforts to improve the complementarity of IT systems. For example, they explained that from July 2009 onwards, economic operators were allowed to submit Entry Summary Declarations and Transit Declarations in one electronic form to the NCTS system. Prior to that, these declarations had to be submitted separately through two different systems. This simplified the transit procedure for traders, while at the same time maintaining the new security requirements.

#### **3.2.4. Opportunity costs to participation in joint actions**

The last criterion – the extent to which the programme created opportunity costs to participating in joint actions – mainly relates to the unintended results of the programme. Joint action participants contacted for the evaluation were overwhelmingly positive about their experiences (as shown by the results of the survey with customs officials). Central administrations also considered participation in joint actions to be an effective use of officials' time (as per the evidence from the questionnaire).

Interviewees in the case studies were largely positive about the usefulness of joint actions, although they did bring up the restricted budgets of national customs administrations during the last six years. They explained that in the context of reduced budgets and staff capacity, administrations had to carefully consider and prioritise certain joint actions over others. Additionally, there was some mention of time lost due to travelling to meetings, reading documents and reporting on joint action results. It should be noted, however, that this was an uncommon view, and most considered the time well spent.

Comments on limited staff capacity and time lost due to travelling notwithstanding, no evidence emerged to suggest that major initiatives were foregone due to participation in the programme or any specific joint actions.

#### **3.2.5. Conclusions**

The evidence from the evaluation suggests that – given the fact that the beneficiaries of the programme are clearly defined and decisions are typically made in a consensual manner – the programme has not had a disproportionately negative impact on any of the stakeholders involved.

The unexpected and unintended impacts that the evaluation did identify were mostly related to the first judgment criterion: barriers to the implementation of IT systems. These barriers related to seven broad themes:

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<sup>41</sup> This system couples increased information requirement from economic operators with simplified customs procedures for those subjecting themselves to specific audits and other controls.

- **Costs incurred by national administrations:** While the specifications of trans-European IT systems are funded by the programme, the actual implementation costs are borne by Member States. Interviewees in the case studies indicated that these costs – deriving from making national systems compatible with the EU specifications – were often substantial.
- **Complexity and diversity of national IT infrastructures:** The complexity of national IT infrastructures and the lack of integration of trans-European systems were also mentioned by a number of interviewees as being an important barrier to the successful implementation of IT systems. The ‘patchwork’ of IT systems led the adaptation and upgrading of systems to be a complicated (and indeed costly) exercise in a number of Member States. However, it should be noted that this did not detract from the recognised benefits of implementing such systems. The evidence showed that once fully integrated in the national infrastructures, the IT systems brought substantial improvements to countries’ customs processes.
- **Historical and geographical context:** For historical and geographical reasons, there were substantial differences between the amounts of customs traffic in Member States. Countries with relatively large amounts of customs traffic had more advanced IT infrastructures than other countries. Therefore, the added value of the EU systems was in some countries perceived to be more substantial than in others. The historical and geographical profile of countries also influenced the perceived importance of participation in joint actions. While impossible to compare national resources expenditure on these actions, evidence from the Dutch and French case studies showed that because of the economic importance of trade to their countries, joint actions were seen as highly important by their customs authorities.
- **Clarity of EU legislation:** There had been substantial delays with the implementation of ICS in particular, which were reported to be a consequence of the lack of clarity of the legislative requirements on ICS (e.g. in terms of the content and timing of ENS declarations). It was felt that the legislators had underestimated the practical implications and complexities of implementing ICS. Additionally, evidence suggested that EU legislation in relation to the classification of goods was perceived to be inherently complex, which affected the clarity and user-friendliness of systems like TARIC and EBTI.
- **Legal channels for sharing information:** Another factor external to the programme was that national legislation sometimes prevented customs offices to share information with other Member States, which affected the effectiveness of systems like CRMS in stimulating cooperation and sharing risk information.
- **Governance of joint actions:** There was some criticism in relation to the continuing increase of joint actions, which made it hard for national administrations to identify and prioritise relevant actions to participate in. Various stakeholders felt that more could be done to review the usefulness of joint actions and to avoid duplication of efforts.
- **Language capacities of customs officials:** The last factor influencing the effectiveness of the programme’s various elements was language capacities of national customs officials. A few stakeholders indicated that the varying levels of language skills sometimes inhibited the effectiveness of face to face meetings or training materials.

There was **no evidence of the programme resulting in reduced standards** in best performing countries (e.g. in relation to the functioning of IT systems or customs processes more generally). While the impact of the programme varied depending on the situation of individual Member States, in the worst cases the programme-funded



IT systems did not add much value (rather than having a negative impact). This was for example the case for CRMS, where the EU risk profiles were at least in a couple of Member States less advanced than the national risk profiles.

The evaluation focused on three of the programme's main objectives, namely safety and security, the protection of the Union's financial interests, and the facilitation of trade. It was found that although the increased security requirements could be potentially burdensome for economic operators (and thus trade), in practice the **newly introduced requirements led to minimal additional burden**. This was mainly due to the digitisation of processes and the mainstreaming of the AEO system (providing access to simplified procedures in exchange for other audits and controls).

Lastly, customs administrations as well as individual officials were overwhelmingly positive about the usefulness of participation in joint actions. Although some mentioned the tightened budgets and staff capacity of national administrations, the **opportunity cost to participation in the joint actions was small** and no major initiatives were foregone due to participation in these actions.

### 3.3. Dissemination of results

Evaluation question: To what extent and how the strategies / approaches endorsed by the programme's stakeholders with regard to the dissemination of awareness, knowledge, and action (implementation) have weighted on the achievement of the programme's objectives?

The third evaluation question is about the dissemination and awareness of (information related to) the C2013 programme. More specifically, it seeks to assess:

- The extent to which the programme has been successfully promoted (as measured by the level of awareness and participation in programme activities);
- The extent to which stakeholders participating in the programme have disseminated outputs of the programme to their colleagues; and
- The extent to which programme results are *used* by national customs officials in practice.

However, readers should note that there is no direct causal relationship between awareness of the programme and its overall effectiveness. Customs officials may use programme outputs without necessarily knowing that they were programme-funded. This points to a more complex dynamic, where the awareness and understanding of multipliers (such as national coordinators) are crucial for mainstreaming the outputs of the programme and ensuring that suitable officials participate in joint actions, while other officials can benefit from the programme without necessarily having much knowledge of it.

#### 3.3.1. Awareness of and participation in the programme

This section aims to assess the extent to which the C2013 has been successfully promoted at national and EU levels. While there is no benchmark or definition on what constitutes 'successful promotion', the available evidence gives some useful indication of the level of awareness of the programme and participation in its activities. Leading from this, we have generally assumed that high levels of awareness demonstrate successful promotion of the programme.

Findings in this section are primarily based on the online survey with customs officials and supplemented with findings from the case studies and other research tools. While the survey asked officials about their general awareness of the programme and participation in joint actions, it did not specifically address the awareness and use of IT systems. In fact, the use of these systems is in most cases mandatory and their users are strictly defined. Due to this, the use of some IT systems reflects customs traffic and trade flows rather than awareness or perceived usefulness of the systems. According to national coordinators, those officials whose positions make use of the respective IT systems are aware of them (and related joint actions). Others are not necessarily updated or informed about them other than in basic terms.

In addition, please note that this section focuses on awareness while various methods used to promote the programme by various stakeholders are reported on in the subsequent section (3.3.2).

#### **Awareness of the programme**

The survey found that the **C2013 programme is generally well known**, with approx. half of the surveyed customs officials in national administrations claiming to

know of the EU's Customs Programme (52%).<sup>42</sup> However, from those who were aware of the programme, the majority described their knowledge as "very basic" or "basic" (77%). Less than a fourth of respondents claimed that their knowledge of the programme was "advanced" or "well advanced". These results are in line with results from the 2011 Awareness Poll when 19% of respondents said they had an "advanced" knowledge about the programme and 81% said their knowledge was "basic".

Even among respondents with knowledge of the programme, **only just over half knew where to find more information** on it (54%). Moreover, of those who knew the programme only two-thirds of respondents knew whom to contact in their administration to obtain more information on the programme. This suggests there is still room for improvement with regard to explaining how the programme fits within national administrations and how customs officials can make use of the programme. The results of the awareness poll in 2011 were similar as 59% of respondents knew of the programme, and 62% knew whom to contact in their administration to obtain more information on the programme.

At the same time, the fact that officials were not aware of the programme does not mean that they did not benefit from its outputs. In fact, officials may well use certain outputs without realising that these were created under the programme. For example, training materials and guidelines may be used by administrations, without the users of the materials necessarily being aware of how these materials were created or funded. The use of programme outputs is further elaborated on in section 3.3.3.

### ***Participation in the programme***

#### *Participation of individual customs officials in the programme*

According to the survey of customs officials, approximately **two thirds of respondents who were aware of the Customs 2013 programme participated in one or more of the joint actions**<sup>43</sup>, which means that 33% never participated in any C2013 joint actions (though this does not necessarily imply that these respondents do not benefit from the programme in other ways).

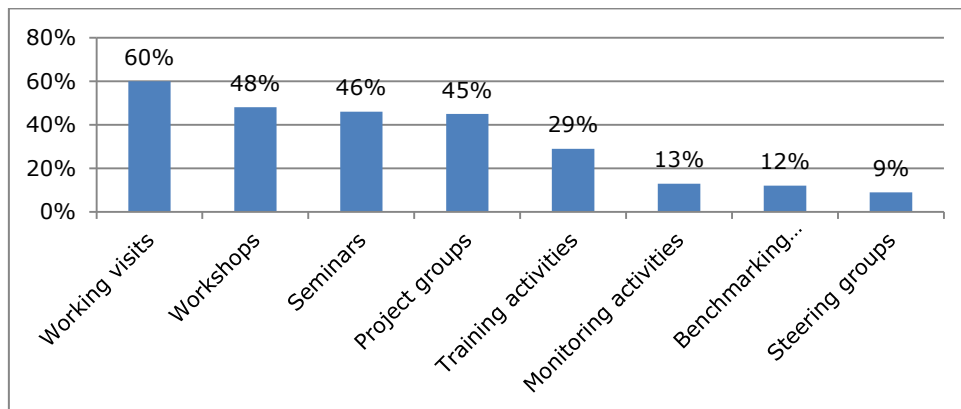
Of those who had participated in the programme, the survey showed that considerably more individuals had participated in working visits than in any other type of joint action. More than half of such respondents had participated in one or more working visits. Benchmarking and monitoring activities, as well as steering groups, were less well attended by survey respondents.

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<sup>42</sup> However, given that officials knowing the programme were more likely to respond to the survey, it should be noted that survey results on the awareness of the programme is likely to be slightly biased (and in reality is likely to be somewhat lower).

<sup>43</sup> Unsurprisingly, the proportion of respondents that had participated in a programme activity increased to some extent between 2011 and now, as 51% of respondents participated in a joint action in 2011 compared to 67% now.

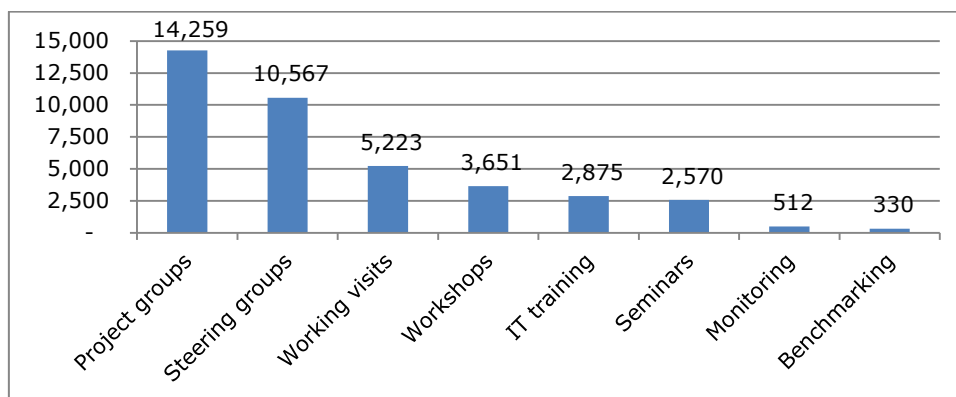
**Figure 8: Respondents' attendance of different types of joint actions**



Source: survey for customs officials, n varied between 835 and 870

Attendance figures provided by the Commission also show wide differences between action types, though project groups and steering groups appear to be the most attended. This is likely due to the repeated nature of these types of joint actions (particularly steering groups), whereby the individuals participate in several meetings of the same action. From both perspectives, attendance in monitoring activities and benchmarking visits was low, as the chart below makes clear.

**Figure 9: Number of participants per type of joint action**



Source: DG TAXUD, ART2 action reports

There could be a number of reasons behind the varying participation levels in each of the joint actions. To start with, perceptions of the usefulness of the joint actions varied according to the type of joint action in question. While some activities like project groups, working visits, and workshops were assessed as being very useful, the opinions on other actions were more nuanced (although still largely positive). Project groups and working visits in particular were seen as being flexible and easy to organise, whereas the use of benchmarking activities for example was much more specific and restricted.

Another likely reason for the varying levels of participation relates to the nature of the various types of joint actions. Some types of joint actions met much more frequently than others did, or are typically attended by a broader target audience than others. For example, while working visits consisted of one-off actions between a small number of officials (often only two), other types of joint actions (like project groups) consisted of a number of separate subgroups that convened several times a year.

#### *Participation of customs administrations in the programme*

The case studies showed that there was **substantial variation between the level of participation of customs administrations** (rather than individuals) in joint actions.

Figure 10 presents the participation in joint actions per country. To gain more insight into the reasons of these varying levels of participation between Member States, we investigated available data<sup>44</sup> from the to see if there was any correlation between (1) countries' volumes of customs traffic and (2) the number of joint actions they participated in. The data suggested that there was no clear correlation between these two factors.<sup>45</sup>

As a result, the level of participation of administrations in the joint actions seems to be dependent on other factors, which are hard to assess due to the lack of comparable information on these issues. Factors that could potentially influence the participation in joint actions include political priorities, the capacity of customs administrations, and the level of support needed to implement EU legislation and IT systems.

The findings from the case studies suggested that **joint actions were attended by customs officials at various levels and positions**, ranging from high level officials attending policy-level discussions to technical experts involved in day-to-day operations. With regard to the latter, especially working visits and technical project groups (e.g. on IT systems) were widely attended by customs officials at the operational levels.

Discussions with stakeholders in the case studies revealed that national contact points played an important role in facilitating the national participation in joint actions. The evidence suggests that they often played a dual role. In many cases, they acted as gate keepers by ensuring that the right people in their administration knew of the right joint actions. They coordinated with relevant management officials in the administration's departments to decide who should participate in which joint actions.

On some other occasions, however, participation in joint actions followed a more demand driven approach. For example, in a few instances members of a long-standing joint action decided that there was a need for a new group to deal with a specific topic or to take responsibility for a specific task (like developing guidelines on the use of a specific IT system). Here, the national coordinator would play a more procedural role by explaining the rules of funding, helping to prepare the application, etc. Working visits were another typical example where the need to organise a joint action would typically emerge bottom-up, with the national coordinator advising customs officials on what steps to follow to organise the joint action.

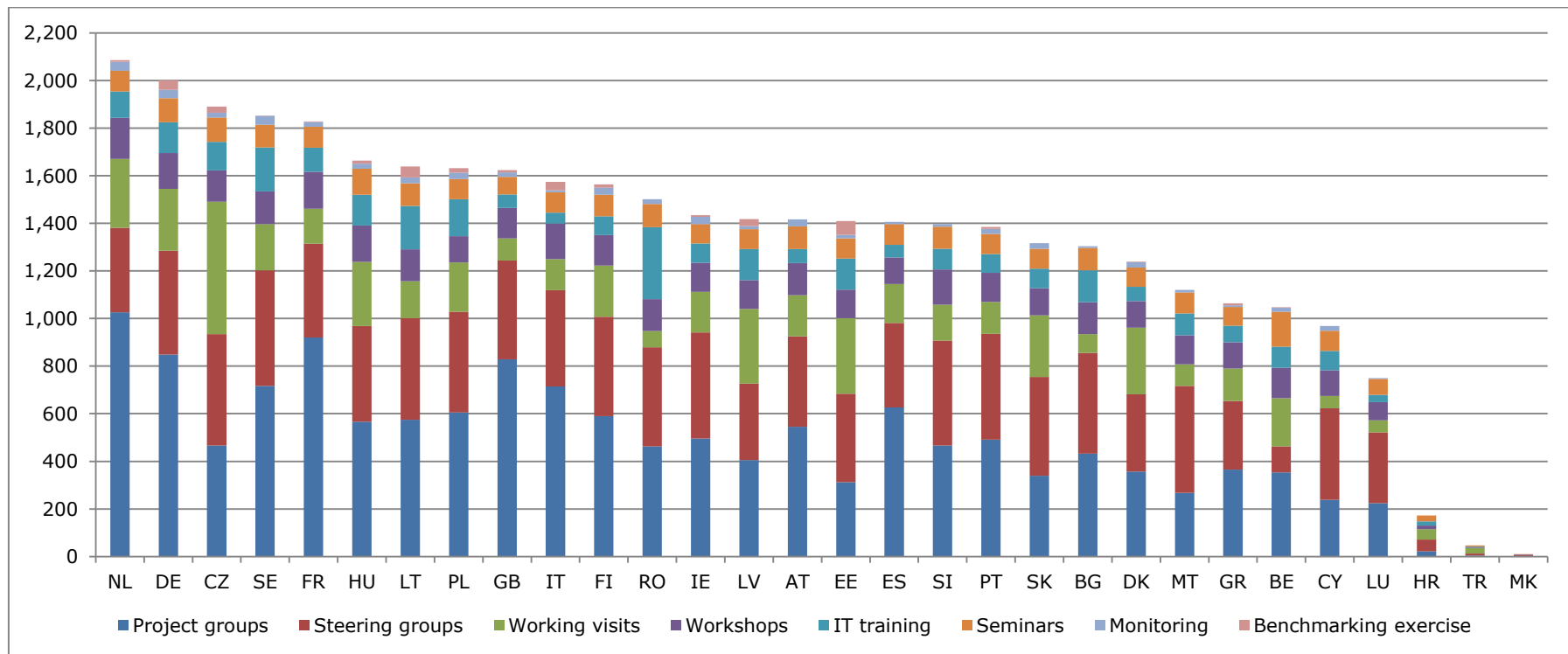
A number of interviewees in the various countries indicated that given the large number of joint actions that administrations could potentially participate in and the limited resources available at national level, administrations' decision on what joint actions to attend usually involved a **strategic approach**. It was explained that while on the one hand the joint actions offered important fora to provide input to EU-level discussions and decisions related to customs policy, on the other hand they also required substantial staff capacity (in terms of preparation, time spent in meetings, and follow-up actions).

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<sup>44</sup> Data obtained from the reports of the joint action called 'Measurement of Results'. This joint action is responsible for setting indicators and collecting data on customs administration performance.

<sup>45</sup> Even when excluding the working visits from the analysis (as some countries participated in those considerably more than others) no clear trends emerged.

Figure 10: Joint action attendance by participating countries



Source: DG TAXUD, ART2 reports, July 2014

### 3.3.2. Dissemination of programme information

As mentioned before, the awareness and understanding of **multipliers are crucial to the use of programme outputs** in administrations. Multipliers include national programme coordinators, but also customs officials who participated in joint actions. Their dissemination of information gained for example through the joint actions can also enhance the use of the programme's outputs among customs officials and thereby contribute to the achievement of the programme's objectives. Several interviewees in the case studies mentioned the importance of sharing programme information with the *right* kind of people in the administration (rather than as many people as possible), so that they in turn can decide on how best to implement and use the outputs of the programme.

The findings suggest that most programme participants did indeed disseminate the experiences gained through the programme to their colleagues. The survey revealed that **94% of participants of the programme's activities shared their experiences with colleagues** within their administration in some way or form.<sup>46</sup>

Officials mostly shared their experiences of the programme activities through talking with colleagues and/or sending reports to colleagues. Hardly any respondents claimed they had not shared their experiences with their colleagues in any way. Additionally, over 60% of respondents knew colleagues within their administration who had participated in a programme activity, thus confirming the tendency to share information on programme activities internally again.<sup>47</sup>

When asked how many colleagues they shared their experiences with, most survey respondents indicated that they informed between one and ten colleagues. This is in line with the finding that it is of crucial importance that the information is shared with the *specific people dealing with the subject in question*, even though they may be (indeed are likely to be) few in number. In other words, when there had been a joint action on ICS for example, it was more important that the selected officials working with this specific system were informed about the outcomes of the meeting, rather than officials administration-wide (most of whom would never work with the system).<sup>48</sup>

The evidence from the case studies also underlined the **role of programme participants as multipliers in disseminating programme outputs** to the relevant officials in the administration. For example, the administration of the Netherlands had established a reporting mechanism to ensure that programme outputs were shared with the relevant officials. The Dutch interviewees explained that all officials participating in joint actions were obliged to inform the managers about upcoming meetings and to report on the main issues discussed afterwards. The reason for this was that feedback on the joint actions was considered an important means of keeping abreast of developments at EU level. Reporting lines in France were similar, with high-level officials systematically kept aware of the progress made in joint actions (especially steering groups).

In the Czech Republic, a number of interviewees mentioned the training courses as a good example of the extended use of programme outputs. Especially the training courses on the use of IT systems were considered very important. These courses were attended by Czech IT experts and help desk employees, who then trained their own colleagues working with the relevant systems.

<sup>46</sup> What is interesting to note is that the proportion of respondents who shared their experiences of the programme activity increased significantly, namely from 67% in 2011 to 94% now.

<sup>47</sup> There were no significant differences in the ways in which programme participants shared their experiences with colleagues between 2011 and now.

<sup>48</sup> It should be noted that while the reports following from the participation in joint actions may have been formally available to a large number of people, survey respondents were asked to estimate the number of colleagues that directly benefitted from the information shared.

This point was also raised by Hungarian officials, who highlighted the ‘train-the-trainer’ approach as an example of how the IT trainings helped officials in the administration to make better use of the IT systems funded by the C2013 programme.

### 3.3.3. Use of programme results by customs administrations and officials

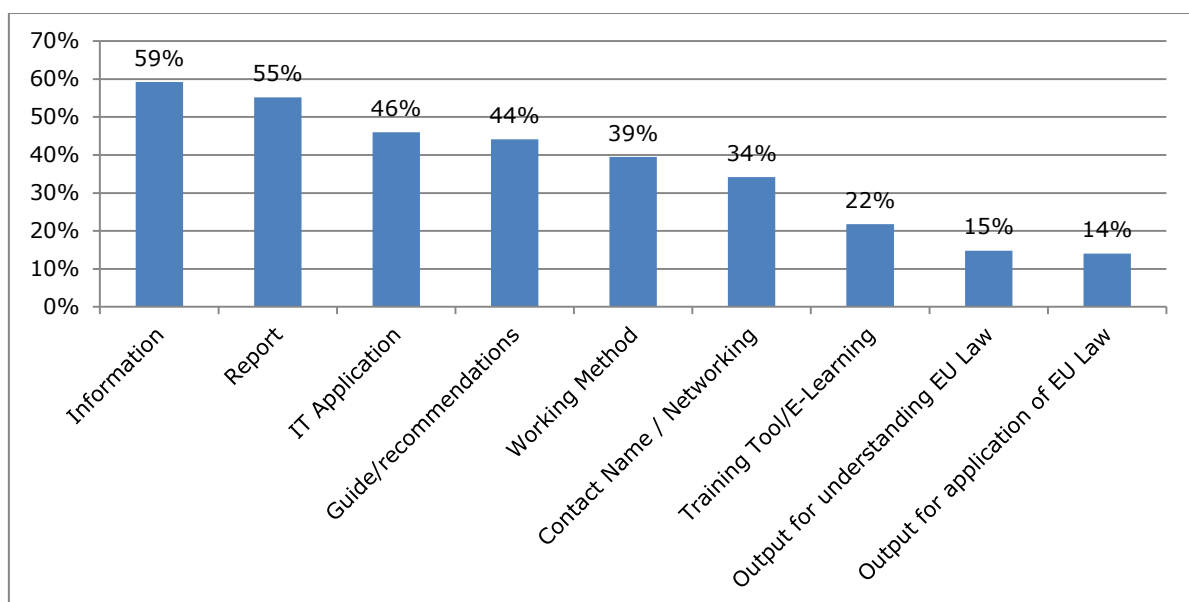
The previous sections elaborated on the awareness of and participation in C2013 joint actions and the ways in which information on the programme was disseminated to national customs officials. This section takes the analysis a step further to discuss the extent to which the programme results were *used* by customs administrations and officials in practice. It also provides evidence on the perceived *usefulness* of the joint actions by national customs officials.

#### Use of programme outputs

With a view to gaining a broad picture of the use of programme results, survey respondents were asked what types of outputs they had used in the past. **More than half of respondents indicated that they used outputs produced by the programme** activities. This is especially encouraging given that officials may use outputs without knowing that these were created under the programme (which means that the number of officials using these outputs may be even higher in reality).

The figure below provides an overview of the frequency of use of programme outputs. The use of programme outputs was similar in the awareness poll of 2010. In the context of these findings it should be noted that the fact that fewer respondents used for example training tools or outputs for the understanding and application of EU law does not necessarily mean that these outputs had a lower impact. In fact, training for example was often quoted as having a very large impact, due to the fact that those who participated in the training courses trained their colleagues later on.

**Figure 11: Respondents’ use of outputs of C2013 joint actions**



Source: survey of customs officials, n = 1,163 – Note that respondents were allowed to provide multiple answers to this question

Given the huge variety in programme outputs, the interviews in the case studies did not reveal any trends or perceptions on the *overall* use of outputs. However, the discussions with individual officials on their respective topic areas did show that many



of the outputs from the programme (i.e. IT systems and results from joint actions) are indeed used by customs administrations on a daily basis.

Interviewees in the **Czech Republic** for example highlighted various outputs from working visits. For example, a visit to Sweden funded by the programme had led to a complete revamping of the Czech strategy for conducting post-clearance controls. Another visit, to Austria, helped the Czech administration define parameters for a new IT system to automate risk analyses.

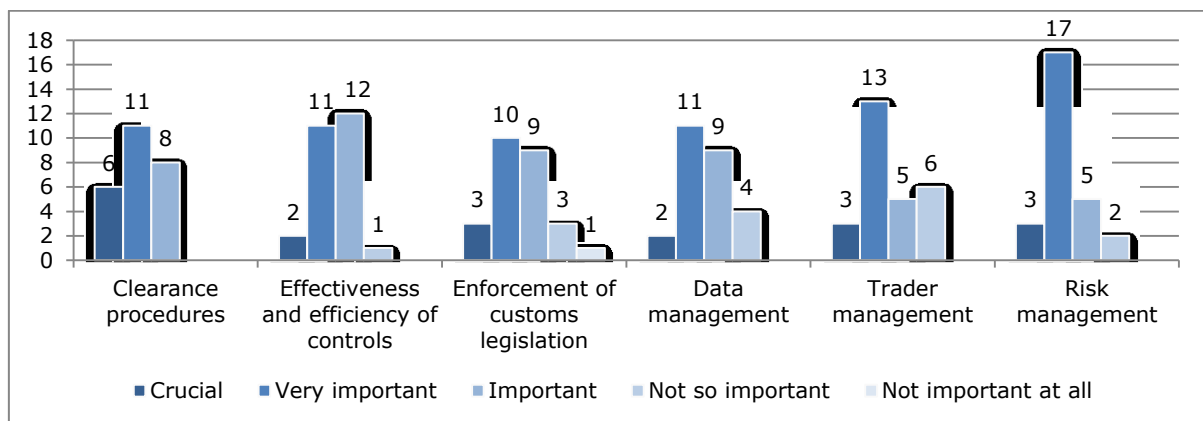
Another output mentioned by the Czech interviewees was the handbook developed by the Project group Customs Audit Guide. This programme output, which was published in 2012, provided new and modernised rules for customs audits with the aim of developing a common approach to such audits.

Similarly, **Croatian** officials described working visits as an “indispensable aid” in terms of aligning working methods and learning how to implement and use the ICS, EORI/AEO systems, and CRMS. The working visits allowed the Croatian administration to receive guidance and advice from their counterparts in other countries on specific issues.

**Usefulness of programme outputs**

In terms of the usefulness of the programme outputs (i.e. IT systems and outputs of joint actions), the questionnaire showed that administrations were generally positive about the programme’s contributions to its day-to-day processes and activities. The programme was considered especially important to administrations’ risk management activities, but also significantly contributed to the other customs processes related to imports, as shown in the figure below.

**Figure 12: The influence of C2013 on national customs processes**



Source: evaluation questionnaire for customs administrations, this question was only asked to Member States. The number of responses varied between n = 25 and n = 27

The findings from the questionnaires and case studies provided more in-depth information on the usefulness of the programme outputs, as discussed below.

**IT systems**

As explained in section 3.1.1, the results of the questionnaire show that there was a high level of agreement among customs administrations that the various IT systems supported by the C2013 programme were very important to the day-to-day customs processes at national level. Many of the IT systems and applications were used by national administrations on a daily basis.

The open responses to the questionnaires as well as the interviewees of the case studies also indicated that many of the IT systems helped administrations of Member

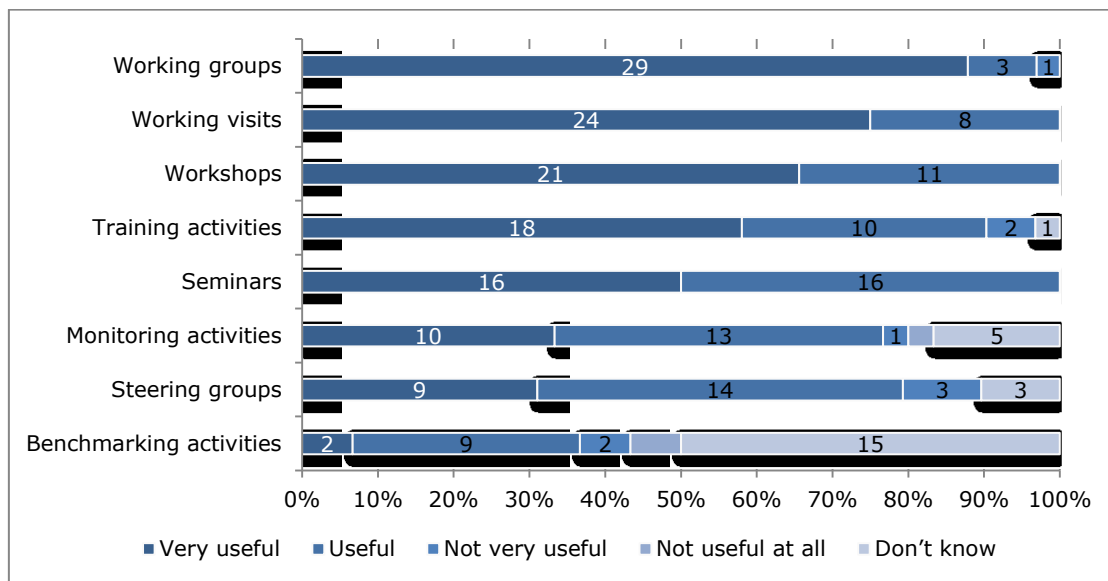
States to exchange information rapidly and systematically, thereby making the customs processes more effective and efficient for customs administrations as well as economic operators. Additionally, the central databases helped to achieve a significantly higher degree of consistency and harmonisation in the way Member States apply EU customs tariff, commercial, and agricultural legislation.

However, as explained before, the implementation and management of IT systems is usually dealt with by a limited number of people within national administrations. While the usefulness of the IT systems was widely acknowledged, this was a result of the effective implementation of the systems rather than a wide awareness of the systems. While a fair number of officials at national level were likely to have at least a basic awareness or knowledge of the systems, at local level (for example the customs offices on the ground) it may well be that many customs officials use the IT systems without necessarily being aware of the fact that they were developed under C2013.<sup>49</sup>

**Joint actions**

The findings from the questionnaire and case studies suggested that the outputs from the joint actions were often directly applicable in the national context. The figure below provides an overview of the perceived usefulness of each of the individual joint actions by national administrations.

**Figure 13: The perceived usefulness of joint actions**



Source: evaluation questionnaire for customs administrations , the number of responses varied between n = 29 and n = 33

**Project groups** were rated most positively by administrations. They were seen as the ideal platform to exchange views in a small and relatively informal environment. Their regular occurrence allowed participants to develop relationships and conduct on-going dialogue. Many administrations also felt that they played a crucial role in developing a common understanding and interpretation of EU legislation, as they facilitated discussion on the details of (new) pieces of legislation.

The outputs of some types of joint actions were seen as useful to address particular issues at **policy-level**, namely:

<sup>49</sup> Again, it should be noted that this should not be seen as a negative finding. The evaluation found that where the awareness and understanding of multipliers are crucial for the mainstreaming of outputs of the programme, other customs officials may benefit from the programme without being aware of the programme itself.

- **Seminars:** Several administrations indicated that seminars were useful to discuss higher level issues related to specific customs areas. While some felt that the outcomes of the seminars were not always followed up in time, others highlighted that seminars sometimes provided a platform for ideas, which were turned into more practical outputs later on.
- **Steering groups:** While slightly less popular than some of the other joint actions, the responses from the questionnaires suggest that steering groups' main usefulness related to the fact that they helped administrations to keep informed about EU developments in the area of customs and that they were used to coordinate the various project groups. They also allowed administrations to provide input in relation to specific policy issues.

The outputs of other joint actions, however, were used to address more concrete and **operational problems** faced by specific units of national administrations:

- **Working visits:** Many administrations indicated that working visits in particular were a very useful tool to respond to operational issues at the national level. For example, in the Czech case study, interviewees indicated that the working visits "*provided inspiration*" and contributed directly to the development of IT systems and functionalities in the Czech Republic. The Croatian interviewees explained that they visited a number of other Member States to observe best practices and to implement lessons learned in their national context.
- **Workshops:** Administrations indicated that they were especially appreciative of the in-depth and detailed nature of discussions in the workshops. Moreover, administrations felt that workshops contributed to the exchange of best practices between Member States.
- **Training activities:** Training activities on IT systems were seen as particularly useful to enhancing the understanding and use of specific IT systems. Administrations felt that these training courses complemented the training capacity at national level, and that they directly contributed to improving officials' skills in given areas.

The attendance of monitoring and benchmarking activities was substantially lower among respondents and interviewees. Nevertheless, in relation to the **monitoring activities**, the results of the questionnaire suggest that they helped to review how EU legislation and IT systems were implemented and to identify areas for improvement.

Few administrations or individuals had participated in **benchmarking activities**. The relatively low participation rates in benchmarking activities can be partly explained by the fact that this activity typically requires certain relevant officials to take part rather than a large number of officials. At the same time though a few officials explained that their administration never participated in benchmarking activities because they were seen as less useful than the other joint actions. Those who did participate in this type of joint action indicated that they mainly facilitated the exchange of best practices. Administrations that were more negative suggested that the exchange of best practices could be more easily organised by working visits for example.

As explained in detail in section 3.1.4, the evidence from the **case studies** also confirmed the positive contributions of the programme to administrations' day-to-day processes and activities. Interviewees in the visited countries noted that the programme outputs (i.e. both IT systems and joint actions) were absolutely necessary to ensuring cooperation with the other Member States, and thus to act as if they were one single administration.

Joint actions were seen to be particularly important and played a key role in complementing the IT systems and fostering collaboration between national customs

administrations. In **France** for example, interviewees stressed that the actions facilitated mutual understanding and confidence in the processes of other Member States. Similarly, they allowed the sharing of best practices, leading to innovation and cohesion in the way customs processes are carried out. Importantly, it was clear that the use (and usefulness) of many of the IT systems would be curtailed without these complementary benefits.

In line with this, interviewees in **Germany** highlighted the important role played by various joint actions funded by C2013. It was emphasised that, without these actions and the fact that they enabled direct, face to face contact and discussions between representatives of national customs administrations, various problems and uncertainties would have been very difficult to tackle and overcome. One action that was specifically mentioned as crucial in this respect was the first ICS and CRMS Evaluation Workshop (Richmond, 2011),<sup>50</sup> where experts in risk management met IT experts in order to review and evaluate the implementation of ICS and common risk rules.

Officials in **Croatia** prized working visits for their flexibility and ability to be organised at relatively short notice. This allowed officials to identify a problem, contact another Member State that had grappled with it successfully and send relevant officials on one or several working visits. Such visits were seen as invaluable tools. Interviewees continuously emphasised the novelty of most customs IT systems and claimed that without assistance from their counterparts in other Member States implementation would have been far less smooth.

In summary, a large number of interviewees indicated that the joint actions were a crucial part of the programme, and significantly contributed to the effective use of the programme's IT systems. However, it should be noted that the use of concrete outputs only tells part of the story on the contributions of joint actions. Almost all administrations and customs officials indicated that above all the most important benefit of the joint actions was the fact that they helped officials to **exchange experiences and good practices and to establish personal contacts** with colleagues in other Member States. Customs officials explained that this contributed to their ability of quickly contacting their counterparts and requesting information or discussing specific issues, thereby helping national administrations to cooperate more effectively.

#### 3.3.4. Conclusions

The third evaluation question focused on the dissemination and awareness of information related to the programme. More specifically, it assessed (1) the extent to which the programme has been successfully promoted (as judged by the awareness and participation levels of the programme), (2) dissemination efforts by programme participants and other stakeholders, and (3) the extent to which programme results were actually used in practice by customs officials.

The data collected in response to this question should be interpreted with caution, as in principle there is not a clear causal relationship between the awareness of the programme and its overall effectiveness. The evaluation found that where the awareness and understanding of multipliers (such as national coordinators and decision makers in the programme) are crucial for the mainstreaming of outputs of the programme, other customs officials may benefit from the programme without necessarily being aware of the programme itself.

The C2013 programme is **relatively well known** among customs officials: half of the surveyed officials knew of the programme. Approximately two thirds of those aware of the programme also participated in one of its activities. Most of them participated in working visits, workshops, seminars, and project groups, which was more or less in

<sup>50</sup> Joint action CWS/001/004

line with the overall attendance levels in the overall programme. More importantly, the findings suggest that those officials who needed to be aware of the programme to ensure its effective implementation usually had a good knowledge of the programme. They played an important role in disseminating programme outputs and ensuring that the right people took part in the relevant joint actions.

In terms of the **practical use of programme outputs**, more than half of respondents who knew the programme had used one or more concrete outputs. These outputs included general information, reports, IT applications, and guidelines and recommendations. The overall use of the programme outputs is likely to be even higher, as officials not aware of the programme may well use outputs without knowing that these were developed or financed under the EU programme.

There was a high level of agreement that the programme outputs (i.e. IT systems and outputs of the joint actions) had a positive impact on the functioning of national customs processes. The effect was most obvious in the area of risk management, where a large number of administrations and individual interviewees emphasised the important contributions of the programme.

- The **IT systems** were mainly seen as beneficial for the facilitation of rapid and systematic exchange of information between Member States. In this context it should be noted though that the management of IT systems is often dealt with by a limited number of officials, while the use of the systems might reach a large number of officials, including customs officers at the regional offices. Therefore, the effectiveness of the IT systems depends on the implementation of the systems rather than the administration-wide awareness of the fact that C2013 supported the development of the systems.
- The outputs of **joint actions** were also positively regarded by the vast majority of customs administrations and officials. While project groups, working visits, and workshops were the most positively assessed, benchmarking and monitoring activities were perceived less positively. The joint actions facilitated the exchange of experiences, expertise and best practices; a common understanding and implementation of EU legislation, and in-depth discussion of complicated topics.

In addition to their concrete outputs, joint actions were above all appreciated for their contributions in establishing **personal contacts and networks** between Member States, thereby helping customs officials to contact their counterparts more quickly and to cooperate more efficiently. While this impact is hard to quantify or assess more concretely, it is clear that the joint actions had a major impact on the cooperation between countries, which helped them for example to improve risk management across the EU, smoothen customs processes for economic operators, and ultimately helping them to act as if they were one administration.

### 3.4. Programme efficiency and value for money

Evaluation question: To what extent have the programme’s resources produced best possible results at the lowest possible costs (best value for money)? Could the use of resources be improved?

This section presents our assessment of the efficiency of the Customs 2013 programme. Since the soft nature of the programme precludes a quantifiable weighing up of benefits and costs, we have approached the matter from several angles which, taken together, allow for a robust analysis of programme efficiency. These include both internal factors, such as programme management and the relative costs of different types of actions, and external factors such as programme costs and performance in relation to others of comparable size, scope and subject matter. The following three subsections break this down in terms of the judgement criteria defined in the evaluation questions matrix.

- Programme management: extent to which the programme was managed in the most cost-effective way possible;
- Efficiency of joint actions: extent to which the joint actions were a cost-effective tool and were carried out efficiently;
- Efficiency of IT systems: extent to which the IT systems were developed, implemented and maintained in a cost-effective way.

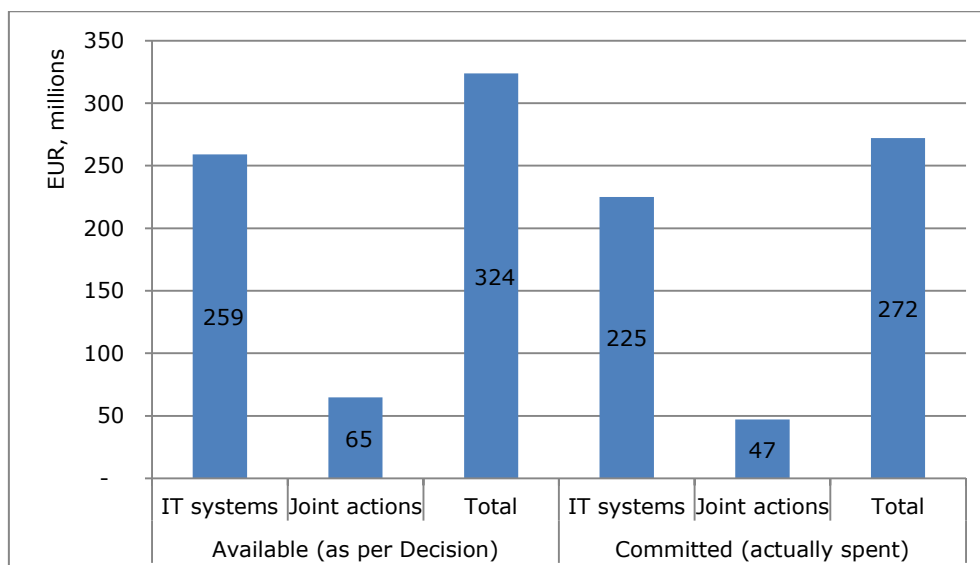
#### 3.4.1. Programme management

##### *Overview of financial resources of the Customs 2013 programme*

It is worth giving a brief overview of the programme’s finances in terms of budget allocation and expenditure, for reasons of accountability, to update the mid-term evaluation and as a frame of reference for subsequent analysis.

The Customs 2013 programme is financed out of the EU’s own resources and the Decision set its maximum budget at EUR 323.8m over its six-year life that ran from the beginning of 2008 until the end of 2013. However, examination of the budget commitments during that time shows that the real cost of the programme was about 15% lower, amounting to about EUR 272m.

**Figure 14: C2013 budget: available and committed figures**



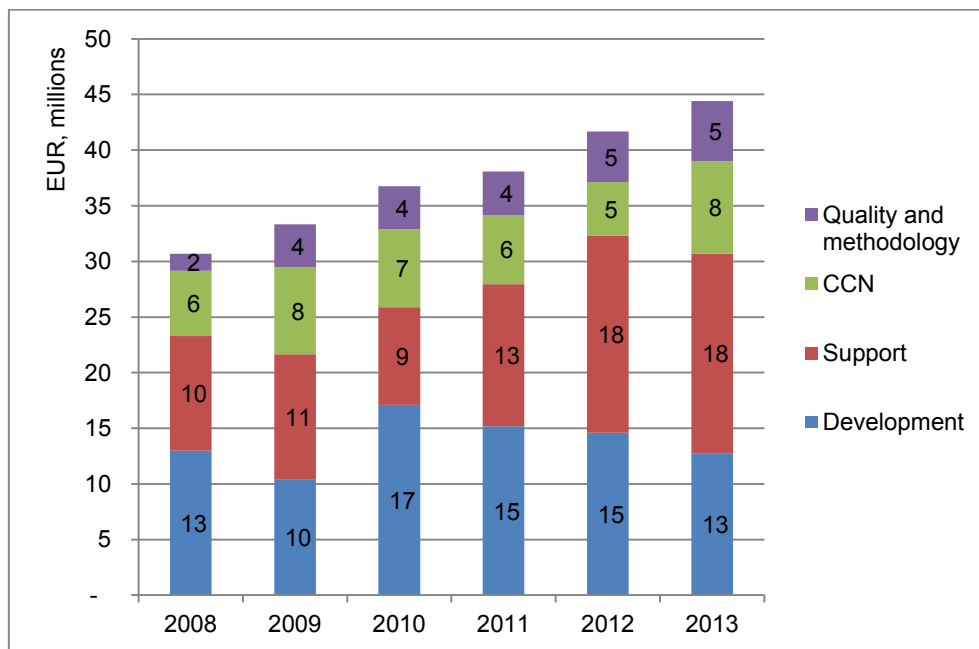
Source: ABAC data provided by DG TAXUD

The discrepancy between the available and committed figures refers to adjustments to the budget that were made either by the budgetary authority or according to programme needs and reflected in the Annual Work Plans. Referring to the 80% / 20% allocation to IT systems and joint actions cited in the programme literature, about 87% of potential IT system budget has been committed. This has been the case for about 73% of the potential budget for joint actions.

*Financial resources for IT systems*

Expenditure allocated to the IT systems can be further broken down in terms of development costs for new systems (which include major upgrades), support and maintenance, the Common Communication Network/Common Systems Interface (CCN/CSI, which acts as a secure platform for customs authorities and the Commission to exchange messages created using the other systems) and quality and methodology<sup>51</sup>. The chart below shows that, while expenditure on each of these aspects has varied, overall spending has gone up consistently in the years since the programme’s inception. Also noteworthy is that development costs peaked in 2010 (among other things, in the run-up to the full rollout of ICS), while support costs were highest during last two years of the programme (when most of the systems stemming from the Safety and Security Amendment were in place).

**Figure 15: Budget allocation to IT systems, 2008-2013**

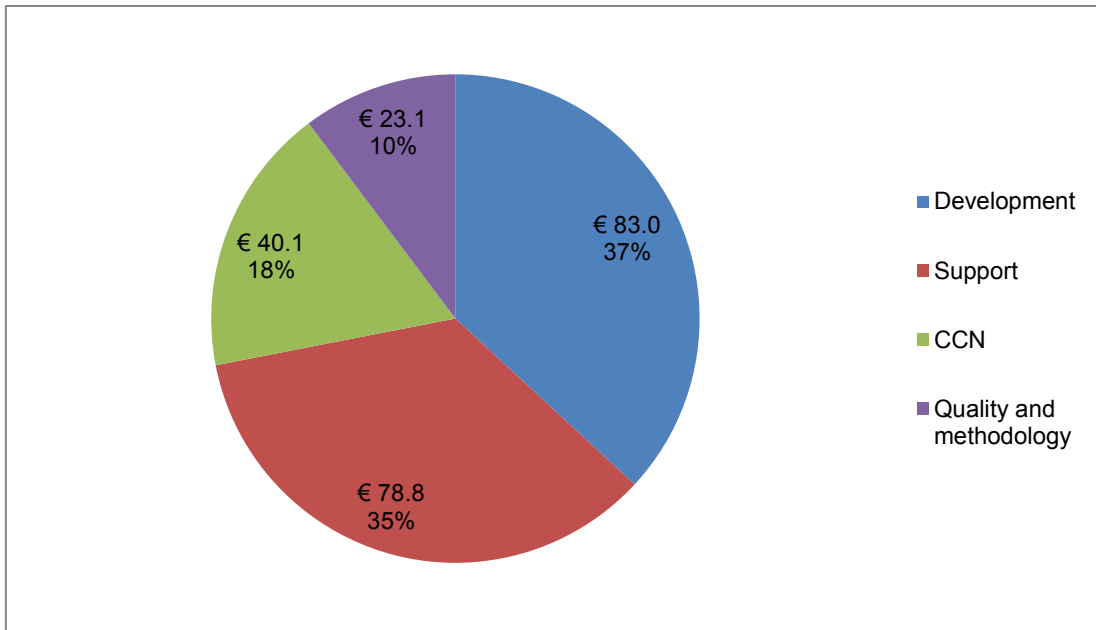


Source: DG TAXUD R4 data

In terms of overall spending during the life of the programme, development and support costs accounted for over 70% of total funding, while the CCN/CSI received about 18% and the final 10% going to quality and methodology

<sup>51</sup> Quality and methodology refers to quality assurance performed on the systems by external contractors.

**Figure 16: Budget breakdown IT systems (in million EUR), 2008-2013**

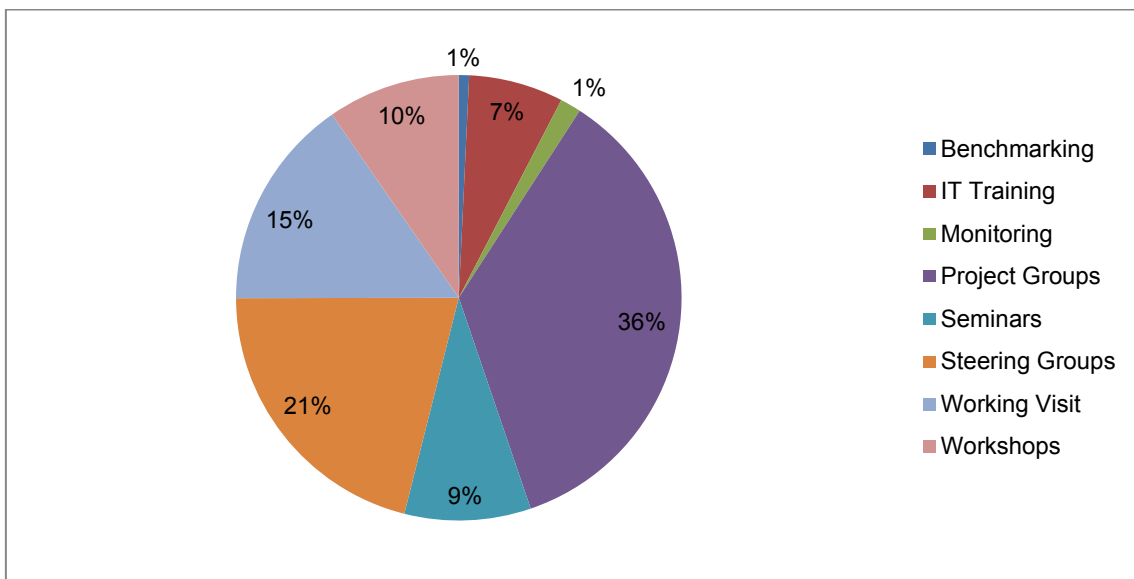


Source: DG TAXUD R4 data

*Joint actions*

The vast majority of spending from the programme budget on the joint actions related to travel, accommodation and subsistence for participants to meet each other in Brussels or another location. This was divided among eight types of joint actions<sup>52</sup>, with project groups taking by far the largest share of funding, at about 36%, while steering groups (at 21%) and working visits (at 15%) also accounted for significant proportions of the total budget committed to joint actions.

**Figure 17: C2013 budget breakdown for joint actions (2008-2013)**



Source: DG TAXUD ART2 data

<sup>52</sup> Budget figures broken down per joint action type rely on DG TAXUD’s ART2 tool. While these are only indicative, they are useful for comparing the share of funding allocated to different types of joint actions.



Consideration should also be given to the significant resources needed for successful programme execution but falling outside its budget. These are hard to quantify, but consist most importantly of the working time of Commission officials. This is not limited to the programme management unit but also includes those dealing with various aspects of customs policy and IT infrastructure. The Customs and Fiscal Co-operation programme sector of DG TAXUD Unit R3 is comprised of seven officials, about half of whose time (in full time equivalents) is devoted to the programme. Beyond this, it is difficult to assess with any precision how much further time among Commission staff the programme requires. Nonetheless, it is worth noting that the programme draws on the skills and experience of a wide variety of officials, particularly the units dealing with IT systems and infrastructure.

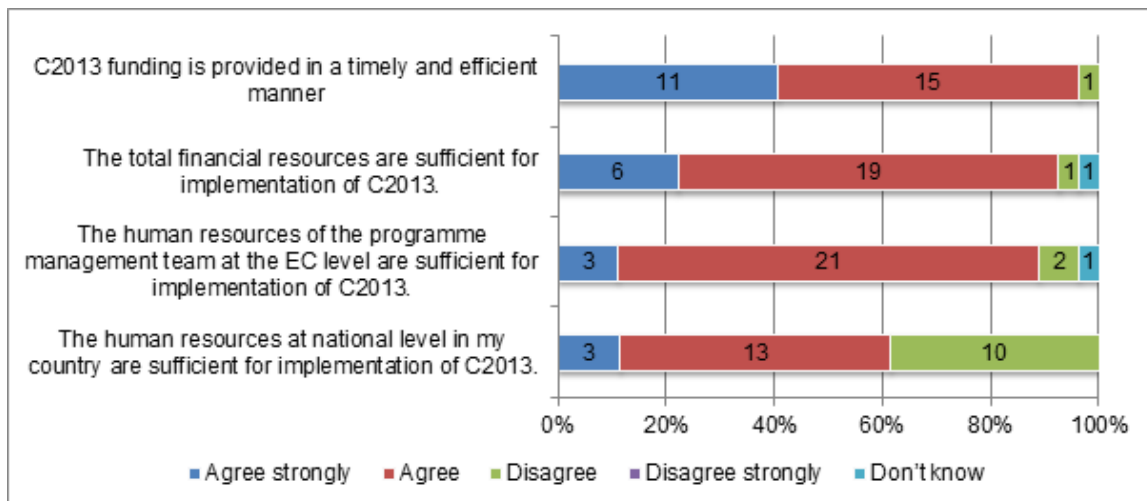
*Perceptions regarding cost effectiveness of programme management*

NCPs and national officials interviewed for the case studies were asked to comment on their perception of the human and financial resources available for the programme management and generally provided positive views. For example, nearly all national administrations agreed that, from their point of view, there had been sufficient human and financial resources available at the Commission level for the implementation of the Customs 2013 programme. Moreover, with the exception of one response, there was a consensus that funding, mostly in terms of travel and accommodation reimbursement, had been provided in a timely and efficient manner.

Two administrations, however, criticised the lack of timeliness with which meetings were set up and invitations circulated. This echoed the findings from the case studies, where several interviewees remarked that preparatory documentation was not received early enough for participants to brief themselves before meetings. Given the length of documents circulated before meetings (sometimes running into hundreds of pages in technical language), some interviewees also felt that the Commission should provide summaries to cut preparation time. From these findings, it seems that the Commission's programme management unit would stand to benefit from either more human resources or efforts to maximise the limited human resources available.

National administrations voiced more concern about the resources available at national level to implement the programme effectively. While 16 out of 26 administrations felt that there had been sufficient resources available at national level, the remaining 10 responding administrations disagreed with this statement. This finding is in line with the findings from the mid-term evaluation in 2011, when only two-thirds of responding administrations indicated that there were sufficient resources available at the national level. Two administrations also voiced concerns that the language skills of national experts/staff were not always up to the required standard.

**Figure 18: Human and financial resources available to the implementation of C2013**



Source: evaluation questionnaire for customs administrations, number of responses varied between n = 26 and n = 27

These findings were consistent with those collected during case study fieldwork. Though the interviews focused (mainly) on IT systems, many of the interviewees had participated in joint actions and expressed positive views about the support provided by DG TAXUD and the other practicalities of concerning their involvement. Similarly, numerous interviewees also criticised the (lack of) timeliness with which meeting documents were provided. In the opinions of some interviewees, this was exacerbated by the volume of documentation provided. To remedy this, several national officials suggested that the Commission not only circulate key documents earlier (at least one week before meetings), but also provide summaries that would reduce the amount of preparation time required for joint action meetings.

Interestingly, while interviewees, like questionnaire respondents, noted difficulties relating to human resource constraints at national level, several of them felt the flexible design of the programme contained something of a self-remedy in project groups. Unlike steering groups, which are often longstanding and brought together participants from all Member States, project groups can be set up in relation to a specific need and involve only those officials with specific expertise or interest. This allows the programme to move forward with, say, the development of a new IT system or guideline without the regular participation of some countries, even though they will ultimately benefit from project group outputs. During progress updates given in steering groups (like the Electronic Customs Group) and other established fora, officials not participating in a given project group would still be able to provide their input. This dynamic was seen to increase the programme’s efficiency both by reducing the size (and costs) of joint action meetings and by freeing up officials not participating to focus on other work.

Online collaboration and resource tools such as PICS and CIRCA BC also played a role in the efficiency of programme management. Interviewees for the case studies and administrations responding to the evaluation questionnaire found these tools useful as repositories of information but also voiced considerable criticism. This related in particular to the existence of multiple systems for storing and sharing information. While officials noted the potential usefulness of these tools, they suggested merging them to reduce the workload for Member State administrations and avoid confusion.

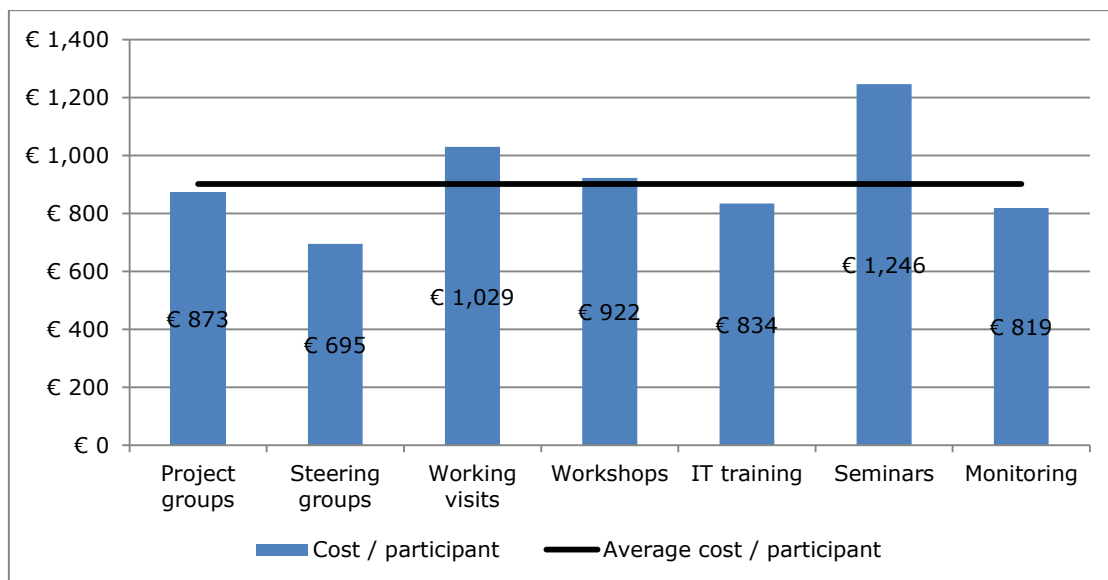
**3.4.2. Cost effectiveness of joint actions**

During the life of the programme about EUR 47.2m was allocated to the joint actions, comprising 17% of the overall programme budget. Section 3.1 elaborated on the benefits of the joint actions in terms of tangible outputs like guidelines for the use of

IT systems, working methods or the consistent implementation of EU legislation, as well as less tangible but equally important benefits like increased collaboration and trust. These benefits were shown to differ considerably according to the type of joint action in question. Project groups, working visits and training activities, in addition to the Electronic Customs Group (one of the seven steering groups funded through the programme) were found to be particularly effective, while the evaluation found fewer benefits for benchmarking activities. The other joint actions fell in the middle. Stakeholders were generally positive about seminars, workshops and monitoring activities, but the positive effects were harder to pin down and generalise.

Nearly all joint action costs were comprised of travel, accommodation and subsistence for participating officials and the average cost per participant at a given meeting were relatively consistent. Indeed, of the eight types of joint action, the cost per participant for six of them varied by less than 15% from the average of EUR 900. However, the two outliers are worth pointing out. Steering groups, which include the much-lauded Electronic Customs Group, brought officials together much more cheaply than other types of joint actions, while seminars were considerably more expensive, as depicted in the chart below.

**Figure 19: Average costs per participant at Customs 2013 joint action meetings**



Source: DG TAXUD ART2 data

The cost differences are likely explained by the nature of the joint actions in question. Steering groups usually take place in Brussels over 1-2 days and bring together the same officials on a regular basis, reducing the perceived need for peripheral networking activities. Seminars are one-off events, usually hosted in a specific location by the customs administration of a particular country, where factors other than cost and ease of access might appropriately be considered and where activities to ensure networking among participants are of greater importance. The one-off nature of working visits also offers a part-explanation for their relatively high cost.

It is also important to take account of the vast differences in scale between the joint action types. Project groups were by far the most attended joint actions. Although the same officials would have taken part in numerous project group meetings, the participation of 14,259 is much larger than that of other joint actions. Similarly, participation in steering groups totalled 10,567. Working visits also involved large numbers of (in this case mostly different) participants, while benchmarking and monitoring actions were the least utilised, involving 512 and 330 participants, respectively.

Worth noting is that the size of individual meetings also varied. Steering groups, seminars and workshops were relatively large, with each meeting bringing together 1-2 officials per participating country. Other joint action meetings were comprised of much smaller groups of select officials. Each working visit, for example, only involved the participation of one official on average. As would be expected, the costs varied according to the size and numbers of meetings and participants involved, as summarised in the table below.

**Table 2: joint action cost and size breakdown**

Joint action type	Overall cost <sup>53</sup>	Participants	Meetings	Participants / meeting	Cost / meeting
Benchmarking	€ 0.26m	330	40	8	€ 6,512
IT training	€ 2.3m	2,875	346	8	€ 6,933
Monitoring	€ 0.42m	512	150	3	€ 2,795
Seminars	€ 3.2m	2,570	75	34	€ 42,696
Steering groups	€ 7.3m	10,567	275	38	€ 26,711
Project groups	€ 12.4m	14,259	1,309	11	€ 9,505
Working visits	€ 5.4m	5,223	5,211	1	€ 1,031
Workshops	€ 3.3m	3,651	134	27	€ 25,118
<b>Total</b>	<b>€ 34.8m</b>	<b>39,987</b>	<b>7,540</b>	<b>16 (avg)</b>	<b>€ 15,163 (avg)</b>

Source: DG TAXUD ART2 data

The table makes clear that the vast majority of resources dedicated to joint actions went to those, namely working visits, project groups and steering groups, which the evaluation found most effective. Benchmarking and monitoring activities, on the other hand, were relatively unpopular and the financial data bears this out. While it is hard to pronounce on the cost effectiveness of the various actions in comparative terms, the evaluation found that stakeholders appreciated the flexibility of project groups and working visits. However, some customs officials also felt that some project and steering groups outlasted their usefulness, continuing out of inertia rather than demonstrable need. To address this, they suggested a periodic review process for such on-going joint actions.

Benchmarking actions were often seen as more rigid, leading officials to set up project groups or working visits as applicable. This cast doubt on the usefulness of benchmarking actions for future iterations of the programme.

The relatively high cost of seminars also stands out from the data. Despite this, numerous stakeholders praised seminars for their ability to focus attention and kick-start progress on specific issues. Flexibility in terms of location, while potentially contributing to higher costs, has also allowed Member State administrations to participate in the organisation of seminars and ensured that they took place in noteworthy locations. This appears to have increased attendance at and enthusiasm for the seminars, thereby amplifying their ability to foster networking and build political momentum. Since these benefits interlink with those of other joint actions and are difficult to quantify, the relatively high cost of seminars does not imply that they are cost ineffective. Rather, it points to the need to consider the relevance and

<sup>53</sup> The cost figures here draw on ART2 rather than ABAC data and thus differ from the overall costs for joint actions presented above. Since ABAC data was not available on a per joint action type basis we have used ART2 data to facilitate comparison, but the cumulative figure should be subordinated to the ABAC one of EUR 47.2m

potential added value of proposed seminars on an individual basis as well as future possibilities to bring down costs.

### **3.4.3. Cost-effectiveness of the IT systems<sup>54</sup>**

The breakdown presented above shows that the budget allocated to the IT system has risen consistently during the life of the programme, so that 2013 costs were about 1.5 times those of 2008. This reflects the growing importance of e-Customs as reflected in the e-Customs Decision<sup>55</sup> and the MASP, as well as the introduction of new and important systems during the life of the Customs 2013 programme, such as the CRMS and ICS.

#### *Costs and effectiveness of selected systems*

The effectiveness of certain IT systems, particularly those relating to the import of goods, was discussed in section 3.1. Since the systems all do different things and intervene at different parts of the import process, it would be impossible to weigh their relative effectiveness. It should also be emphasised that the joint actions played a key role in promoting the development and successful implementation and use of the IT systems.

At the same time, some discrepancies are clear and can be summarised. For example, the QUOTA and TARIC centralised applications fulfil a crucial role in providing national customs authorities with information they need to correctly process customs declarations. Without these systems, the Member States would need to need to produce similar ones at substantial cost, likely resulting in significant duplication. Similarly, NCTS allowed the transit procedure to become more efficient and less error-prone.

The systems associated with the Safety and Security Amendment to the Community Customs Code, notably the AEO / EORI systems, the ICS and CRMS are more difficult to assess. They are new and / or were scaled up significantly during the life of the programme. Moreover, they are continuing to undergo developments that are likely increase their effectiveness in the future, meaning much of the funding allocated to them so far must be considered an investment. Despite these caveats, it is clear that the AEO / EORI systems have been mainstreamed and are allowing customs authorities to improve risk management processes with minimal (negative) impacts on trade. The CRMS and ICS, while also making positive contributions, have experienced bigger problems relating to implementation and use, particularly with regard to interoperability with existing systems and processes.

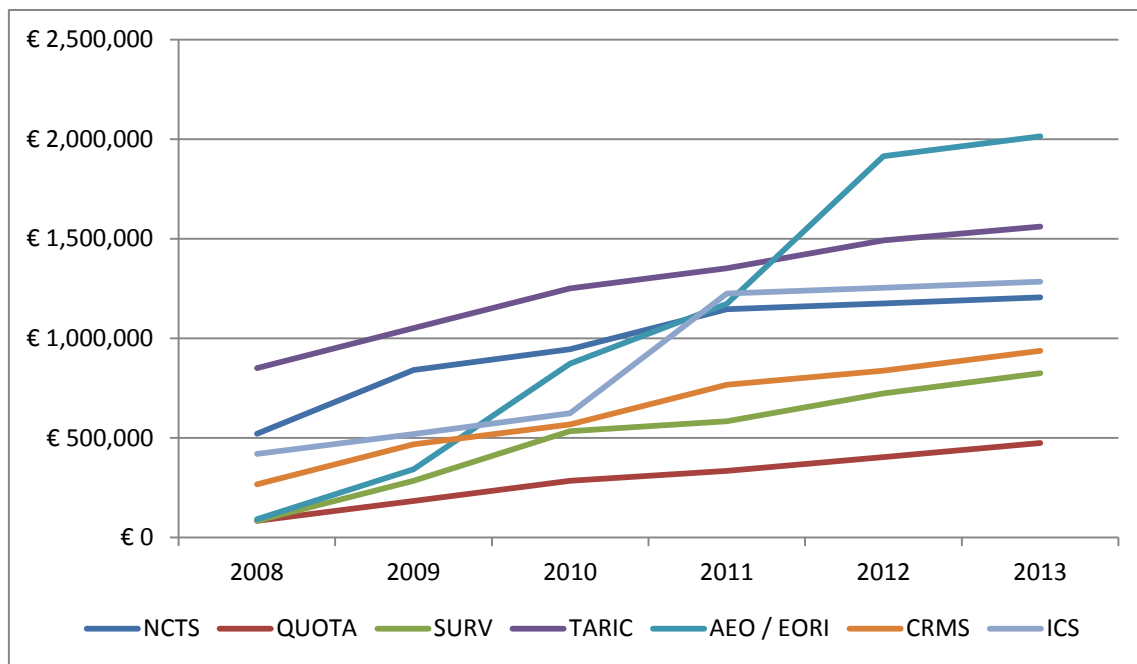
Thus, although the benefits are not quantifiable, it is against this backdrop that individual costs per system should be regarded. The chart below depicts cumulative expenditure on the systems during the life of the programme for the systems we examined in depth for the evaluation.

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<sup>54</sup> It should be noted that one of the indicators in the original evaluation question matrix, relating to the volume and types of information exchanged using the IT systems funded through C2013, has not been used. As described in section 3.1, this is because such data flows are linked primarily to customs traffic and do not correlate strongly enough with the usefulness of the systems to stand as a suitable indicator.

<sup>55</sup> Decision No 70/2008/EC of the European Parliament and of the Council of 15 January 2008 on a paperless environment for customs and trade

**Figure 20: IT system costs 2008-2013, selected systems**



Source: DG TAXUD R4 data, excluding maintenance costs not assigned to specific systems

As would be expected given the differences in system complexity and scope, substantially more funding has been allocated to some systems than others. In particular, the AEO / EORI system received significant outlays starting in 2009, coinciding with a push to increase their uptake. TARIC received a major overhaul in 2008, the first year of the programme, while large investments in the ICS were made in 2009 leading up to its implementation in 2011. In contrast, relatively little funding has been allocated to the CRMS. While it is not possible to draw a clear causal link between the uneven enthusiasm for and use of this system with its level of funding, the budgetary data presented in the chart show that, in relative terms, it has not been given the priority and ambition of some of the other systems.

#### *Economies of scale and leverage*

The IT systems funded through the programme are intended to lead to economies of scale and reductions in overall costs associated with customs IT in relation to what the Member States would spend to attain similar functionality in the absence of the Customs 2013 programme.

Both of these issues entail reducing the duplication of efforts by the Commission and Member State administrations. To some extent, this is occurring. Centralised databases such as AEO, EORI and TARIC clearly represent progress in this area by preventing the Member States to store and update all the same information separately. The CRMS accomplished this in the area of risk management to a limited extent, but discrepancies in its use and perceived effectiveness across Member States preclude a positive judgement at this stage. While the system is currently seen to add little value in some Member States, notably those with advanced risk management systems built on traditionally high flows of customs traffic, administrations in others, such as the Czech Republic, have pointed to the significant contribution of the CRMS and its importance for national risk management processes.

The trans-European systems, on the other hand, require each Member State to develop and implement national versions according to specifications agreed at European level. Officials interviewed for the case studies indicated that about half of the costs, including those for maintenance, are therefore borne at the national level. While representatives of some Member States did not consider this ideal, it also

demonstrates burden sharing between the Commission and Member States, allowing C2013 to leverage its budget. It also responds to the reality in which each Member State has its own legacy IT infrastructure. With each country possessing its own automated import system, the scope for the Customs 2013 programme to influence the dynamic between Commission and Member State funding is severely limited.

#### **3.4.4. Conclusions**

The EU's exclusive competence for customs means that customs legislation emanates from the European level and calls for the harmonisation of customs policies and procedures. Feedback collected for the evaluation from stakeholders has clarified the Customs 2013 programme's essential role in this. In other words, the correct application of EU legislation would not be possible without the programme, and the mix of actions provided has contributed to this, as explained throughout the present report.

However, while it was not possible to assess efficiency in a quantifiable way, in-depth examination of the programme's cost drivers reveals a more nuanced picture, and some aspects of the programme are more cost effective than others. For example, the support provided to participating country administrations by the Commission's programme management unit was generally well regarded, but officials found the multiplicity of online collaboration tools confusing and burdensome. Merging tools such as PICS and CIRCA BC could address this.

With regard to the joint actions, those that exemplified oft-praised features such as flexibility and the ability to foster both tangible (e.g. guidelines) and softer (e.g. trust and networking) benefits were found relatively cost effective. Most notably, these included project groups and working visits; the benefits of benchmarking and monitoring activities were less pronounced. In addition, despite the myriad benefits of steering groups like the Electronic Customs Group, they were delivered at substantially lower costs than joint actions on average. Seminars, on the other hand, led to important benefits that would be hard to produce elsewhere, such as building political momentum for new initiatives, but were relatively expensive.

The IT systems examined in depth for the evaluation, namely those relating to the import of goods, also varied in terms of their effectiveness and cost, in addition to their capacity to engender economies of scale and leverage the EU funding invested in them. For example, centralised databases, like TARIC and QUOTA, provided Member State administrations with important information they would otherwise have to request from the Commission and store at their own expense. The AEO / EOS systems have received substantial funding during the life of the programme, allowing them to scale upwards and produce significant contributions to safety and security without hindering trade. Our assessment of the CRMS, which was allocated about half of the funding as the AEO / EOS systems, is less sanguine. It has provided notable benefits for some administrations in terms of improved risk management processes, but others have not (yet) experienced similar gains and sometimes regarded using the system as burdensome. This system will need to be further mainstreamed before it can be considered (cost) effective.

The trans-European systems, like the NCTS and ICSC, allow for burden sharing between the Commission and Member State administrations. The latter need to develop and implement national versions of each system and, while this entails significant costs (estimated to be similar to those borne by the Commission), it allows for common components despite the continued existence of unique automated import systems in each Member State. Further harmonisation of customs IT might reduce duplication and thereby improve cost-effectiveness in the future, but in the short-term there remains considerable room for improving the interoperability between existing national systems and those funded through the programme. This resonates strongly for the ICS, which is not integrated into national systems for risk management and therefore does not have maximised its contribution to safety and security.



### 3.5. EU added value of the programme

Evaluation question: what is the European added value of the C2013 programme?

The European added value has been clear, though implicit, in our responses to the other evaluation questions. Here, we take a second look at the findings from another perspective in order to address this topic more directly, breaking the concept of EU added value into its constituent elements of complementarity with existing initiatives; reductions in administrative costs and burdens; network effects; uniformity; and sustainability.

#### 3.5.1. Complementarity with existing initiatives at national and local levels

Customs policy is an exclusive EU competence but the Member State administrations are responsible for implementing it in practical terms through the efforts of their national authorities. The IT systems and joint actions funded through the programme in turn seek to support and thereby complement these efforts. The following paragraphs look at both kind of programme-funded activity to identify areas where complementarity has been particularly pronounced and others where it has not been fully realised.

##### *IT systems*

All of the IT systems we examined for the evaluation either support the Member States in executing existing processes or were implemented in conjunction with new legislation, namely the Safety and Security Amendment to the Community Customs Code. For example, the ICS was designed to process Entry Summary Declarations lodged as part of the (new) pre-clearance process. In its absence, each Member State would have been required to come up with its own system to handle pre-clearance processes. In this way, the system can be considered complementary to national initiatives. However, it should be added that in most countries the national version of the ICS sits alongside existing systems for risk management rather than being integrated with them. The upshot is that manual interventions are required to ensure relevant information from the ICS is fed into national risk management processes. This creates some duplication of efforts for both customs administrations and economic operators that a more integrated system would avoid.

Similar dynamics existed for other systems. NCTS allowed the Member States (and several other participating countries) automate long-standing processes for Community transit, increasing their effectiveness. The centralised TARIC and QUOTA databases provide perhaps the most straightforward example of complementarity with existing initiatives. Tariffs and quotas are set at European level but customs declarations are filed nationally, meaning Member State administrations need current and accurate information from the Commission in order to execute the clearance process correctly. The evaluation found that the two systems have largely succeeded in this task.

The AEO / EORI systems harmonised national systems for registering economic operators, providing Member State authorities with readier access to information about companies held by administrations in other countries. This in turn has made it easier to analyse the risks posed by given companies and thereby increased the effectiveness of existing processes for risk management. The evaluation also identified areas where complementarity might still be improved. For example, subsidiaries of the same parent company often possess different EORI numbers in different Member States, rendering it difficult for administrations to regard such companies holistically and undermining the system's effectiveness.



The CRMS is intended to boost Member State capacities to conduct risk analysis by facilitating the sharing of relevant information between national administrations and the Commission. It has clearly succeeded to some extent in this regard, with some Member States reporting that the CRMS has become an integral source of risk-related information. However, other Member States, mostly those with large customs traffic and commensurately advanced systems for risk management, expressed concerns related to the system’s accuracy and usefulness of information circulated on the CRMS. Such concerns would need to be alleviated before the system achieves its potential in terms of complementarity.

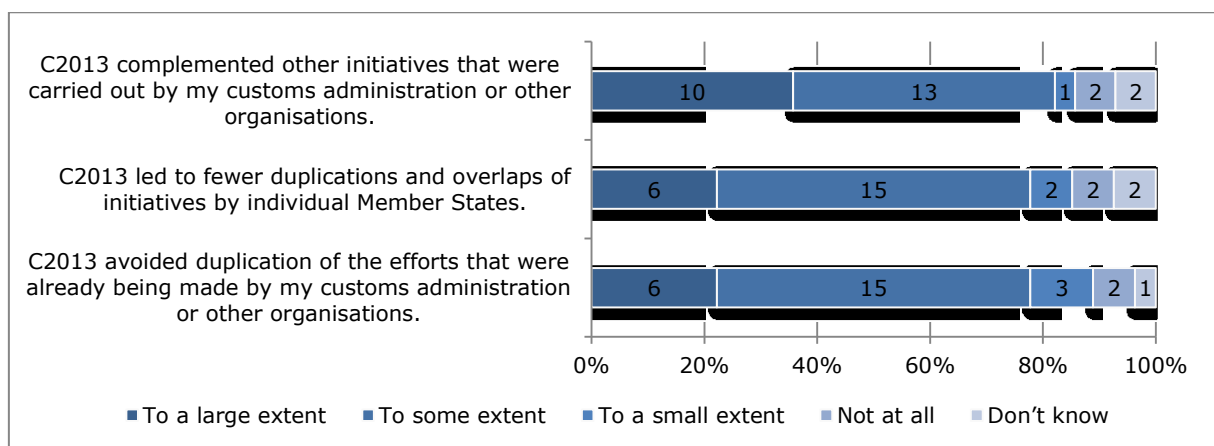
*Joint actions*

By supporting the development and implementation of the IT systems, many of the joint actions examined in depth for the evaluation played a role in the complementarity described above. For example, the Electronic Customs Group was considered crucial for ensuring IT developments pursued at European level were feasible and reflected the priorities of Member States. The AEO contact group fostered the trust and alignment of working methods necessary for Member State authorities to honour each other’s AEO certificates awarded to traders. Working visits conducted by Croatian officials in the run-up to EU accession ensured their ability to implement numerous systems on time.

More generally, the evaluation showed that the joint actions served to complement national initiatives by sharing best practices and increasing the propensity of officials to collaborate and thereby execute existing processes more effectively. Examples of this came up many times during the evaluation. E-learning modules developed under the auspices of the programme were often integrated with national training curricula. These received positive reviews from case study interviewees and administrations responding to the evaluation questionnaire.

The results of the questionnaires for example showed that a large portion of national administrations felt that the initiatives supported by the programme were complementary to existing initiatives at other levels, as shown in the figure below.

**Figure 21: Extent to which C2013 was complementary to other initiatives**



Source: evaluation questionnaire for customs administrations, please note that this question was only asked to EU Member States. The number of responses varied between n = 27 and n = 28

Similarly, the **survey** findings showed that around 90% of respondents agreed that, by fostering cooperation between countries, the joint actions led to results that could not have been achieved otherwise. This positive feedback was provided consistently in relation to each of the individual types of joint actions, and was similar to the feedback provided for the mid-term evaluation in 2011.

### 3.5.2. Reductions in administrative costs and burdens

In fulfilling its supporting function, the programme should result in reductions in administrative costs and burdens than would otherwise be the case, particularly regarding the implementation of EU legislation. For some systems this is clearly the case, despite implementation costs that are borne at national level. TARIC and QUOTA, for example, provide Member State administrations with information they would need to obtain and disseminate on their own without the programme. Case study interviewees described them as instrumental in consistently applying EU legislation.

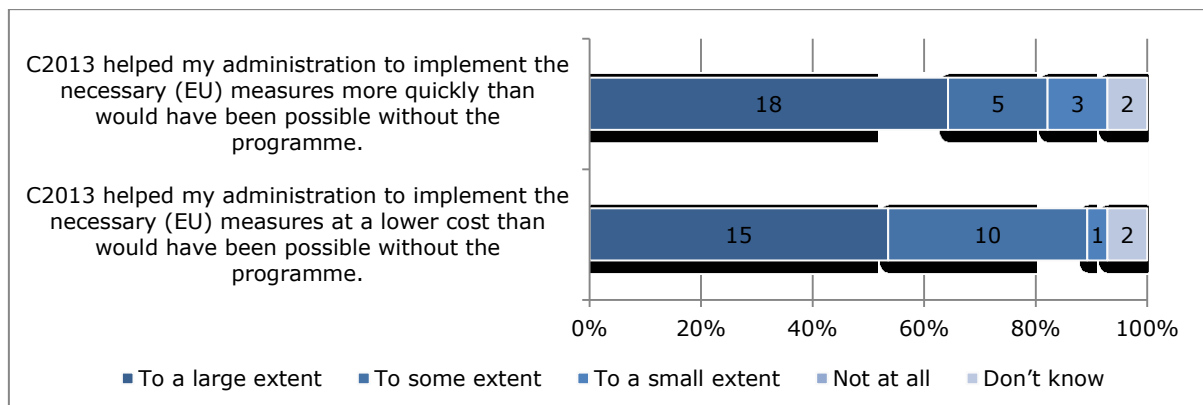
In the absence of the ICS each Member State would need to bear the costs of developing specifications for a system capable of processing Entry Summary Declarations. The NCTS allowed administrations to automate transit processes, reducing the need to file labour-intensive paper documents. The CRMS and ICS both provided the platforms for national administrations securely to exchange risk-related information electronically. In addition to rendering the exchange of such information more systematic and effective, it also reduced the amount of time needed by officials to file official requests with their counterparts in other Member States.

While hard to quantify, all of the systems associated with risk management, namely the ICS, CRMS, SURV and AEO / EORI, helped administrations target controls more effectively. In addition to contributing to the programme-level objectives, targeting controls better resulted in a more effective allocation of resources for customs administrations. In Croatia, for example, since joining the EU in 2013 it has conducted all of its safety and security-related risk analysis on the basis of European risk profiles shared using the CRMS.

A question regarding the reduction of administrative costs was also put to customs authorities directly in the evaluation questionnaire. Most of them felt that the programme helped to implement EU measures more quickly and at a lower cost than would be possible without support from the programme.

As is shown in the figure below, 18 out of 28 responding administrations indicated that the programme helped them “to a large extent” to implement such measures *more quickly*. Furthermore, 15 administrations felt that C2013 had helped “to a large extent” to implement the necessary measures at a *lower cost* and 10 administrations answered “to some extent”.

**Figure 22: Extent to which C2013 reduced administration burdens for national administrations**



Source: evaluation questionnaire for customs administrations, please note that this question was only asked to EU Member States, n = 28

Despite overall positive findings, the evaluation also revealed some areas where the programme either led to administrative burdens or could have gone further to reduce

them. For example, there were numerous complaints about the time needed to process data from the ICS that was input using open rather than closed fields. More importantly, inconsistent data in the CRMS was difficult for administrations to process quickly, leaving some case study interviewees to consider its use unduly burdensome. With regard to the joint actions, a considerable number of interviewees pointed to the volume of documents to be processed in preparation for meetings, while the multiplicity of resource management tools (e.g. PICS, CIRCA BC) made it difficult to find given documents quickly and easily. Language issues, described in section 3.2, also led to some burdens for administrations, particularly with regard to translating training modules.

### 3.5.3. Formation and sustaining of networks between national administrations and customs officials of the participating countries

Networks between customs officials are crucial for several reasons. Most simply, they enable direct collaboration between officials from different countries. They also foster trust and thereby encourage the free sharing of information and uptake of common IT systems and other processes. In doing these things, networks play an important role for the act as one of the programme objectives. Through the joint actions, the programme has contributed to the building and sustaining of networks, and the ensuing paragraphs describe this in more detail, both in quantitative and qualitative terms.

#### *Networking – headline figures*

During the six years of the programme more than 7,540 joint action meetings were held across the eight types of joint actions, resulting in nearly 40,000 links between officials, as shown in the table below. Certain types of joint actions, such as steering groups, tended to bring together similar officials repeatedly while others, such as seminars, workshops and working visits were usually held as one-off events. While the data do not allow the number of individuals participating in the joint actions to be calculated with more precision, it is clear that the figure would be substantial.

**Table 3: participation in the joint actions**

Joint action type	Participation	Actions	Meetings	Participation / joint action	Participation / meeting
Benchmarking	330	10	40	33	8
Monitoring	512	8	150	64	3
Seminars	2,570	38	75	68	34
IT training	2,875	8	346	359	8
Workshops	3,651	62	134	59	27
Working visits	5,223	N/A	5,211	N/A	1
Steering groups	10,567	7	275	1,510	38
Project groups	14,259	182	1,309	78	11
<b>Total</b>	<b>39,987</b>	<b>315</b>	<b>7,540</b>	<b>310 (avg)</b>	<b>16 (avg)</b>

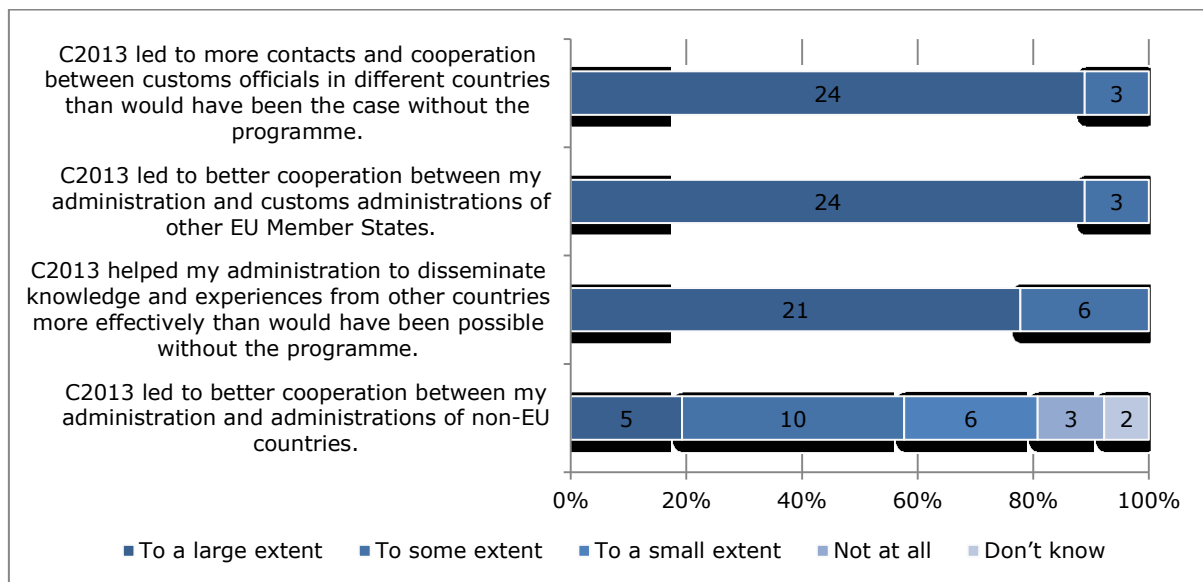
Source: DG TAXUD ART2 data

As the table shows, project groups made far more direct links than the other types of joint actions, while the other parameters varied considerably. Working visits, for example, on average allowed one official to visit counterparts in another Member State, while the average seminar was comprised of 34 participants. Project groups were relatively small, allowing groups of about 11 officials get to know each other well over a series of meetings. Steering groups brought about 38 participants together for regular meetings on subjects like electronic customs. As shown in section 3.3, this participation was fairly evenly spread across Member States. While some countries clearly participated more than others, 25 countries participated in the programme 1,000 times or more.

The **survey** findings showed a very high level of agreement that the various programme activities had provided officials with a 'good opportunity to expand their network of (and contacts with) customs officials in other countries' (94%). Moreover, half of respondents indicated that as a result of their participation in these activities, they contacted their counterparts in other Member States several times per year (51%), while 11% of respondents in this group were in such contact several times per month.<sup>56</sup> Importantly, respondents who had participated in the programme contrasted sharply with those who had not, among which 60% contacted their counterparts in other Member States never or almost never. This does not imply the programme alone is responsible for the differences, as several factors are likely at play, but it shows an interesting correlation nonetheless.

The responses to the **questionnaires** also showed a very high level of satisfaction with the extent to which the programme contributed to cooperation between national administrations as well as individual customs officials, with almost all indicating that it had done so to a large extent.

**Figure 23: Extent to which C2013 enhanced cooperation between national customs administrations**



Source: evaluation questionnaire for customs administrations, please note that this question was only asked to EU Member States. The number of responses varied between n = 26 and n = 27

*Networking – qualitative findings*

The sources interrogated for the evaluation consistently demonstrated the C2013 programme’s **crucial role in fostering and sustaining networks** between national customs administrations and their officials. There was strong evidence that the programme contributed significantly to the spread of relevant information, good practices, and working methods and procedures between EU Member States, particularly with regard to the development of national specifications for IT systems and their implementation. As an example, Croatian officials participated in numerous working visits in the run-up to EU accession, learning about how officials in other Member States designed national versions of given IT systems. These networks were sustained over time, allowing Croatian officials to call on relevant counterparts on an informal basis for advice during the first months of EU membership. They continued the relationships on an informal basis, calling on relevant counterparts when needed.

<sup>56</sup> Additionally, 11% of respondents answered 'several times per month', 22% answered 'once', and 16% indicated that they 'never' contacted the colleagues they met during the programme activities.

In the open responses to the questionnaire and in the case studies, administrations and officials often highlighted the networking effects of the programme, in terms of **facilitating cooperation, mutual learning, and the exchange of best practices**. As a result, they underlined the programme's role in **enhancing trust** between national administrations. As an example, Dutch officials explained that the AEO network meetings provided the opportunity to discuss the use of AEO certificates and exchange best practices on the practical implementation of the AEO system. As a result, the Dutch customs officials felt more confident that they could rely on the AEO certificates granted by other Member States, which helped them to better target their controls.

While recognising the value of the increasing electronic contacts, customs officials in particular emphasised the value of **face-to-face meetings** that were organised as part of the programme. Interviewees of the case studies explained that in addition to the technical value of the joint actions, the meetings provided them with the opportunity to establish 'friendly' working relations with colleagues in other countries, which made it easier to contact them later on to request certain information and discuss common problems and solutions. This feedback was consistent across nearly all types of joint actions.

Below are some concrete examples of comments made in relation to the joint actions' contributions to networking and cooperation.

- **Working visits** were instrumental for administrations to establish and maintain good working relations with officials from other Member States. One administration noted for example that *"working visits are an invaluable means of exchanging information and sharing best practices with other Member States."* Another administration stated that working visits *"provide an ideal opportunity to establish contacts, improve communication, and share information with EU colleagues"*.
- While the concrete outputs of **seminars** were not always as tangible as the outputs of other types of joint actions, a number of administrations emphasised their value in relation to networking and cooperation, in addition to getting the ball rolling on initiatives related to specific issues. For example, one administration mentioned that *"seminars facilitate dialogue on issues of common interest, both formal and informal, with colleagues from other Member States"*.
- Interviewees in the **case studies** also consistently praised the usefulness of joint actions in stimulating networking and cooperation between customs authorities. One of the Dutch interviewees, for example, felt that the joint actions were *"very good for networking"*. He stated that *"you get to know people, it is easier to contact them, build a network, to discuss topics and to cooperate. This enhanced trust, which is an important spin-off"*.

#### **3.5.4. Fostering of uniformity in terms of implementing EU customs legislation and customs practice**

The programme has clearly been essential in helping the Member States implement legislation emanating from the EU level and in closing the remaining gaps in customs practice. For the IT systems examined in depth for the case studies, this role is direct and clear-cut.

The ICS, for example, was developed and put in place in order to implement the provisions of the Safety and Security Amendment relating to pre-arrival clearance and requisite ENS declarations. Similarly, the legislation explicitly calls for a central database of economic operators such as that embodied in EORI, and it would be difficult to envisage the practical sharing of common risk profiles without a system set up to do so.

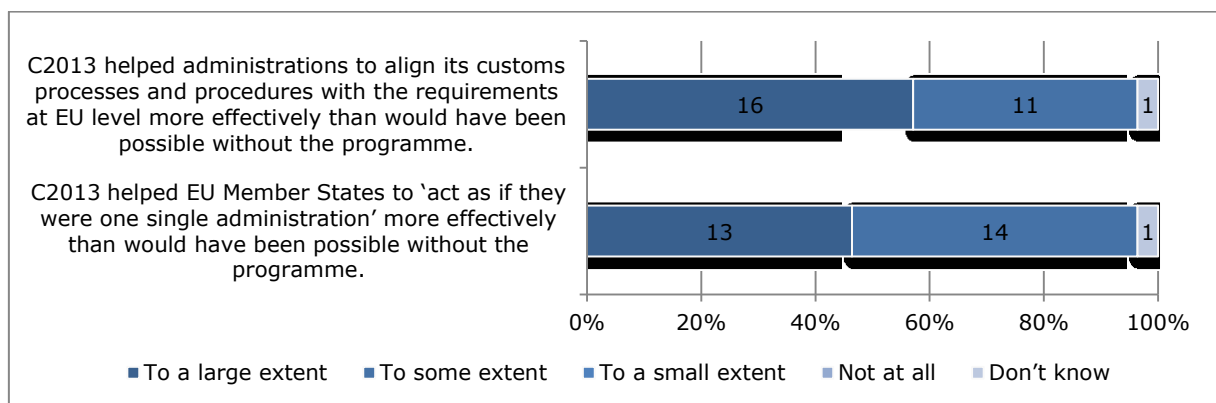
With regard to the IT systems, the joint actions have played a supporting but necessary role. This starts with the Electronic Customs Group, where the plans for new IT systems are hashed out among relevant policy and technical officials from the Member States. It also extends to project groups meeting in Brussels to discuss implementation issues for specific systems and issue guidelines, common training sessions and the development of e-learning tools for use by national administrations.

Crucially, the programme funds working visits which allow officials to spend time with their counterparts in other Member States in order to benefit from their experiences and expertise and thereby implement the common systems in a consistent fashion. This was particularly important for new Member States such as Croatia, which implemented the IT systems after its neighbours and could therefore learn and benefit from their recent experiences. Many other examples of this emerged during the case studies and are discussed in depth in section 3.1 on programme effectiveness.

While the joint actions examined for the case studies were (mostly) limited to those relating to the IT systems, it is important to note that a large number of joint actions also related to the formulation and implementation of legislation and harmonisation of working practices in a more global sense.

The **evaluation questionnaire** explored these issues in a more general sense and pointed to the extremely important role played by the programme. For example, all responding national administrations<sup>57</sup> felt that C2013 had **increased alignment between customs processes and procedures** more effectively than would have been possible without the programme (27 out of 28 administrations), with 16 of the them indicating that the programme had done so “to a large extent”. In line with these findings, the administrations also claimed that the programme helped EU Member States to **act as if they were one administration**.

**Figure 24: Extent to which C2013 increased uniformity of the EU Customs Union**



Source: evaluation questionnaire for customs administrations, please note that this question was only asked to EU Member States, n = 28

### 3.5.5. Sustainability of results

For evaluation purposes, sustainability refers to the lasting benefits of the programme and the extent to which they are dependent on continued funding. In order to apply this concept to the Customs 2013 programme, we considered several issues that would be of particular importance in the absence of further funding. For the IT systems, these consist of upkeep and maintenance costs, ability of national administrations to use the systems provided through the programme on their own and the systems’ fit within national IT architectures. We also looked at programme sustainability more generally, concentrating on its link with EU legislation and reliance on the programme for further progress.

<sup>57</sup> Only one administration answered “don’t know” to these questions, as shown in the figure.

### *Sustainability of the IT systems funding through the programme*

The financial data for the IT systems provided through the programme make clear that running costs are substantial. Data from DG TAXUD R4 shows that corrective maintenance and support operations accounted for about 35% of the EUR 225m dedicated to the IT systems during the life of the programme. Moreover, while outlays were larger for the initial development of new systems (or new versions of systems, like TARIC3), yearly costs for 'evolutive maintenance' (i.e. updates) were also substantial, as shown in section 3.4.3. This is all, of course, in addition to the substantial development and maintenance costs that are already funded at national level.

In the absence of programme funding the Member States could continue to use the trans-national systems until their eventual obsolescence by financing maintenance with national funds. Indeed, as explained in section 3.1 on programme effectiveness, these systems were developed nationally and are thus compatible with existing IT landscapes. The central applications, however, depend on the Commission for key inputs. Unless a substitute for the Commission could be found to manage these systems, it is unlikely they would be of use without a successor programme to Customs 2013.

### *Sustainability of programme results*

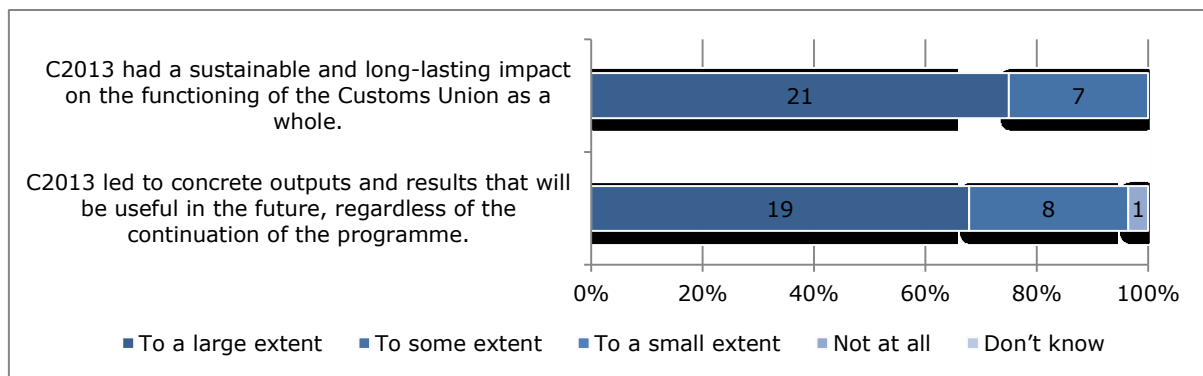
The evaluation found that the implementation of EU legislation is closely linked to (at least some degree of) funding from the Commission that the ambition of the former would have to be curbed significantly without the latter. In other words, further legislation to harmonise customs procedures might be unpalatable to the Member States in the absence of a programme to support the policies. Moreover, while there are numerous fora where customs officials might interact, it is unlikely that in the programme's absence customs officials would collaborate to nearly the same extent. Instead, it seems likely that existing differences in customs practice would persist, especially as networks built and reinforced through years of programme-fostered collaboration faded. The reliance of national administrations on specific joint actions that allow officials to meet regularly, such as the Electronic Customs Group, is particularly pronounced. Outputs of the programme, such as training modules, were felt to undergo fairly rapid obsolescence and thus without renewal would gradually lose value.

Despite this, administrations felt that the **achievements already made** would be long lasting regardless of future funding. They were thus **positive in terms of the sustainability and long-term impact** of the programme, with a large majority stating that the C2013 programme had a sustainable and long-lasting impact on the functioning of the Customs Union (21 out of 27 administrations agreed "to a large extent").

Finally, around two thirds of respondents agreed that the outputs and results produced by the programme were likely to be useful in the future, regardless of the continuation of the programme (19 out of 27 administrations agreed "to a large extent"), as shown in the figure below. This does not imply that the programme is redundant, but rather that much of the progress already achieved by the programme would continue even in its absence.



**Figure 25: Usefulness of C2013 results in the future**



Source: evaluation questionnaire for customs administrations, please note that this question was only asked to EU Member States, n = 28

### 3.5.6. Conclusions

The evaluation has identified a strong case for the EU added value of the programme, particularly regarding its role in supporting the implementation of EU legislation at national level. At a general level, the IT systems funded through the programme are highly complementary to national initiatives and mostly relate to implementing such legislation. This led to reductions in administrative costs that would result from each Member State needing to develop similar IT systems on its own. The networking fostered through the joint actions of the programme was also considered crucial for several reasons, including ensuring the consistent application of common legislation, spreading best practices and building the trust needed for administrations to act as if they were one administration.

While room for improvement was found in all these areas, it was at the margins rather than in the fundamental dynamics of the programme. Thus, IT systems like the ICS could be better integrated into national systems for risk management, increasing their complementarity with national initiatives. Similarly, enhancing the interface of some systems would allow officials to use them more efficiently, reducing the administrative burden.

Regarding sustainability of results in the absence of future funding, the running and maintenance costs of the IT systems, in addition to a substantial management function currently played by the Commission, imply that the Member States would find it difficult to continue to use them past the medium-term. Perhaps more importantly, in such a situation the networks fostered through continuous participation in the joint actions would begin to fade, rendering continued progress towards overarching customs policy objectives unlikely. While customs administrations felt that the results achieved so far would be long lasting, tools produced through the programme, such as IT systems and training modules, would become gradually obsolete without periodic renewal. Staff turnover and administrative reorganisations could have a similar effect on networks built through the years of the programme. Thus while the progress already achieved will be felt into the future, its reliance on future Commission support should not be overlooked.

Taking this forward, we would like to point out that, while the programme follows (and helps implement) policy, policy also follows the programme. Without a forum for collaboration and sharing experiences, or a spending programme able to fund common IT systems, it is difficult to imagine the Member States passing legislation that requires further harmonisation. Among other things, implementing such legislation without a programme would require substantially higher costs due to the duplication of efforts. Instead, it seems evident that the programme and policy are necessarily aligned, whatever their level of ambition.



## 4. Progress on mid-term evaluation recommendations

The mid-term evaluation, conducted by TEP in 2011, made a number of recommendations to improve the functioning of the Customs 2013 programme. The Commission endorsed these recommendations and developed an Action Plan in late 2012 to implement them. Despite the focus of the present evaluation on IT systems, during the research we sought where possible to ascertain the level of progress made in implementing the recommendations. To supplement this we also sought feedback directly from relevant units within DG TAXUD and got responses from the units dealing with Customs Policy, Customs Legislation and Risk Management and Security (units A1, A2 and B2, respectively). The rest of this section takes each of the recommendations in turn, providing our assessment of the current situation based the feedback received and related findings from the evaluation.

### **Recommendation 1: Address external issues that slow down progress in trade facilitation and prioritise programme activities in this area**

The Action Plan referred to several concrete activities either already underway or planned during the last years of the Customs 2013 programme. Many of these related to the AEO system. For example, DG TAXUD emphasised the progress made under the **Performance Management Project** during 2012 and 2013. After a pilot was launched on priority performance indicators in 2012, they were tested in another pilot project including new indicators aimed at both showing the **benefits of the AEO system** for participating economic operators and monitoring the proportion of declarations cleared within particular time ranges. Leading from the positive results of the pilot project, the concept and methodology of Customs Union Performance at EU level was established and endorsed by the Customs Policy Group in December 2013. It is envisaged that data will be collected against the new indicators during the life of the next Customs programme.

DG TAXUD also mentioned the **AEO network** established under the programme and convened through a project group. Given that network's demonstrated importance for trade facilitation, it was decided to continue meetings during 2012 and 2013. Indeed, during the life of the programme it was convened 26 times, on average bringing together two participants per meeting per Member State. Numerous case study interviewees also found the network crucial for mainstreaming AEO. They explained that the meetings helped build trust between national administrations and align working methods, leading them to better honour AEO certificates awarded by other countries, thereby reducing the delays borne by AEOs and contributing to the uptake of the system. AEO was further supported by a **project group on AEO guidelines**, which met seven times and led to the adoption of new guidelines at the end of 2012.

There was also progress in the area of **mutual recognition** of AEO programmes between the EU and third countries, though the extent of this progress depended on the country in question. The agreement with the United States, for example, had already been implemented, with the automatic exchange of information flowing from the EU to the US from July 2012 and in the other direction from January 2013. For Japan an agreement is in place but information was not yet being exchanged automatically between the relevant authorities. A solution is envisaged by 2015. Work with China was described as on-going, with a mutual recognition agreement signed in May 2014 and steps being taken to implement it. No progress had been made regarding Russia. Case study interviewees also felt that, once implemented, mutual recognition agreements would increase the benefits of AEO for economic operators.

No other changes were reported as having occurred since the agreement of the Action Plan, but work to establish a Customs Security Area with Norway and Switzerland was described as 'on-going'.

The evaluation also found that several of the **programme-funded IT systems** contributed to trade facilitation. This consisted mostly of ensuring that improvements to safety and security dovetailed with increased automation, allowing customs authorities to target controls better while performing fewer of them on legitimate traders. The full analysis of this dynamic is contained in section 3.1.3 on the programme's contribution to its key objectives.

**Recommendation 2: Support the full implementation of the Modernised Customs Code implementing provisions and risk management and the uniform application of key new rules, processes, and concepts**

The evaluation identified **significant gains in the area of risk management** since the mid-term evaluation, much of which relates to the implementation of the Safety and Security Amendment to the Community Customs Code. These include requirements for pre-clearance, which provides customs authorities with security-related information on incoming goods prior to their arrival in the EU, as well as the putting in place and / or scaling up of several IT systems, namely the ICS, CRMS and EOS / AEO systems. All of these systems help the Member States apply the EU legislation correctly. Despite their relatively short operation, the systems have facilitated or enabled progress in standardised risk analysis, access to information on traders, the sharing of risk-related information between Member States and the development and dissemination of common risk profiles. These issues are examined in depth in section 3.1.3.

In addition, DG TAXUD pointed out a few other areas where noteworthy progress had been made in implementing the Action Plan. Most generally, numerous project groups, plenary sessions and workshops were held to support the preparation of the risk-related aspects of the Union Customs Code (which recast and supersedes the Modernised Customs Code referred to in the mid-term evaluation recommendation), which was adopted in October 2013.

In terms of specific developments, a project group was set up to improve the quality of risk-related information for **air-cargo security** prior to its loading in third countries. A pilot took place under the auspices of the project group, followed by a study in 2013 to examine the provision of pre-loading consignment information in the traditional air-cargo business model. Based on the study more action is being planned for the next Customs programme.

Regarding **post-clearance audits**, the Action Plan called for an update of the customs audit guide to be prepared by the programme-funded project group. This was done, with the new guide being implemented in May 2014. Similarly, a project group for **customs controls** produced a handbook on operational customs controls that was implemented in 2014.

The Action Plan also referred to several **other expected developments** that were envisaged, all of which had taken place by the end of 2013. These consisted of the completion of a study on how to improve risk analysis and targeting, a Commission Communication on EU Risk Management and supply chain security<sup>58</sup> and a High Level Seminar on Strengthening the Security of the Supply Chain, which took place in March 2013 in Dublin.<sup>59</sup>

<sup>58</sup> COM(2012) 793 final, url: [http://ec.europa.eu/smart-regulation/impact/planned\\_ia/docs/2012\\_taxud\\_10\\_risk\\_management\\_en.pdf](http://ec.europa.eu/smart-regulation/impact/planned_ia/docs/2012_taxud_10_risk_management_en.pdf).

<sup>59</sup> For more information, refer to the World Customs Organisation website, url: <http://www.wcoomd.org/en/media/newsroom/2013/march/european-union-high-level-seminar.aspx>.

**Recommendation 3: Communicate results of the work of project groups developing and implementing the Future Customs Initiative to a wider audience to raise awareness in this area and engage all interested stakeholders in a participatory process**

According to DG TAXUD, a performance measurement project was carried out to develop indicators based on the strategic objectives of the Customs Union. The results of this project were presented in a report to the Customs Policy Group in December 2013. The CPG endorsed the recommendations in the report, thus adopting the concept and methodology of the Customs Union Performance and an initial set of performance indicators. The project is set to continue under the auspices of the Customs 2020 programme, with a particular focus on outcome-oriented indicators and further improvements in data quality.

Improving data quality has also been a focal point for the Measurement of Results project, with numerous activities geared towards it through a sub-group on data quality. The sub-group performed regular analysis of quarterly data and annual data and conducted bilateral consultations with participating countries to clarify and correct the figures. A quality assurance initiative led to the publication of revised versions of the Measurement of Results guidance notes in early 2012, 2013 and 2014.

Work has also been done to raise awareness about customs work in the EU. This included a new part of the Europa website launched in 2013 to provide Facts and Figures on the Customs Union and DG TAXUD intends to continue to update and improve the site as more data becomes available.

For example, in terms of improving the distribution of results from programme activities, DG TAXUD has worked to **mainstream the PICS platform** during the last year of the programme, though awareness is still relatively low (and some stakeholders found its co-existence with CIRCA confusing). Regarding Measurement of Results and **performance measurement**, a study was carried out in early 2014 in order to support the development of indicators to track key data about the Customs Union as well as the next Customs programme.

**Recommendation 4: Establish mechanisms to address former 'third pillar issues' and develop tools to tackle these issues under C2013 successor programmes. More generally, DG TAXUD should strive to improve co-ordination of customs issues within the Commission**

The Action Plan noted that the Customs programme can finance activities that deal *incidentally* with law enforcement and other former third pillar issues, but that they cannot be the primary area of focus. To this end, the Action Plan identified several relevant on-going and planned activities falling under the Customs 2013 programme. However, none of these was mentioned by the DG TAXUD units providing feedback on the implementation of the Action Plan and they fell outside the scope of the research carried out for the evaluation.

**Recommendation 5: Carefully consider the human resources implications of new C2013 activities, and avoid increasing the overall burden on Member State and Commission staff in the present economic climate**

Activities mentioned in the Action Plan under this recommendation consisted of improvements to the ART tool and PICS, new versions of both of which were released in 2013. Although no specific feedback was provided on the status of this part of the Action Plan, the evaluation found that PICS had been released and that efforts to mainstream its use were on-going. In addition, stakeholders consistently praised the flexibility and minimal administrative burden of the programme. In particular, stakeholders were positive about the ease with which joint actions can be established, funded and attended.

**Recommendation 6: Encourage participation of trade associations in C2013 activities, whenever relevant and appropriate, and ensure transparency for selecting and inviting representatives of individual companies to participate in joint actions**

While DG TAXUD did not provide feedback on whether and to what extent trade associations were encouraged to participate in Customs 2013 activities, the evaluation found that the results of activities where such stakeholders did participate were positive. As an example, a seminar on ICS implementation issues allowed both customs administrations and economic operators to express their views of the new system. This helped DG TAXUD and the Member States to identify and prioritise areas for improvement of the new system. The evaluation did not discover whether such seminars were typical or whether there are measures in place to ensure participation from outside customs administrations is considered systematically.

**Recommendation 7: Closely monitor the uptake of common training tools and provide additional support, if necessary**

The Action Plan noted problems regarding the localisation of e-learning tools. In particular, these related to the Member State-borne costs and time needed to translate the tools. While DG TAXUD did not indicate whether further progress had taken place since the release of the Action Plan, the evaluation found that in some cases translation issues continued to hamper the speedy implementation of e-learning tools.

**Recommendation 8: Expand support to candidate countries and potential candidates (including non C2013 PCs)**

In terms of candidate countries, the evaluation found that the support given to Croatia in the run-up to its EU accession was crucial in preparing it for the implementation of common IT systems and procedures. Non-EU participating countries also expressed positive views of the programme in their responses to the evaluation questionnaire, particularly with regard to enlargement and facilitating the sharing of information. In addition, the programme opened participation to Montenegro, Albania and Bosnia and Herzegovina since publication of the mid-term evaluation. The Action Plan also mentions several activities aimed at non-EU countries relating to such issues as common transit, intellectual property and cross-border cooperation. However, no further information was available to ascertain whether further progress had occurred subsequent to the release of the Action Plan, particularly regarding non-participating countries.

**Recommendation 9: Address external issues that limit the effectiveness of trans-European and common customs IT systems**

Section 3.2 fully examines the external issues affecting the implementation and use of the IT systems. These including costs incurred by national administrations, the complexity and diversity of national IT infrastructures, historical and geographical context, the clarity of EU legislation and the legal channels for sharing risk-related information. The section shows that while there have been numerous improvements to the situation since the mid-term evaluation, accompanied by the implementation of new systems and functionalities, considerable room for improvement remains. Among those mentioned in the Action Plan, it is worth noting that EORI numbers are still sometimes not unique and that there are many economic operators with more than one EORI number.

**Recommendation 10: Improve the proceedings of and interactions between some of C2013 bodies**

While the Action Plan noted that the mechanisms to ensure co-operation between the Customs Policy Group and Customs 2013 Committee already exist and are in use, it identified numerous measures to improve the programme. Among them, DG TAXUD mentioned progress relating to steering groups. Their mandate finished at the end of the Customs 2013 programme and in the future such actions will be classed as project groups. While the evaluation found the regular meetings of steering groups, particularly the Electronic Customs Group and various sub-groups, to be highly useful, the re-classification will allow them to continue in a more transparent and flexible manner. DG TAXUD did not signal any other progress that had occurred outside of what was already reported when the Action Plan was released.

**Recommendation 11: Improve the way ART2 reflects the links between activities and C2013 objectives / priorities**

To implement this recommendation, the DG TAXUD programme management unit changed the way joint action proposals are reported in ART2. Rather than linking to just one programme objective (which was the situation identified as problematic in the mid-term evaluation), since 2013 proposals for new joint actions link to three of them, one defined as a 'primary objective' and the others as 'secondary objectives'. The intention of this change is to give a more accurate image of the intended objectives of given joint actions. This doubtlessly improves on the previous system.

## 5. Overall conclusions

### 5.1. Introduction

The evaluation set out primarily to assess the extent to which the Customs 2013 programme **contributed to enhanced safety and security, the protection of the EU's financial interest and the facilitation of trade**. On all three counts, we found this contribution to be significant. The EU's exclusive competence in the field of customs combined with persistent disparities in customs traditions, (IT) infrastructure and working practices testify to the potential EU added value of a programme to foster cooperation and collaboration.

Moreover, in its fifth iteration, the achievements made during the period under review do not simply represent the continued evolution of on-going trends. Rather, they are significant and path breaking (especially regarding the introduction of IT systems related to security and safety) and **indicative of major developments** towards the realisation of the key programme objective that all customs administrations should act as if they were one administration.

Many of these developments relate to IT (the focus of the present exercise) and took place over the past three years, after the mid-term evaluation was completed. They relate in large part to safety and security and stem from initiatives taken **to implement the Safety and Security Amendment to the Community Customs Code**, whose full range of provisions did not come into force until 2011.

However, breaking down that performance into standard evaluation criteria rendered the contribution story that framed the research difficult to convey. The ensuing sub-sections tie together the findings and evaluation question-specific conclusions presented earlier in the report by fitting them into a **narrative about the key customs processes**. The qualitative nature of the contribution analysis methodology places the emphasis more on effectiveness, utility and EU added value than on other evaluation criteria, but where possible we drew conclusions about efficiency and value for money as well.

In addition, it needs to be emphasised that much of the programme's contribution is cross cutting, affecting the execution of many customs processes in similar ways. This applies in particular to the **trust and collaboration** engendered through the joint actions. In order to avoid repetition but give adequate weight to these aspects of the programme, they are discussed separately after the contribution story.

### 5.2. Contribution story

The contribution analysis approach allowed us to hone in on a specific customs movement, namely that of import, and construct a contribution story around the **theory of change** diagram first provided in the inception report and reproduced in section 2 of the current document (see Figure 2). Despite the EU's exclusive competence for setting customs policy, national administrations are responsible for executing customs processes, while the Customs 2013 programme supports them in various ways. To represent this, the diagram depicts Customs 2013 activities at the bottom of the causal chain, with Member State actions and capabilities standing between them and customs processes like clearance and controls. Key programme objectives like trade facilitation, strengthening safety and security and protecting the EU's financial interests sit on top of the hierarchy, dependent for their achievement on the successful execution of customs processes.

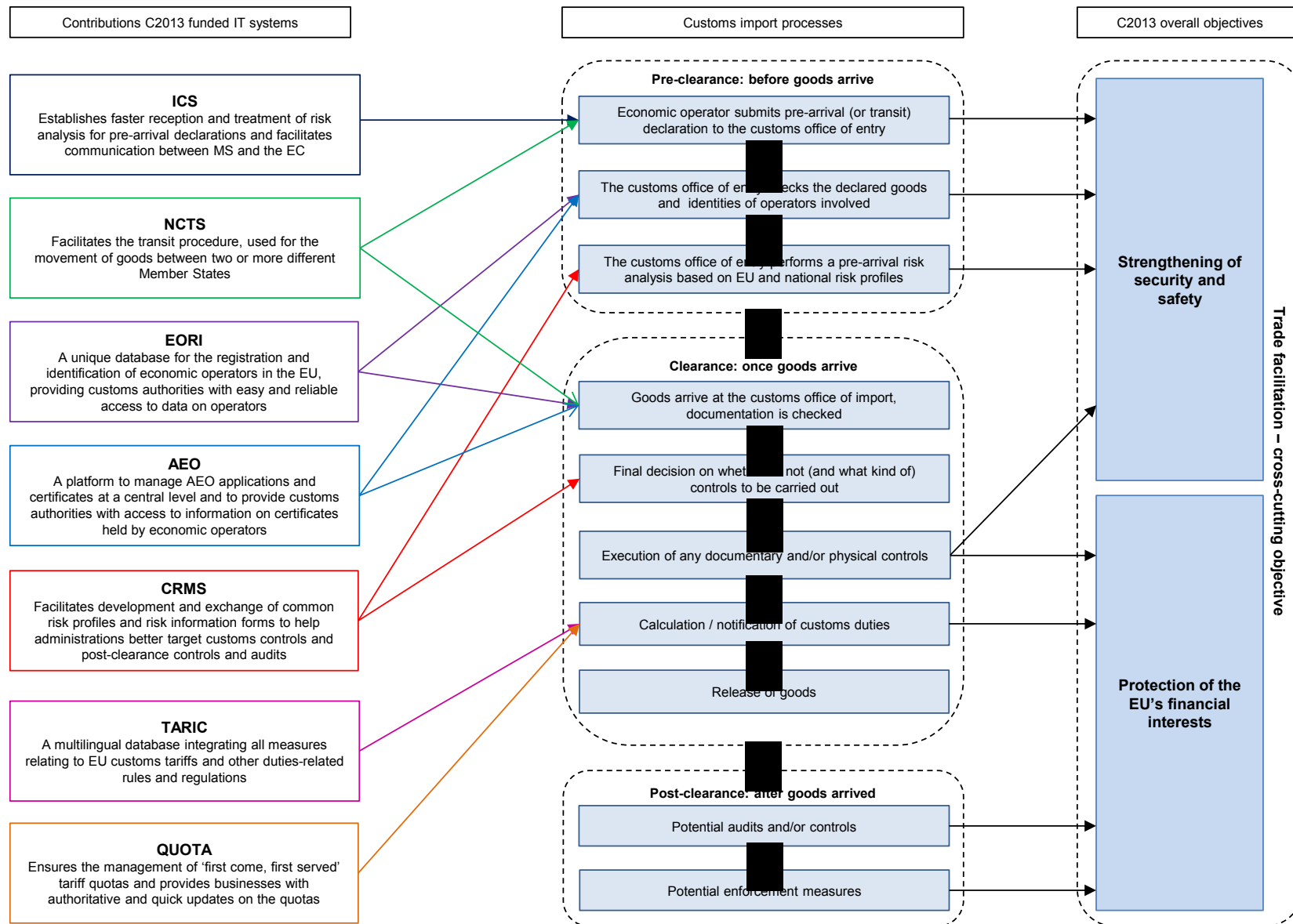
A large part of the research therefore focused on the **lower half of the causal chain** where the envisaged influence of the programme was most acute. It also highlights other factors, most notably national financial resources but also others like

management and existing legal and technical frameworks, that also play a role in determining the extent to which customs processes are executed successfully.

While we found that the initial theory of change and the assumptions it relies on broadly hold true, it fails to capture the specifics of how individual programme-funded IT systems wend their way through the national customs architecture and ultimately contribute to programme-level objectives. Importantly, the full contribution story needs to demonstrate the nuance of **how different IT systems interact with different aspects of Member State actions and capacities** which go on to execute different parts of the key customs processes and contribute more to some programme objectives than others.

Keeping our focus on the IT systems and related actions, we were able to examine these dynamics in depth and describe them in more detail than was possible in previous evaluations. The diagram on the next page summarises this. In short, it demonstrates that **each of the IT systems has a direct link with one or two import processes**. For simplicity's sake, the horizontal processes of data and trader management and, especially, risk management are not portrayed in the diagram. In fact, many of the IT systems also feed into these horizontal processes, which in turn intercede throughout pre-clearance, clearance and post-clearance processes.

**Figure 26: Relationship of IT systems with key customs processes**





In all cases, use of the IT system is obligatory for at least part of the respective customs processes. The successful execution of a given process then **contributes in specific ways to the overarching programme objectives**. For example, pre-clearance, for which the ICS was specifically developed, is relatively new and stems from the Safety and Security Amendment to the Community Customs Code that was aimed at increasing security in the wake of the 9/11 terrorist attacks. Since it relates not to the calculation or collection of customs duties, but rather to the identification and control of potentially dangerous goods coming into the EU, its main contribution is to the **security and safety objective**. The ICS is the main IT system involved in pre-clearance, and by providing customs authorities with information on incoming goods it also contributes to the horizontal process of risk management.

Similarly, the centralised **TARIC database** allows traders and customs authorities to calculate tariffs (which are set according to EU trade policy) correctly. This contributes to the **protection of the EU's financial interest**, but bears no relation to security and safety. By storing and updating all tariff information centrally, TARIC plays a strong role in the horizontal process of data management.

The **trade facilitation objective** sits somewhat apart from the other two because its pursuit is more passive. In other words, it relies on initiatives relating to the other two objectives inhibiting trade as little as possible. For example, while the new requirement for traders to submit entry summary declarations at the pre-clearance stage imposes a burden on them, it also allows customs authorities to better target controls (through improved risk management) and thereby reduces the amount of burdensome manual controls that legitimate traders are subject to.

The following paragraphs take each of the main customs processes and programme objectives in turn. The factors at play are too interdependent to allow us to isolate completely the roles of the Customs 2013 programme and Member State actions and capacities. Nonetheless, we have been able to unpack these factors sufficiently as to **identify specific areas where improvements in recent years can be ascribed to the programme** and where better programme performance might have yielded further benefits. In addition, there are other issues for which national factors are predominant and where the potential contribution of the programme is commensurately smaller.

### 5.2.1. Customs processes related to import

#### *Pre-clearance*

This process embodies one of the four key changes instituted by the Safety and Security Amendment to the Community Customs Code and satisfies its requirement for the provision of security data before the arrival of goods into Community customs territory. To provide this data, traders must use a common form, called the Entry Summary Declaration, which has been obligatory throughout the EU since the beginning of 2011. Based on the data provided, customs authorities perform **pre-arrival risk analysis** and decide which (if any) documentary or physical controls are necessary, allow the goods to pass to the 'clearance' process and, as applicable, share information unearthed during pre-clearance with other authorities and officials.

A number of factors are important for pre-clearance to be executed effectively and efficiently. In terms of content, the **information contained in Entry Summary Declarations** needs to be focused, pertinent and conducive to the identification of risks related to dangerous goods. More practically, customs authorities need to be able to collect this information quickly and reliably, and it needs to be linkable to other relevant information about traders and the goods they are importing.

The programme makes a **substantial contribution to both content and practical aspects** of the pre-clearance process. A significant part of this contribution stems from two IT systems and joint actions related to them, namely the Import Control

System (ICS) and Economic Operators Registration and Identification system (EORI). Three other systems, the CRMS, AEO and NCTS<sup>60</sup>, are also involved, but in relatively minor roles.

The **ICS** is an IT system developed under the programme (and enshrined in the legislation) that provides a platform for national administrations to collect and process Entry Summary Declarations. Since the ICS is a trans-European (rather than centralised) system, the specifications are drafted at European level in programme-funded fora such as the Electronic Customs Group (and system-specific offshoots) but individual Member States then operationalise the specifications to fit them into their existing IT infrastructure.

The development of **detailed specifications at EU level** and ensuing and on-going discussions with relevant officials and other experts from the Member States ensure that, despite some national diversity, minimum standards are maintained for the correct application of EU law and the execution of the pre-clearance process. In addition, using common specifications allows the ICS to function as a platform whereby data input into the system can be easily shared between Member States and the Commission, enhancing authorities' ability to carry out risk analysis for both pre-clearance and clearance processes.

The ICS system also has **important budgetary implications** in terms of national resources required for pre-clearance processes. Since the information to be furnished (by traders) and processed (by customs authorities) is defined at European level, without the ICS each Member State would presumably need to put a system with similar functions in place. This would require significant development costs at national level and could lead to major duplications, in addition to a reduced ability to share information between different actors across the EU.

Despite these savings, the development and implementation of national versions of the ICS requires **substantial national resources**, and it emerged during the evaluation fieldwork that in some cases these were problematic to provide and partly responsible for the delayed full implementation of the system.

As a centralised database, the **EORI** system makes a more straightforward contribution to pre-clearance processes. By assigning each economic operator a unique number, which is entered on Entry Summary Declarations, Member State authorities can more easily crosscheck the information provided with existing data on the trader in question before making decisions about pre-clearance controls. This increases the effectiveness of the risk analysis performed at this stage in the import movement. Similarly, for **Authorised Economic Operators**, data stored on specific traders, wherever that trader is registered, is also fed into the analysis.

As a centralised database facilitating the sharing of risk-related data, the Customs Risk Management System (**CRMS**) also contributes to pre-clearance in two ways. Firstly, it circulates EU risk profiles against which all Entry Summary Declarations are crosschecked. Second, national customs authorities can take into account Risk Information Forms that their counterparts from other Member States feed into the system. However, since the ICS and CRMS are not formally integrated, the extent to which this occurred was found to vary according to national circumstances and priorities.

Further, a key problem that emerged in the evaluation's examination of pre-clearance was the existence of **discrepancies in the extent to which it was linked to other customs processes**, most notably clearance. This related mostly to the complexity and diversity of national IT infrastructures. In some countries, there is no automated

<sup>60</sup> The NCTS, in fact, does not play a major role in pre-clearance, but the increased compatibility between systems in some countries allows transit declarations and Entry Summary Declarations to be combined.

way for the data provided in Entry Summary Declarations to be fed into the national risk management systems that are used for customs clearance. These systems are developed and implemented nationally, and vary widely between countries, leaving the Customs 2013 programme with little scope to address the problem.

### *Clearance*

The ability to control what comes in and goes out of a country is a defining feature of sovereign states, and therefore one where **national systems and ways of working are longstanding and firmly entrenched**. Harmonisation in this area is thus far from complete and the contribution of the programme less straightforward, depending on the sub-process and IT systems involved.

The effective execution of the **clearance process relies on several of the IT systems** (and related joint actions) examined during the evaluation in addition to myriad national factors including existing national infrastructure, historical and geographical context and the legal channels for the sharing of information. While each IT system fulfils a specific role, in broad terms the contribution of the programme-funded systems is crucial for aspects of clearance involving the **calculation of customs duties**<sup>61</sup>. For elements of clearance involving **risk management**, the programme's contribution is more one of support, as national authorities take into account information made available from programme-funded IT systems. In terms of **documentary and physical controls**, while the programme makes a supporting contribution in the form of numerous joint actions, the IT systems themselves play only a minimal role.

The EU forms a Customs Union, and it flows naturally that trade policy and tariffs are set at European level. **TARIC** is a centralised database developed and maintained by DG TAXUD that ensures the availability of current and accurate information on tariffs. While each Member State has its own interface which officials and economic operators use to calculate and assess tariffs, these systems all draw directly on TARIC and are therefore dependent on it. Very few stakeholders engaged with the evaluation found fault with the TARIC setup, and there is a consensus that it fulfils its important function effectively. Since goods are classified at European level based on EU legislation, it is inconceivable that a similar degree of uniformity could be achieved in a less centralised fashion.

While the **QUOTA** system is involved in a smaller proportion of customs transactions, within its (more narrowly defined) environment the contribution it makes is similar. Since tariffs on the import of certain goods is adjusted once a certain EU-wide quota is reached, economic operators and customs authorities need to be kept up to date on the status of such goods in order to calculate tariffs correctly. Moreover, the Commission, as the central arbiter, needs to keep track of the volumes of quota-affected goods in order to feed accurate information to economic operators and customs authorities. The QUOTA system, which is hosted on national TARIC interfaces, does this by compiling all relevant information on a daily basis and issuing requisite updates. As with TARIC, feedback about the functionality of the system was very positive, and it would be difficult to envisage the role it plays to be fulfilled through other means.

**Other systems** funded through the programme, namely the AEO, EORI and CRMS systems, relate to security and safety, risk management and trader management. These systems make a clear contribution to the clearance process, but this varies depending on national circumstances and consists of a supporting role rather than a crucial one.

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<sup>61</sup> Note that QUOTA and TARIC were developed under previous iterations of the Customs 2013 programme, but that it covers upgrades and maintenance costs.

For example, **CRMS** facilitates the sharing of risk-related information and allows Member States to use the information collected and input by other administrations for their own risk analysis. However, the evaluation showed that the extent to which this occurred varied greatly, with some Member States (notably those with lesser developed risk management systems and / or lower customs traffic) relying more on the system than others. Moreover, in some countries national legislation acted as a brake on the ability of customs authorities from sharing sensitive risk-related information with other Member States.

The **AEO** system, though administered nationally, conforms to standard criteria and includes mutual recognition of AEO certificates awarded by other Member States. Although national authorities still perform their own risk analysis for customs declarations lodged by AEOs, the system has allowed them to pool data and factor in more relevant information while at the same time better targeting controls. In this way, the Customs 2013 programme has contributed to a reduction in the number of controls and thereby helped improve the efficiency of the clearance process. In a similar fashion, by harmonising the way in which economic operators are catalogued, the **EORI** system has improved trader management and contributed to the ability of customs authorities to link information provided in custom declarations with other evidence, particularly from other Member States. Armed with such evidence, customs authorities are better positioned to spot irregularities and make decisions regarding potential controls.

In addition, for transactions related to transit, the New Computerised Transit System (**NCTS**) is of utmost importance. Though in use since 2005, it is maintained through the programme and ensures customs authorities can keep track of goods in transit. According to customs officials (but difficult to verify), over time it has led to a significant reduction in the amount of errors made in processing transit declarations. Migrating from paper-based to electronic, traceable documents for transit has also led to a substantial reduction in the scope for fraud and lowered the amount of time during which the authorities need to hold transit guarantees.

#### *Post-clearance*

None of the programme-funded IT systems assessed in depth for the evaluation makes a substantial contribution to the post-clearance process. Nonetheless, the diagram makes clear that the processes as a whole are sequential. Their better execution and the improved provision of information about companies that the IT systems engender, in addition to improved cooperation between authorities, should entail **knock-on positive effects** for post-clearance as well. In addition, many of the programme's **joint actions** are devoted to sharing best practices and aligning working methods. These made a significant contribution to post-clearance processes but the case studies did not collect information on them systematically due to the focus on IT systems. Where applicable, we have included relevant findings in the individual case studies and in the answers to specific evaluation questions.

### **5.2.2. Contribution to main policy objectives**

#### *Strengthening safety and security*

The progress made under the programme towards this objective is the **most striking** and can be regarded as an **important step** towards the eventual harmonisation of risk management processes for customs. Moreover, several of the key developments have taken place since the previous evaluation. Most importantly, as the transitional period for instituting the pre-clearance process ended, ICS became fully operational, setting a minimum standard of control for all goods entering the EU. The increased uptake of the AEO and EORI systems greatly enhanced the amount of relevant information available to customs authorities about traders. CRMS also came online, facilitating the sharing of risk-related information between Member States and the Commission and disseminating common risk profiles. By raising the bar for risk

controls and increasing their consistency, the systems funded through the programme also increased trust, helping the Member States to regard the risk analysis carried out by others as credible and thereby targeting controls more effectively.

#### *Protection of the EU's financial interests*

The correct calculation of tariffs is crucial to the protection of the EU's financial interests. TARIC and QUOTA are the only official sources for providing this information to national authorities and the evaluation found them to be current, reliable and user-friendly. The NCTS was generally regarded to have greatly reduced fraud by creating traceable records for each transit transaction and reducing the scope for deviation from standard procedures. These systems were already in operation prior to the programme, with gains in this area being important but **mostly incremental**. In addition, the enhanced effectiveness of risk management systems (described above) has contributed not only to the enhanced control of dangerous goods, but also to the effective identification and collection of customs duties. This has a **direct and positive impact** on protecting the EU's financial interests.

#### *Facilitation of trade*

In the field of customs this objective is mainly **pursued passively**, as improved risk management systems like those mentioned above are put in place with as little an inhibiting effect on trade as possible. The entirely paperless environment that now exists for handling customs declarations, in addition to the mainstreaming and greatly increased uptake of the AEO system (between 2010 and 2012 the number of AEOs nearly tripled, rising from 4,618 to 12,144.<sup>62</sup>), has allowed the Customs Union to become more secure while carrying out fewer of the manual controls that slow down the flow of trade. The passage of Mutual Recognition Agreements with third countries, off the back of meetings funded by the programme, has accelerated the growth of the AEO system further and thus also contributed to this objective. That being said, it should also be pointed out that, in the eyes of economic operators, the scaling up of AEO has not brought unmitigated benefits. While businesses were not contacted for the present study, the recently completed Evaluation of the Customs Union found that 'businesses remain somewhat sceptical as to the benefits of AEO status'.<sup>63</sup>

### **5.3. Cross cutting conclusions**

There is **still considerable diversity** in the execution of customs processes related to import around the EU, a fact that was highlighted not only in the findings of this evaluation but in those of the Evaluation of the Customs Union, published in late 2013<sup>64</sup>. After all, each Member State still has its own automated import system and national versions of all the trans-European systems. However, this diversity is most notable not for its persistence but for its **significant reduction during the programming period**. In this sense, the current state of affairs represents a necessary way station towards the eventual introduction of centralised clearance. Interviewees expressed considerable enthusiasm for this prospect during the case studies, and though the Union Customs Code calls for centralised clearance by 2020, during the life of the next programme, it would be an unbridgeable gap without the intermediate steps C2013 has engendered.

Leading from this, it is worth discussing the dynamics of the programme's contribution. The paragraphs above make the point that common IT systems are not only being developed and implemented, but also being used, and customs-specific resources, not least in risk management, are beginning to be pooled. This progress can be grouped as progress towards the objective of all **EU customs administrations acting as one** customs administration. IT infrastructure is

<sup>62</sup> PwC on behalf of DG TAXUD, page 118, Study on the Evaluation of the Customs Union 2013.

<sup>63</sup> Ibid, page 13.

<sup>64</sup> Ibid, page 10.

necessary but not sufficient for progress of this nature, and it is here that the joint actions play a crucial role.

### *Joint actions*

The joint actions account for about 20% of the programme budget and mainly fund travel and accommodation costs for Member State officials to meet each other and the Commission, and at first glance this could appear less important than the IT systems in terms of contribution. In fact **the two types of activities are highly complementary**, and the research conducted for the evaluation demonstrates that the gains from one type would be impossible without the other.

The eight types of joint actions (working visits, project groups, seminars, trainings etc.) provide administrations with a flexible set of **tools for bringing officials together**. Sometimes, the meetings lead to concrete outputs, such as a set of guidelines for operating a particular IT system or common training programme. Other times, the immediate results are less tangible, and consist, for example, of officials from one Member State learning about how their counterparts in another country deal with a specific type of process or problem.

The evaluation shows the joint actions to be **essential**. It would be hard to imagine the development of mutually acceptable common IT system, for example, if that development occurred in a top-down fashion rather than under the auspices of a project group set up to bring the relevant officials together. Within such a project group, officials can work together to ensure their respective concerns and ideas are taken into account, and that the final product is likely to fit within existing national institutions. The Electronic Customs Group, while not oriented expressly towards the development of a single product or IT system, deserves special mention for ensuring that the opinions of all administrations are taken into account in IT planning, that implementation issues are discussed communally and that mutual solutions are found. This project group also helps establish smaller offshoots for the development of new IT projects.

**Steering groups** that are regularly convened, such as the AEO contact group or RALFH, as well as **working visits** that bring smaller groups of officials together, are also of utmost importance. They help the participating officials to share experiences and ideas and thereby come up with common solutions to common problems. They also foster the creation of professional networks that lead to continued contact and, perhaps more significantly, build confidence and trust. Acting as one administration requires customs administrations to treat the products of their counterparts' analyses and judgements as they would treat their own, and the relationships made within C2013 let officials see each other's work and give it the necessary credence to do this.

Of course, this is a gradual process that cannot be completed overnight, but over time participation in the programme not only helps the customs administrations align their procedures and working methods, but also helps them to **build trust** by assuring each other that this alignment is taking place and that they are, so to speak, on the same page. Stakeholders contacted for the evaluation repeatedly extolled this feature of the programme and described it as one its key (albeit intangible) benefits.

Given this positive assessment of the programme's key contribution, it follows that areas where the evaluation encountered **criticism of the programme** relate more to fine-tuning than major changes. These fall into two main categories, one relating to programme organisation and management, and the other to specific issues with the IT systems which if addressed could improve their effectiveness.

### *Performance management*

In terms of performance management, a recurring issue faced throughout the evaluation was the **lack of systematic monitoring data**. Readers will notice that the

findings rely mostly on participant feedback, and this is partly due to meaningful data and statistics being unavailable. While certain statistics are recorded on, say, the amount of messages exchanged on IT systems, this often relates less to system performance than external factors such as the volume of customs traffic. In addition to standing in the way of objective evaluation, without a reliable monitoring framework it is difficult for programme managers to identify emerging problems and adapt activities to changing circumstances. This is especially important considering the relatively long programming period of six years.

In addition, the interlinked nature of the main programme objectives relating to safety and security, the EU's financial interest and trade facilitation render efforts to assign specific activities to a single one of these artificial and arbitrary (which is currently the case). These objectives are also dependent on so many factors that any degree of attribution to the programme itself, let alone specific activities therein, is practically impossible.

This also relates to **programme transparency and the desired results** of specific joint actions. While case study findings were broadly positive and praised the flexibility of the joint actions, some stakeholders remarked that it was hard to keep track of proliferating joint actions or ascertain the extent to which they were set up to fulfil a recognised need. Drawing a link with desired results, even if somewhat 'soft', would provide more insight than referring solely higher-level objective such as enhanced safety and security.

#### *IT systems*

In terms of the IT systems, it is clear that in some cases the systems are still gaining traction. While operational, they are not fully integrated into the execution of customs processes. Partly this stems from relatively small problems with the **functionality of fledgling systems** that implementation issues project groups should eventually address. Despite their seemingly technical nature, such problems can have important consequences. An instructive example is that, for the **ICS**, certain information is entered as open text rather than pre-defined answer choices. This makes it much harder for customs authorities to analyse the information efficiently and consistently, and leads to its failure to be taken into account during advance risk analysis.

Another example relates to the **CRMS** and significant disagreement among case study countries regarding the type (and size) of events that administrations considered worth feeding into the system in the form of an RIF. Lacking a mechanism to filter CRMS data effectively, some Member States deemed it too difficult to distinguish potential 'signals' in the system from the surrounding 'noise', and chose not to rely on it heavily for their risk analysis. This problem could be attributed partly to insufficiently prescriptive guidelines.

Leading from these problems is the fact that in some areas, **related pieces of information remain disjointed**. Several such issues emerged during the evaluation. For example, the RIFs and common risk profiles generated by the CRMS are not automatically integrated into national risk management systems, and the results of pre-clearance (input into the ICS) do not necessarily get taken into account during the clearance process (which uses national automated import systems). This requires economic operators to provide similar information more than once, while allowing potentially relevant data to escape notice. Similarly, the EORI system is lauded for registering economic operators centrally, but does not make links between subsidiaries of a single company.

A final IT-related issue that stakeholders indicated was not sufficiently taken into account was the **cost for Member State administrations** of developing national versions of the trans-European IT systems, training staff to use them and keeping them maintained. Member State officials indicated that the costs to national administrations are similar to those borne by the Commission. While this is not

necessarily problematic, it could partially explain the slow uptake of some systems and points to the importance of decision-making within the programme and prioritisation.

None of these criticisms are meant to overshadow the progress that has been made during the life of the programme, particularly during the last three years. Rather, they serve to highlight areas where (in some cases) relatively painless **adjustments could lead to considerable improvements** in programme accountability and performance. They also presage the recommendations contained in the section below.



## 6. Recommendations

The conclusions of the evaluation presented in the previous chapters have demonstrated that the Customs 2013 programme is performing well and that its defining mix of IT systems and joint actions is justified. The recommendations detailed below thus suggest ways to **improve the programme rather than transform it**.

They are based on the data collection and analysis undertaken throughout the evaluation. In this context, it should be kept in mind that **the C2013 programme does not exist in a vacuum**. Instead, it is intimately linked with the wider Customs Union, whose functions are defined by several pieces of EU customs legislation. The programme plays a predominantly supporting role in implementing and applying this legislation.

While we have attempted to formulate operational recommendations, we are keenly aware of the interdependent nature of the Customs 2013 programme, EU customs legislation, and policy-level objectives. It is inevitable that **some of the recommendations touch upon factors that are external to the programme** and might in some instances also involve actors that are not directly involved with the programme.

The recommendations below are structured according to **five broad themes**, namely (1) programme management; (2) policy implementation; (3) joint actions; (4) programme-funded IT systems; and (5) efficiency.

### 6.1. Programme management

**Recommendation 1: Develop specific and measurable goals that can be achieved during the life of the programme**

*Principal action required by: DG TAXUD*

Evaluating the programme was difficult partly because concrete milestones, benchmarks and other measures were absent. With a view to making it easier to understand what the programme should achieve and to assess the extent of the those achievements, it is recommended that the next Customs programme pursues a set of achievable and measurable goals in addition to the more generic specific objectives that sit atop the current intervention logic. This echoes a policy-level recommendation made in the Evaluation of the Customs Union, and, most importantly, would help focus and prioritise programme actions on the most pressing policy needs and help making the case for setting up or continuing specific joint actions.

As a starting point, the programme's activities (as set out in the Annual Work Programmes) could pursue objectives linked to provisions of the Union Customs Code in addition to the specific objectives of the programme. This would help define how the programme will support the UCC's implementation over the coming years and make it easier to keep track of progress.

**Recommendation 2: Develop a comprehensive monitoring framework to track performance and to identify issues of concern in a timely manner**

*Principal action required by: DG TAXUD with strong cooperation from all participating countries*

Building on the on-going Customs Unions Performance project and in conjunction with the participating countries, the Customs 2020 programme should develop, implement and (to the extent possible) enforce a comprehensive monitoring framework to keep

track of performance on an on-going basis. The current programme lacks such a framework and this makes it difficult to gauge the relative performance of various IT systems and other aspects of the programme and focus attention accordingly. The absence of such information presented problems for the present evaluation. While such exercises provide the scope to collect primary data and stakeholder feedback, the distinction between evaluation, which is periodic and interpretive, and monitoring, which is on-going, automatic and *feeds into* evaluation, should be emphasised. With a view to specific IT systems, experts could be consulted in order to help develop indicators that measure performance rather than (merely) customs traffic.

***Recommendation 3: Streamline the platforms used for sharing documents and facilitating communication between the Commission and Member States***

*Principal action required by: DG TAXUD*

The evidence from the evaluation shows that the existence of multiple information platforms (i.e. PICS and CIRCA BC) is confusing for national customs administrations and inhibits their use. The open responses to the questionnaire contained a number of complaints regarding the multiplicity of management and information tools. Additionally, the survey pointed to a very limited awareness and use of the PICS platform: only 19% of customs officials knew PICS and half of those aware of the platform rarely or never use it.

Based on these findings we recommend that DG TAXUD considers consolidating the various information and communication platforms to arrive at one all-encompassing platform. This could increase the efficiency of the management of the platform by the DG and help reduce the workload of national administrations in keeping themselves updated and reduce the risks of missing important information. Migrating towards a single information and communication platform will also allow the DG to dedicate more attention and resources to improving the user-friendliness of the platform.

## **6.2. Policy implementation**

***Recommendation 4: Take an active approach toward the achievement of policies aimed at centralised customs clearance***

*Principal action required by: DG TAXUD in conjunction with Member States and potentially other actors*

Despite the impressive progress made to harmonise import processes across the EU, the evaluation found that there is still considerable diversity in the way in which Member States execute their import processes. There are also important barriers to further harmonisation stemming from the diversity and complexity of national IT infrastructures. Indeed, this partly explains why much of the IT collaboration consists of trans-European IT systems that connect 28 separate systems in a given area. This means that the actual cost-savings for economic operators of initiatives such as AEO or SASP can be limited, as is the ability of national administrations to share relevant information.

As foreseen in the Union Customs Code, the current state of affairs should be seen as a necessary way station towards centralised clearance, which would likely entail very significant benefits in terms of reducing administrative burdens and facilitating trade. Although centralised clearance is a policy-level objective, its achievement is envisaged during the next funding period, providing the impetus for the programme to play a key role.

The legacy of the national IT infrastructures and ways of executing customs processes means that the achievement of centralised clearance requires an active approach. It should therefore be considered a key priority for the next programme, backed by a

concrete action plan with achievable and well-defined milestones for the medium and long-term. The Member States and fora outside the programme, such as the Customs Policy Group, are responsible for setting the political priorities and timeframes. These will be embodied in the Delegated Acts and subsequent legal deadlines.

DG TAXUD then has a role to play in putting those priorities into practice, partly through existing joint actions like the Electronic Customs Group. Specific areas where it has an important role to play include:

- Monitoring progress and performance (as per recommendation 2 above);
- Identifying the roles and responsibilities for the various actors involved, especially for achievement of the intermediate steps; and
- Helping to ascertain the likely costs and benefits for the Member States, Commission and economic operators.

An action plan will help DG TAXUD as well as other actors involved to focus on concrete steps towards centralised clearance and to build on the momentum created by the substantial progress of the last six years.

It is recommended that DG TAXUD takes a consultative approach and ensure relevant stakeholders are involved in the process. These could include members of DG TAXUD units, Member State officials, and potentially external experts such as the companies involved in developing IT solutions for administrations and the Commission. These discussions could focus on the feasibility and practicalities of the steps and activities that will form part of the plan, as well as the likely costs and benefits.

Leading from this, we also recommend that the DG TAXUD conducts a scoping study to identify and assess technical options and potential obstacles to centralised clearance. Part of this study could consist of a benchmarking exercise with other substantial transnational harmonisation efforts (if comparable examples can be identified).

### **6.3. Joint actions**

#### ***Recommendation 5: Ensure joint actions are flexible and adaptable as well as more goal-oriented and accountable***

*Principal action required by: DG TAXUD*

Many stakeholders engaged with the evaluation pointed to the flexible nature of joint actions as a key strength of the programme. This flexibility consisted of subject matter, timing, meeting number and frequency and participant profiles. They indicated that this allowed them to address emerging needs in a quick and effective way. Working visits in particular were prized by officials for their ability to be organised at relatively short notice and their amenability in terms of the number of officials involved and length.

As a result, the evaluation found that the flexible nature of joint actions contributes to the adaptability of the programme to the shifting needs and priorities of the Commission and Member State administrations. We therefore recommend that the flexibility remains a key feature of the joint actions even as efforts are made to make them more goal-oriented and accountable. In practical terms, this means that the benefits of flexibility should be given due emphasis when stricter requirements are enacted for setting up new joint actions and making the case to continue on-going ones.

***Recommendation 6: Develop a more systematic mechanism to review longstanding joint actions periodically***

*Principal action required by: DG TAXUD*

There was a general feeling among stakeholders that joint actions set up for a specific purpose sometimes continued once that purpose had been fulfilled. This was seen to lead to a proliferation of joint actions and rendered it difficult for NCPs to assess their usefulness and prioritise.

While recognising the efforts already in place to manage the renewal of joint actions, we recommend that DG TAXUD develop a more systematic mechanism to ensure that the owners of joint actions consider the specific reasons why they should be continued. Ways in which this could be potentially done include:

- Require more of a business-case type of application for the renewal of the joint actions, including a coherent argumentation of why the action should be continued and what results are to be expected from the action;
- Engage several participants of joint actions in developing these 'business-cases' to encourage brainstorming about the purpose and envisaged use of the outputs from specific joint actions;
- In the cases where the long-term continuity of a joint action is obvious from the start, we suggest a lighter review process, which is simpler than the renewal process but still ensures that the usefulness of the action is still considered regularly and priorities be renewed and updated.

***Recommendation 7: Communicate more with national administrations on the outcomes of joint actions***

*Principal action required by: DG TAXUD in cooperation with the owners of joint actions*

In order to increase transparency and raise awareness of the results and usefulness of the programme, we recommend that DG TAXUD communicates with administrations in a concise and engaging fashion. Such communication should in particular address new, renewed, and recently completed joint actions and publicise their expected or actual results. This will provide relevant stakeholders with an overview of the state-of-play and a better understanding of why certain actions (still) exist. Many national customs authorities produce such communications, which could be consulted for inspiration.

This sort of communication could take the form of a newsletter, including information on:

- Joint actions that were newly initiated, renewed, or completed;
- Good news stories about joint actions that were particularly successful;
- The availability of outputs and results of joint actions;
- Impending changes for national administrations.

Given the large number of joint actions, the newsletter could be structured thematically so that officials would quickly find the most relevant parts. Particular attention should also be paid to avoiding duplicating existing communication efforts.

## 6.4. IT systems

### ***Recommendation 8: Address technical issues and user problems of specific IT systems that inhibit their contribution to key customs processes***

*Principal action required by: DG TAXUD*

The evaluation identified several seemingly small (operational) issues, but which have an outsized impact on the overall effectiveness of specific systems. In particular, the evidence shows that the Import Control System (ICS) suffers from a number of 'teething problems' that negatively influence the effectiveness of the system in supporting the pre-clearance process. The most notable example concerned the fact that the system makes use of open electronic fields rather than CN coded fields (for example for the description of goods), which severely limits administrations' ability to automate analysis of the information and transfer the data to national risk analysis systems. In addition, some officials complained that the ICS collected information on carriers rather than the actual traders importing goods into the EU. This made it difficult to link relevant data with that lodged in clearance declarations. Another issue that came up related to single legal entities active in more than one Member State possessing multiple EORI numbers, potentially undermined the objectives of having a single database.

The findings also point to important discrepancies with the way in which specific IT systems are used by customs administrations. There was substantial criticism for example regarding the use of Risk Information Forms (RIFs) in CRMS. While some countries complained of the 'over-use' of RIFs (due to the fact that some countries issued RIFs for small and local risks), others felt that the information in RIFs was too limited.

To align expectations and increase the usefulness of these systems, it is recommended that DG TAXUD makes the remedying of these issues a priority, particularly since relatively low-cost adaptations to certain systems could lead to significant benefits. Concrete actions regarding CRMS could include the development of more prescriptive guidelines to ensure the processes regarding system use are standardised. These guidelines could potentially draw on project group discussions between experts or in specially seminars. Given the importance of CRMS to the objective of safety and security, we also recommend that the renewed guidelines are accompanied by specific training actions and monitoring missions. For the duplication of EORI numbers, DG TAXUD should work with stakeholders to align the EORI registration systems across Member States.

### ***Recommendation 9: Enhance the integration of EU and national IT systems***

*Principal action required by: DG TAXUD in cooperation with Member States*

In the case studies, stakeholders frequently pointed to the fragmented nature of the various trans-European systems currently in use. The introduction of these systems at different points along the lifecycle of national IT landscapes has contributed to a complex 'patchwork' of IT systems that is intrinsically difficult and costly to integrate and manage. The lack of integration also affects trade, as economic operators are often required to provide certain information multiple times at different stages of the import process or to various customs offices (e.g. the duplication between ENS declarations and import declarations).

Given that harmonised systems for all customs processes will not be realised in the short term, it is recommended that in the medium term DG TAXUD cooperates with Member States to work towards a better integration of existing IT systems. This could for example include standardised solutions to enhance the connectivity of ICS and national automated import systems, and of the various risk management systems

(namely ICS, CRMS, and national risk systems). The integration of ICS and NCTS declarations provides a good practice example of how information can be shared between systems and used for multiple purposes.

## **6.5. Efficiency**

***Recommendation 10: Use potential efficiency gains to make the case for further harmonisation and integration of IT systems***

*Principal action required by: DG TAXUD*

There is little understanding of the efficiency gains to be made from replacing separate national IT systems with centralised ones. While trans-European systems are often implemented when harmonisation is not possible in the short-term, Member States frequently complained about the high costs inherent in developing and implementing national solutions. This implies that such gains are potentially great, and it is therefore recommended that DG TAXUD examines the various costs and benefits at EU and national levels in greater depth. Such a study could be commissioned to an external contractor under the programme but with the participation of national customs administrations. The evidence from the study could also be used to help make the case for further harmonisation in the drive for centralised clearance.

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## Annex 1 – Evaluation Questions Matrix

EQ 1: To what extent and how has the creation of a pan-European electronic customs environment through the development of interoperable communication and information exchange systems helped customs authorities to: strengthen a safe and secure environment for citizens; better protect the EU's financial interests; facilitate trade?		
Evaluation criterion: effectiveness / utility / impact		
Judgement criteria	Indicators	Sources of evidence
Extent to which relevant Trans-European IT systems and Central applications are used by national customs authorities	Volume and type of information exchanged through the systems	Desk research (IT statistics, monitoring reports, national customs data) Interviews with DG TAXUD staff Interviews with customs practitioners
Level of satisfaction with relevant trans-European IT systems and Central applications	Extent to which relevant systems and applications perceived to be functional and of high quality	Interviews with customs practitioners Questionnaire for customs administrations (Survey for customs officials)
	Level of satisfaction with training provided through the programme	Desk research (feedback forms, other monitoring data) Interviews with customs practitioners Questionnaire for customs administrations (Survey for customs officials)
Extent to which relevant Trans-European systems and Central applications contributed to strengthening safety and security, protecting the EU's financial interests and facilitating trade	Level of contribution of IT systems to collection of duties	Desk research (monitoring data, Evaluation of the Customs Union)
	Number of AEO requests	Desk research (MoR, other monitoring data)
	Number of conflicting BTIs issues by national administrations	Desk research (MoR, other monitoring data, national customs statistics)

<b>EQ 1: To what extent and how has the creation of a pan-European electronic customs environment through the development of interoperable communication and information exchange systems helped customs authorities to: strengthen a safe and secure environment for citizens; better protect the EU's financial interests; facilitate trade?</b>		
<b>Evaluation criterion: effectiveness / utility / impact</b>		
Judgement criteria	Indicators	Sources of evidence
		Interviews with customs practitioners
	Amount of OLAF investigations on origin circumvention	Desk research (EU monitoring data) Interviews with OLAF staff
	Level of post clearance targeting	Desk research (MoR, national customs statistics, Evaluation of the Customs Union) Interviews with customs practitioners
	Extent of and differences in border delays	Desk research (national customs statistics, Evaluation of the Customs Union) Interviews with customs practitioners
Extent to which other programme activities (joint actions) perceived to support the creation of a pan-European e-customs environment	Extent to which customs officials find joint actions useful	Interviews with customs practitioners Questionnaire for customs administrations (Survey for customs officials)

<b>EQ 2: Were there any unexpected and/or unintended results and impact generated by the programme's activities?</b>		
<b>Evaluation criterion: Utility / impact</b>		
Judgement criteria	Indicators	Sources of evidence
Extent of barriers (both within and outside	Disparities in implementation and use of the	Desk research (MoR, monitoring reports,

EQ 2: Were there any unexpected and/or unintended results and impact generated by the programme's activities?		
Evaluation criterion: Utility / impact		
Judgement criteria	Indicators	Sources of evidence
the programme's control) to successful implementation of the IT systems and applications funded through the programme	systems and applications across Member States	national customs data, Evaluation of the Customs Union) Interviews with DG TAXUD staff Interviews with customs practitioners
	Costs (absolute and relative) to implementation of the systems and applications	Desk research (programme documentation) Interviews with DG TAXUD staff Interviews with customs practitioners
	Perceived complexity of integration requirements between national and European systems	Interviews with DG TAXUD staff Interviews with customs practitioners
	Existence of perceptions of increased complexity of work processes	Interviews with customs practitioners
	Difficulties in administration and management of IT deliverables	Interviews with customs practitioners
	Existence of perceptions of inadequate training or training materials	Desk research (feedback forms and other monitoring data) Interviews with customs practitioners
	Existence of perceptions of low satisfaction with given systems	Interviews with customs practitioners
Extent to which harmonised systems reduced standards in best performing	Existence of perceptions of reduced effectiveness of any key customs processes	Interviews with customs practitioners

<b>EQ 2: Were there any unexpected and/or unintended results and impact generated by the programme's activities?</b>		
<b>Evaluation criterion: Utility / impact</b>		
Judgement criteria	Indicators	Sources of evidence
administrations		
Extent and impacts of potential conflict between programme objectives for safety and security and EU financial interests versus trade facilitation	Extent to which customs practitioners and other stakeholders perceive pursuing all three objectives through similar systems and activities to be difficult	Interviews with customs practitioners
Extent of opportunity costs to participation in joint actions	Extent to which customs practitioners consider participation in joint actions to be a useful allocation of time / resources	Interviews with customs practitioners

<b>EQ 3: To what extent and how the strategies / approaches endorsed by the programme's stakeholders with regard to the dissemination of awareness, knowledge, and action (implementation) have weighted on the achievement of the programme's objectives?</b>		
<b>Evaluation criterion: effectiveness</b>		
Judgement criteria	Indicators	Sources of evidence
Extent to which the C2013 programme has been successfully promoted at national and EU levels	Level of awareness of the C2013 programme among customs officials.	Survey of customs officials
	Proportion of customs officials that participated in one or more joint actions (per country).	Desk research (monitoring data) Survey of customs officials
Extent to which programme participants act as conduits to increase knowledge of the programme	Proportion of joint action participants that disseminated information to their colleagues / other parts of their administration.	Interviews with customs practitioners Survey of customs officials

EQ 3: To what extent and how the strategies / approaches endorsed by the programme’s stakeholders with regard to the dissemination of awareness, knowledge, and action (implementation) have weighted on the achievement of the programme’s objectives?		
Evaluation criterion: effectiveness		
Judgement criteria	Indicators	Sources of evidence
	Estimate of the average number of people that joint action participants informed about their experiences with the programme.	Interviews with customs practitioners Survey of customs officials
	Level of dissemination by participants to their colleagues / other parts of their administration.	Interviews with customs practitioners Survey of customs officials
Extent to which programme results are used by customs administrations and officials	Proportion of NCPs who believe that the programme led to useful and sustainable outputs and results.	Interviews with customs practitioners Questionnaire for customs administrations Survey of customs officials
	Proportion of joint action participants versus non-participants that used different types of programme outputs in their work activities.	Interviews with customs practitioners Survey of customs officials
	Proportion of NCPs and joint action participants who believe that the programme fostered and sustained more and/or better cooperation between customs administrations and officials.	Interviews with customs practitioners Survey of customs officials Questionnaire for customs administrations

EQ 4: To what extent have the programme’s resources produced best possible results at the lowest possible costs (best value for money)? Could the use of resources be improved?		
Evaluation criterion: Utility / impact		
Judgement criteria	Indicators	Sources of evidence
Extent to which C2013 was managed in the most cost-effective way possible	Total budget for C2013 management (planned and spent).	Desk research (programme documentation)

	Proportion of Commission staff who believe that the management processes and internal structures enabled the effective implementation of the C2013 programme.	Interviews with DG TAXUD staff
	Proportion of NCPs who believe that the implementation of the programme was coordinated in an effective, transparent, and timely manner.	Desk research (mid-term evaluation) Interviews with customs practitioners
Extent to which C2013 made use of the most cost-effective tools (joint actions)	Total budget for joint actions (planned and spent).	Desk research (programme documentation)
	Extent to which different types of joint actions are highly subscribed.	Desk research (programme documentation, monitoring data)
	Proportion of NCPs who believe that the joint actions were effective in contributing to the achievement of the programme's overall objectives.	Desk research (mid-term evaluation) Interviews with customs practitioners Questionnaire for customs administrations
	Level of perceived contribution of the various joint actions to the achievement of the programme's overall objectives	Questionnaire for customs administrations
	Proportion of NCPs who believe that the results produced by the joint actions were useful in relation to the improvement of their key customs processes.	Questionnaire for customs administrations
	Proportion of customs officials who believe that the joint actions were organised and executed effectively.	Questionnaire for customs administrations Survey of customs officials
Extent to which IT systems were developed, implemented and maintained in a cost-effective way	Total budget for IT systems (planned and spent).	Desk research (programme documentation)
	Proportion of NCPs who believe that the IT systems were effective in contributing to the achievement of the programme's overall objectives.	Questionnaire for customs administrations
	Proportion of NCP's who believe that the IT	Questionnaire for customs administrations

	systems improved the effectiveness and efficiency of their key customs processes.	
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EQ 5: What is the <u>European added value</u> of the C2013 programme?		
Evaluation criterion: EU added value		
Judgement criteria	Indicators	Sources of evidence
Extent to which the programme complemented existing initiatives at national and local levels	Synthesis of relevant indicators in evaluation questions 1 and 2 on fit of Trans-European IT systems, Central applications and joint actions into national customs landscape	Answers to evaluation questions 1 and 2
Extent to which the programme led to reductions in administrative costs and burdens	Synthesis of relevant indicators in evaluation questions 2 and 4 on unintended consequences of the programme and efficiency	Answers to evaluation questions 2 and 4
Extent to which the programme fostered and sustained networks between national administrations and customs officials of the participating countries	Number of links created through participation of customs officials in joint actions	Desk research (monitoring data) Survey for customs officials
	Extent of sustained contact among participants in joint actions	Interviews with customs practitioners Questionnaire for customs administrations (Survey for customs officials)
	Extent of continued participation in long-term joint actions (e.g. steering groups)	Desk research (monitoring data)
	Amount of collaboration among joint action participants taking place outside of	Interviews with customs practitioners

	programme	
	Level of participation in joint actions	Desk research (monitoring data)
	Views on networking aspects of participation in joint actions	Desk research (monitoring data) Questionnaire for customs administrations Survey for customs officials
Extent to which programme fostered uniformity in terms of implementing EU customs legislation and customs practice	Level of alignment between Member States' customs legislation and regulations	Desk research (national documentation) Answers to evaluation questions 1 and 2
	Level of alignment between national customs processes	Desk research (national documentation) Interviews with customs practitioners Answers to evaluation questions 1 and 2
Extent to which programme results were sustainable	Costs of upkeep of relevant IT systems and applications for EU and national administrations	Desk research (programme documentation, national customs data)
	Level of reliance among national administrations on support provided through programme	Interviews with customs practitioners Questionnaire for customs administrations
	Extent of continued relevance of training modules developed through the programme for national customs administrations	Interviews with customs practitioners Questionnaire for customs officials
	Extent of national administrations' ability to use IT systems and applications without continued input from EC	Interviews with customs practitioners
	Level of compatibility of IT systems and applications with existing national structures and processes	Desk research (monitoring data) Interviews with customs officials



## Annex 2 – Questionnaire report

### 1 Introduction

The evaluation questionnaire was one of the key tools used to gather feedback from national customs administrations in all participating countries. Its main purpose was to gain insight into the views and opinions of the programme's primary beneficiaries on the usefulness and added value of the joint actions and IT systems supported through Customs 2013. In addition, the questionnaire offered national administrations the opportunity to contribute feedback on any other issues related to the functioning of the Customs 2013 programme. Completion of the questionnaire fulfilled participating countries' obligation under the Decision establishing the Customs 2013 programme to submit a final national evaluation report.

With a view to ensuring that the questionnaire was clear, user-friendly, and covered all relevant topics, we piloted a draft version with the customs administrations of Denmark and The Netherlands during the first week of January. Based on their feedback, we refined and finalised the questionnaire, and officially launched it on Tuesday 14 January 2014. Customs administrations were asked to return the questionnaire by Friday 28 February 2014. We received completed questionnaires for 28 Member States, and five countries from outside the EU.

### 2 Findings from the EU Member State questionnaire

This section presents findings from the completed questionnaires returned by EU Member States. The results from non-EU Member States are discussed separately at the end of this report. The section proceeds as follows:

- Usefulness of the programme's joint actions;
- Influence of the C2013 on national customs processes;
  - Views and perceptions on the trans-European and central IT systems;
  - Views and perceptions on the central customs applications;
- Management and added value of the C2013 programme; and
- Priorities for on-going improvements to trans-European systems and central applications.

## 2.1 The C2013 Joint Actions

### Summary of findings

National authorities were asked to provide their opinion on the usefulness of the eight types of joint actions (project groups, working visits, workshops, training activities, seminars, monitoring activities, steering groups, and benchmark).

In general, national customs administrations were very satisfied with the usefulness of the different types of joint actions. **Almost all joint actions were described as being “very useful” or “useful” by the vast majority of respondents. Project groups, working visits, and workshops were the most positively rated joint actions.** Training activities, seminars, monitoring activities and steering groups were also well reviewed. Benchmarking activities stand out as receiving a less positive assessment mainly by virtue of low take-up. This echoes the findings of the mid-term evaluation, which found that only half of the countries had a positive view on the benchmarking activities.

Open responses revealed joint actions are most valued as facilitating the exchange of experiences, expertise and best practices (a strength mentioned for 6 out of 8 joint actions) and establishing personal contacts and networks between Member States (mentioned for half of joint actions).

The three joint actions which were most highly valued were additionally appreciated for their hands-on approach to respond to national administrations’ need, namely their ability to:

- Develop a common understanding and implementation of EU legislation (project groups);
- Facilitate in-depth discussion of complicated topics (workshops); and
- Provide flexible and operational support (working visits).

In relation to changes to joint actions since 2011, administrations noted their **concern with some aspects of the governance** of the programme. In particular, the proliferation of project groups covering similar topics, or topics which drew few participants was mentioned. In order to deal with this a process of rationalising project groups was suggested. In addition, measures to determine the utility of project groups before they are set up and to review them periodically could be implemented.

### 2.1.1 Changes to joint actions since 2011

Respondents were asked to comment on significant changes to (any of) the programme’s joint actions since the mid-term evaluation was conducted (2011). Less than half of administrations were forthcoming with information (12 in total). The majority of these used the opportunity to point to positive developments but concerns were also raised.

Administrations mentioned the following **main themes** concerning changes to joint actions since 2011:

- **Governance of the programme:** Most responses made some reference to the organisation of the programme both to comment on positive developments as well as suggest areas where improvements could be made. For instance, the introduction of PICS was seen as a positive development<sup>65</sup>; however the existence of multiple management tools (namely PICS, CIRCA BC and ART2)

<sup>65</sup> Two national administrations commented particularly on PICS, which made preparation for events more efficient in the context of limited resources.

was seen to complicate matters for administrations. One administration suggested bridging these programmes to help reduce the national administrations' workload. Another response emphasised the continuing need for *"more two-way communication between the Commission and MS to ensure MS's contribution to the managing, steering and implementation of the programme"*.

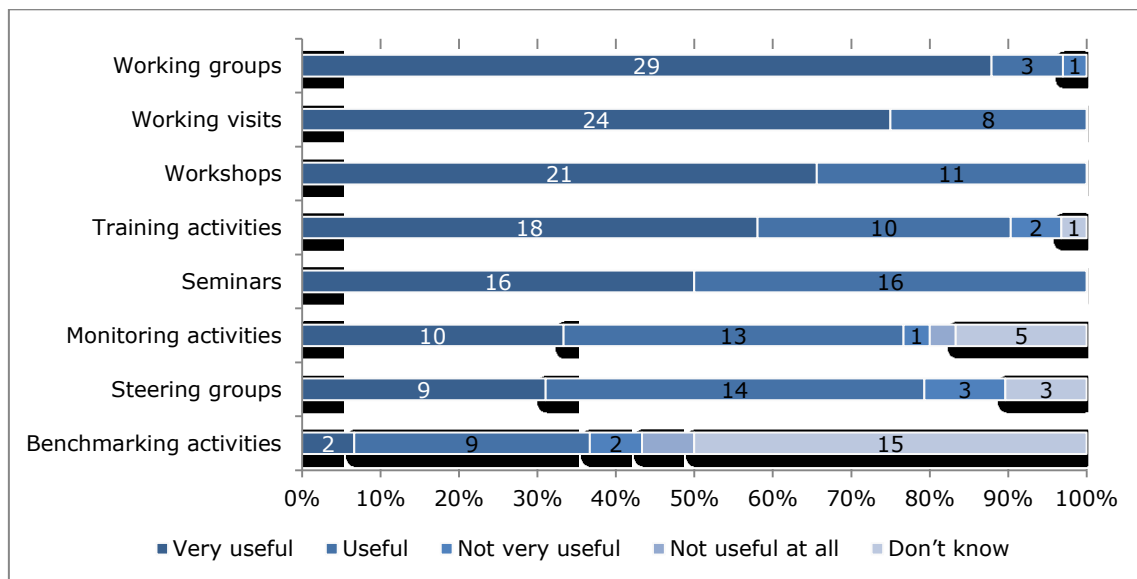
- **The usefulness of workshops in clarifying procedures:** Workshops were cited as being a helpful means to clarify procedures by around half of respondents. The tariff classification workshop(s) were explicitly mentioned in two responses and cited as improving the uniformity of classification.
- **Enhanced safety and security:** A third of those who commented that developments facilitated by joint actions referred to enhanced safety and security for trade and citizens, for example in the area of fraud.

### 2.1.2 Usefulness of joint actions

National customs administrations were generally **very satisfied with the usefulness of the different types of joint actions**, as almost all joint actions were described as being "very useful" or "useful" by a vast majority of respondents. Moreover, only a few individual administrations described any of the joint actions as being "not very useful" or "not useful at all".

As illustrated in the graph below, **project groups were perceived most positively** by national administrations, followed by working visits and workshops. The **benchmarking activities were least popular** among the national administrations. While 11 administrations felt that these activities were (very) useful, 4 administrations thought that they were not (very) useful, and no less than 15 administrations indicated that they did not know. Several of these administrations indicated that they had never participated in any benchmarking activities, which might partly explain these results. This finding is in line with the findings of the mid-term evaluation, where only about half of respondents had a positive view on benchmarking.

**Figure 27: Perceived usefulness of joint actions**



The number of responses varied between n = 29 and n = 33

Customs administrations were asked to explain why they thought the different types of joint actions were useful or not so useful. The remainder of this section elaborates on these qualitative findings for each joint action in turn.

**Project groups**

As already mentioned, **project groups were by far the most useful joint actions** according to national administrations, with nearly 90% of respondents considering them “very useful”.

Administrations identified the following features as **main strengths** of project groups:

- **The exchange of experiences and expertise:** A large number of administrations appreciated having small project groups which facilitated the exchange of views and experiences in relation to specific topics. In addition, administrations felt that the technical discussions were very useful in helping countries to improve operational processes at the national level.
- **Developing a common understanding and implementation of EU legislation:** Many administrations felt that the project groups allowed participating countries to reach a common understanding, interpretation, and implementation of EU customs legislation. As per one response, the groups contributed to “a common understanding of the legislation and the working processes” and improved the “uniform application within the EU”. One administration indicated that: “the conclusions of project groups are based on the best practices in Member States, and have a major impact on unifying processes in the EU.”
- **Networking and cooperation:** A significant number of national administrations referred to the personal contacts obtained through participation in the project groups. Moreover, administrations felt that the project groups enhanced the cooperation between national customs offices.

Some administrations mentioned the Electronic Customs Group as being particularly important. For example, one administration stated that:

*“The work of the Electronic Customs Group is absolutely essential to the proper implementation of the various electronic systems provided for in the UCC. This*

*Group enables Customs and IT experts from all MS and the Commission to discuss issues of common interest, share expertise and agree plans for the implementation of various systems."*

Other examples of useful project groups included the Trade Contact Group<sup>66</sup>, the Electronic Information Services Group, the Project group on Cash Controls, the Customs Audit Guide Project Group, the Project Group on Simplified Procedures, and the Customs Warehousing Collaboration Group. The Customs Code Committee (CCC)<sup>67</sup> was also mentioned.

Although the national administrations were generally very positive about the project groups, a few identified **areas for improvement**. For example, one saw a need to review all project groups currently in place, and stated *"it is necessary ... to remove the unnecessary groups, and to rationalise and streamline."* This was in line with the recommendation of another national administration, who felt that project groups needed to have a clear rationale and mandate in order to function effectively.

Additionally, one administration felt that sometimes there were too many items on the agenda (with as a consequence too little time to discuss these items), and another administration pointed to the fact that some groups were too big and therefore less effective. These comments fit with the earlier general finding that the small (and rather informal) project groups worked best.

### **Working visits**

National administrations were also very positive about working visits; three quarters of responding administrations (24 out of 32) felt that these visits were "very useful" and the remainder described them as being "useful". An analysis of the open responses identified the following characteristics as **main strengths** of working visits:

- **The exchange of best practices:** Administrations praised the fact that the working visits facilitated the sharing of information and best practices, which enable them to compare and improve working methods. One administration stated that: *"Working visits are an invaluable means of exchanging information and sharing best practices with other Member States."* Another administration mentioned that *"they provide a good opportunity to see operational practices and working procedures in different countries"*. A few administrations indicated that they adopted practices from other countries as a result of working visits.
- **The flexible and operational nature:** Many administrations described the working visits as a flexible and operational tool that had the ability to respond to very concrete problems at the national level. For example, one administration stated that *"one of the greatest benefits of working visits is their flexibility, which has allowed us to satisfy concrete needs promptly [...]"*. Another mentioned that: *"it is a flexible and operational tool that addressed the needs of the national administration [...]"*.
- **Networking and cooperation:** Administrations also highlighted the personal contacts obtained through the working visits, and as a result the enhanced level of cooperation between countries. For example, one administration felt that working visits *"provide an ideal opportunity to establish contacts, improve communication, and share information with EU colleagues"*. Another administration stated that: *"In addition to the technical value of most visits, all of them have great value in terms of [providing the] opportunity to enhance*

<sup>66</sup> While this group is formally not part of (or financed by) the C2013 programme, members of this group are occasionally invited to participate in specific C2013 actions.

<sup>67</sup> The CCC supports the implementation of the community customs code (CC) see [http://ec.europa.eu/taxation\\_customs/resources/documents/customs/procedural\\_aspects/general/community\\_code/rulesofprocedureofthecommittee\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/customs/procedural_aspects/general/community_code/rulesofprocedureofthecommittee_en.pdf)

*work relations with colleagues from other countries in a friendly context, often starting up an automatic mechanism of reciprocity and better cooperation."*

While very few national customs administrations identified any **areas for improvement** in relation to working visits, some indicated that defining a clear goal before visiting another country was crucial to the effectiveness of this tool.

### **Workshops**

Workshops were the third most popular joint action among administrations, with two thirds of participating countries' administrations (21) considering this tool as "very useful" and one third of administrations (11) describing it as "useful". Administrations identified two **main strengths** in relation to the workshops supported by C2013:

- **In-depth discussions on complicated topics:** administrations were appreciative of the in-depth and detailed nature of discussions taking place at workshops. It was felt that the workshops were especially useful for "*detailed analysis and thorough study [...] on specific and complicated issues*" and "*exploring issues in detail and providing Member States and the Commission [...] with a less formal environment for discussion and resolving problems*".
- **The exchange of best practices:** Administrations highlighted the fact that workshops facilitated the exchange of experiences and best practices between Member States, in particular in relation to specific, complicated, and/or operational topics. For example, administrations mentioned that workshops provided the opportunity "*for Member State experts to exchange experiences and knowledge on a specific topic*" and "*to understand and apply best practices used by the Member State and European Commission*".

A few individual administrations mentioned that workshops also contributed to enhancing cooperation with non-EU participating countries, stimulating networking between customs officials of different countries, and improving the correct and uniform application of EU legislation.

In terms of **areas for improvement**, one administration noted that while workshops had been useful and worthwhile to attend, their ultimate benefits had not been as great as they could have been, due to the large size of the workshops and the "*varying levels of expertise involved*".

### **Training activities**

National customs administrations were very positive about the usefulness of C2013 support for training activities (including the e-learning activities): 18 administrations described these as "very useful" and 10 administrations as "useful". Only one administration felt that they were "not very useful". Administrations identified three **main strengths** of C2013 training activities:

- **To complement national training activities:** Some administrations noted that the C2013 e-learning modules complemented training activities/capacities at national level. For example, one administration stated that "*the development of a comprehensive suite of eLearning modules greatly enhances our training capacity and supplement existing training methodologies*". Another administration stated that "*the e-learning courses developed within the programme have contributed well to the Customs national curriculum*".
- **Better understanding of IT systems:** A number of administrations mentioned that the training activities were particularly useful in gaining a better understanding of how specific IT systems work in practice. It was stated that "*you learn from practical cases/scenarios*". Examples of IT systems where

the training was considered to be especially useful included EBTI3, ECICS2, COPIS, CS-MIS, and CS-RD.

- **Improved skills of individual customs officers:** For example, one administration noted that *"the participation of customs officials and IT experts in the C2013 training activities allow participants to develop new skills and this way to be better prepared to perform their duties"*.

The administration that described the training activities as "not very useful" indicated that while it supported the general objective of C2013 to provide training courses (which were likely to be useful to a number of countries), the subjects of the training courses and the online delivery of some of these were said to be of less use to this administration. In particular, the **translation costs** for training materials were disproportionately high, especially considering the small number of officials that would actually make use of them and their rapid obsolescence. This view on translation costs was shared by another administration.

### **Seminars**

Customs administrations were also positive about the C2013 seminars. In total, around half of administrations (16) indicated that they found seminars "very useful" and the other half of administrations described them as "useful". For example, one administration noted that:

*"[Seminars] have been extremely useful in facilitating key strategic discussions to take place to modernise and evolve the Customs Union, to drive forward customs operational issues and enable areas for greater cooperation between Member States"*.

The following features were seen as the **main strengths** of seminars:

- **Knowledge and information:** Many administrations indicated that they were provided with high quality information on a range of topics during seminars. In the words of one administration: *"our experience of seminars has been positive in terms of giving Member States an opportunity to gain further insights and understanding of new developments and projects"*. Moreover, administrations felt that seminars were useful in facilitating broader discussions at policy level. Another administration stated *"This is more the high level, to understand the big picture. Sharing long-term visions amongst Member States"*.
- **The exchange of best practices:** Similar to most other types of joint actions, seminars also facilitated the exchange of best practices. For example, one administration stated that the seminars *"help to exchange information and learn about different ways of working"*. Another administration noted that the seminars helped them to understand the situation of other Member States.
- **Networking and cooperation:** Lastly, seminars were also appreciated because they enhanced networking between individuals and thereby the cooperation between customs authorities. For example, one administration mentioned that *"seminars facilitate dialogue on issues of common interest, both formal and informal, with colleagues from other Member States"*.

While all administrations were generally positive about the usefulness of C2013 seminars, a few did highlight **areas for improvement**. These comments all related to the broad scope of the seminars and the lack of concrete follow-up or commitments.

### **Monitoring activities**

Opinion on the monitoring activities was also mostly positive, but less enthusiastically and unanimously so than for the joint actions discussed previously. While the majority rated monitoring as "very useful" or "useful" (10 and 13 respectively), 2 administrations did not find it useful and 5 administrations selected "don't know". The following **main strengths** were identified:

- **Monitor implementation of customs legislation:** The main strength identified by administrations was that the monitoring contributed to reviewing the implementation of (pieces of) customs legislation and identifying areas for improvement. This, in turn, contributed to the uniform application of EU customs legislation. One administration for example stated that *"monitoring activities provide Member States and the Commission an opportunity to assess and measure the uniformity of implementation of a particular piece of legislation and subsequently make improvements or adjustments"*.
- **Exchange of best practices:** Monitoring activities also facilitated the sharing of best practices between participating countries. One administration noted for example that *"it gives very useful insights as to how the other MS carries out the activity, thereby providing opportunities to become aware of best practices in relation to the activity being monitored"* Another highlighted that the monitoring activities provided the *"possibility to [gain] knowledge about experience, working methods, and problem solutions in other Member States"*.
- **Networking and cooperation:** Additionally, a few administrations mentioned the possibility to *"meet colleagues from other customs administrations and establish contacts for further cooperation"*.

### **Steering groups**

Steering groups received a broadly positive review, as far more administrations were positive than negative (23 were positive and 3 were negative; 3 selected "don't know"). However, fewer than one in three respondents (9) found them to be "very useful". The **main strengths** included:

- **Keeping updated on developments:** Several administrations noted that the steering groups were useful in keeping them up to date about *"on-going activities and developments"*. For example, one administration mentioned that *"the Training Steering Group was a tool that kept us informed about EU customs policy and the strategic goals of the common training initiatives and developments of the EU and thus defined our priorities at national level"*. Moreover, it was stated that the steering groups helped administrations in their national planning of activities.
- **Coordination of specific actions and project groups:** One administration noted that *"they are useful to gain a broad overview of the activities of a large number of project groups"*. Another administration stated that *"they provide an essential coordination and monitoring of the specific actions carried out by the project groups to guarantee a common implementation of customs legislation and to avoid overlapping and duplication of those same initiatives"*.
- **Opportunity to provide input:** For example, one administration stated that *"they give Member States an input into the development and implementation of specific EU policy issues"*. Another administration mentioned in relation to the steering groups that *"they are necessary to make everybody feel that they are involved in the decision-making and in action results"*.



In terms of **room for improvement**, there were several comments about the need for steering groups to have a more clearly defined purpose. According to two administrations, the steering groups should be given more power to provide leadership.

### **Benchmarking activities**

Out of the 30 responses to this question, half of respondents selected “don’t know” and many elaborated that the reason for this was that they had never participated in this joint action. Of those who gave feedback, the majority were positive about its impact, around two thirds (9/15) found benchmarking to be “useful” and just 2 selected “very useful”. However, 4 administrations were negative about benchmarking (equally split between “not very useful” and “not useful at all”).

Those who made use of benchmarking noted the following **main strengths**:

- **Sharing best practice:** multiple administrations cited the obvious benefits in terms of learning alternative ways of approaching similar problems. As summed up by one response: *“They represent an excellent opportunity for developing better practises and the future adoption of harmonised procedures by the Member States.”*
- **Ensuring uniform practice:** it was noted that benchmarking is *“a crucial part of the uniform application of EU customs legislation within the customs union.”*

With regards to those who did not find the joint actions useful, one administration elucidated on their reasons:

*“[the] procedure for initiating benchmarking (as described in the guide benchmarking) is quite heavy and has deterred this administration from using this tool in the Customs 2013 programme. Benchmarking objectives can be better achieved by organising a series of work visits between several participating countries concerned about the same issues”.*

## **2.2 The influence of the C2013 on national customs processes**

### **Summary of findings**

National administrations were asked to provide their opinion on the influence of the C2013 on national customs processes as a whole. Officials were asked to rate the influence of the C2013 on the following processes: clearance procedures, effectiveness and efficiency of controls, enforcement of customs legislation, data management, trader management, and risk management.

Overall, **administrations viewed the programme as having an important influence on national customs processes**. C2013 was viewed as playing **the most significant role in the area of risk management and clearance procedures**, where most respondents categorised its influence as either “crucial” or “very important”. In particular, respondents claimed that C2013 helped them to implement complex new (and improved) systems, often in the context of inadequate funding and insufficient human resources at the national level. Yet, with regards to risk management, responses also raised concerns about the quality– and therefore the usefulness – of data. Improved guidelines and/training would go some way to addressing these concerns.

The influence of the programme on the other customs processes was also important overall particularly as a means to promote harmonisation of processes in the context of limited national resources. A relatively low number of administrations (between 2

and 3) felt that the programme had been “crucial” for these four areas (effectiveness and efficiency of controls, enforcement of customs legislation, data management and trader management). Indeed, the vast majority of administrations (67-88%) did feel that it had been either “very important” or “important” to these processes.

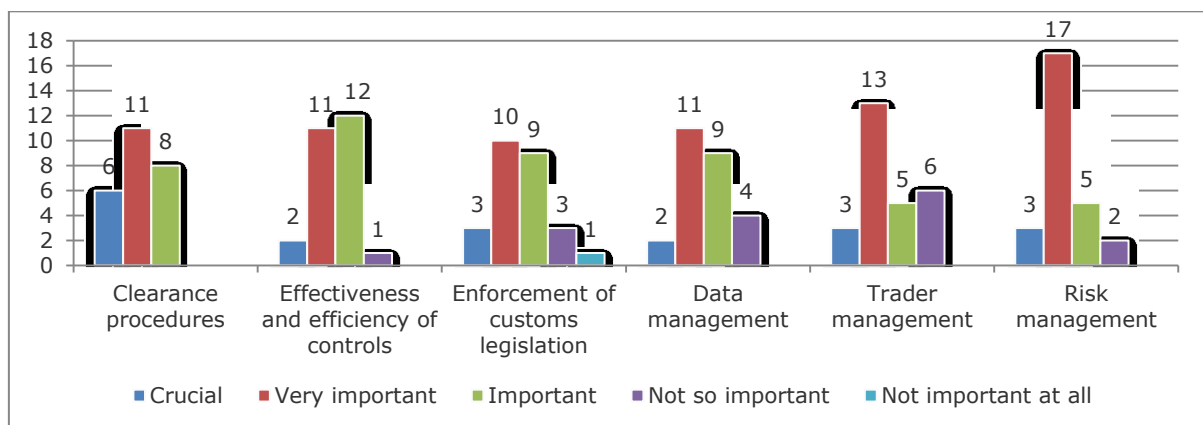
As the figure below illustrates, administrations **generally reported the programme as having an important influence** on national customs processes. This is also illustrated by the following comment:

*“Customs 2013 enabled not only customs officials, but other EU and non-EU government stakeholders to engage fully and openly in promulgating a solution to their common areas of concern. Without the joint actions, progress on identifying issues, suggesting solutions, and agreeing new actions would be extremely difficult without the ability to discuss in situ, with other administrations”.*

According to the responses given by national administrations, **the most significant influence of C2013 was determined to be in the area of risk management**. 20 out of 27 responding administrations indicated that the programme had either been “crucial” or “very important” in this respect. A total of six administrations reported C2013 to have had a “crucial” influence on **clearance procedures** (more than for any other process), 11 more categorised its influence as “very important”, with the remaining 8 selecting “important”.

The **influence of the programme on the other customs processes was also positive** overall: while a relatively low number of administrations felt that the programme had been “crucial”, most administrations did feel that it had been either “very important” or “important” to these processes. Only a small number of administrations thought that the influence of the programme had been “not so important” or in one case “not important at all”. Most administrations did not explain why. However, where reasons were given, the reasons given had to do with the perceived lack of need, for example data/trader management was said to be easily managed at the national level due to a low volume of trade (two Member States).

**Figure 28: The influence of C2013 on national customs processes**



*This question was only asked to EU Member States. The number of responses varied between n = 25 and n = 27*

Administrations were given the opportunity to expand on their national experiences and respective challenges in order to elaborate on how or why C2013 had contributed in each of the six areas.

**Common challenges faced** (and which C2013 contributed to tackling) included the need for greater coordination and harmonisation of processes undertaken by Member States. National administrations also wrote that they struggled with inadequate

funding and insufficient human resources, particularly in relation to implementing complex new (and improved) systems. There was agreement, as reflected in the quantitative summary, that the challenges they faced were (to a greater or lesser extent) addressed by the programme. Joint actions were valuable for the sharing of best practice and for discussion of practical implementation issues. However, administrations did point areas which could still be improved. The limitations for the different areas are detailed below.

### **Risk management**

In terms of limitations, even the aspect of the programme that was seen as most influential on national processes, risk management, had a number of issues in the eyes of national administrations. The challenges administrations still face in conducting risk analysis include: poor **data quality**<sup>68</sup> (4 administrations); and the absence of **risk management guidelines/training** to facilitate harmonisation and collaboration (3 administrations).

According to one response, these challenges stem from a continuing need for all Member States to fully adopt a common approach to risk management:

*"The main reasons for difficulties (non-uniform understanding and implementation of common risk analysis) are rooted in the different conditions of the Member States. The conditions are influenced by geographic location, financial resources of customs administration, level IT (electronic systems). Each Member State has different conditions and therefore it is very difficult to unify the risk electronic systems and the implementation of common risk analysis."*

Another administration had other concerns with the C2013 approach:

*"The main problem stems from the definition of an input/output procedure that was developed together with the IT experts but not with the risk analysis experts. So the needs identified by the latter in relation to establishing a security and protection system at European level were not considered. In addition, the Commission made every effort in the definition of the risk criteria, but did not put the same effort on procuring that the implementation at Member States level was uniform."*

### **Clearance procedures**

Qualitative responses which detail experiences with clearance procedures showed that for several administrations the reason C2013 was so important was that they had insufficient national resources. As an aside, even with C2013 support, one administration reported meeting deadlines was difficult. This is likely to reflect a combination of rather ambitious targets and deadlines set in the legal framework, and certain weaknesses of particular customs administrations in handling the required change.

### **Other customs processes**

In the remaining four areas - controls, enforcement, data and trader management - again, although the overall picture was of a positive contribution of C2013, problem areas were identified. For example:

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<sup>68</sup> In particular, data provided in the ENS (Entry Summary Declaration) is not of sufficient quality and "CRMS/RIF is still incomplete when it comes to information about the disclosed nonconformities – there are cases that the information is available in "open sources" and it is still not present in CRMS" and "some of the questions are not answered at all" namely unpunctual feedback for creating a RIF question as a part of CRMS

- Regarding enforcement, despite progress in aligning procedures and its value for fighting organised crime, there is still an “*uneven interpretation of the customs law*” and offences are treated differently by administrations.
- Data management systems still suffer from a lack of clear definitions, which contribute to poor quality of data.
- For trader management there was a general consensus of the need to improve understanding of the needs of traders, which was to some extent satisfied by C2013, but it was noted there was an enduring need for a centralised repository of information with EORI<sup>69</sup>.

## 2.3 Views and perceptions on the trans-European IT systems

### Summary of findings

National authorities were asked to provide their opinion on the three main trans-European IT systems, namely the New Computerised Transit System (NCTS), the Import Control System (ICS), and the Export Control System (ECS).

The responses suggest that, in line with the mid-term evaluation in 2011, administrations were **particularly positive about the extent to which the NCTS achieved its objectives**. Administrations were also **relatively positive about the ICS**, especially in relation to its contributions to the faster reception and treatment of the pre-arrival declarations (and the implications for risk analysis). However there were still concerns, particularly with the quality of ICS data which led some administrations to continue to question the benefits of the system.

With regard to ECS it was found that while the mid-term evaluation indicated that the system experienced some initial teething problems, the **perceptions on this system have improved** over the last two years (as illustrated by the increased number of administrations that were of the opinion that the system contributed to its objectives “to a large extent”).

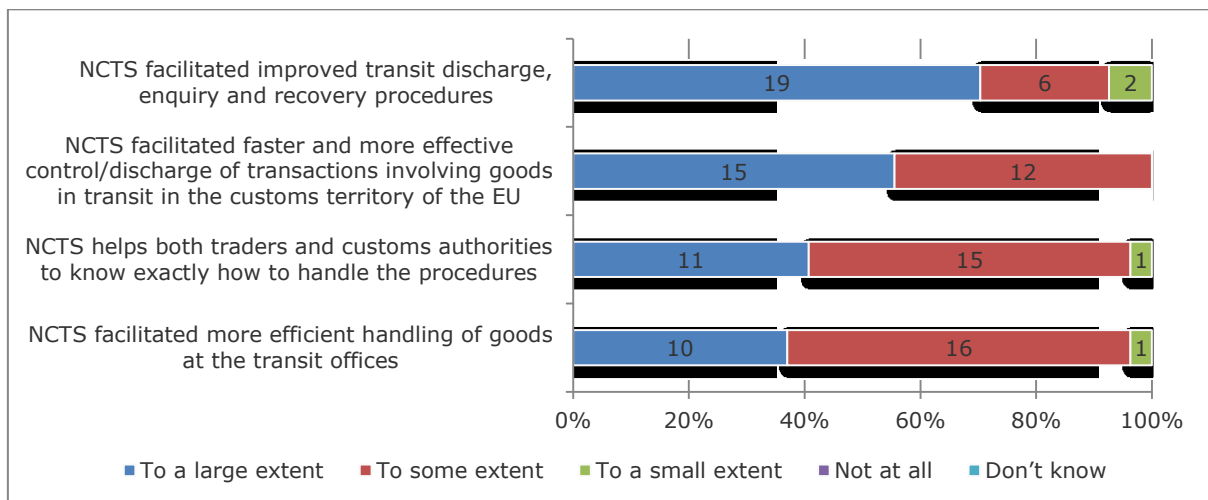
### 2.3.1 New Computerised Transit System (NCTS)

National customs administrations were **very satisfied with the degree to which the NCTS achieved its objectives**. Almost all national administrations were of the opinion that this system contributed (to a “large” or to “some” extent) to faster and more effective discharge, enquiry, and recovery procedures (25 out of 27 administrations). Similarly, almost all determined NCTS to have contributed to greater awareness among traders and customs authorities on how to handle procedures as a result of the Transit Manual (26 administrations). Only one or two administrations felt that the NCTS only met its objectives “to a small extent” or “not at all”.

While the mid-term evaluation results on the system’s contributions to the efficient handling of goods were slightly less positive than its contributions to the other objectives, this time around 26 out of 27 administrations indicated that the NCTS did indeed contribute to this objective either “to a large” or “to some extent” (compared to 20 out of 27 administrations in 2011). One response noted there had been improvements of the enquiry procedure in NCTS, while another noted improvements in recovery procedures. However, the administration which felt that NCTS had made only a limited contribution to handling procedures attributed this to the Commission’s failure to enforce compliance with enquiry and recovery procedures.

<sup>69</sup> Economic Operator Registration Number

**Figure 29: Effectiveness of the New Computerised Transit System (NCTS)**



Please note that this question was only asked to EU Member States, n = 27

Administrations were given the opportunity to expand on the reasoning for the judgements in open questions. The overall positive assessment of NCTS is illustrated by the following response:

*"The enhancements and updates where applied to the NCTS are always important changes at improving the functionality of the system for customs and traders alike and help to improve control measures and so reduce the possibility of fraudulent activity."*

In terms of improvements, one administration commented that *"Although NCTS is very useful system to speed up customs formalities, it lacks precision of data, and that affects quality of risk assessment"*. Another administration asked for better specification of procedures outside the NCTS to be specific in the legislation and/or Transit Manual, providing the following example: *"We miss the exact definition of what the customs officer needs to do in the case of discrepancies found during the control of goods (shortage of goods, surplus of goods) in the Transit Manual"*.

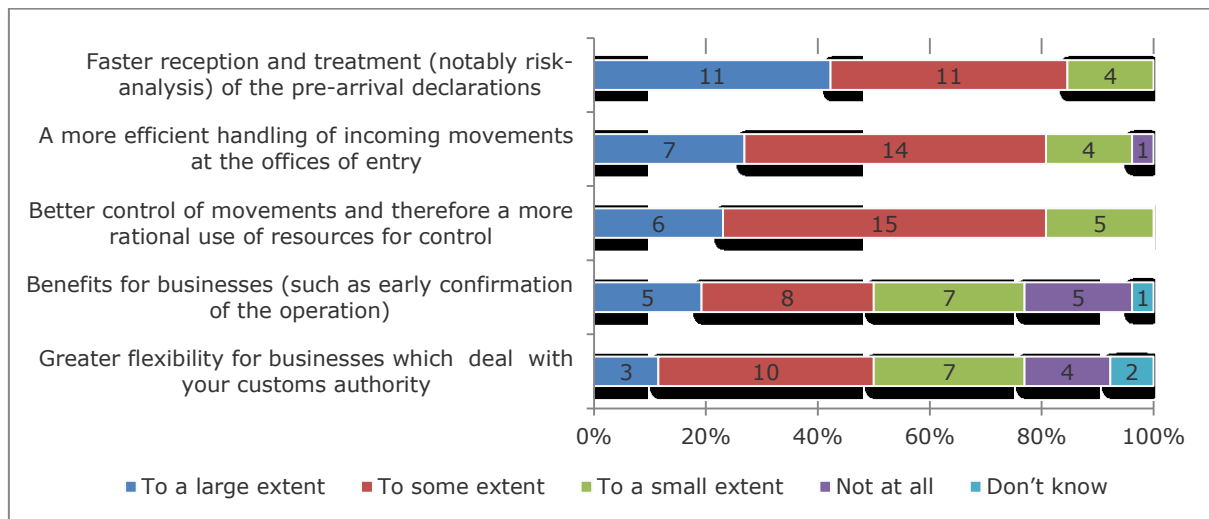
### 2.3.2 The Import Control System (ICS)

ICS became fully operational in January 2011. The findings from the questionnaire suggest that administrations were satisfied with the ICS, but to a **smaller extent than with some other systems**. The number of administrations indicating that the system contributed to its objectives "to a large extent" was relatively low across the board. This is likely to reflect the fact that ICS is widely viewed as only the first step on the way to a fully Automated Import System (AIS).

Overall, national administrations were most satisfied with the extent to which the ICS contributed to the faster reception and treatment of the (risk analysis of) pre-arrival declarations, as 22 out of 26 administrations indicated that the system contributed to this objective either to a "large" or "some" extent. This is in line with the main purpose of the system, namely enabling Member States to conduct risk analysis of ENS declarations electronically. Indeed, one administration noted that *"The sharing of risk-related information has increased."* Moreover, a large number of administrations (21 in total) also indicated that the ICS contributed to a more efficient handling of incoming movements at the offices of entry and a better control of movements (and therefore a more rational use of resources for controls).

Regarding ICS' impact on businesses, half of responses felt that the ICS contributed to objectives (either to a "large" or to "some" extent), respectively 12 and 11 administrations felt that the ICS contributed "to a small extent" or "not at all"<sup>70</sup>.

**Figure 30: Effectiveness of the Import Control System (ICS)**



Please note that this question was only asked to EU Member States, n = 26

Administrations used open responses to elaborate on the reasons for their judgement. Some of the **main weaknesses and general feedback** were:

- Need for better planning and implementation:** According to one administration there should have been "a better legal basis in relation to the need for budgetary rules" prior to ICS' implementation. According to another: "Moving forward it may be useful to have greater co-ordination of IT change between ICS/AEO/Risk project groups to ensure business processes, operational/policy interests and IT proposals are fully discussed/considered and alignment achieved."
- Need for better data quality:** Poor data quality was criticised by a total of 7 administrations. One administration stated that: "The main problem with the ICS is the lack of quality of the data related to statements. This impedes a correct and complete risk analysis." There was also concern about the consistency of information contained in ENS. Another explained:

*"We await improvements with the data quality of ICS (including real buyer & seller rather than Agent to Agent data) and adoptions of the proposals stemming from Air Cargo Security/Postal Pilots to receive trade data at the earliest opportunity i.e. pre-loading, which once introduced should improve the overall effectiveness of ICS whilst providing a meaningful system to complement our existing national controls."*
- Delays in implementing necessary improvements:** Three administrations commented that a seminar held in 2011 to evaluate ICS<sup>71</sup> identified actions to be taken to improve its effectiveness – namely to improve data quality and data sharing - which have yet to be implemented.
- Administrative burden involved:** The administrative burden drew differences in opinion. Two administrations saw the implementation as an additional

<sup>70</sup> It should be noted that this was not the main purpose of the system.

<sup>71</sup> Seminar held on 6-7 October, 2011 in Richmond, UK

burden with very limited reward<sup>72</sup>. Another administration commented businesses shared the administrative burden. By contrast one administration reported that the (demanding) pre-conformance and conformance tests were beneficial because they facilitated faster implementation across Member States.

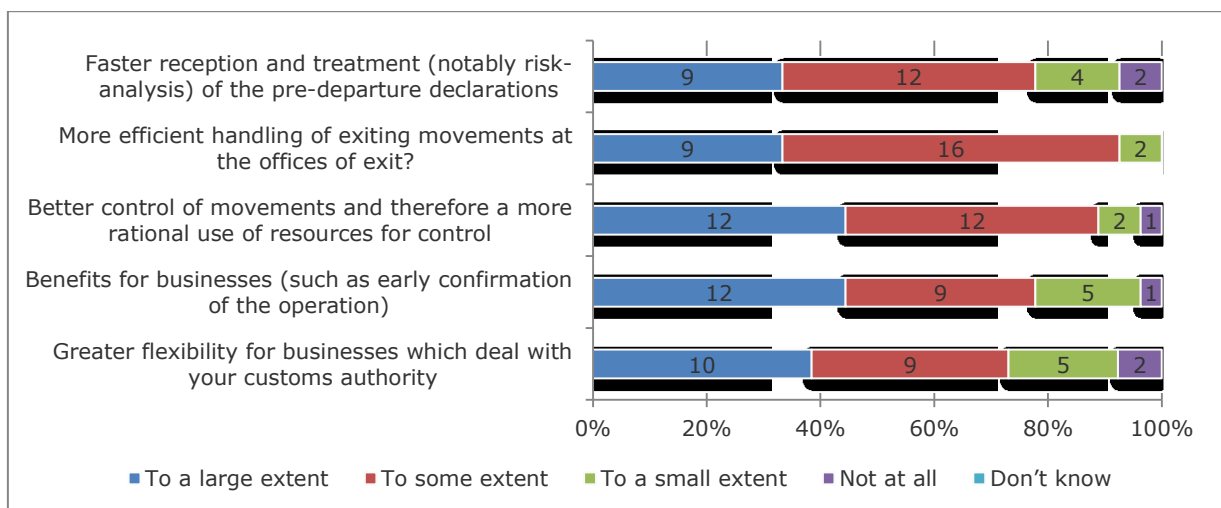
### 2.3.3 The Export Control System (ECS)

Compared to the findings of the mid-term evaluation, the results from the questionnaire suggest that **perceptions of the ECS have improved**. While the number of administrations who felt that this system contributed to its objectives “to a large extent” was quite low in 2011 (it varied between 3 and 8 depending on the specific objective), over the last three years, its assessment was significantly higher, namely between 9 and 12. This is in line with the explanation provided at the time, namely that the ECS may have experienced some initial “teething” problems during the first few years of the programme.

A majority of administrations felt that the ECS contributed to the **faster reception and treatment** of (notably risk-analysis) of the pre-departure declarations either to a “large” or to “some” extent (21 out of 27 administrations). Moreover, an even larger number of administrations indicated that the ECS contributed to **a more efficient handling of exiting movements at the offices of exit** (25 administrations) and a better control of movements (24 administrations).

Unlike the ICS, the **ECS’ contributions to business were perceived as quite positive**. In total 21 administrations felt that the system contributed to benefits for businesses (such as early confirmation of the operation, and the correct treatment of goods<sup>73</sup>) and 19 administrations indicated that the system contributed to greater flexibility for businesses.

**Figure 31: Effectiveness of the Export Control System (ECS)**



Please note that this question was only asked to EU Member States, n = 27

Open responses revealed shortcomings in the present system and suggestions for improvements going forwards. These are given below:

- **Improvements to the IT system:** One administration suggested improvements to the IT systems to allow for better monitoring and automatic reminders to improve the efficiency of information flows between offices of

<sup>72</sup> “ICS introduced additional customs processes and high development-administrative costs ... The results and benefits are very limited

<sup>73</sup> As well as, in one case, an improved system for businesses to justify their right to VAT exemption

export and offices of exit. The implementation of KELs (Known Error Lists) was cited as an area of progress for many administrations and will continue to be useful going forwards.

- **Need to act on open movements:** Two administrations commented on the need to act on open movements. One pointed out that: *“open movements in ECS are effectively being ignored even though many thousands of open movements continue to exist and export movements are often not being closed in the manner that was anticipated when the system was first introduced.”* Another stated that this makes it *“hard for internal offices to find export proofs from exporting companies and delivery carriers”*.



## 2.4 Views and perceptions on the central customs applications

### Summary of findings

While the mid-term evaluation only asked customs administrations to provide feedback on a few selected central applications, this time the questionnaire asked about groups of applications that were related to the areas of (1) risk management, (2) economic operators' management, and (3) goods classification.

The results show that national administrations were **generally satisfied with the central applications**, especially those that related to **economic operators' management** and **goods classification**. In fact, more than half of the administrations indicated that the applications contributed "to large extent" to their specific objectives, namely better registration and authorisation of traders (17 out of 25 administrations) and helping traders and authorities to obtain correct classification and tariff rate of imported goods (19 out of 27 administrations). Most others felt that the applications contributed "to some extent" to these objectives. Specific developments since 2011 which were highlighted in open responses were the **integration of credibility checks in TARIC** and the **implementation of the Mutual Recognition Agreement (MRA) with third country administrations**.

The findings on applications' **contributions to the area of risk management were also positive** (albeit a little less so than for the other two groups). Just over a third of administrations felt that they achieved their objectives "to a large extent" and around half of them answered "to some extent".

Open responses showed that in the area of risk management there are concerns regarding data quality and the administrative burden involved for national administrations. Indeed, in one case an administration stated they perceive their own risk management system to be superior. With regards to management of economic operators there is demand for more systematic application of procedures; for instance there is reportedly duplication in EORI and inconsistency in the use of RSS. Goods classification remains complex for national administrations, despite progress made through C2013.

### 2.4.1 Developments since 2011

Administrations were asked to comment on the most important developments regarding central applications since 2011, namely (1) risk management, (2) economic operators' management, and (3) goods classification. The main findings based on the responses given are summarised below:

- 1) **Risk management:** In the field of risk management, **administrations were generally positive about developments**. The Commission was said to have been pro-active in getting feedback on the views of users on the needs of the system and how it should be adapted to their needs<sup>74</sup>. Indeed, one administration commented that after flagging quality concerns regarding RIF at a CRMS meeting, guidance was issued to all administrations reminding them of the data fields that needed to be completed on a RIF. After a number of weeks, the national administration concerned reported "*[...] that the number of poor quality RIFs being received had reduced*".
- 2) **Economic operators' management:** With regards to economic operators' management, almost all administrations mentioned **the implementation of the Mutual Recognition Agreement (MRA) with third country**

<sup>74</sup> Via a questionnaire issued in 2013 (document reference: TAXUD/B2/30/2013-EN)

**administrations.** Administrations were extremely positive about this progress, as illustrated by this response: *“One advantage of the integrated solution meant decreased manual checking of third country AEO data”,* such that data processing was *“much easier”*. In addition new features were introduced into the RSS system with benefits to communication between customs administrations and improved transparency.

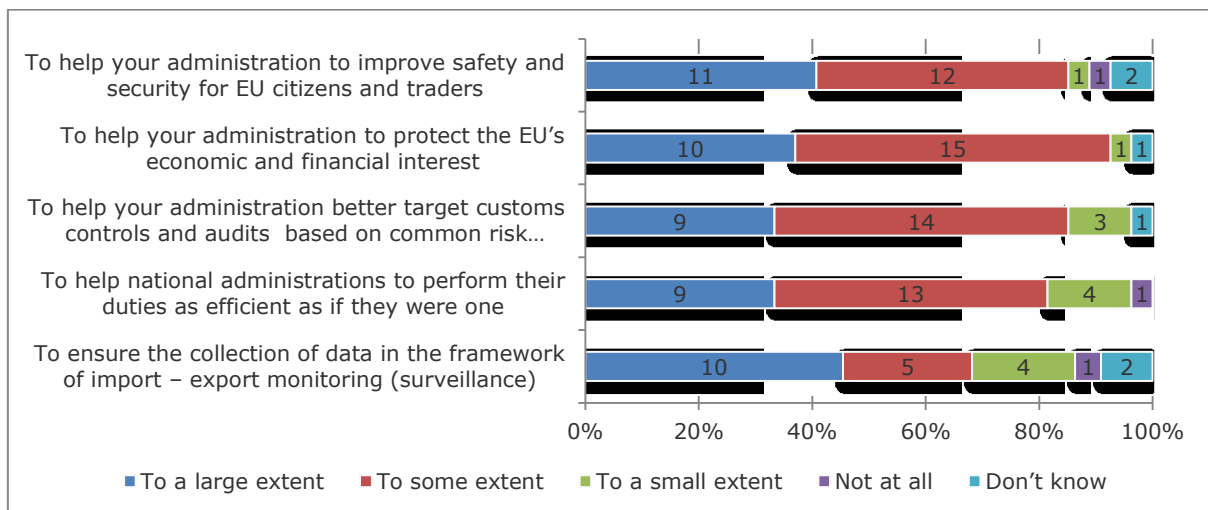
- 3) **Goods classification:** With respect to goods classification applications the single most commonly mentioned improvement was the **integration of credibility checks into TARIC**. Other improvements mentioned were related to the functionality of EBTI (e.g. improvement of the thesaurus), and the scope of ECICS which now covers more chemicals.

### 2.4.2 Central applications related to risk management

The majority of national administrations were **positive about the CRMS and SURV2** systems’ contributions to risk management. As the multiple choice responses illustrate, a significant majority felt that the systems (either to a “large” or to “some” extent) helped administrations to better target customs controls (23 administrations), and thereby to contribute to the overarching objectives of protecting the EU’s economic and financial interest for example by improving security against fraud (25 administrations); improving safety and security for EU citizens and traders by sharing risk information and better focusing controls (23 administrations); and performing their duties as if they were one (22 administrations).

With regard to these systems’ contributions to the collection of (import and export) monitoring data, many administrations answered “don’t know” or did not provide an answer (8 in total).

**Figure 32: Effectiveness of central applications on risk management (CRMS / SURV2)**



Please note that this question was only asked to EU Member States. The number of responses varied between n = 22 and n = 27

The open-text responses given by national administrations illustrate the overall positive assessment of risk management. For example:

- **CRMS:** One national administration described this as contributing to enforcing *“security and safety for trade and citizens through a more efficient cooperation between customs authorities”*.
- **SURV2:** As per one administration: *“Data collected by the Commission via [the] SURV2 system is among [the] main sources of information for*

*preparation of negotiations, market analysis, follow up of agreements and of trade defence measures and fight against fraud". As an extension of this, one administration described how SURV2 had reduced the likelihood of errors.*

In terms of **shortcomings and delays**, the main findings were the following:

- **Data quality:** According to one administration data quality could be improved: *"The quality of data entered in declaration systems, especially for security purposes, need to be further improved in order to have real security results."* Indeed, seemingly there *"continues to be an incorrect use of the tags in CRMS"* which are used to identify risk type. SURV2 was not universally praised as illustrated by this response: *"Surveillance 2 is not directly a success...A lot of false or incorrect signals or just not very relevant signals created a lot of work without many results."*
- **Functional issues:** At a more structural level, a suggestion was put forward for CRMS to be linked with other European data sources in order to simplify risk analysis work. Other functional improvements proposed were: more structured fields within the CRMS (particularly RIF) and alerts for all MS when feedback is submitted for a RIF. One response went further stating that: *"The best solution to improve risk management all across the EU would be the introduction of the all-European common database of the infringements. The actual settings for submitting RIF are insufficient and provide less valuable information to mitigate the risks than is needed."*
- **Administrative burden:** It should also be noted that, in the area of risk management not all administrations felt that the extra administrative burden involved in maintaining EU-level systems was valuable. One administration in particular commented that they found the systems inferior to their own national system.

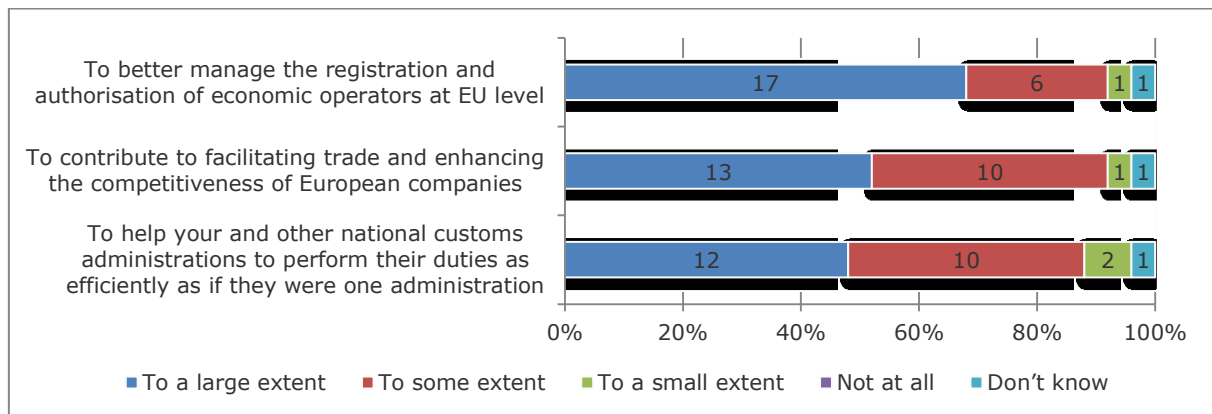
### **2.4.3 Central applications related to the management of economic operators**

Almost all administrations agreed that EORI, AEO, and RSS contributed to the management of economic operators either to a "large" or to "some" extent. Specifically, around two thirds of administrations felt that these applications contributed to a better registration and authorisation of economic operators at the European level "to a large extent", and roughly a quarter of administrations felt that this was the case "to some extent". Among the benefits cited were improved efficiency, improved functionality (e.g. easier to monitor delays) and fewer delays.

In line with this finding, 22 administrations indicated that the applications helped customs authorities to act as if they were one administration, for example by ensuring the consistent application of legislation.

With the exception of one, all administrations indicated that EORI, AEO, and RSS applications contributed to facilitating trade and enhancing the competitiveness of European companies, e.g. by protecting a level playing field for companies, simplifying and speeding up control procedures, and protecting intellectual property rights.

**Figure 33: Effectiveness of central applications related to the management of economic operators (EORI, AEO, and RSS)**



Please note that this question was only asked to EU Member States, n = 25

In terms of **shortcomings**, the following should be highlighted:

- **EORI:** There were some issues with duplication of EORIs which would obviously undermine the purpose of a unique identification number. Furthermore, improvements in the EORI search functions and dictionaries were suggested.
- **AEO:** Some respondents felt there was also a need to implement improvements in the monitoring of AEO agreed at an AEO Network meeting in October 2013 (namely a systematic electronic reporting of decisions which affect more than one Member State). Better information about EU Customs Offices and AEO points of contacts would be beneficial.
- **RSS:** Responses suggested that RSS was not implemented by all Member States – for some the service was not deemed relevant or useful – and this causes confusion.

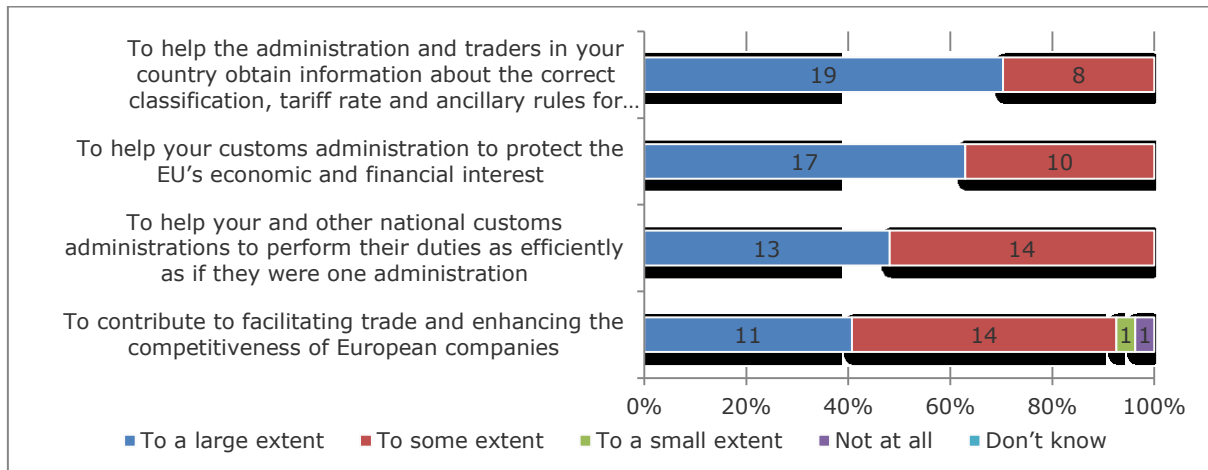
#### 2.4.4 Central applications related to goods classification

There was a consensus among responding customs administrations that the applications related to goods classification (EBTI3, TARIC3, QUOTA2, ECICS2, CN, and SUSP) **met their objectives**, with approximately half of the responding administrations saying that they had done so “to a large extent” and the other half selecting “to some extent”.

The findings were especially positive in relation to the extent to which the applications helped national administrations to (1) obtain the correct classification, tariff rate (or suspension thereof) and ancillary rules for imported goods, and (2) protect the EU’s economic and financial interest, for example by revenue collection and improving security against fraud. In fact, more than half of the administrations answered “to a large extent” in relation to both these statements.

Furthermore, nearly all responding administrations indicated that the applications helped them to **facilitate trade and enhance the competitiveness** of European companies, e.g. by protecting a level playing field for companies and simplifying and speeding up control procedures. 25 out of 27 responding administrations felt that the applications facilitated trade and enhanced the competitiveness of European companies. Approximately half of the administrations indicated that the applications had contributed to these two objectives “to a large extent”.

**Figure 34: Effectiveness of central applications related to goods classification (EBTI3, TARIC3, QUOTA2, ECICS2, CN, and SUSP)**



Please note that this question was only asked to EU Member States, n = 27

Administrations were given the opportunity to provide feedback on any **shortcomings or delays** with these applications. At the more general, operational, level, one response suggested that: *"There should be a central application uniting all information on the tariff classification for operators and administrations as proposed in the draft CLASS-Document TAXUD 3515898/2013-EN"*. Indeed, separate responses raised concern about the complexity of legislation, particularly in relation to ECICS2 and TARIC. In this context, one response pointed out that there is still room for improvement since *"not all EU legislation concerning the prohibitions and restrictions on imports and exports of goods is integrated into TARIC"*.

More specific issues and possible improvements included the following:

- **Need for support from DG TAXUD:** According to one responses DG TAXUD's ITMS helpdesk had not answered questions (*"there was not even a response to our emails"*).
- **Need for harmonisation of data references** (e.g. unit measures were not necessarily harmonised)
- **TARIC:**
  - **Increase information available in TARIC:** One administration suggested photos, practical cases etc. could be used as part of TARIC to support custom officers make better decisions regarding import declarations.
  - **Extend credibility checks used in TARIC3.**
- **ECICS:** Alerts for amended classification in the ECICS2 database would be useful.
- **EBTI3:**
  - **Information in national languages could be improved,** for example searching the thesaurus was found to be more effective in English.
  - **Information is not clear enough:** The complexity of the EBTI database (sheer number of EBT) and product descriptions are not altogether clear (especially when there are similar tariffs) can cause confusion. More quality monitoring could be one part of the solution.

## 2.5 The management and added value of C2013 programme

### Summary of findings

The questionnaire also collected feedback on the management and added value of the C2013 programme. The findings suggest that national customs administrations were **satisfied with the human and financial resources available at EC level**, and the timeliness and efficiency with which the programme was implemented. The responses to the questionnaire suggest that national administrations were highly satisfied with the extent to which the C2013 programme **reduced the national administration costs and burden** to implement the necessary (EU) measures. However, they were still **significantly less positive about the resources available at national level**.

In line with the mid-term evaluation in 2011, national administrations were particularly satisfied with the extent to which C2013 **enhanced cooperation between national administrations**, as almost all administrations indicated that it had done so "to a large extent". However, the results were more mixed in relation to the cooperation with non-EU participating countries. In addition, almost all national administrations felt that C2013 had increased the alignment between customs processes and procedures of national administrations, and a large majority were of the opinion that the initiatives supported by C2013 had been complementary to other (public and private) initiatives at national and international level.

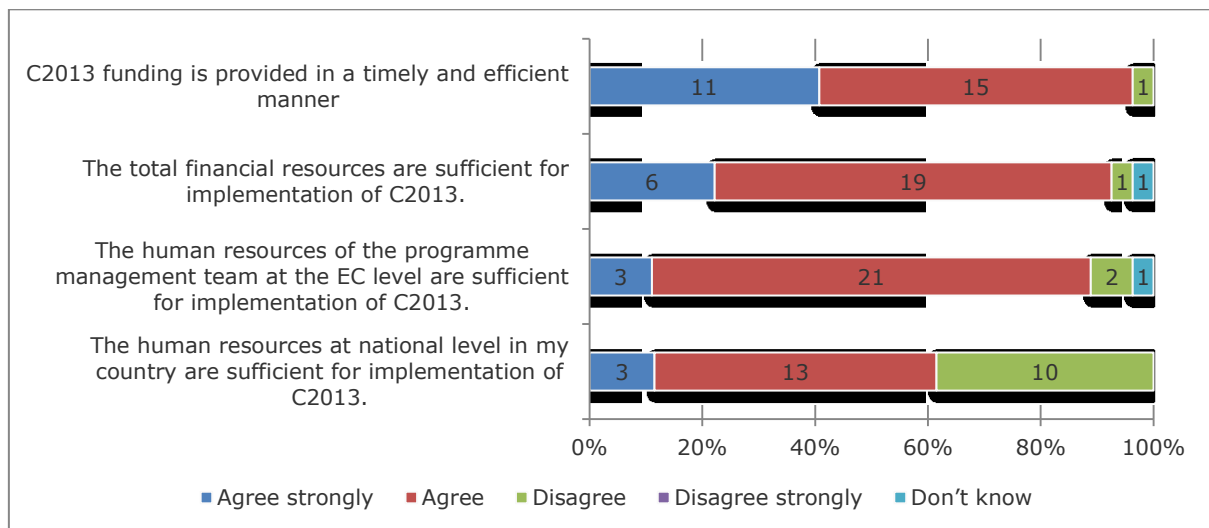
Lastly, most of the national customs administrations indicated that the C2013 programme had a **sustainable and long-lasting impact** on the functioning of the Customs Union, and that the outputs and results produced by the programme were likely to be useful in the future.

### 2.5.1 Human and financial resources

Almost all national administrations agreed that there had been **sufficient human and financial resources available** (at the EC level) for the implementation of the C2013 programme. With the exception of one response, there was a consensus that funding had been provided in a timely and efficient manner. By contrast, the lack of timeliness in sending out invitations and setting up meetings was mentioned in two responses.

Many national administrations were **concerned about the national resources** available to implement the programme. While 16 out of 26 administrations felt that there had been sufficient resources available at national level, the remaining 10 responding administrations disagreed with this statement. This finding is in line with the findings from the mid-term evaluation in 2011, when only two-thirds of responding administrations indicated that there were sufficient resources available at the national level. Two administrations also voiced concerns that the language skills of national experts/staff were not always up to the required standard.

**Figure 35: Human and financial resources available to the implementation of C2013**



Please note that this question was only asked to EU Member States. The number of responses varied between n = 26 and n = 27

Open responses revealed that individual administrations had demands for the programme to cover the following:

- "management and control of authorisations covering more than one Member State, in particular SASPs"
- "project group on UCCIP<sup>75</sup> and other monitoring actions"
- Equipment, i.e. "special detection equipment, equipment for borders and customs laboratories".

In addition, one response indicated that greater flexibility in funding would be beneficial since: "Some additional resources are needed in some periods (e.g. autumn and spring) when the participation in programme activities is tense and we host also colleagues of other Member-States."

### 2.5.2 C2013's impact on the cooperation between national administrations

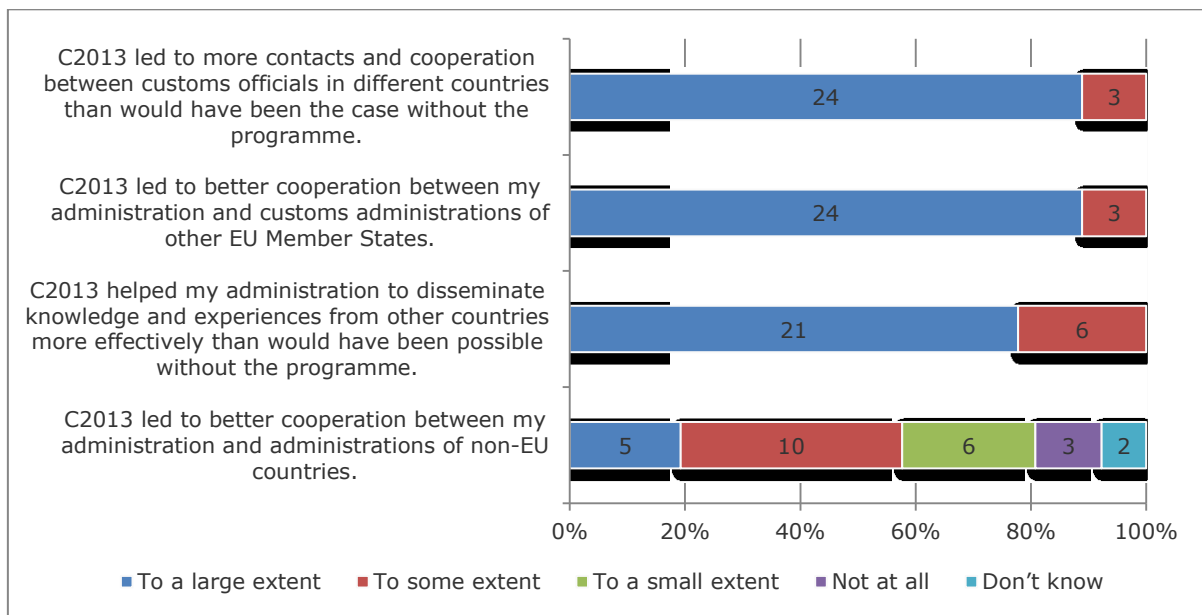
The results show a very high level of satisfaction with the extent to which **C2013 contributed to the cooperation** between national customs administrations. Indeed, almost all responding administrations indicated that the programme had enhanced the cooperation between national customs administrations as well as individual customs officials from different EU Member States, with 24 administrations of the opinion that it had done so "to a large extent".

Unsurprisingly (as most actions concern only participating countries), the programme's contributions to improving **cooperation with non-EU participating countries were perceived less positively**. While 15 administrations indicated that C2013 had led to better cooperation with these countries (either to a "large" or to "some" extent), 9 administrations were of the opinion that it had only done so "to a small extent" or "not at all". These findings are in line with the mid-term evaluation in 2011, which stated that: "the responding national customs administrations were unanimous that C2013 effectively facilitated the exchange of information with the EC, as well as with other participating countries".

<sup>75</sup> Union Customs Code Implementing Provisions



**Figure 36: Extent to which C2013 enhanced cooperation between administrations**



Please note that this question was only asked to EU Member States. The number of responses varied between n = 26 and n = 27

Open responses provided the opportunity for administrations to elaborate on why and how the programme contributed to cooperation between administrations. One response stated that: *“This is one of the best effects of the programme and gives the highest added value”*.

Multiple benefits resulting from cooperation were given in the open responses, foremost was the exchange of experiences and expertise. In addition, developing contacts and networking via meetings, training, seminars, project groups and working visits was commonly cited as an important aspect of developing cooperation between national administrations. One administration commented: *“Without C2013 no contacts would be possible with customs officials of foreign countries except for twinning projects and very few exchange of knowledge/procedures could take place inside EU countries”*. In addition, one administration stated with regards to developing contacts: *“it is worth noting the role played by the contact groups (Icarus, RALFH, etc.) and the various networks (AEO, Customs 2013, Communication, etc.)”*.

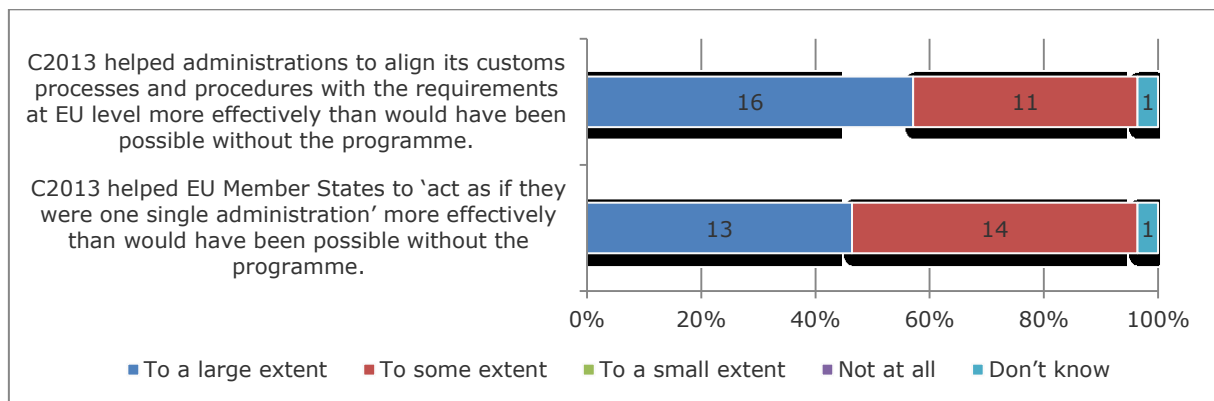
### 2.5.3 C2013’s impact on uniformity of the Customs Union

All responding national administrations<sup>76</sup> felt that C2013 had **increased alignment between customs processes and procedures** more effectively than would have been possible without the programme (27 out of 28 administrations). Moreover, 16 administrations even indicated that the programme had done so “to a large extent”. In line with these findings, the administrations also indicated that the programme helped EU Member States to act as if they were one administration.

<sup>76</sup> Only one administration answered “don’t know” to these questions, as shown in the figure.



**Figure 37: Extent to which C2013 increased uniformity of the EU Customs Union**



Please note that this question was only asked to EU Member States, n = 28

In their open responses administrations cited the major role of the C2013 programme in developing uniformity via 1) monitoring activities and 2) guidelines and codes of conduct<sup>77</sup>. However, despite the obvious contribution of the programme to developing uniformity of the Customs Union, “complete harmonisation was missing and is still missing”, as recognised by one administration. In fact, this is both seen to be an advantage and a disadvantage. On the one hand, there are benefits to allowing national administrations to retain flexibility to respond to a constantly evolving, logistically challenging, customs environment. On the other hand, the common approach and uniformity is one of the main objectives of the C2013<sup>78</sup>.

#### 2.5.4 Complementarity of the programme

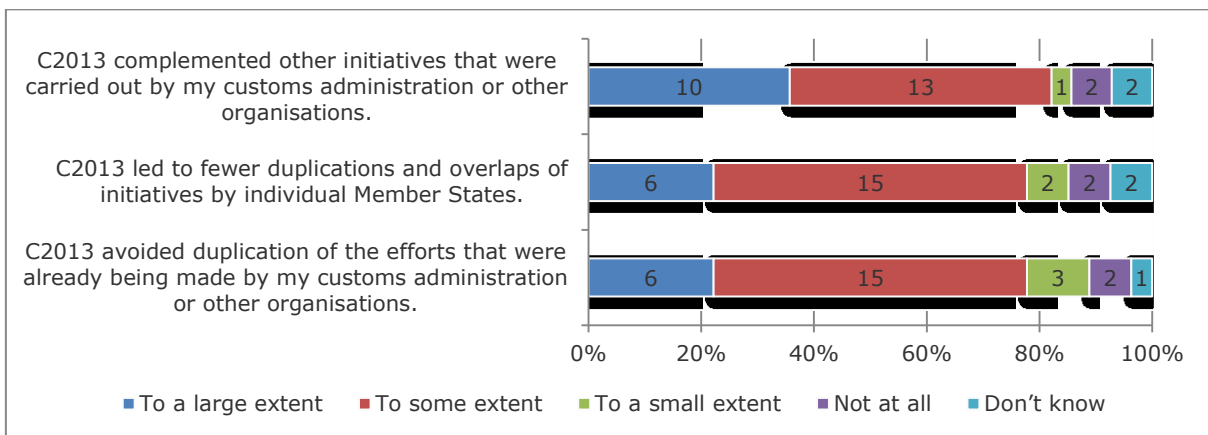
A large majority of customs administrations indicated that the initiatives supported by the C2013 programme had been **complementary to other (public and private) initiatives at national and international level**. As the figure below illustrates, 23 administrations indicated that the programme complemented such initiatives either “to a large extent” or “to some extent”.

Additionally, 21 administrations felt that the programme had managed to avoid duplication of efforts that other organisations were already making, and that the programme reduced duplication and overlap of initiatives by individual Member States. Only a few individual administrations disagreed with these statements.

<sup>77</sup> particularly CWG/263, CWG/233, CWG/275, and CWG/288

<sup>78</sup> Specifically, the decision lists 5 main objectives, including: “Interact and perform their duties as efficiently as though they were one administration, ensuring controls with equivalent results at every point of the Community customs territory and the support of legitimate business activity”

**Figure 38: Extent to which C2013 was complementary to other initiatives**



Please note that this question was only asked to EU Member States. The number of responses varied between n = 27 and n = 28

In terms of open responses, administrations used the space to praise the programme but also to point to **weaknesses**.

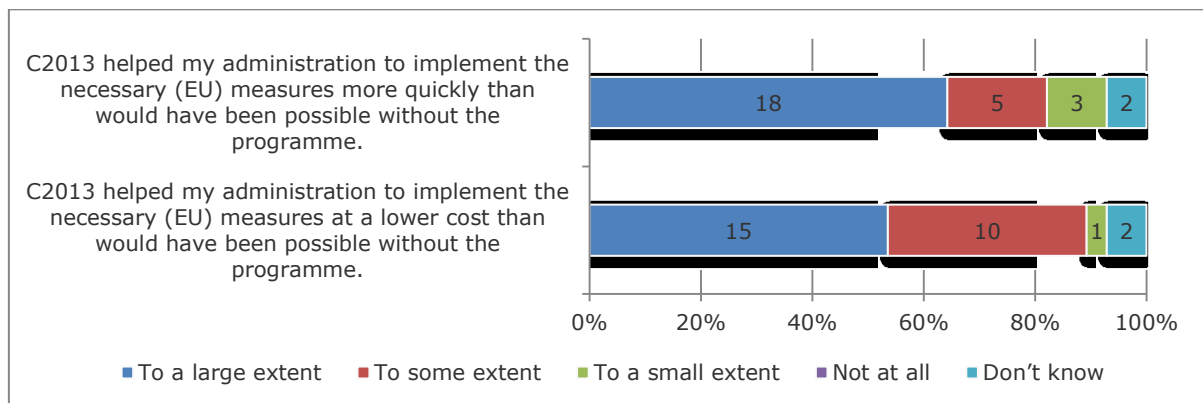
With regards to praise for the programme, one administration stated that “*Within the risk management agenda programme C2013 is one of the major initiatives at the international level*”.

In terms of weaknesses, there were issues concerning **duplication**. One response stated that “*Even within the framework of Customs 2013 there is duplication*” and gave the example of intellectual property rights. Another response cited duplication in topics covered in international workshops or project groups, but nonetheless found the workshops useful.

**2.5.5 C2013’s impact on administrative costs and burdens**

The results suggest that national administrations were particularly satisfied with the extent to which C2013 had **reduced the national administrative burden** to implement the necessary EU measures. In fact, 18 out of 28 responding administrations indicated that the programme helped them “to a large extent” to implement such measures more quickly and 5 more administrations felt that the programme had done so “to some extent”. Furthermore, 15 administrations felt that C2013 had helped “to a large extent” to implement the necessary measures at a lower cost and 10 administrations answered “to some extent”.

**Figure 39: Extent to which C2013 reduced administrative burdens for administrations**



Please note that this question was only asked to EU Member States, n = 28

Administrations used open responses to explain how the programme had reduced their administrative burden. In fact, 6 administrations commented that without the Commission’s support it simply would not have been possible to meet the objectives of the programme, especially not within the same timescale. Some answers contextualised this comment by citing wider national budget cuts.

The areas which C2013 was considered to have contributed most to (both in terms of reducing time and cost to national administrations) were:

- **Facilitating improvements in IT systems** (especially contributing to the shift to a paperless customs environment, as per the Commission Decision 70/2008/EU<sup>79</sup>);
- **Spreading best practices;**
- **Providing training** (especially e-learning courses).

### 2.5.6 Sustainability and long-term impact of the programme

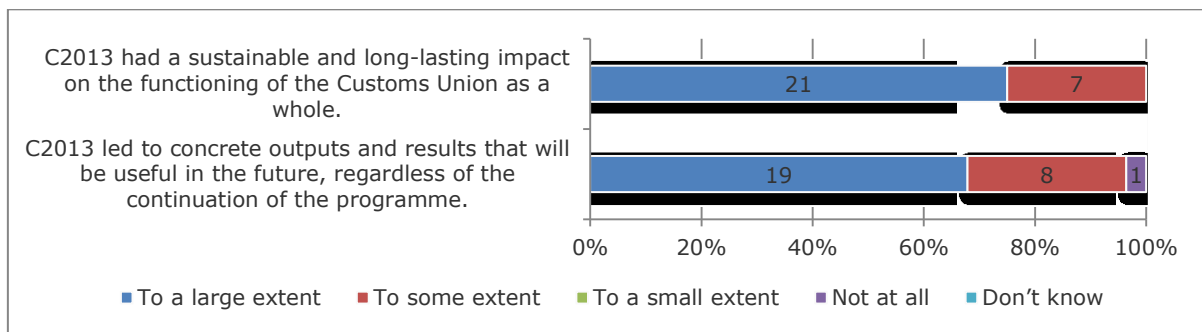
Lastly, customs administrations were very **positive in terms of the sustainability and long-term impact** of the programme, with a large majority stating that the C2013 programme had a sustainable and long-lasting impact on the functioning of the Customs Union (21 out of 27 administrations agreed “to a large extent”).

Around two thirds of respondents agreed that the outputs and results produced by the programme were likely to be useful in the future, regardless of the continuation of the programme (19 out of 27 administrations agreed “to a large extent”).

Only one administration disagreed with the latter statement on outputs and results, as is shown in the figure below.

<sup>79</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:023:0021:0026:en:PDF>

**Figure 40: Usefulness of C2013 results in the future**



Please note that this question was only asked to EU Member States, n = 28

Administrations were given the opportunity to elaborate on the contribution of the C2013 in the future. Many administrations used the space to comment on the importance of the programme in building contacts (mentioned by 5 administrations) and a sense of unity (mentioned by 6 administrations). For example, the programme contributed to their ability to act as a single administration by harmonizing "the application of the European legislation, procedures and working methods in customs matters throughout the EU territory".

Administrations listed the following important concrete developments which were achieved through C2013:

- **MRA between EU and third countries:** the outcome of mutual recognition agreements of Authorised Economic Operators between the EU and third countries;
- **Work towards establishing a paperless environment** for customs and trade (as per decision 70/2008/EC<sup>80</sup>);
- **Guidelines and training:** 6 administrations mentioned the EU's role in contributing to improvements in education and training and the development and circulation of guidelines.

It is important to note that 6 administrations used the open response to stress that the **continuation of the programme was essential to maintain the benefits of C2013**. There was an overall sense that in the absence of such a programme progress already made could be lost.

## 2.6 Priorities for improvements to IT systems and applications

### Summary of findings

National administrations were asked to sum up which areas they felt should be prioritised by the Commission going forwards. A common theme running through responses was a focus on **improving efficiency**, either by **making systems more user-friendly** and therefore **saving time** or by **reducing cost**.

Administrations were asked which areas they felt should be prioritised by the Commission going forwards. Responses highlighted that many administrations felt there was room for **efficiency savings**, either by making systems more user-friendly and therefore saving time, or by reducing cost. The following examples are illustrative of comments made:

<sup>80</sup> Ibid.

- **Furthering the shift to paperless environment for customs and trade,** exploiting new opportunities that this opens up, such as organising joint webinars, utilising e-applications and e-decisions, etc.
- **Making systems more user-friendly, consolidating and reducing the administrative burden for national administrations:** Administrations were keen that the functionality of systems should continue to be developed, for instance *"Systems should provide good/easy/simple search functions"*. Taking this further, it was suggested that a single platform for information on goods classification (via the so-called of "CLASS" database) should be developed and linked to EBTI, ECICS and TARIC to reduce the administrative burden for EOs and customs officials. In terms of improving efficiency, answers made reference to the need to plan well. For example by ensuring *"that all trans-European systems and central applications are compatible with any new legislation introduced"*.
- **Harmonisation:** Another broad theme to emerge was the need for greater harmonisation. Comments largely concerned harmonisation between EU Member States. Interestingly, one administration pointed to the need to maximise harmonisation between EU systems and internationally recognised standards<sup>81</sup>.

### 3 Concluding remarks

Overall, responses to the questionnaire have provided a generally positive assessment of C2013. Indeed, where administrations filled in the final open-ended question asking for any further comments, they almost universally used it to stress the importance of C2013. As one administration put it:

*"The Customs 2013 Programme contributed significantly to facilitating and improving cooperation between customs authorities within the Union. Many of the activities in the customs area are of a cross-border nature, involving and affecting all Member States, and therefore they are implemented more effectively and efficiently with the support of a Union framework"*.

Nonetheless, it is important to distinguish between three main areas:

#### 1. Areas where the consensus is overwhelmingly that C2013 has made a positive contribution to customs processes in the EU:

- **Risk management and clearance procedures:** C2013 was viewed as playing the most significant role in the area of risk management and clearance procedures, where most respondents categorised its influence as either "crucial" or "very important".
- **NCTS:** Administrations were particularly positive about the extent to which the NCTS achieved its objectives.
- **Cooperation between national customs administrations:** There was an overwhelming consensus that the programme had enhanced the cooperation between national customs administrations as well as individual customs officials from different EU Member States. Almost all responding administrations indicated that it had done so "to a large extent". Helping to

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<sup>81</sup> For instance: The World Customs Organisation (WCO) data model; International Organization for Standardization (ISO) and United Nation (UN) norms; European Number of Identification or European Vessel Identification Number (ENI number); International Air Transport Association (IATA) codes and International Civil Aviation Organization (ICAO) airline designators.

establish a network of customs officials was cited as a particular strength of half of the C2013 joint actions as was its ability to facilitate the exchange of best practices (mentioned for 6 out of 8 joint actions).

**2. Areas where the role of the programme is assessed positively, but less enthusiastically**

- Administrations were positive but less enthusiastic about progress in the following areas:
  - Effectiveness and efficiency of controls
  - Enforcement of customs legislation
  - Data management
  - Trader management
  - Economic operators management
  - Goods classification

**3. Areas that give rise to some concern**

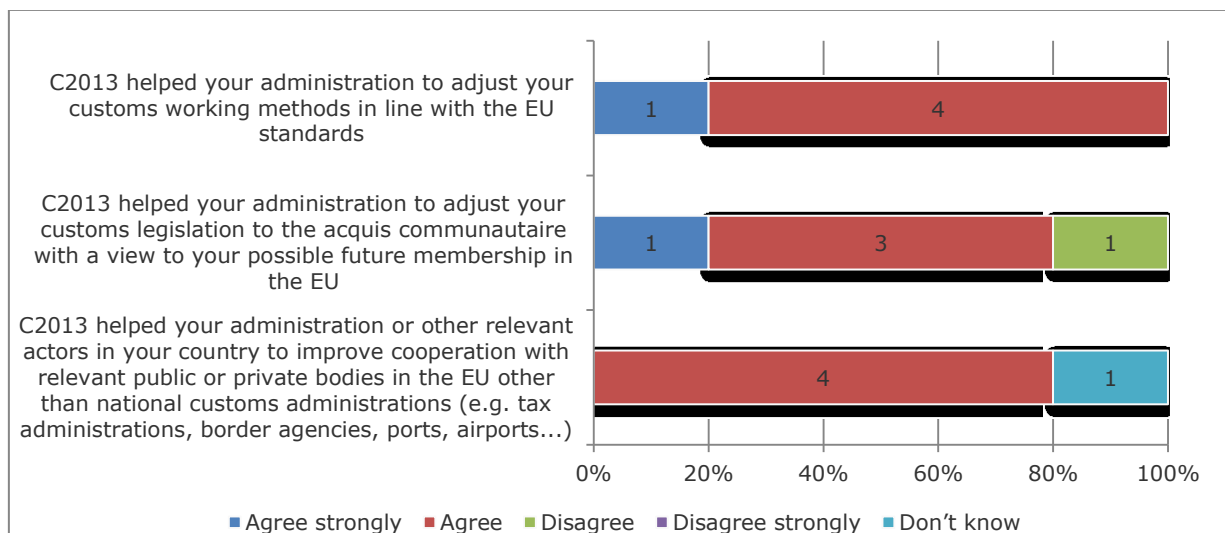
- **Data quality:** Concerns raised were related to data quality. In particular the quality of ICS data led some administrations to continue to question the benefits of the system. This could be addressed via more concrete guidelines from the European Commission to ensure standardisation of processes. For example, with regards to RIF, there were concerns that the information could be clearer and this was to some extent resolved when the Commission issued guidelines regarding the information to be supplied in open fields.

**4 Findings of the non-EU Member States**

This annex describes the findings from responses to the questionnaire from 5 non-EU Member States (Albania, Former Yugoslav Republic of Macedonia, Montenegro, Serbia, and Turkey). The questionnaire for non-EU countries did not contain questions on IT systems and applications but focused on the fifth objective of the Customs 2013 programme: enlargement and relations with third countries.

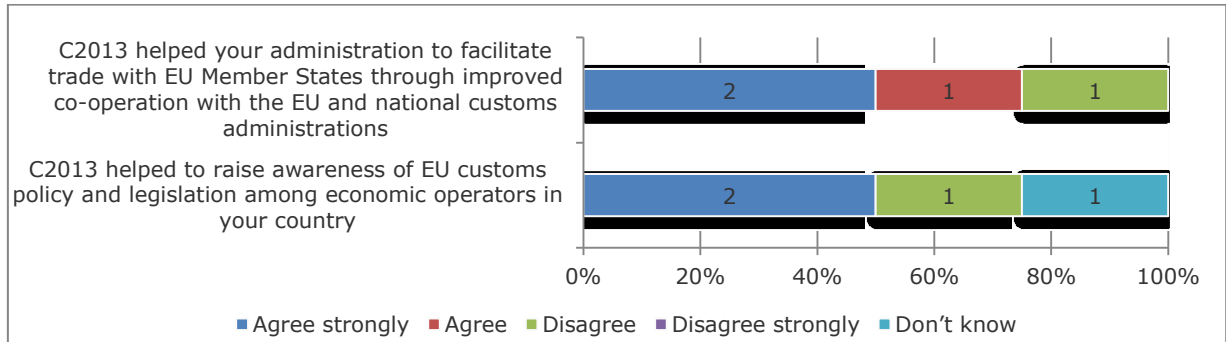
With regard to rating C2013’s contribution to the objective of protecting the EU’s financial and economic interests, respondents either “agreed” or “strongly agreed” with all the statements. Indeed, it should be emphasised that no respondents “disagreed” nor “disagreed strongly” with any of the statements.

**Figure 41: Perceptions of C2013’s contributions to protecting EU’s financial interests**



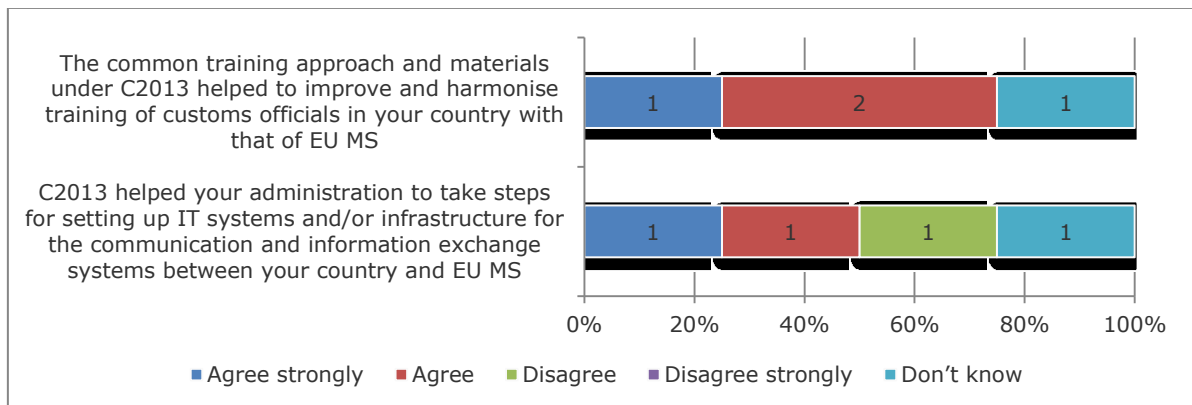
C2013 was seen to contribute to the objective of trade facilitation, increased cooperation (with businesses), and improved competitiveness. However, as visible from Figure 42, just one respondent did not agree that C2013 helped their administrations to raise awareness of EU customs policy and legislation among economic operators.

**Figure 42: Perceptions of C2013’s contributions to trade facilitation, increased cooperation and improved competitiveness.**



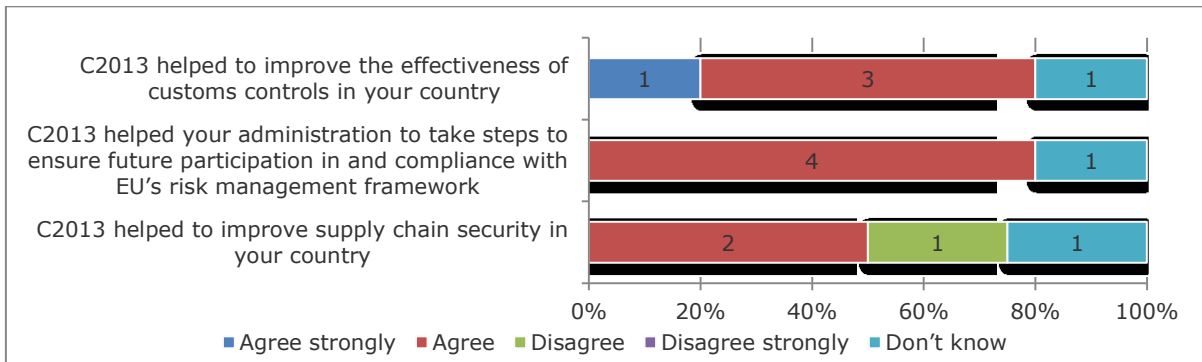
With regard to C2013’s contributions to acting as one single administration, the common training approach and materials developed under the programme were seen as making a positive contribution. There was no consensus as to whether the C2013 helped the non-EU MS administrations to take steps for setting up IT systems and/or infrastructure that would facilitate communication and information exchange with the EU Member State administrations.

**Figure 43: Perceptions of C2013’s contributions to acting as one single administration**



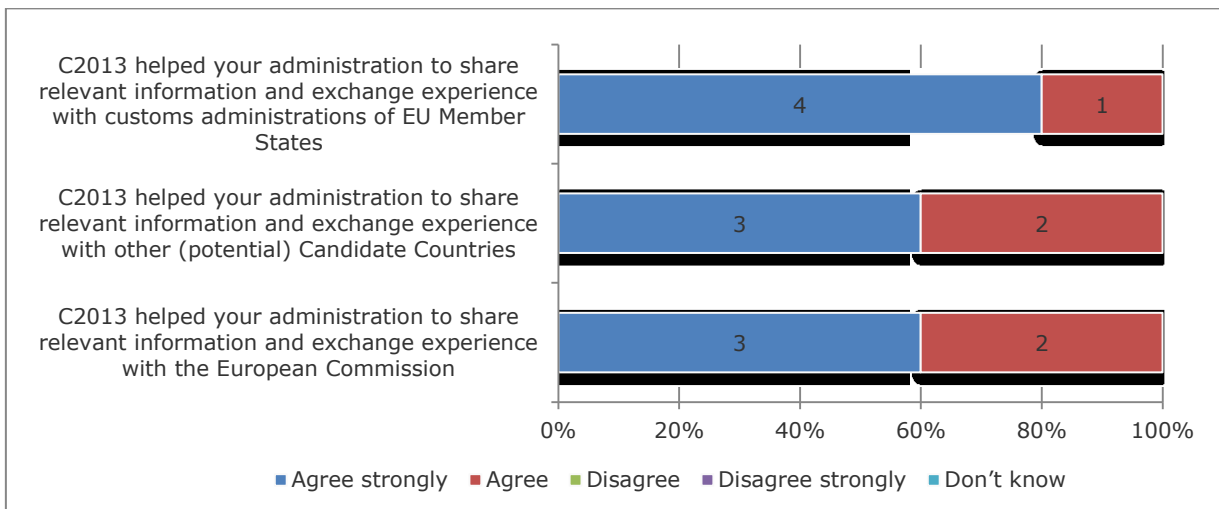
Respondents agreed that C2013 helped to improve the effectiveness of customs controls in their countries and that it helped their administrations to take steps to ensure future participation in and compliance with EU’s risk management framework. At the same time, there was minor disagreement on whether the programme helped to improve supply chain security in non-EU Member States.

**Figure 44: Perceptions of C2013’s contributions to strengthening security and safety**



The C2013 programme’s contributions to the objective of enlargement and relations with third countries were perceived very positively, with no respondents disagreeing with any of the statements presented in Figure 45. Keeping in mind there were just 5 respondents, the most positive views were expressed with regard to the C2013 helping non-EU administrations to share relevant information and exchange experience with customs administrations of the EU Member States.

**Figure 45: Perceptions of C2013’s contributions to enlargement and relations with third countries**





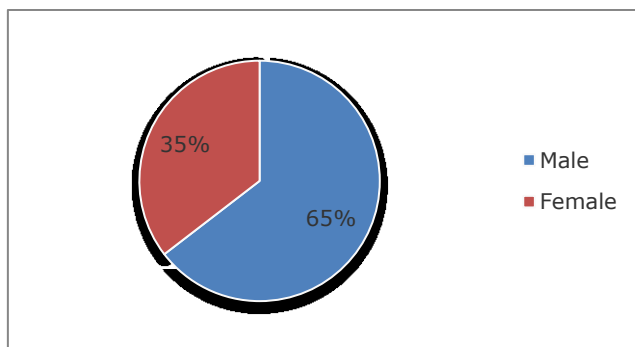
## Annex 3 – Survey report

This section presents the analysis of the results of the survey conducted with customs officials. We first present data on the respondents’ profiles and their perceived level of cooperation with officials based in other participating countries. Then we elaborate on customs officials’ views and experiences in relation to the C2013 programme. Finally, we compare the current survey findings with those from the mid-term evaluation and awareness poll in 2011.

### 1 Profile of the respondents

As mentioned previously, 5,401 customs officials responded to the online survey. Two-thirds of these respondents were male (3,487 in total) and the remaining respondents were female (1,914 in total), as shown in the figure below.

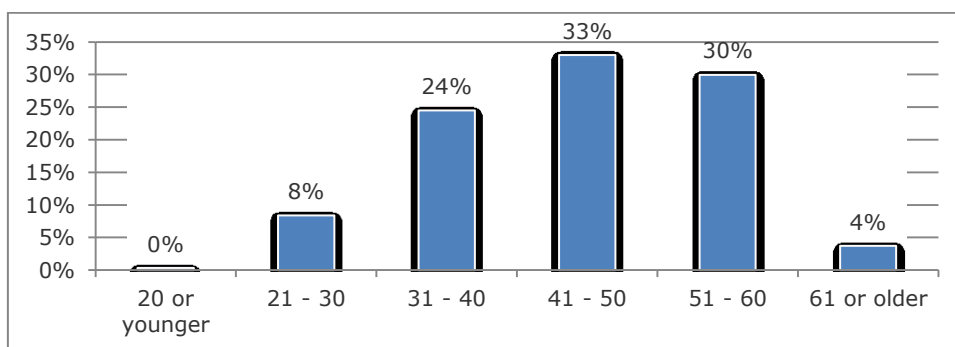
**Figure 46: Gender of survey respondents**



*n* = 5,401

The figure below shows that most survey respondents were in the age of 41 and 60 years old. Unsurprisingly, only very few of survey respondents were either below the age of 20 (18 in total) or above the age of 61 (201 in total).

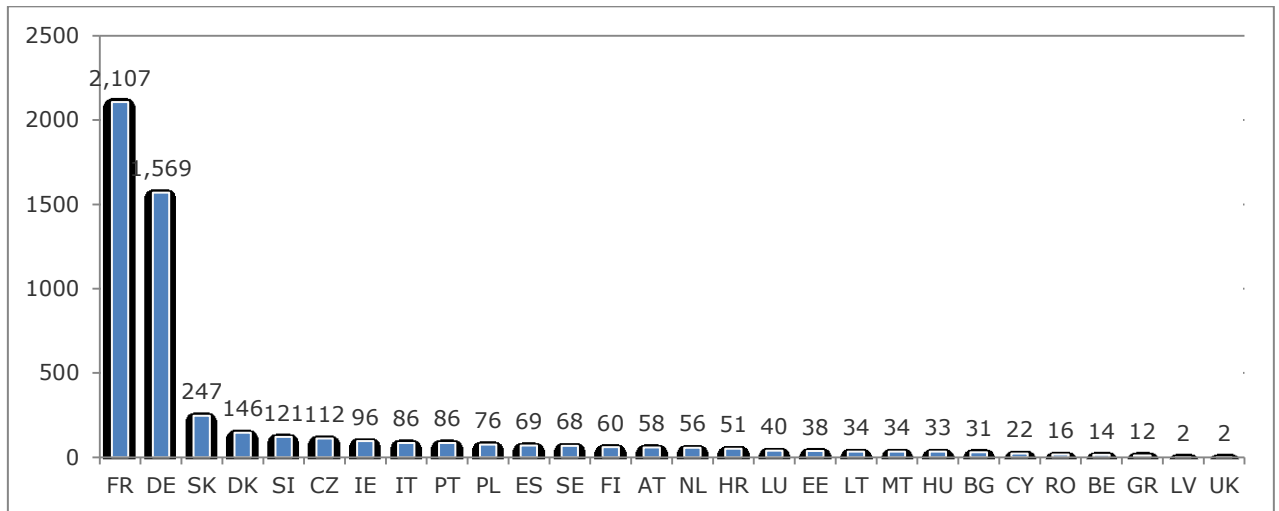
**Figure 47: Age of survey respondents**



*n* = 5,401

The (relative) number of responses per country varied widely. While the number of responses from France and Germany was very high, the responses from other Member States were considerably lower. This could partly be explained by the fact that the surveys were available in French and German, but not in the other EU languages.

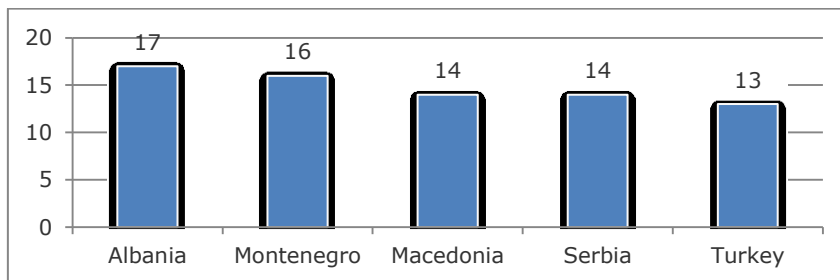
**Figure 48: Number of responses per country – EU Member States**



*n* = 5,286

The number of responses from participating countries outside the EU (i.e. Albania, Montenegro, Macedonia, Serbia, and Turkey) was considerably lower, as is shown in the figure below. In all, the number of responses from these countries represented less than 2% of the total number of responses to this survey.

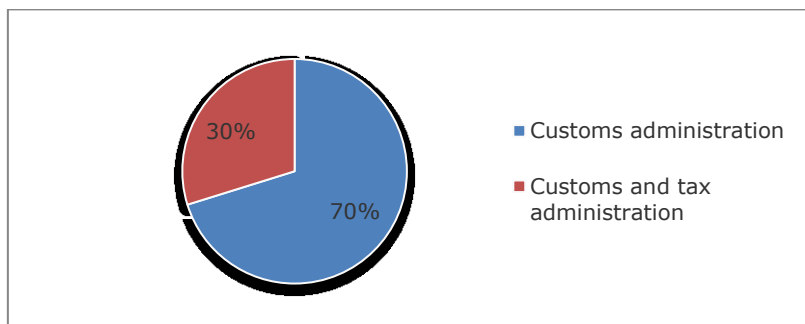
**Figure 49: Number of responses per country – non-EU participating countries**



*n* = 74

A large majority of respondents indicated that they worked for a customs administration (3,791 respondents). The remaining 1,610 respondents worked for a combined customs and tax administration, as is illustrated in the figure below.

**Figure 50: Types of administrations in which respondents work**

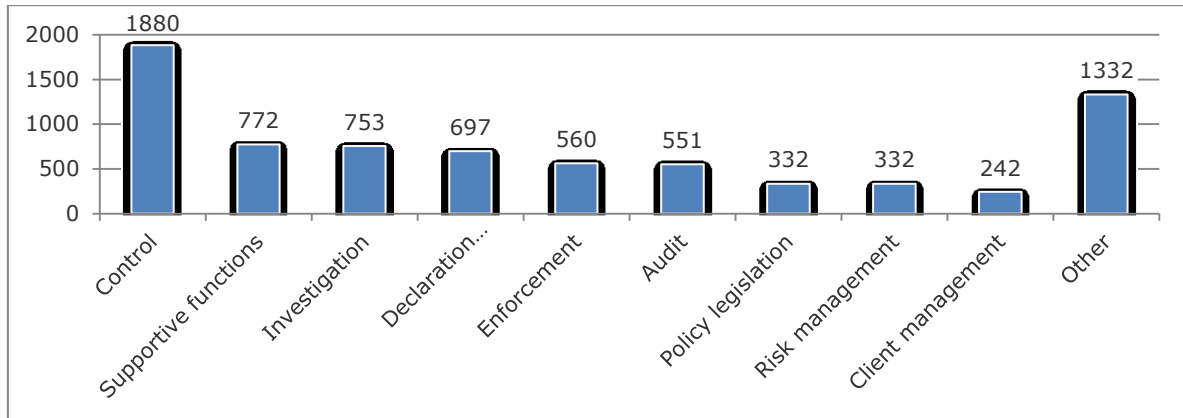


*n* = 5,401

The results show that the respondents were involved in a wide variety of areas. The largest proportion of respondents indicated that they worked in the area of “control”. The distribution of officials working in the other given areas was relatively well

balanced. A large number of respondents indicated that they worked in “other” work areas (e.g. IT, international cooperation/relations, customs laboratory, tariffs, etc.).

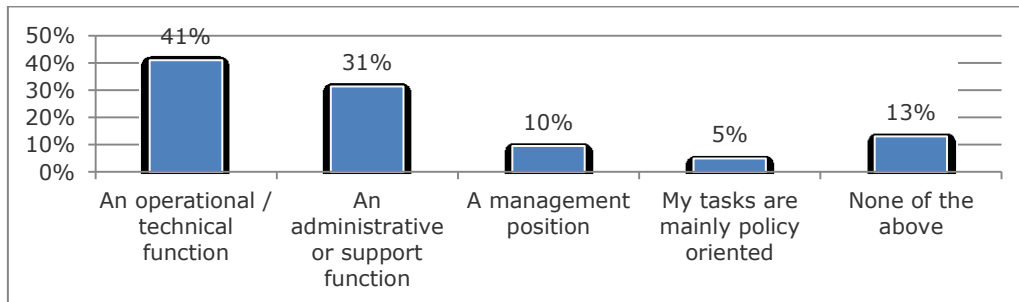
**Figure 51: Respondents’ areas of work**



*n = 5,401* – Note that respondents were allowed to provide multiple answers to this question

The job positions held by survey respondents were also well balanced. A large number of respondents indicated that they either had an operational or technical function (2,217 in total), or an administrative or support function (1,694 in total). While 515 officials had a management function, only 267 respondents had a policy-oriented job.

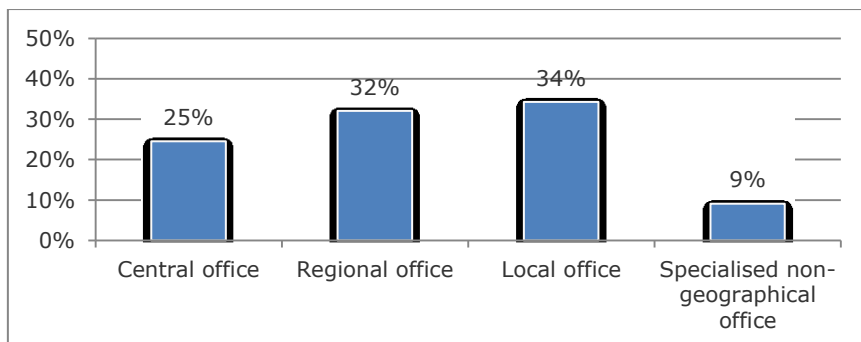
**Figure 52: Job positions of survey respondents**



*n = 5,401*

While a quarter of respondents worked for a central customs (and tax) administration (1,326 in total), approximately a third of respondents worked for a regional office (1,731 in total) and another third worked for a local office (1,851 respondents). A substantially lower number of respondents worked for a specialised (non-geographical) office, namely 493 in total.

**Figure 53: Respondents’ types of offices**



*n = 5,401*

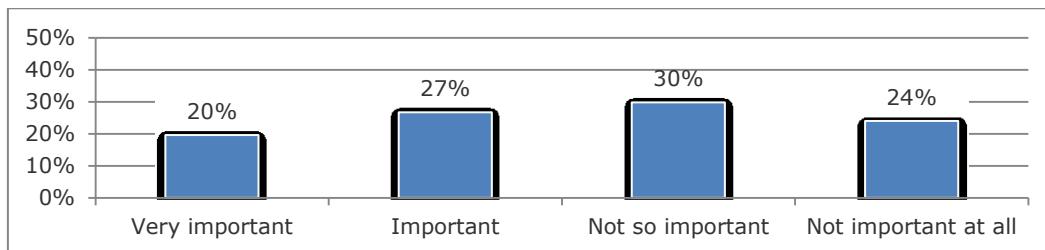
## 2 Cooperation with customs officials in other countries

With a view to gaining a better understanding of customs officials’ perceptions on their cooperation with colleagues from other countries, the survey asked a number of questions that related to the importance and frequency with which customs officials from different participating countries cooperate.

As the figure below shows, less than half of respondents felt that it was important to their regular work activities to be in contact with colleagues in administrations of other EU Member States: 2,343 respondents either felt that this was “very important” or “important”. However, 1,505 respondents indicated that this was “not so important” and 1,212 respondents answered “not important at all”.

Here it should be noted that these findings relate to the perceived importance of such contacts between *individual customs officials*, rather than the cooperation between national customs administrations more generally. The cooperation between customs administrations is covered by the questionnaire and discussed in the previous section.

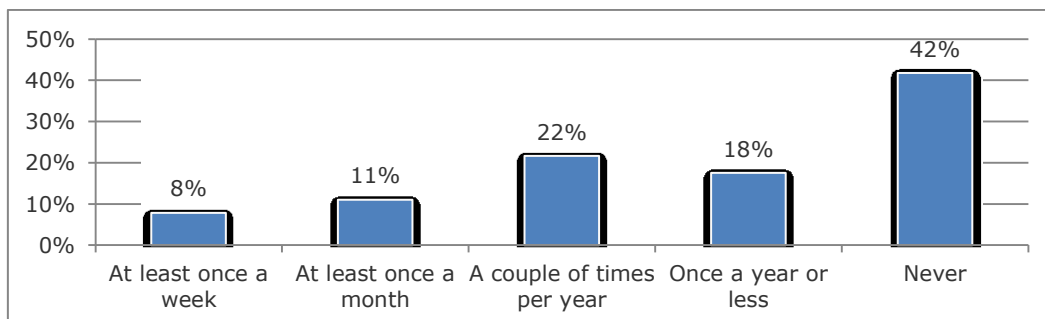
**Figure 54: Perceived importance of contact with colleagues in other EU Member States**



n = 5,060

Customs officials generally are not in frequent contact with their colleagues in other Member States. In fact, 2,115 respondents indicated that they were “never” in contact with colleagues in administrations of other EU Member States. While 889 respondents were in contact with their EU colleagues “once a year or less”, 1,097 respondents answered “a couple of times per year”. In total, 960 respondents were in contact with colleagues in other EU countries more regularly, and answered either “at least once a month” or “at least once a week”.

**Figure 55: Frequency with which respondents were in contact with colleagues in other EU Member States**

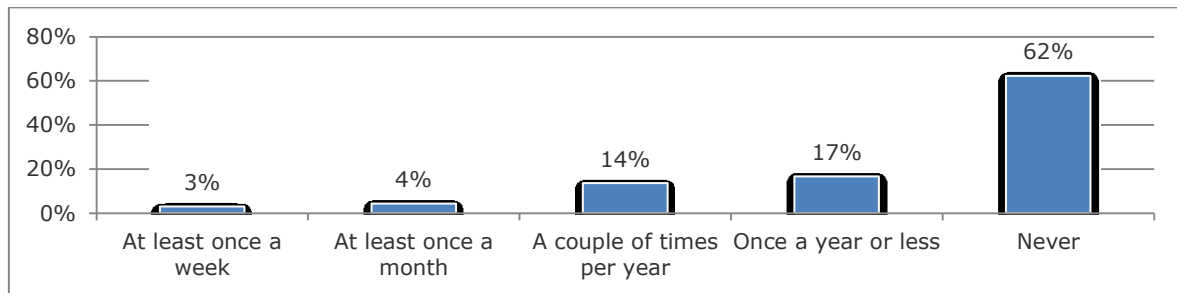


n = 5,061

An even smaller proportion of respondents were in contact with colleagues in administrations of participating countries *outside* the EU, as 3,151 respondents indicated that they were “never” in contact with these colleagues. Moreover, 847 respondents were only in contact with their non-EU colleagues “once a year or less”, and 690 respondents answered “a couple of times per year”. A total of 373

respondents indicated that they were in contact with their colleagues in non-EU countries either “at least once a month” or “at least once a week”.

**Figure 56: Frequency with which respondents were in contact with colleagues in non-EU countries**

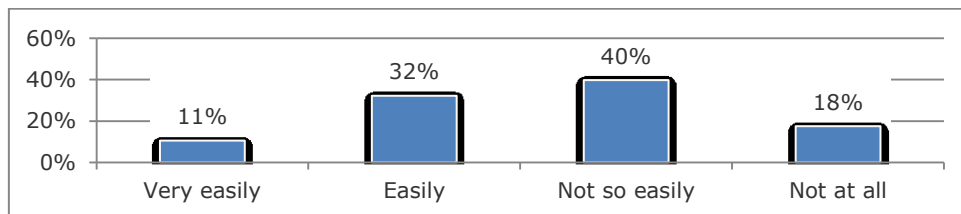


*n* = 5,061

Lastly, respondents were asked to assess how easy it was for them to speak in a foreign language about professional topics (for example with colleagues in administrations of other countries). The results show that 2,164 respondents indicated that they could do so either “very easily” or “easily”. However, the results show that most customs officials experienced difficulties when speaking a foreign language on professional topics, as 58% of respondents said this was “not so easy for them (2,011 in total) or “not “easy at all” (886 in total).

Those respondents that indicated that they could speak about professional topics in a foreign language, were asked which language(s) they would use. English was the most mentioned language (over 3,400 mentions), followed by German (over 500 mentions), French (over 470 mentions), and Spanish (over 270 mentions).

**Figure 57: Ease with which respondents speak foreign languages on professional topics**



*n* = 5,061

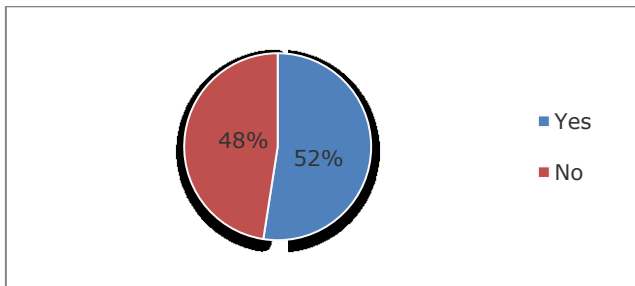
### 3 Awareness of and experiences with the C2013

The survey included a number of questions aimed at exploring the level of awareness and experiences of customs officials with the Customs 2013 programme. In terms of awareness, slightly more than half of respondents (2,550 in total) claimed that they were aware of the EU’s support programmes that aimed to increase cooperation between customs administrations of EU Member States. The rest was not aware of these programmes before receiving the survey (2,311 in total).

It is important to note that only the respondents who were aware of the EU’s customs programme before receiving the survey could continue with the survey and answer the rest of the questions. This explains why the number of responses is lower for the rest of the questions analysed below.

Thus the survey ended in the case of respondents who said they were not aware of customs programmes.

**Figure 58: Respondents who were of the EU’s customs programmes**

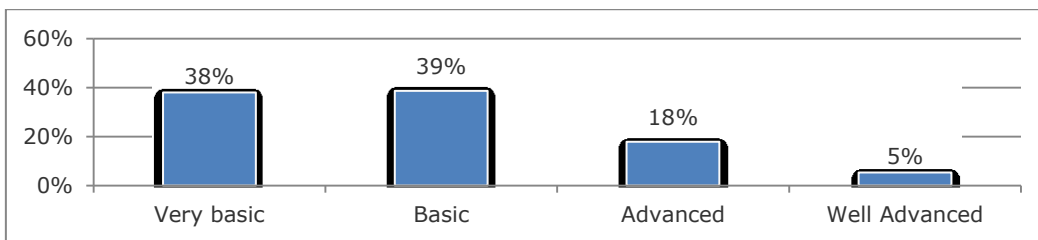


n = 4,861

From those who were aware of the EU’s customs programmes, circa eight out of ten (1,993 in total) said their knowledge was either “basic” or “very basic”. Those who claimed it was “advanced” represented less than 20% of respondents (465 in total), followed by those with a “well advanced” level of knowledge (139 in total). This is illustrated in the figure below.

These results are in line with results from the 2011 Awareness Poll when 19% of respondents said they had an “advanced” knowledge about the programme (1,519 in total) and 81% said their knowledge was “basic” (6,318 in total).

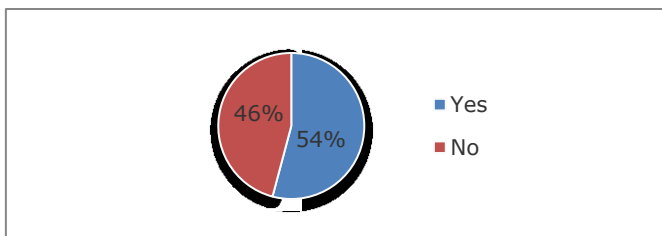
**Figure 59: Respondents’ level of knowledge of the EU’s customs programmes**



n = 2,597

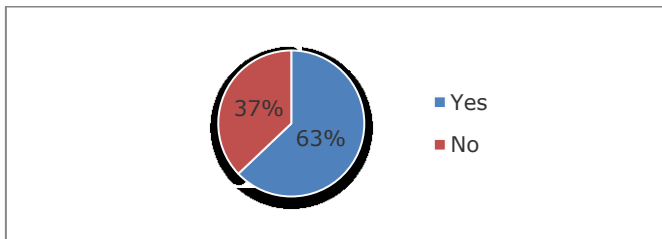
Respondents split relatively evenly in terms of their knowledge of sources where to find more information about the EU’s customs programmes, with 1,405 that said they knew where to find additional information and 1,190 that said they did not know. However, the majority of respondents claimed they knew whom to contact within their administrations in order to obtain more information (1,630 in total).

**Figure 60: Respondents who knew about sources where to find information on the EU’s customs programmes**



n = 2,595

**Figure 61: Respondents who knew / did not know whom to contact in their administration to obtain information on the EU’s customs programmes**

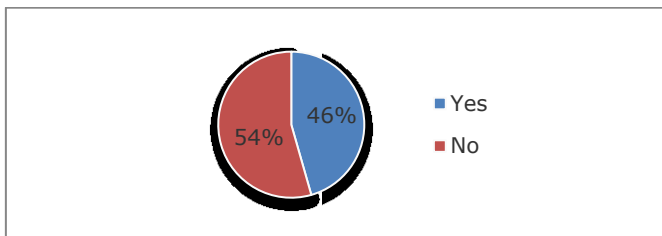


*n* = 2,591

#### 4 Participation in C2013 activities

Circa half of the respondents who were aware of the EU’s customs programmes before receiving the survey had participated in a programme activity (1,163 in total). The rest said they had not participated in any activity.

**Figure 62: Respondents who participated in a programme activity**

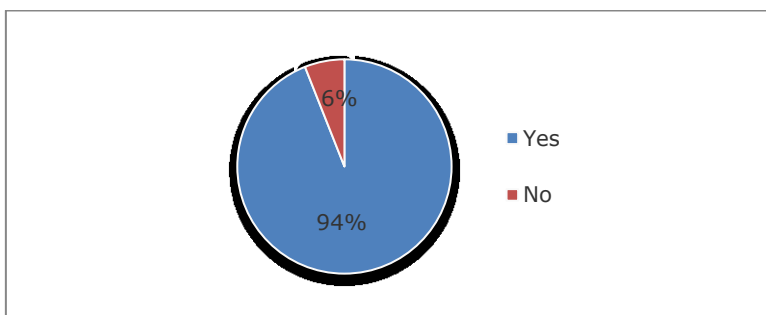


*n* = 2,552

#### 5 Contact with customs officials in other countries

There was a high level of agreement among respondents who had participated in a programme activity in that these activities had been a good opportunity to expand their network of (and contacts with) customs officials in other countries (1,113 in total). In effect, just a small group of respondents did not agree with this (71 in total).

**Figure 63: Respondents who thought that the activities were a good to opportunity to expand their network of contacts**

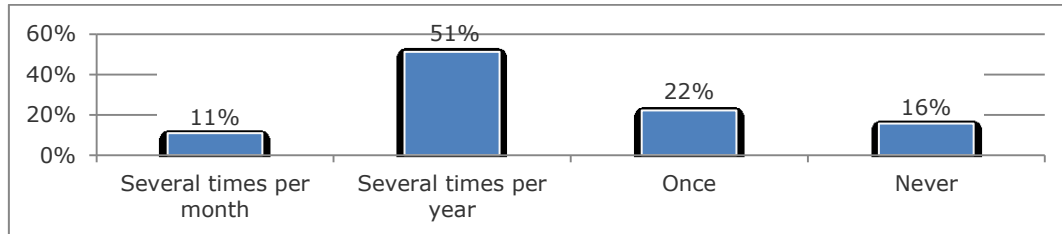


*n* = 1,184

When asked about how often they contacted the foreign customs / tax officials they had met during the programme activities, half of respondents said they contacted them “several times per year” (606 in total), followed by those who said “once” (262 in total). One out of ten had a more regular contact, with 129 respondents that said they contacted them “several times per month”. A relatively small group of respondents claimed that they had never contacted the foreign customs / tax officials they had met during the programme activities (185 in total).

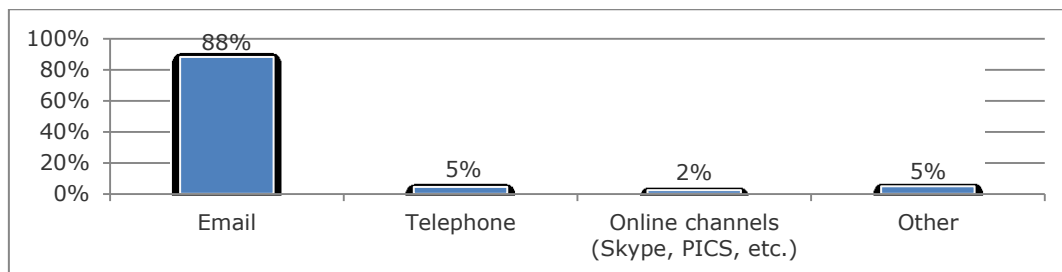
The large majority of these contacts happened via email, with nine out of ten respondents that said they used email (912 in total) and only 71 respondents that said they used either telephone (47 in total) or online chat (24 in total)<sup>82</sup>.

**Figure 64: Frequency with which respondents were in contact with colleagues they met during the programme activities**



n = 1,182

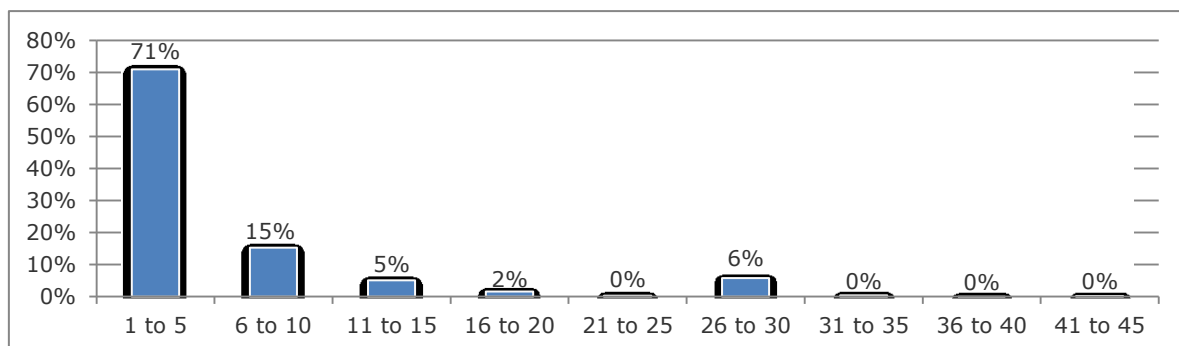
**Figure 65: Channels used to contact colleagues abroad**



n = 983 - Please note this question was asked only to respondents who said they had contacted the colleagues they met during the programme activities

Respondents were also asked to state in how many countries they had colleagues whom they (regularly or occasionally) contacted for work-related issues<sup>83</sup>. Seven out of ten answered it was in 1 to 5 countries (689 in total). Fifteen per cent said in 6 to 10 countries (138 in total). Only a few said it was in 11 to 15 countries (46 in total) or 16 to 20 (15 in total). A group representing 6% of the total said it was in 26 to 30 countries. In most cases, these were respondents who said they had contact with colleagues “in all EU Member States”. These results are illustrated in the figure below.

**Figure 66: Number of countries where respondents had colleagues whom they (regularly or occasionally) contact for work-related issues**



n = 900

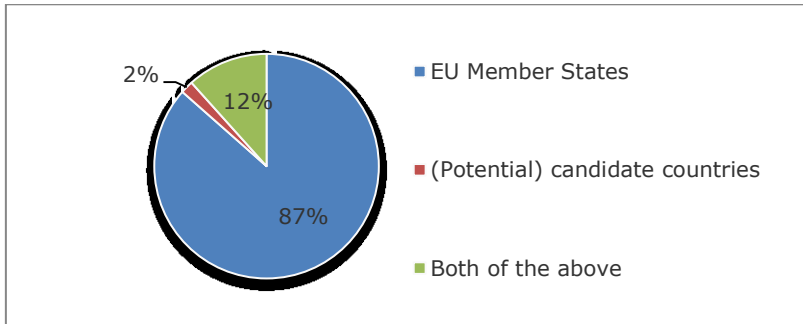
<sup>82</sup> Respondents were allowed to provide only one answer. Thus, there were some respondents that used the “other” option to explain they used both telephone and email. This may be the case for other respondents who picked “email” or “telephone” only.

<sup>83</sup> It is important to note that this was an open-ended question and respondents provided a variety of answers. For the analysis, responses were grouped according to nine ranges (i.e. 1 to 5 countries, 6 to 10, 11 to 15, 16 to 20, 21 to 25, 26 to 30, 31 to 35, 36 to 40, and 41 to 45).



According to the majority of respondents who said they had contacted the colleagues they met during the programme activities (846 in total), the colleagues with whom they are in contact are mostly situated in EU Member States. However, a group of 114 respondents mentioned that they were situated in both EU Member States and (potential) candidate countries. Just a few respondents said colleagues were situated in candidate countries and potential candidate countries only (18 in total). This is illustrated in the figure below.

**Figure 67: Location of colleagues with whom respondents are in contact with**

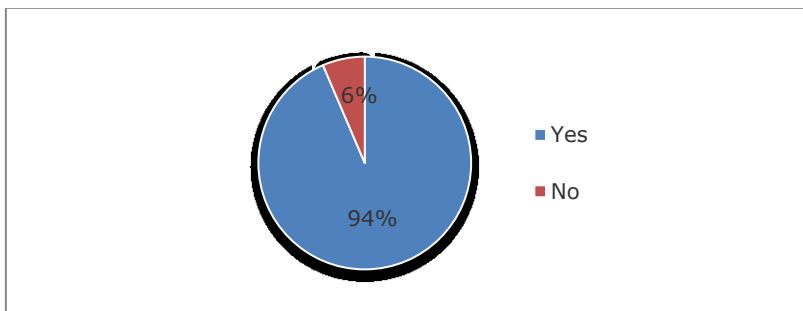


*n = 978 - Please note this question was asked only to respondents who said they had contacted the colleagues they met during the programme activities*

## 6 Sharing of experiences with colleagues

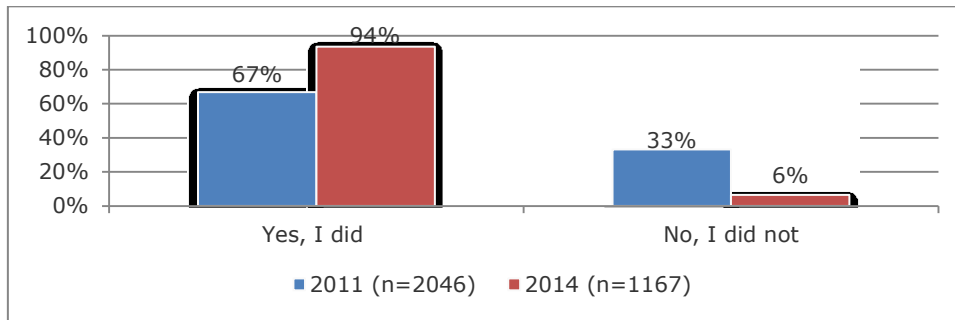
The survey also revealed that over 90% of participants of the programme’s activities shared their experiences with colleagues within their administration, with 1,092 respondents that said they had done so. Only a few (75 in total) claimed they had not shared their experiences with their colleagues (see figure below). This represents a change from what the 2011 Awareness Poll revealed. Back in 2011, only two thirds of those who had participated in a programme activity said they had shared with colleagues what they had learned (1,368 in total).

**Figure 68: Respondents who shared their experiences of the activities with colleagues**



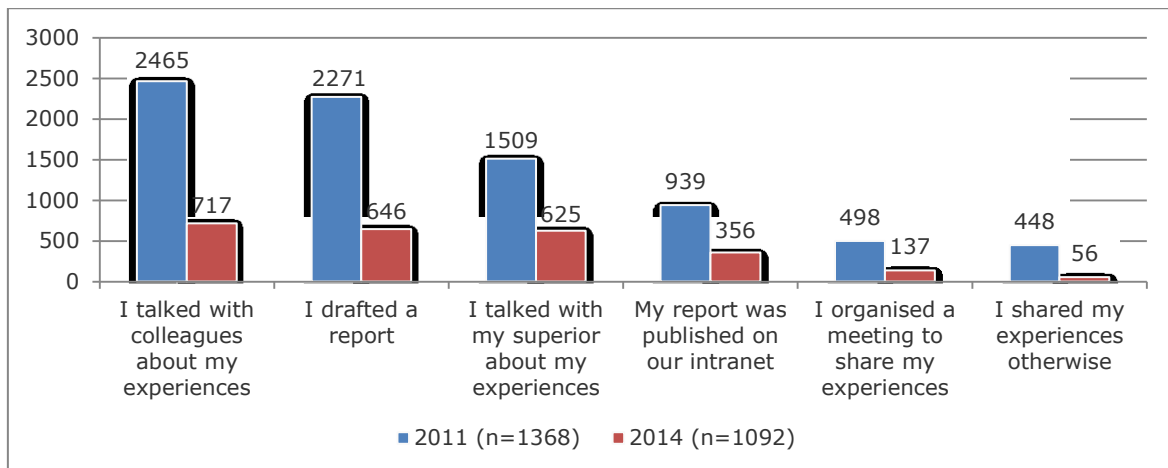
*n = 1,167*

**Figure 69: Respondents who shared their experiences in the 2011 and 2014 polls**



Customs officials were also asked to indicate the ways in which they shared their experiences with colleagues. The largest portion indicated that they talked with “colleagues about their experiences” (717 in total), “drafted a report which was sent to colleagues” (646 in total) and/or “talked with their superior about their experiences” (625 in total). A lower number of respondents said they had “drafted a report which was published on the intranet” (356 in total) and/or “organised a meeting to share their experiences”. The ranking of ways in which participants shared their experiences with colleagues was the same as in the 2011 Awareness Poll.

**Figure 70: Ways in which respondents shared their experiences of the activities with colleagues in the 2011 and 2014 polls**

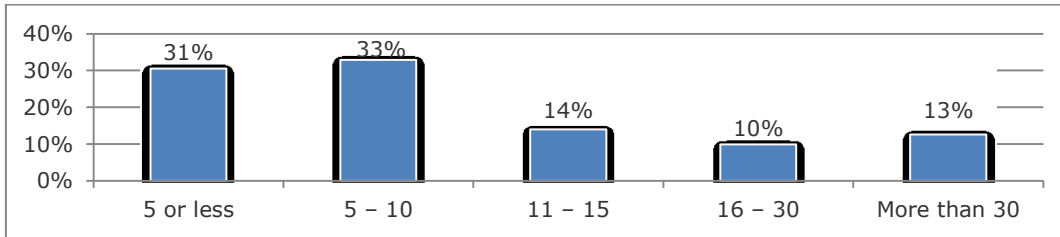


*Please note that respondents were allowed to provide multiple answers to this question*

Most respondents estimated that between one to ten colleagues benefited from their participation in the programme activities<sup>84</sup>, with a third of respondents that estimated it was “5 or less” colleagues (330 in total) and another third that said it was “5 to 10” (355 in total). Fourteen per cent of respondents thought it was “11 to 15” colleagues (151 in total), followed by those who claimed it was “more than 30” (136 in total) and those who said it was “16 to 30” (107 in total).

<sup>84</sup> Respondents were asked to indicate the number of people with whom they had directly shared their experiences (e.g. by talking to them or organised a meeting with them) and to not include those people that were indirectly informed about their participation (for example via the publication of a report on the intranet).

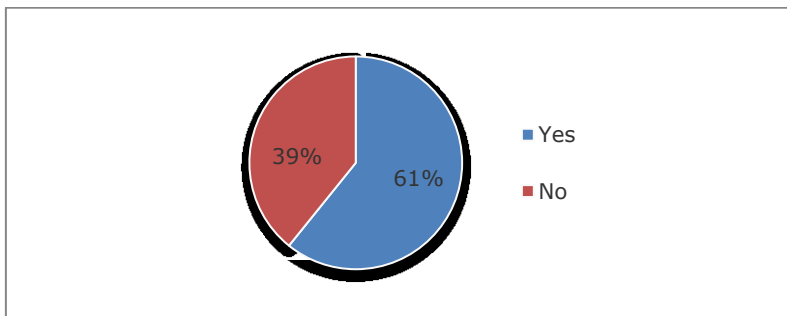
**Figure 71: Colleagues within respondents' administration who have benefited from their participation in activities**



*n* = 1,079

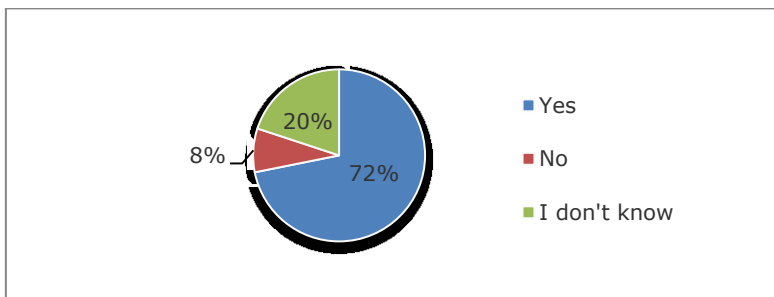
Over 60% of respondents knew colleagues within their administration who had participated in a programme activity in the period 2007 – 2013 (1,542 in total). From these, seven out of ten said these colleagues had shared his/her experiences of that programme activity (1,110 in total). Only a small portion of respondents said these colleagues had not shared their experiences (127 in total) and two out of ten said they did not know (308 in total). This is illustrated in the figures below.

**Figure 72: Respondents who knew colleagues who had participated in a programme activity during 2007-2013**



*n* = 2,536

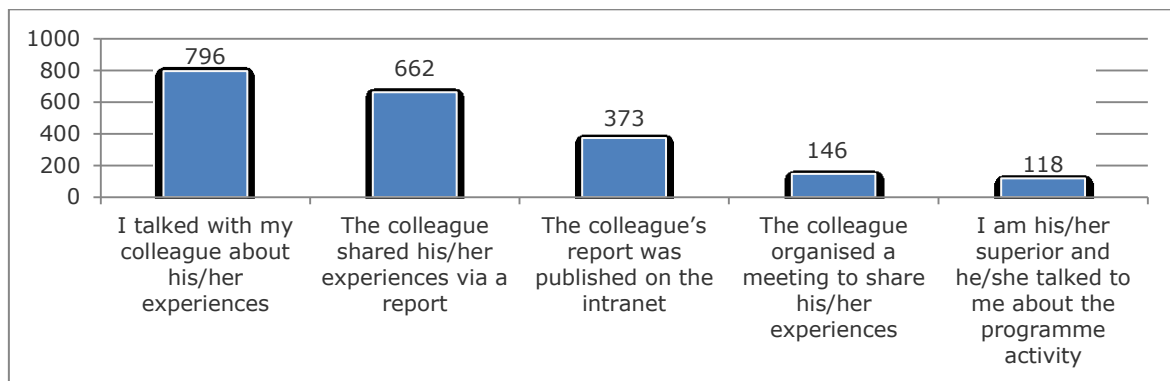
**Figure 73: Respondents who said their colleagues had shared their experiences of the programme activity**



*n* = 1,545

In terms of how colleagues shared their experiences with them, there were two main channels: talking to them about his/her experiences and sharing his/her experiences via a report. A smaller portion of respondents said their colleagues' reports were published on the intranet. Organising meetings to share their experiences and talking to superiors were the least frequent channels.

**Figure 74: Ways in which colleagues shared their experiences with respondents**



*n = 1,110 – Note that respondents were allowed to provide multiple answers to this question*

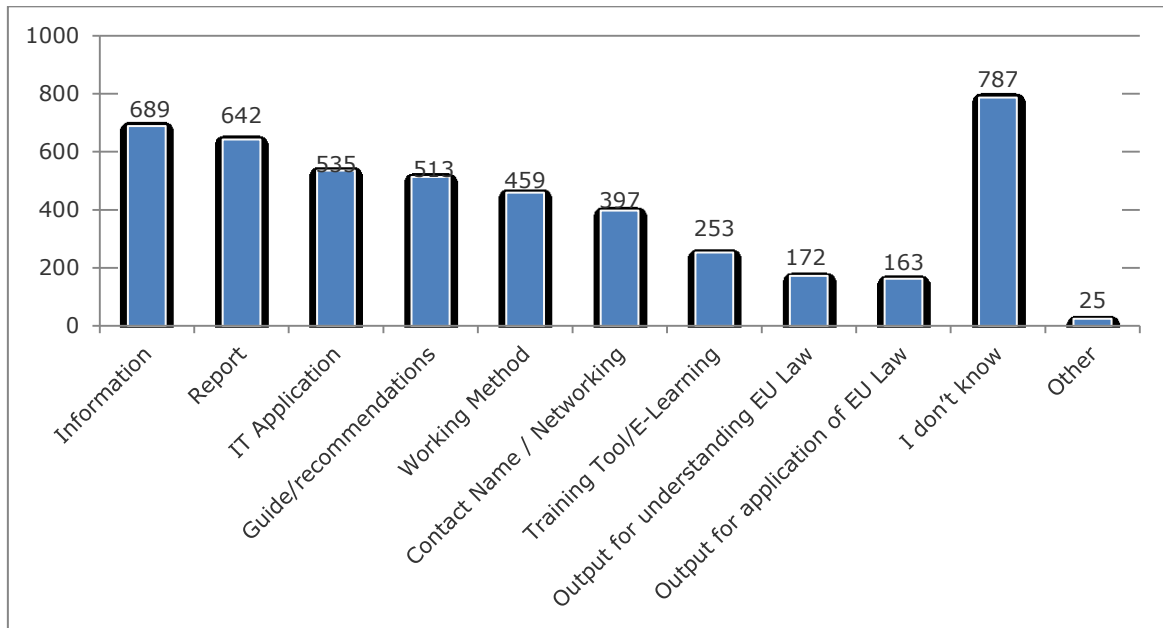
## 7 Use of C2013 joint actions outputs

Respondents were also asked to indicate if in the last seven years (2007 – 2013) they had used an output produced by any of the programme’s joint actions. From the list of outputs from which respondents had to choose, “information” and “report” ranked first with 689 and 642 respondents that selected those options. These were followed by “IT application (TARIC, NCTS)”, “guide/recommendations”, “working method”, and “contact name/networking”. Last in the ranking of outputs used were: “training tool/e-learning model”, “output providing a better understanding of Union Law”, and “output providing a better common application of Union Law”. It should be noted though that a large portion of respondents said they did not know if they had used any of the outputs mentioned in the list (787 in total)<sup>85</sup>.

Compared to the results of the 2011 Awareness Poll, “information” and “report” were the most used outputs in both surveys, while the “training tool/e-learning model” and the “output providing a better common application of Union Law” were the least used ones. In addition, the “guide/recommendations” ranked better in the current survey. While in this case it was the fourth most used output, in 2011 it was amongst the last places in the ranking.

<sup>85</sup> The large portion of respondents who said they “did not know” if they had used any of the outputs mentioned in the survey could be explained because many did not understand what the different options mean.

**Figure 75: Ranking of use of outputs produced by the joint actions**

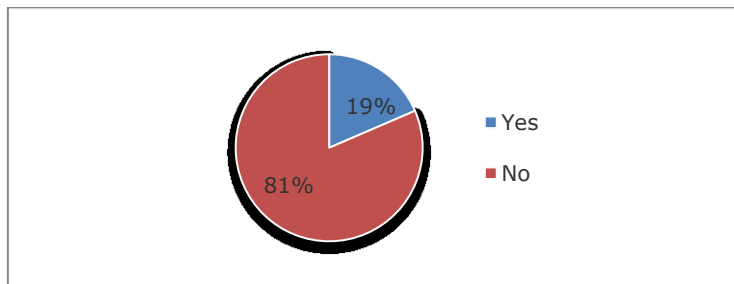


*n = 1,163* – Note that respondents were allowed to provide multiple answers to this question

The survey included a number of questions aimed at exploring the level of awareness and use of the online platform PICS.

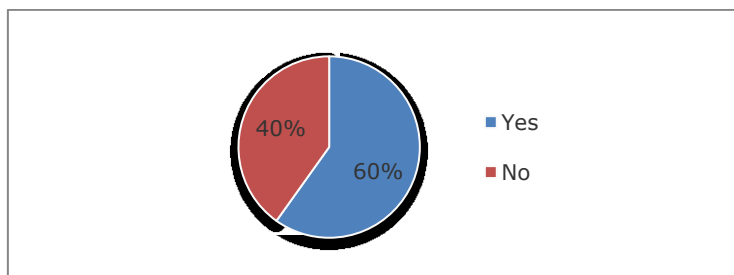
From all respondents, circa two out of ten were aware of the online platform PICS (464 in total). From these, 60% said they were registered to it. The length of time respondents had been registered on it varied considerably. Thirty per cent had been registered for “2 years or longer” (85 in total), followed by a quarter that said “between 1 and 2 years” (68 in total) and another quarter for “less than half a year” (72). The rest said “between half a year and a year”.

**Figure 76: Respondents who were / were not aware of the online platform PICS**



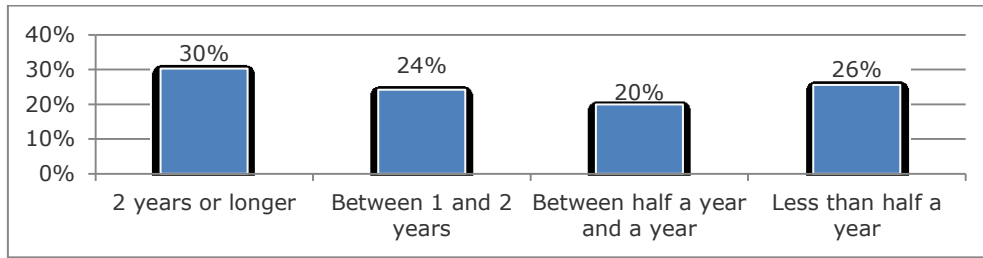
*n = 2,504*

**Figure 77: Respondents who were / were not registered on PICS**



*n = 471*

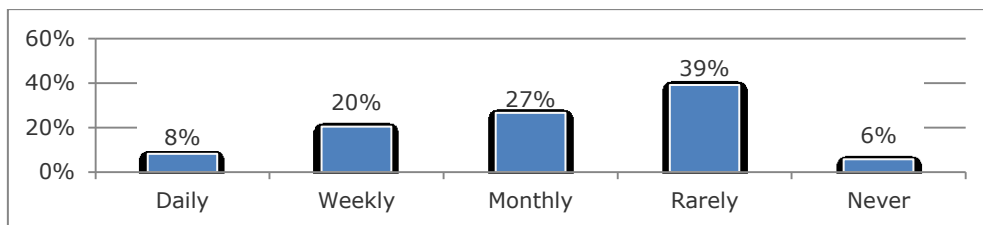
**Figure 78: Length of time respondents had been registered on PICS**



n = 281

The survey revealed that most of the respondents that were registered on PICS used it. However, the frequency with which they used it varied considerably. Over half of respondents used the platform either on a “daily”, “weekly” or “monthly” basis (154 in total, taken together). Nevertheless, the largest group of respondents were those who said they “rarely” used PICS. Only 16 respondents said they “never” used it.

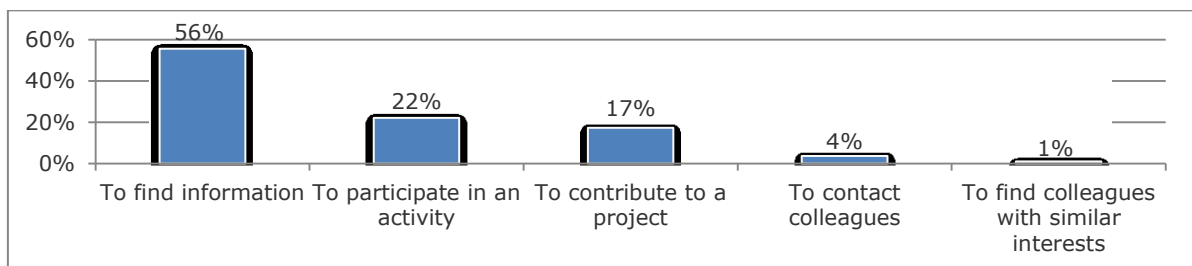
**Figure 79: Frequency with which respondents use PICS**



n = 279

Over half of respondents claimed that they mainly used it “to find information” (148 in total). Circa two out of ten respondents used it to either “participate in an activity” (59 in total) or “contribute to a project” (46 in total). Only a few used it to “contact colleagues” or “find colleagues with similar interests” (13 in total, taken together).

**Figure 80: Respondents’ reasons for using PICS**



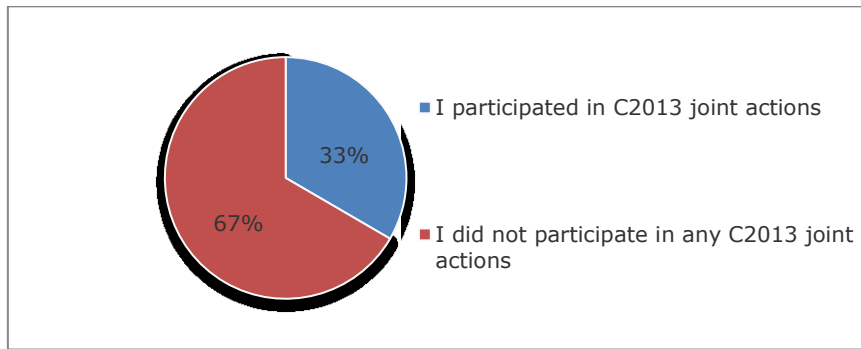
n = 266

## 8 Experience with C2013 joint actions

The survey also included a set of questions aimed at examining customs officials’ experiences with C2013 joint actions. These questions were addressed to those who had participated in at least one of the activities.

A total of 823 respondents said they had participated in C2013 joint actions and 1,642 said they had not (see figure below).

**Figure 81: Respondents who participated in C2013 joint actions**



*n* = 2,465

The sections that follow provide the results of respondents’ views about different aspects of the activities they had participated in. It is important to note that, overall, respondents tended to be very positive about these activities and did not provide any negative assessments about them. This is partly explained because of a self-selection bias of the survey, meaning that those who were positive about the programme activities were more likely to feel engaged with the programme and thus respond to the survey. This was the case too in the survey conducted for the mid-term evaluation of the programme, when respondents were as positive as in the current survey.

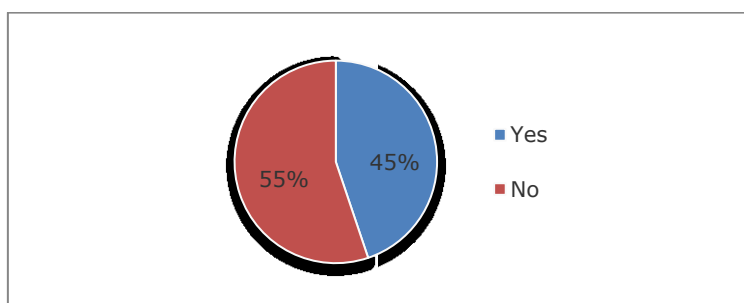
### 8.1 Project groups

From those who had participated in the joint actions, 45% participated in a project group (390 in total). These respondents thought considerably positive about the project groups. Almost all respondents (98% on average) either “strongly agreed” or “agreed” that:

- they were organised and executed well
- the issues treated were relevant to their work
- they had helped them to expand their network/contacts with customs officials abroad
- they produced (or were likely to produce) concrete outputs

The idea that the cooperation between countries that was established by the project group led to results that could not have been achieved by one country alone, as well as that the project group had helped them to better carry out their daily work activities received the least positive opinions from respondents (compared to the rest of the statements).

**Figure 82: Respondents who participated / did not participate in a project group**



*n* = 870

**Table 4: Respondents views on the project group meetings**

Statement	Agree strongly	Agree	Disagree	Disagree strongly	Don't know	n=
The project group was organised and executed well	36%	63%	1%	0%	0%	363
The issues treated in the project group are relevant to my work	42%	57%	1%	0%	1%	353
The project group I participated in helped me to expand my network/contacts with customs officials abroad	45%	52%	1%	0%	2%	355
The project group produced (or is likely to produce) concrete outputs	32%	65%	1%	0%	1%	352
The cooperation between countries established by the project group led to results that could not have been achieved by one country alone	35%	58%	2%	1%	4%	347
The project group helped me to better carry out my daily work activities at the national customs administration	30%	60%	3%	1%	6%	341

## 8.2 Seminars

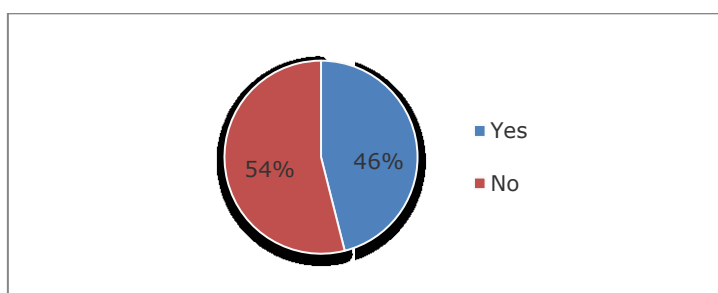
From those who had participated in the programme's activities, 46% had participated in a seminar (391 in total). As in the question before, respondents tended to be very positive about their experience with the seminar. Most respondents that had participated in a seminar (99% on average) either "strongly agreed" or "agreed" that:

- it was organised and executed well
- it had provided them with new information and knowledge
- the issues treated were relevant to their work
- it had helped them to expand their network / contacts with customs officials abroad

Respondents were slightly less positive regarding the idea that the seminar had helped them to better carry out their daily work activities and that the cooperation between countries that was established by the seminar had led to results that could not have been achieved by one country alone. In both cases 1% disagreed this was the case, and 3% and 8% respectively said they did not know. These results are presented in the table below.



**Figure 83: Respondents who participated / did not participate in a seminar**



n = 849

**Table 5: Respondents views on the seminar they took part in**

Statement	Agree strongly	Agree	Disagree	Disagree strongly	Don't know	n=
The seminar was organised and executed well.	45%	54%	0%	0%	0%	364
The seminar has provided me with new information and knowledge.	28%	70%	0%	0%	1%	346
The issues treated in the seminar are relevant to my work.	38%	61%	0%	0%	1%	352
The seminar I participated in helped me to expand my network / contacts with customs officials abroad.	45%	54%	1%	0%	1%	347
The seminar helped me to better carry out my daily work activities at the national customs administration.	30%	65%	1%	0%	3%	330
The cooperation between countries that was established by the seminar led to results that could not have been achieved by one country alone.	35%	56%	1%	0%	8%	340

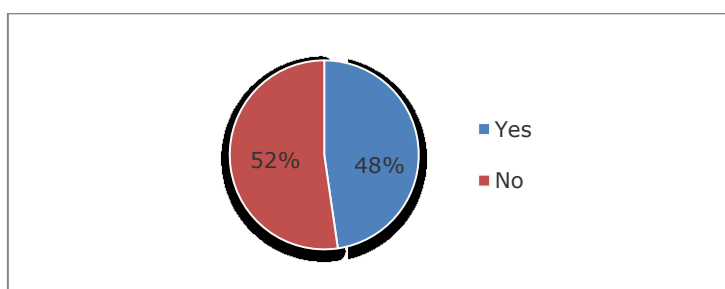
### 8.3 Workshops

A total of 403 respondents had participated in a workshop. Most respondents (99% on average) either “strongly agreed” or “agreed” that:

- it was organised and executed well
- the issues treated were relevant to their work
- it had helped them to expand their network / contacts with customs officials abroad
- it had provided them with new information and knowledge

Respondents were slightly less positive about the idea that cooperation between countries that was established by the workshop led to results that could not have been achieved by one country alone, and that the workshop had helped them to better carry out their daily work activities. In both cases, 95% of respondents either “strongly agreed” or “agreed” this was the case.

**Figure 84: Respondents who participated / did not participate in a workshop**



n = 845

**Table 6: Respondents views on the workshop they took part in**

Statement	Agree strongly	Agree	Disagree	Disagree strongly	Don't know	n=
The workshop was organised and executed well.	44%	56%	0%	0%	0%	367
The issues treated in the workshop are relevant to my work.	37%	62%	0%	0%	1%	359
The workshop helped me to expand my network / contacts with customs officials abroad.	43%	56%	0%	0%	0%	351
The workshop has provided me with new information and knowledge.	31%	67%	0%	0%	2%	353
The cooperation between countries established by the workshop led to results that could not have been achieved by one country alone.	35%	59%	1%	0%	5%	338
The workshop helped me to better carry out my daily work activities at the national customs administration.	30%	65%	1%	1%	4%	355

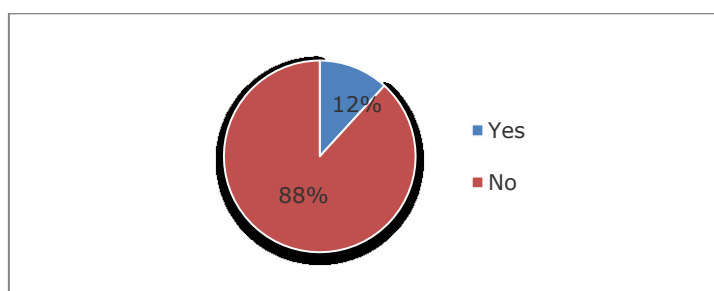
## 8.4 Benchmarking actions

A total of 99 respondents had participated in a **benchmarking action**. The majority of these respondents thought considerably well about it, with the most positive features of this exercise being that:

- it was organised and executed well
- it had allowed them to identify good practices that could be implemented in their countries
- the issues treated were relevant to their work
- it had helped them to expand their network / contacts with customs officials abroad

The idea that the benchmarking action had helped participants to better carry out their daily work activities and that the cooperation between countries that was established had led to results that could not have been achieved by one country alone were rated less positively, in particular the last statement.

**Figure 85: Respondents who participated in a benchmarking action**



n = 840

**Table 7: Respondents views on the benchmarking action they took part in**

Statement	Agree strongly	Agree	Disagree	Disagree strongly	Don't know	n=
The benchmarking action was organised and executed well	34%	65%	0%	0%	1%	91
The benchmarking action allowed us to identify good practices that can be implemented in my country	31%	65%	1%	0%	2%	89
The issues treated in the benchmarking action are relevant to my work	33%	64%	0%	1%	2%	92
The benchmarking action helped me to expand my network / contacts with customs officials abroad	49%	48%	1%	0%	2%	90
The benchmarking action helped me to better carry out my daily work activities at the national customs administration	30%	61%	2%	1%	6%	88
The cooperation between countries that was established by the benchmarking action led to results that could not have been achieved by one country alone	31%	57%	2%	0%	9%	86

### 8.5 Monitoring activities

From those who had participated in the programme’s activities, 13% had participated in a monitoring activity (107 in total). Monitoring activities’ participants were slightly less positive about this activity than participants from the other programme activities. In effect, the portion of respondents who had a positive opinion about different aspects of the activity was closer to 95% than 100% as in the rest of the activities<sup>86</sup>.

According to respondents, the most positive features of the monitoring activity they took part in were that:

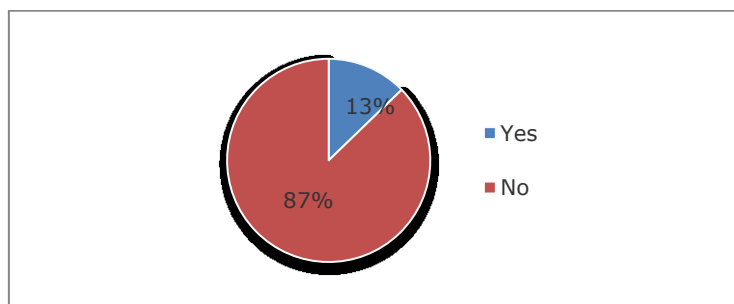
- the issues treated were relevant to their work
- it was organised and executed well

<sup>86</sup> The number of respondents to this question was relatively low (107) in comparison with the rest of the questions where circa 350 respondents expressed their opinion about the different activities. Thus, the percentages presented in the analysis were used to indicate a trend and should not be interpreted as definite results.

- it had contributed to the correct application of EU legislation and/or procedures in the country/countries that were visited
- it had helped them to better carry out their daily work activities
- it had helped them to expand their network / contacts with officials abroad

Respondents were slightly less positive about the idea that the cooperation between countries that was established by the monitoring activity had led to results that could not have been achieved by one country alone, with 86% of them that either “strongly agreed” or “agreed” with it and 5% that “disagreed” or “strongly disagreed”.

**Figure 86: Respondents who participated / did not participate in a monitoring activity**



n = 838

**Table 8: Respondents views on the monitoring activity they took part in**

Statement	Agree strongly	Agree	Disagree	Disagree strongly	Don't know	n=
The issues treated in the monitoring are relevant to my work	46%	51%	0%	0%	3%	98
The monitoring activity was organised and executed well	42%	54%	1%	0%	3%	102
The monitoring activity contributed to the correct application of EU legislation and/or procedures in the country or countries that were visited	31%	64%	0%	0%	5%	99
The monitoring activity helped me to better carry out my daily work activities at the national customs administration	37%	58%	2%	0%	3%	95
The monitoring activity helped me to expand my network / contacts with customs officials abroad	40%	55%	0%	1%	4%	96
The cooperation between countries that was established by the monitoring activity led to results that could not have been achieved by one country alone	34%	53%	3%	2%	8%	95

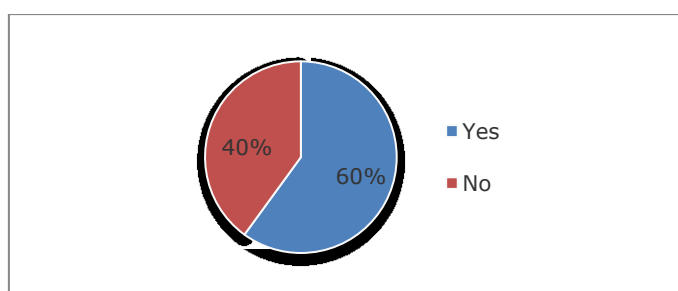
## 8.6 Working visits

From all programme activities, working visits got the highest share of participants, with a total of 503 respondents that said they had participated in a working visit. Most of these respondents (98% on average) either “strongly agreed” or “agreed” that:

- it was organised and executed well
- the issues treated were relevant to their work
- it had allowed them to identify good practices that could be implemented in their countries
- it had helped them to expand their network / contacts with customs officials abroad
- it had helped them to better carry out their daily work activities

Respondents were slightly less positive about the idea that the cooperation between countries that was established by the working visit led to results that could not have been achieved by one country alone, with 86% of respondents that either “strongly agreed” or “agreed” with this idea, 2% that “disagreed” and 11% who were not sure about it.

**Figure 87: Respondents who participated / did not participate in a working visit**



n = 838

**Table 9: Respondents views on the working visit they took part in**

Statement	Agree strongly	Agree	Disagree	Disagree strongly	Don't know	n=
The working visit was organised and executed well	58%	42%	0%	0%	0%	440
The issues treated in the working visit are relevant to my work	51%	48%	0%	0%	0%	433
The working visit has allowed me to identify good practices that can be implemented in my country	41%	57%	0%	0%	2%	432
The working visit helped me to expand my network / contacts with customs officials abroad	51%	47%	1%	0%	1%	438
The working visit helped me to better carry out my daily work activities at my own national customs administration	41%	55%	0%	0%	3%	426
The cooperation between countries established by the working visit led to results that could not have been achieved by one country alone	38%	48%	2%	0%	11%	403

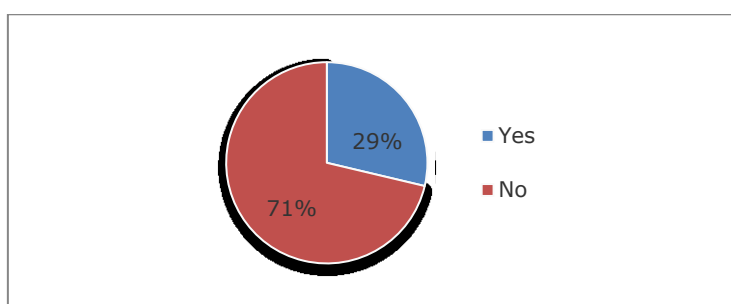
## 8.7 Training activities

A total of 240 respondents said they had participated in a **training activity**. From these, over 95% either “strongly agreed” or “agreed” that:

- it was organised and executed well
- the issues treated were relevant to their work
- it had contributed to enhancing the quality of training for customs officials across Europe
- it had helped them to better carry out their daily work activities

A slightly lower portion of respondents agreed that the training activity had expanded their network with officials abroad, with 93% that “strongly agreed” or “agreed”, 4% that “disagreed” or “strongly disagreed”, and 4% that did not know. The level of agreement was lower too for the idea that cooperation between countries that was established by the training activity had led to results that could not have been achieved by one country alone. Less than 90% agreed and 11% did not know.

**Figure 88: Respondents who participated / did not participate in a training activity**



n = 836

**Table 10: Respondents views on the training activity they took part in**

Statement	Agree strongly	Agree	Disagree	Disagree strongly	Don't know	n=
The training activity was organised and executed well	46%	53%	1%	0%	0%	238
The issues treated in the training activity are relevant to my work	48%	50%	0%	0%	1%	228
The training activity has contributed to enhancing the quality of training for customs officials across Europe	40%	57%	0%	0%	3%	234
The training activity helped me to better carry out my daily work activities at the national customs administration	43%	54%	1%	0%	2%	226
The training activity helped me to expand my network / contacts with customs officials abroad	36%	56%	3%	1%	4%	217
The cooperation between countries established by the training activity led to results that could not have been achieved by one country alone	33%	54%	1%	1%	11%	215

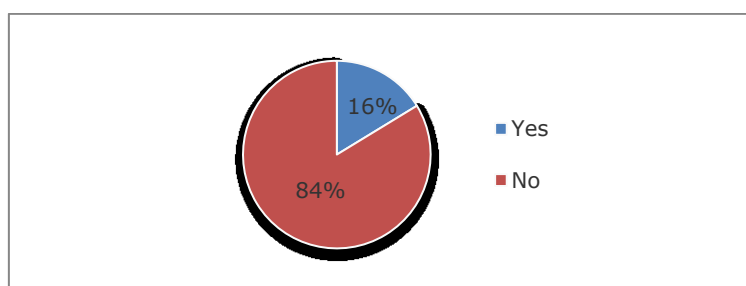
## 8.8 IT training activities

A total of 136 respondents said they had participated in an IT training activity. These respondents thought particularly well about this activity, with circa 98% that either “strongly agreed” or “agreed” that<sup>87</sup>:

- it was organised and executed well
- the issues treated were relevant to their work
- it had helped them to better carry out their daily work activities
- it had provided them with new information and knowledge

A relatively smaller portion of respondents thought the same about the idea that it had helped them to expand their network / contacts with customs officials abroad and that the cooperation between countries that was established had led to results that could not have been achieved by one country alone. In these cases, the level of agreement was circa 85% (on average).

**Figure 89: Respondents who participated in an IT training activity**



n = 835

**Table 11: Respondents views on the IT training activity they took part in**

Statement	Agree strongly	Agree	Disagree	Disagree strongly	Don't know	n=
The IT training was organised and executed well	41%	58%	0%	1%	1%	123
The issues treated in the IT training are relevant to my work	39%	58%	1%	0%	2%	125
The IT training activity helped me to better carry out my daily work activities at the national customs administration	41%	57%	1%	0%	1%	119
The IT training has provided me with new information and knowledge	36%	61%	1%	1%	2%	129
The IT training activity helped me to expand my network / contacts with customs officials abroad	28%	58%	5%	1%	8%	117
The cooperation between countries that was established by the IT training activity led to results that could not have been achieved by one country alone	25%	58%	2%	0%	16%	116

<sup>87</sup> The number of respondents to this question was relatively low (136) in comparison with the rest of the questions where circa 350 respondents expressed their opinion about the different activities. Thus, the percentages presented in the analysis were used to indicate a trend and should not be interpreted as definite results.

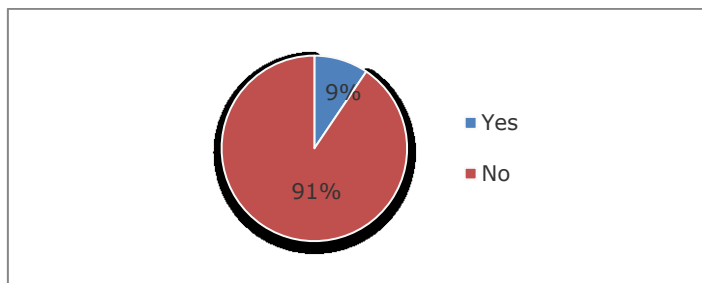
## 8.9 Steering groups

A total of 79 respondents said they had participated in a steering group. Respondents tended to be very positive about their experience with the steering group and circa all respondents (99% on average) either “strongly agreed” or “agreed” that<sup>88</sup>:

- the issues treated were relevant to their work
- it had helped them to expand their network with customs officials abroad
- the meetings were organised and executed well
- it provided effective coordination and guidance to activities in its specific area
- the cooperation between countries that was established led to results that could not have been achieved by one country alone

Respondents were slightly less positive about the idea that the steering group had helped them to better carry out their daily work activities. Ninety-three per cent either “strongly agreed” or “agreed with it, while 4% “disagreed” and 3% did not know

**Figure 90: Respondents who participated / did not participate in a steering group**



n = 835

**Table 12: Respondents views on the steering group they took part in**

Statement	Agree strongly	Agree	Disagree	Disagree strongly	Don't know	n=
The issues treated in the steering group are relevant to my work	32%	68%	0%	0%	0%	71
The steering group I participated in helped me to expand my network / contacts with customs officials abroad	43%	57%	0%	0%	0%	70
The steering group meetings were organised and executed well	29%	69%	0%	0%	1%	75
The steering group provides effective coordination and guidance to C2013 activities in its specific area	32%	65%	1%	0%	1%	69

<sup>88</sup> The number of respondents to this question was relatively low (79) in comparison with the rest of the questions where circa 350 respondents expressed their opinion about the different activities. Thus, the percentages presented in the analysis were used to indicate a trend and should not be interpreted as definite results.



Statement	Agree strongly	Agree	Disagree	Disagree strongly	Don't know	n=
The cooperation between countries established by the steering group led to results that could not have been achieved by one country alone	36%	61%	1%	0%	1%	67
The steering group helped me to better carry out my daily work activities at the national customs administration	28%	64%	4%	0%	3%	67

## 9 Overall assessment of the contribution of joint actions

Finally, respondents were asked to provide an overall assessment of the extent to which the joint action(s) that they had participated in had helped or improved specific customs activities in their administration. As shown in the table below, nine out of ten respondents (on average) either “strongly agreed” or “agreed” that:

**Table 13: Views on the contribution of joint actions to their administrations**

Statement: The joint actions...	Agree strongly	Agree	Disagree	Disagree strongly	n=
Contributed to enhancing the effectiveness and efficiency of your administration's controls (e.g. risk profiling, targeting controls, controls)	6%	92%	1%	1%	396
Contributed to your administration's risk management (e.g. identifying, assessing, mitigating different kinds of risks related to the international trade in goods)	8%	91%	1%	1%	359
Contributed to your administration's clearance procedures (e.g. processing of pre-arrival and pre-departure declarations, calculation and collection of customs duties)	4%	92%	3%	1%	318
Contributed to your administration's activities related to the enforcement of customs legislation (e.g. investigations, imposing penalties)	4%	92%	3%	1%	309
Contributed to your administration's data management (managing and processing the enormous amounts of trade and trader data)	5%	90%	3%	1%	273
Contributed to your administration's trader management (e.g. identification and registration of traders, providing authorisations)	4%	89%	5%	2%	264

## Annex 4 – Case study Croatia

### 1 Introduction

#### 1.1 Purpose and approach

The aim of this case study is to help understand the dynamic between the Customs 2013 programme and the work of the Croatian customs authority. Many factors affect the ability of the Croatian customs authority to execute customs processes, and the programme influences them differently and to varying degrees. Some factors, like national resources, are completely outside the scope of the programme, whereas others, like the provision of IT systems, are interwoven with it.

In order to deconstruct the complex and complicated relationships between activities financed through C2013 and national actions and capacities, we followed a methodology focused on:

- The C2013 objectives of 1) protecting the financial interests of the EU; 2) promoting safety and security; and 3) facilitating trade.
- The import of goods in the EU and related customs processes;
- The IT systems and related joint actions funded through C2013.

For this case study, we undertook a field visit to Zagreb, Croatia (from 10-11 April 2014) supplemented with desk research. During the field visit, we conducted in-depth interviews with various customs officials, each responsible for specific customs processes or IT systems. In total, we conducted interviews with 12 officials, allowing us to consider the relevant issues based on a broad range of experiences and expertise.

The remainder of this report elaborates on the key findings with a view to 1) demonstrating how the C2013 activities have supported the Croatian customs authority, and 2) highlighting areas where that support could be improved during the next programming period.

#### 1.2 Background on the customs landscape of the country

##### 1.2.1 The Croatian Administration

The Croatian customs administration has undergone several upheavals since declaring independence in 1991, the most recent of which was the transition to EU membership. This culminated in accession in July 2013 and led to the elimination of external customs borders with Slovenia and Hungary, in addition to the adoption of EU policy regarding tariffs and international trade.

Today, the Croatian Customs Administration forms part of the Ministry of Finance. It is responsible for the implementation and enforcement of national and EU customs legislation. It supervises customs procedures (import, transit, and export) and the collection of customs and excise duties. The administration is organised into one central horizontal department and four regional departments for Zagreb, Rijeka, Osijek and Split. There are 18 customs offices and 10 border customs offices. The workforce is made up of 2,848 officials.

##### 1.2.2 Croatian Customs traffic in numbers

Croatia is a relatively small country, with just over 4m inhabitants. Since it only recently entered the EU, the most recent figures, for the year leading up to 30 June 2013, continue to reflect trade with EU Member States as external trade. In this regard, it is highly possible that the next year's figures will show a drop in customs and its recent entrance into the internal market makes it difficult to compare with

other Member States. Nonetheless, figures available from the Croatian customs authority show a preponderance of imports. For the year leading to 30 June 2013, Croatia registered 764,761 import declarations and 222,263 export declarations.

### 1.2.3 The Customs IT landscape

The Croatian customs administration uses a number of IT systems for the lodging and processing of import declarations. Each of these systems interacts with various national and EU IT systems to determine the duties to be paid, controls to be executed, and to identify potential risks. Most notable are:

- **Automated import system:** this system was implemented in 2013 to replace the paper-based system and is used for the lodging and processing of electronic declarations for import procedures. It interacts with numerous national systems, including those for risk management and tariff management.
- **Integrated tariff management system:** this system draws on EU databases such as TARIC and QUOTA to provide economic operators and customs officials with reliable, up-to-date information on tariffs. It was implemented in 2013.
- **NCTS:** the national version of the NCTS was implemented in 2011, prior to EU accession, and replaced a paper-based system for transit.
- **ICS:** the national version of ICS was rolled out with EU accession in July 2013 and is used for receiving and processing Entry Summary Declarations for the customs process of pre-clearance. It is primarily concerned with conducting preliminary risk analysis.

In the next sections, we describe in more depth how the C2013 funded IT systems and joint actions have contributed to the execution of key customs procedures in Croatia. .

## 2 Report on the Customs 2013 programme's contributions to selected import processes

In the context of this case study, import refers to the process of bringing goods from non-EU countries into the territory of the EU. The import process can be divided into three main steps, namely pre-clearance, clearance, and post clearance:

- **Pre-clearance:** Pre-clearance is the process by which carriers of goods notify customs authorities of the arrival of goods, so that potential security risks can be identified and dangerous goods stopped from entering the EU.
- **Clearance:** Clearance is the main customs process for imports. Once goods are presented at the customs office of import, the authorities check documentation, conduct any necessary controls, calculate and notify economic operators of duties to be paid, and ultimately release goods to be imported into the territory of the EU.
- **Post-clearance:** Post-clearance audits and controls may take place after the goods have been released from the customs office. Such controls (which can include inspections of documents and data on the operations of economic operators) are aimed at ascertaining the accuracy of customs declarations and putting in place any necessary remedial measures, like fines.

## 2.1 Pre-clearance

### 2.1.1 Purpose and summary

The underlying processes of pre-clearance are similar in all EU countries and entail the following elements. Pre-clearance is the process by which carriers of goods notify customs authorities of the imminent arrival of goods such that potential security risks can be identified and dangerous goods stopped from entering the EU. Unlike most customs processes, pre-clearance concerns only security and has no role in calculating and collecting customs duties or facilitating trade. In practical terms, pre-clearance entails 1) the lodging of a pre-arrival declaration, 2) its assessment by customs authorities, and 3) controls targeted at potentially dangerous goods.

Carriers of goods are required to provide advance cargo information about all consignments entering the EU.<sup>89</sup> This information should be provided up to 24 hours before arrival of the goods depending on the type of transport, and is to be submitted via an electronic document called the Entry Summary Declaration (ENS) to the office of first entry. Entry Summary Declarations are standardised at European level and contain data on the economic operators, countries and goods involved.

The information provided through the ENS is used to identify potential risks. This check is performed automatically and is based on national and EU risk profiles. The risk analysis has two potential outcomes: either no risk was identified and the goods proceed to the clearance procedure *or* a potential risk was identified and further actions have to be undertaken. In such cases, the actions are decided upon by the customs officer and depend on the type of risk that was identified. In most cases, these would consist of manual controls, either the detailed examination of documents or physical controls of the goods in question. In cases of transit, another option is to pass information on the risks identified to the customs office of the destination country so that it can take appropriate action.

### 2.1.2 Contribution of Customs 2013 IT systems

Three of the programme-funded IT systems play an important role in the pre-clearance process, most importantly the ICS, but also the EORI / AEO systems and the CRMS.

#### *The Import Control System*

The Import Control System (ICS) is the central IT application used for lodging and processing all Entry Summary Declarations. It is therefore at the basis of the pre-clearance procedure in all EU Member States. The system also facilitates the exchange of import related information between national customs administrations, between administrations and economic operators, and with the European Commission.

Although the ICS was introduced elsewhere in 2009, due to its candidate country status at that time in Croatia a project to implement it was begun in 2011 and completed with its accession in July 2013. Unlike other systems, the ICS is not fully integrated into Croatia's AIS. It was developed as an independent system and sits apart from the rest of Croatia's IT infrastructure. Economic operators were also required to adjust to the new situation by installing specialised software that can submit ENS declarations electronically and communicate with the Croatian version of ICS.

In practical terms, the ICS facilitates preliminary risk analysis and, once complete, assigns a declaration number to consignments so that they can be arrived and undergo normal clearance procedures. While officials interviewed expressed broadly

<sup>89</sup> In some cases, the carrier of goods can delegate this responsibility to the importer-consignee, a representative of the carrier or the importer.

positive views about the ICS and felt that conducting pre-arrival risk analysis could *potentially* enhance the ability of the Croatian customs authority to control for risks. However, none of them could produce figures demonstrating the extent to which its introduction affected the number of controls or risk analysis. Instead, they tended to focus on the *novelty* of the system and the fact that by adding a new layer of protection it was likely to have increased security.

Despite this, interviewees highlighted several problems related to the fragmented nature of the ICS and its lack of integration with the automated import system and the New Computerised Transit System (NCTS) used to process transit declarations. According to one official, prior to EU accession all systems and processes for customs were interconnected, meaning that following the progress of a given shipment between various processes was simple. Now, 'after the ENS declaration on ICS is lodged, you cannot follow where the shipment goes after that, whether it goes to transit or free circulation, and we had that information before'.

Another problem related more to the administrative burden faced by economic operators. Some of the information required for ENS declarations and clearance declarations is the same, but since the systems are not integrated economic operators are required to enter such information more than once.

Interviewees also pointed to costs associated with the ICS system, most importantly for economic operators. While the customs administration received assistance in the form of funding from the Phare programme and participation C2013 joint actions, economic operators were obliged to implement costly new software. Although about 100 economic operators were provided with free courses from the customs authority, they were still responsible for purchasing the software and ensuring its compatibility with the ICS and the new automated import system. This contributed to some teething problems when the system was rolled out in July 2013, including misunderstandings about how to enter information. However, interviewees knowledgeable about the ICS explained that such problems were short-lived and that the system was operating with a low error rate within 'a couple of months'.

### *Economic Operators Systems*

Economic Operators Systems (EOS) include two central systems. These are comprised of 1) the Economic Operator Registration and Identification system (EORI), which is the central system for its purpose in the EU and provides a single registration system for all economic operators; and 2) the Authorised Economic Operators system (AEO), which facilitates the central management of applications and certificates relating to AEO status for traders.

Both systems are currently operational in Croatia but, as they were only implemented in July 2013, the benefits remain largely theoretical. Looking at EORI, all traders wishing to lodge import declarations in Croatia must have an EORI number, and interviewees did not report any major problems in implementing the system. By allowing the Croatian customs authority to pool information about economic operators with authorities in other Member States, interviewees felt the EORI database had the potential to enhance their ability to conduct risk analysis, especially for companies importing goods into more than one EU Member State. However, they were unable to provide specific feedback regarding examples where risk analysis had been improved, instead pointing out that the system had been introduced less than a year prior.

For AEO interviewees reported even less progress. Only seven AEO certificates had been issued at the time of writing, though they hoped the system would gain traction over time. Indeed, they mentioned concerted efforts to promote AEO among economic operators, among other things using the customs authority website ([www.carina.hr](http://www.carina.hr)) and free training courses provided to economic operators to help them adapt to new customs IT systems and procedures associated with EU membership. As in other countries, Croatian officials felt AEO would eventually help them conduct more

effective risk analysis and thereby target controls more effectively. This would enhance safety and security and, by providing trustworthy economic operators with access to simplified customs procedures, facilitate trade.

#### *The Community Risk Management System*

The Community Risk Management System (CRMS) was set up to facilitate the rapid and secure exchange of risk information between EU Member States and the European Commission. The system consists of two main elements:

- 1) **Common risk profiles:** Common risk profiles are used for the advance risks analysis of all goods entering the EU, and to ensure a minimum level of control across all Member States. The common risk profiles are based on EU-wide risks and in addition to reflecting the Common Priority Control Areas (CPCA).
- 2) **Risk Information Forms:** CRMS is used to exchange risk information to support the targeting of consignments for customs controls via Risk Information Forms (RIF).

In addition, the CRMS provides customs authorities with a secure email service for the exchange of relevant information.

Although the CRMS plays an important role in both pre-clearance and clearance processes, the pathways with which it intercedes are similar and are mostly explained here; clearance-specific aspects of the CRMS are described in the next section.

The CRMS is a centralised database IT application that national authorities have secure access to. In Croatia, access is not open to all officials, but is instead provided to about 50 individuals who then 1) filter information before sending what is relevant to customs offices and 2) feed information into the system that can in turn be used by other Member State authorities.

Responsible officials expressed the view that the CRMS had contributed greatly to their ability to conduct risk analysis effectively. As an interviewee explained, 'we don't have powerful national tools, so we've benefited greatly from the pooling of resources for risk management'. Indeed, the interviewee went on to explain that from 1 July 2013 Croatia has used CRMS as the basis of their profile checking, and that it provided a 'huge' amount of information that was unavailable before acceding to the EU. The benefits have included both an increase in the number of risk profiles against which incoming goods can be checked and the improvement of national risk profiles based on data from the risk information forms. There was also a contribution to the ability of Member State authorities to share information using risk information forms. As one interviewee explained, 'rather than looking through contact lists, with a few clicks you can circulate data around the EU'.

Despite these benefits, interviewees pointed to numerous shortcomings with the implementation and format of the CRMS. Most important among these was what an interviewee described as the 'inconsistent use' of the system, partly due to guidance that was 'clear but not precise'. Leading from this, the quality and quantity of information fed into the system varied considerably depending on the Member State involved. Some Member States were considered to input a lot, but relatively insignificant, information, while others were perceived to do the inverse, registering very few risk information forms.

Indeed, the variable quality of data was one of the key reasons why access to the CRMS was not given to more Croatian customs officials, as it could act as a distraction from more pressing tasks. Instead, the limited number of officials who did use the systems played a filtering role, passing on relevant data to others further down the chain of command.

In the short term, interviewees recommended more precise guidance and common training that would align the ways Member State administrations used the system. For example, guidance about the amount of security clearance needed to access CRMS could raise confidence in the system increase the willingness of some Member States to use it. Looking further into the future, the Croatian officials interviewed felt that harmonising procedures for risk management would be considerably more effective than the fragmented system currently in use.

### 2.1.3 Contribution of Customs 2013 joint actions

In the run-up to their EU accession, Croatian officials found working visits funded through the programme to be an indispensable aid in terms of aligning working methods and learning how to implement and use the ICS, EORI / AEO systems and CRMS. Interviewees explained that they visited countries such as Poland and the Czech Republic, spending several days and making repeat visits as necessary in order to receive guidance from their counterparts. The visits resulted in sustainable networks, allowing Croatian officials to benefit from further guidance and advice on an ad hoc basis.

Interviewees also mentioned project groups on ICS that helped them prepare for the system's implementation and iron out wrinkles that emerged during the first months of EU membership. However, interviewees' participation in relevant joint actions (aside from the working visits) appeared limited, most likely due to Croatia only having been in the EU for the final six months of the programme. Instead, numerous interviewees mentioned receiving assistance from the pre-accession Phare programme. Among other things, this allowed repeated visits to neighbouring countries, where they learned about various aspects of the import process and built contact networks with their counterparts in Italy, Austria and Slovenia.

## 2.2 Clearance

### 2.2.1 Purpose and summary

The principles of the clearance process are defined in EU legislation and thus vary little from one Member State to another. Customs clearance is the main customs process and is technically defined as "*documented permission to pass that the national customs authority grants to the imported goods*".<sup>90</sup> It is the process by which national authorities check documentation, conduct any necessary controls<sup>91</sup>, calculate and notify economic operators of duties to be paid, and ultimately release goods to be imported into the territory of the EU. Risk analysis carried out at this stage builds on the initial risk analysis conducted as part of the pre-clearance process.

The previous section explained that in the pre-clearance procedure, carriers are obliged to submit Entry Summary Declarations for incoming goods to the *customs office of entry*. Subsequently, in the clearance procedure, economic operators are responsible for submitting a "Customs Declaration" or in some cases a "Summary Declaration for Temporary Storage" to the *customs office of import*. Such a Customs Declaration is used to request goods to be placed under a given customs procedure (e.g. import). Economic operators may lodge these declarations in advance, but are not obliged to do so.

Once the customs declaration is accepted by the customs office of import, the goods are released for free circulation in the EU (or temporary storage) and any import and excise duties, and VAT, must be paid.

<sup>90</sup> Source: [http://ec.europa.eu/taxation\\_customs](http://ec.europa.eu/taxation_customs).

<sup>91</sup> Customs controls may for example consist of examining goods, taking samples, verifying declaration data and the existence and authenticity of documents, and inspecting means of transport.



Croatia only acceded to EU membership in July 2013 and has thus seen many changes in recent years, notably the implementation of all relevant EU legislation, as well as the development and rolling out of a new automated import system and requisite trans-European and central applications funded by the programme.

### **2.2.2 Contribution of Customs 2013 IT systems**

There are a number of IT systems involved in the clearance procedure, both at national and EU level, as shown in the figure below. This section elaborates on the way in which the IT systems financed through the C2013 programme contributed to the clearance procedure in Croatia. The most relevant IT systems are ICS and NCTS, the Economic Operators Systems (EORI and AEO), CRMS, TARIC and QUOTA.

#### *New Computerised Transit System*

The New Computerised Transit System (NCTS) facilitates the transit procedure, used to facilitate the movement of goods between two or more different Member States. It allows for the temporary suspension of duties, taxes and commercial policy measures that are applicable at import, so that customs clearance formalities can take place in the country of destination rather than at the point of entry in the customs territory.

Despite acceding to the EU only in 2013, Croatia began using the NCTS in 2011, and according to the officials interviewed it revolutionised the transit process. Prior to developing and implementing a national version of NCTS, Croatia had a paper-based system. This entailed the declarant submitting a document in five carbon copies that would be endorsed at each stage between the point of entry into Croatian territory and the ultimate destination. The process would close when the customs office of destination the last form back to the point of entry, at which time any guarantees could be released. Interviewees explained that there were frequent problems under this system. Papers often got lost, creating delays, and the excess bureaucracy created scope for graft and corruption. Moreover, the paper-based system does not provide scope for automatic risks checks, but instead relies on individual customs officers. This was described by interviewees as time-consuming, inconsistent and ineffective.

With NCTS, much of the process is automated and the amount of paper is drastically reduced. An economic operator submits an electronic message, which then does a preliminary check and informs of any additional information or corrections needed. Automated risk analysis is then performed, allowing customs officials to target the highest risk cases for documentary and physical controls. Interviewees felt that the NCTS rectified most of the problems inherent in the old system. For example, the communication between customs offices is instantaneous, eliminating delays, while the system itself can check for irregularities and ensure economic operators and customs officials address them as soon as possible. The transit process is closed out more quickly, preventing guarantees to be held for lengthy periods and ensuring that economic operators do not (fraudulently) attempt to execute multiple transactions with the same guarantee. By reducing the time needed for economic operators to navigate the transit process, interviewees considered it to have facilitated trade.

#### *Economic Operators Systems*

When goods are presented at the customs office of import, the Economic Operators Systems are used to identify the economic operator and to check whether or not this operator has AEO status (and thus is entitled to any simplified procedures). As with the pre-clearance procedure, the main benefit of this system is that it provides the Croatian authorities with easy and reliable access to data on economic operators trading in the EU.

Interviewees presumed that the systems would contribute to risk management by making it simpler to find historical information on economic operators and their



operations in other Member States. However, these gains had not yet been witnessed by interviewees due Croatia's brief tenure in the EU. Similarly, the customs officials interviewed had little experience with the AEO system; as mentioned above, at the time of writing Croatia had only issued seven AEO certificates.

#### *The Community Risk Management System*

The risk analysis conducted during clearance builds on the results of pre-clearance analysis, and the CRMS again plays a supporting role as described above. While it has contributed substantially to the ability of the Croatian customs authorities to target controls, primarily by allowing the authorities a larger store of risk profile data to draw on, inconsistencies in use and the variable quality of information have, in the view of Croatian customs authorities, prevented the CRMS from realising its full potential.

#### *EU data management systems*

In the area of data management, the Customs 2013 programme supported two IT systems, namely TARIC and QUOTA. TARIC integrates all measures relating to EU customs tariff, commercial, and agricultural legislation. By integrating and coding these measures, the TARIC secures their uniform application by all Member States. It also gives economic operators a clear view of all measures to be undertaken when importing (or exporting) goods. QUOTA manages European tariff quotas that are adjusted upwards once a certain monthly quota is reached. Since these are managed on a 'first come, first served' basis, it is updated on a daily basis, taking into account the imports of the previous day and adjusting the tariff once the quota is exhausted.

Like in all Member States, Croatia has its own integrated tariff management system that draws on the centralised TARIC and QUOTA databases housed and managed from Brussels. The national IT system integrates the tariffs imposed at European level with various national taxes to be paid (e.g. excise tax and VAT).

Interviewees found it difficult to isolate the contribution of the TARIC and QUOTA systems to trade facilitation and the EU's financial interest, because implementing them was accompanied by a raft of other measures. Most notable among these was the EU trade policy and the introduction (for the first time) of an automated import system. Prior to its EU membership, Croatia managed its own trade policy, which was relatively simple in line with the country's small size. According to interviewees, there was a basic tariff rate and only four preferential agreements, with no measures related to, say, certain agricultural products. Croatia also used paper-based declarations.

EU membership brought what were described as 'huge' policy changes that meant the Croatian customs authority had to grapple with substantially increased complexity in a short space of time. TARIC and QUOTA were integrated into these changes, but the introduction of the automated import system loomed largest for interviewees. However, the functioning of the new systems was positively described, with officials reporting satisfaction from economic operators as well as customs offices. The amount of time needed for goods to clear had decreased substantially (though precise figures were not given), tariff error rates were low and there were few complaints from stakeholders.

### **2.2.3 Contribution of Customs 2013 joint actions**

In order to have the national TARIC and QUOTA systems functioning and linked to the new automated import system for the date of EU accession Croatia undertook substantial and long-lasting efforts. These consisted of twinning visits, notably to Austria, organised under the Phare programme, as well as numerous C2013 working visits relating to issues that were new to Croatia, such as anti-dumping measures, safeguarding duties and preferential agreements. Due to its proximity, many working visits were organised to Slovenia, in particular to emulate its version of TARIC, while

one official responsible for IT systems took part in workshops, seminars and study visits.

The working visits were prized for their flexibility and ability to be organised at relatively short notice. This allowed officials to identify a problem, contact another Member State that had grappled with it successfully and send relevant officials on one or several working visits. Such visits were seen as invaluable tools. Interviewees continuously emphasised the novelty of most customs IT systems and claimed that without assistance from their counterparts in other Member States implementation would have been far less smooth. The working visits also reduced the risk that tariffs would be calculated incorrectly upon accession and thereby contributed to the protection of EU financial interests.

In addition, interviewees remarked that the joint actions contributed strongly to the act as one objective of the programme by fostering sustainable networks and building working relationships and trust between customs officials from different Member States. To this end, Croatia also hosted several monitoring visits whereby officials from Denmark, Latvia, Hungary and Finland examined the national TARIC system.

Despite the considerable benefits from participating in joint actions, it should be noted that, due to its recent EU accession, Croatia's involvement in the Customs 2013 joint actions was relatively low.

#### **2.2.4 Role of national factors**

Among the other factors influencing the execution of the clearance process, interviewees were quickest to point to finite national resources and the ability to grapple with so many technical and substantive changes in a short space of time. While not funded by the programme, the new automated import system allowed Croatia to implement EU legislation (which among other things mandates electronic declarations) and was considered a major and difficult transition. However, the Phare programme helped address many of the resource issues, and interviewees were generally positive about the ability of their administration to meet obligations and process customs declarations effectively.

In addition, while the development and implementation of new IT systems required significant resources, acceding to the EU also altered Croatia's customs landscape considerably. For example, formerly external borders with Hungary and Slovenia disappeared, allowing redeployment of human and technical resources towards the central administration and new IT systems.

### **2.3 Post-clearance**

Once goods are cleared for free circulation in the EU, national authorities have the right to carry out post-clearance audits and controls to ascertain the accuracy of the (summary) declarations. Post-clearance controls can take on different forms, and can include inspections of documents and data relating to the operations of the goods, or to prior or subsequent commercial operations involving those goods. In some cases, authorities may decide to examine the goods and/or to take samples.<sup>92</sup> In the cases of irregularities, the post-clearance process can also involve law enforcement measures such as imposing fines or initiating criminal proceedings.

Given its recent EU accession, the customs officials interviewed in Croatia did not make strong connections between the IT systems funded through the programme and post-clearance controls and audits.

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<sup>92</sup> Source: Art. 27 of Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the Community Customs Code (Modernised Customs Code).

### 3 Conclusions

This case study aimed to investigate the contributions of the C2013 programme in relation to its three main objectives, namely:

1. Protection of financial interests;
2. Promoting security and safety; and
3. Facilitating trade.

The methodology employed focused on the imports of goods into the territory of the EU and related customs processes. In particular, it aimed to help understand how and to what extent the IT systems and joint actions funded by the C2013 programme contributed to these processes in the Croatia. The remainder of this section summarises the study's main findings in relation to each of the three objectives.

#### 3.1 Customs 2013 contribution to the protection of financial interests

As discussed with Croatian customs officials, the main contribution to the EU's financial interests stemmed from the correct application of customs tariffs.

Prior to July 2013, Croatia maintained its own trade policy and collected its own customs duties. Unlike other Member States, Croatia therefore developed and implemented national versions of TARIC and QUOTA during the life of the programme, rolling them out on the day of accession. According to officials, the new systems work well and have low error rates, while new risk management processes reduce the scope for fraud. It is difficult to assess how Croatia (or any Member State) would implement EU customs legislation without the IT systems funded through the programme, but the systems were lauded and judged as reliable, up-to-date and compatible with the national architecture.

The joint actions were considered indispensable to the effective development and implementation of IT systems for calculating tariffs accurately. Working visits in particular facilitated on-going exchanges with Croatian officials' counterparts in other Member States, who provided guidance and technical advice.

#### 3.2 Customs 2013 contribution to promoting security and safety

C2013's contributions to security and safety mainly related to the pre-clearance and clearance processes, and the introduction of the ICS and CRMS systems. The former enabled Croatia to implement a new process (pre-clearance), adding another layer of risk analysis on existing customs practice.

The CRMS significantly enhanced Croatia's ability to assess risks by helping it pool resources with other Member States and increase the amount of information available for targeting controls. However, officials also noted that there was much room for improvement in the system, notably relating to inconsistencies its used and relatively imprecise guidance. Croatian officials would also appreciate more training on the use of the CRMS.

For both systems, working visits, mostly to neighbouring countries, were considered integral not only to implementing the systems successfully but also for fostering networks and building trust among their counterparts in other Member States. This in turn contributed to the sharing of relevant risk information, both using the secure CRMS email service and more conventional means.

### **3.3 Customs 2013 contribution to facilitating trade**

For Croatian officials changes in trade patterns were inextricably linked with its recent accession to the EU and access to the internal market. However, in terms of C2013-funded activities, officials felt that the main contributions stemmed from the NCTS, which both reduced the administrative burden of transit procedures and reduced error and the scope for fraud. In addition, better targeted risk controls, stemming from the ICS and CRMS, reduced the need to physically check the consignments of legitimate traders. The TARIC and QUOTA systems were also seen to contribute to trade, mostly in the passive sense of allowing traders to calculate tariffs efficiently with minimal administrative burdens.

### **3.4 The role of national factors in the import process**

In light of Croatia's recent EU accession, many of the factors interviewees brought up related to both the Customs 2013 programme and national factors. For example, a key component of improvements to import processes in recent years has been the introduction of an automated import system. This system was funded nationally but inspired by the need for paperless customs in newly implemented EU legislation. Similarly, substantial resources were needed to put the national versions of EU systems like the ICS, NCTS and TARIC in place. This might have been problematic, but the Phare programme for candidate countries provided substantial assistance while the disappearance of customs borders with Hungary and Slovenia allowed the redeployment of human and technical resources necessary to develop and implement the new systems. Due to this, resource constraints were mentioned less than in some other countries covered for the evaluation.

## Annex 5 – Case study Czech Republic

### 1 Introduction

#### 1.1 Purpose and approach

The aim of this case study is to help understand the dynamic between the Customs 2013 programme and the work of the Czech customs authority. Many factors affect the ability of the Czech customs authority to execute customs processes, and the programme influences them differently and to varying degrees. Some factors, like national resources, are completely outside the scope of the programme, whereas others, like the provision of IT systems, are interwoven with it.

In order to deconstruct the complex and complicated relationships between activities financed through C2013 and national actions and capacities, we followed a methodology focused on:

- The C2013 objectives of 1) protecting the financial interests of the EU; 2) promoting safety and security; and 3) facilitating trade.
- The import of goods in the EU and related customs processes;
- The IT systems and related joint actions funded through C2013.

For this case study, we undertook a field visit to Prague (from 7 to 10 April 2014) supplemented with desk research. During the field visit, we conducted in-depth interviews with various customs officials, each responsible for specific customs processes or IT systems. In total, we conducted nine interviews with a total of 20 interviewees, allowing us to consider the relevant issues based on a broad range of experiences and expertise.

The remainder of this report elaborates on the key findings with a view to 1) demonstrating how the C2013 activities have supported the Czech customs authority, and 2) highlighting areas where that support could be improved during the next programming period.

#### 1.2 Background on the customs landscape of the country

##### 1.2.1 The Czech Customs Administration

The transition to a market economy after November 1989 marked the beginning of significant changes to customs activities and legislation in the Czech Republic. In January 1993, when Czechoslovakia split into two separate sovereign states, the Czech Customs Administration was established and the "New Customs Act" (based on the EU customs system) came into force. Moreover, with its accession to the EU in May 2004, the Czech Republic became fully subject to the EU customs legislation.

Today, the Czech Customs Administration (consisting of 5,728 employees) forms part of the Ministry of Finance. It is responsible for the implementation and enforcement of national and EU customs legislation. It supervises customs procedures (import, transit, and export) and ensures the collection of customs duties incurred on goods subject to customs clearance. The Administration is also the exclusive administrator of excise duties.

The Administration consists of a Directorate General of Customs (which is the state-level authority), fourteen regional customs offices, and the Praha Ruzyně Customs Office, which is responsible for customs control at the biggest airport of the country. The fifteen customs offices are the main executive bodies of the Czech Administration, and are responsible for the operational activities related to customs.

### 1.2.2 Czech Customs traffic in numbers

The Czech Republic is a heavy exporter. The Czech Statistical Office recorded an average (monthly) trade surplus of just under 970 million euros between January and December 2013. Located in Central Europe and surrounded by Germany, Austria, Poland, and Slovakia, the country's only *external* borders (with non-EU countries) are its international airports.<sup>93</sup> It is therefore not surprising that the Czech Republic's main trading partners are EU Member States. In fact, 82.4% of the country's exports go to EU Member States (mainly Germany, Slovakia, Poland, UK, France, and Austria) and 65.5% of imports come from EU Member States (mainly Germany, Poland, Slovakia, Italy, France, and The Netherlands).

Table 1 provides a breakdown of the number of customs declarations underpinning these trade flows. It shows that the total number of customs declarations in 2013 amounted to almost 2.5 million, which is double the amount of customs declarations in 2010. The number of transit declarations for this country was relatively low, which is not surprising given the country's geographical location.

**Table 14: Number of customs declarations in the year 2013**

Number of import declarations	1,040,838
Number of export declarations	1,182,768
Number of declarations for transit	263,913
<b>Total number of customs declarations</b>	<b>2,487,519</b>

Source: Information provided by the Czech Customs Administration, April 2014.

### 1.2.3 The Customs IT landscape

The Czech customs administration uses a number of IT systems for the lodging and processing of declarations. Each of these systems interacts with various national and EU systems to determine the duties to be paid, controls to be executed, and to identify potential risks. The table below provides a summary of the most relevant national IT systems.

**Table 15: Summary of relevant national IT systems and applications**

<b>National IT system</b>	<b>Purpose and use of the system</b>
Automated Import System (AIS)	This system is used for the lodging and processing of electronic declarations for import procedures. It interacts with various national IT systems (e.g. the risk analysis system (ERIAN) and the guarantee system (GMS)), as well as with the EU Import Control System (ICS).
Automated Export System (AES)	This system is used for the lodging and processing of electronic declarations for export procedures. It interacts with various national IT systems (e.g. the risk analysis system (ERIAN) and the EU Export Control System (ECS)).
Risk management system (ERIAN-electronic risk analysis information)	This risk management system integrates the EU and national risk profiles, and analyses the information from Entry Summary Declarations to identify any potential risks.

<sup>93</sup> The Czech international airports are located in Prague, Brno, Ostrava, Karlovy Vary, and Pardubice. However, goods entering the country from outside the EU usually enter the country via Prague airport.

system)	
EORI CZ / AEO CZ	These systems manage the registration and identification of economic operators. They are similar to the central EOS applications, but contain more detailed information.
Authorisation management system (ASEO)	This database contains information on authorisations held by economic operators, such as rights to simplified procedures, and electronic communication rights (the latter being based on national legislation).
TARIC CZ	This national database integrates all measures relating to EU customs tariff, commercial and agricultural legislation (coming from TARIC EU) as well as relevant national taxes, such as VAT and excise tax, and national restrictions and prohibitions.
Database warehouse	This database stores and archives data from different EU and national IT systems. It is for example used for post-clearance controls and the development of national risk profiles.
New computerised transit system (NCTS)	This system is used for the lodging and processing of electronic declarations for transit procedure. It interacts with various national IT systems (e.g. the risk analysis system (ERIAN) and the Guarantee management system (GMS).
Guarantee management system (GMS)	This database contains information on guarantees provided by economic operators in the form of cash deposit or by a guarantor. Monitoring of guarantees is done automatically on the basis of data elements of customs declaration for all kinds of procedures. The system is used for customs procedures (transit and non-transit procedures separately due to the fact of different legal basis) and on national level also for excise duties.

Source: Information provided by the Czech Customs Administration, April 2014.

In the next sections, we describe in more depth how the C2013 funded IT systems and joint actions contributed to customs processes in the Czech Republic.

## 2 Report on the C2013's contributions to import processes

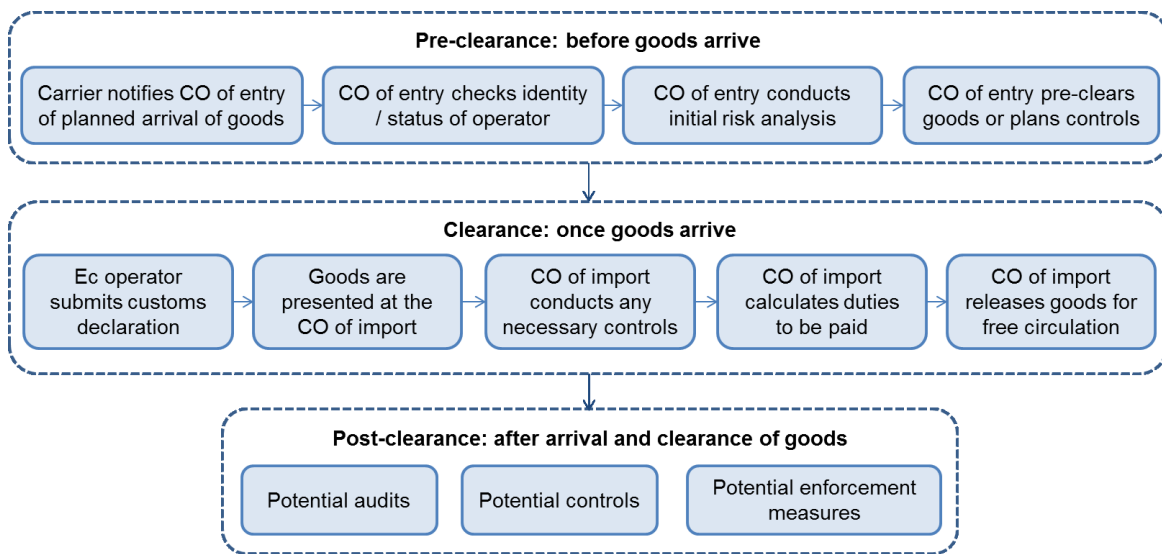
In the context of this case study, import refers to the process of bringing goods from non-EU countries into the territory of the EU. The import process can be divided into three main steps, namely pre-clearance, clearance, and post clearance:

- **Pre-clearance:** Pre-clearance is the process by which carriers of goods notify customs authorities of the arrival of goods, so that potential security risks can be identified and dangerous goods stopped from entering the EU.
- **Clearance:** Clearance is the main customs process for imports. Once goods are presented at the customs office of import, the authorities check documentation, conduct any necessary controls, calculate and notify economic operators of duties to be paid, and ultimately release goods to be imported into the territory of the EU.
- **Post-clearance:** Post-clearance audits and controls may take place after the goods have been released from the customs office. Such controls (which can include inspections of documents and data on the operations of economic operators) are aimed at ascertaining the accuracy of customs declarations and putting in place any necessary remedial measures, like fines.

The figure below provides a summary of these three processes and the steps involved within each of these processes in the Czech Republic. The ensuing sections elaborate in more detail on these processes and the contributions of the C2013 programme.



Figure 91: Overview of import process in the Czech Republic



## 2.1 Pre-clearance

### 2.1.1 Purpose and summary

Pre-clearance is the process by which carriers of goods notify customs authorities of the imminent arrival of goods such that potential security risks can be identified and dangerous goods stopped from entering the EU. Unlike most customs processes, pre-clearance concerns only security and has no role in calculating and collecting customs duties or facilitating trade. In practical terms, pre-clearance entails 1) the lodging of a pre-arrival declaration, 2) its assessment by customs authorities, and 3) controls targeted at potentially dangerous goods.

Carriers of goods are required to provide advance cargo information about all consignments entering the EU.<sup>94</sup> This information should be provided up to 24 hours before arrival of the goods depending on the type of transport, and is to be submitted via an electronic document called the Entry Summary Declaration (ENS) to the office of first entry. Entry Summary Declarations are standardised at European level and contain data on the economic operators, countries and goods involved.

The information provided through the ENS is used to identify potential risks. This check is performed automatically and is based on national and EU risk profiles. The risk analysis has two potential outcomes: either no risk was identified and the goods proceed to the clearance procedure *or* a potential risk was identified and further actions have to be undertaken. These actions are decided upon by the customs officer and depend on the type of risk that was identified. They could include direct controls (for example when the Czech Republic is the final destination, or in the case of immediate security or safety threats), or be communicated via the Import Control System so that goods can be controlled once they arrive at the office of import (in the case of transit).

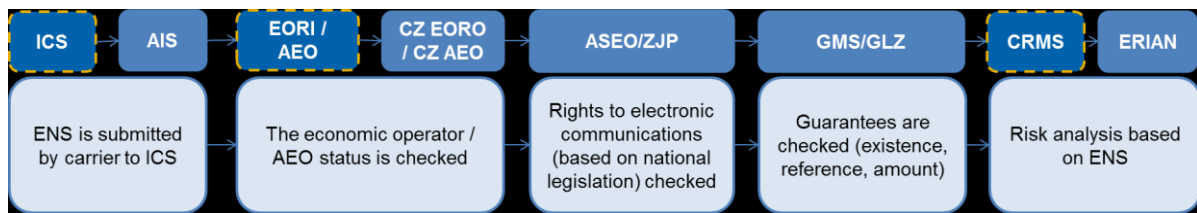
### 2.1.2 Contribution of Customs 2013 IT systems

Once the Entry Summary Declaration is submitted, the pre-clearance procedure starts by several automatic checks, supported by national and EU IT systems. The figure below shows the key steps followed in this procedure and the IT systems involved. This section elaborates on the contributions to this pre-clearance procedure by the IT systems funded by the C2013 programme, namely ICS, EORI / AEO, and CRMS.

<sup>94</sup> In some cases, the carrier of goods can delegate this responsibility to the importer-consignee, a representative of the carrier or the importer.



Figure 92: Overview of pre-clearance procedure and IT systems involved



Please note that once the automatic checks have been performed, previous customs procedures such as transit will be automatically closed (e.g. in NCTS) and the import procedure will be continued.

### The Import Control System

The Import Control System (ICS) is the central IT application used for lodging and processing all Entry Summary Declarations.<sup>95</sup> It is therefore at the basis of the pre-clearance procedure in all EU Member States. The system also facilitates the exchange of import related information between national customs administrations, between administrations and economic operators, and with the European Commission. ICS was introduced in July 2009 and has been fully operational since January 2011.

In the interviews, Czech customs officials explained that the ICS system contributed to the pre-clearance procedure in two main ways:

1. **Common risk analysis:** The ICS harmonised the lodging and processing of import information in all Member States, and thus provides a common basis for the risk analysis of all goods entering the EU (based on a minimum level of protection).<sup>96</sup>
2. **Cooperation between Member States:** The ICS contributed significantly to the cooperation between EU Member States, as it allowed them to exchange import information faster and thus to cooperate more efficiently.

The interviewees explained that in the **Czech Republic** the number of ICS declarations is relatively low, as its only external border with non-EU countries are its international airports (the most important one being Prague airport). However, when goods do enter the EU via the Czech Republic, economic operators are obliged to submit an Entry Summary Declaration (ENS) which is automatically entered into the ICS system. The information is usually to be submitted up to two hours before the goods arrive. Economic operators can either use the software provided by the Czech customs authority (available on its website) or buy suitable software on the private market (more commonly done by larger companies). The information entered into the system serves to conduct an initial risk analysis before proceeding to the clearance process. Information in ICS is automatically fed into the national risk system (ERIAN) and analysed for potential risks (as explained in section 2.1.2.3).

While the primary purpose of ICS is to enhance security and safety, interviewees indicated that it could be argued that economic operators also benefitted from the system albeit to a small extent. For example, as a result of ICS they only have to submit information once and the required level of information is the same across Member States. Therefore, economic operators only have to get used to one system of entering information (regardless of how many and in which Member State they enter their goods). However, interviewees explained that other potential benefits, such as

<sup>95</sup> Additionally, the system also allows the lodging of summary declarations for temporary storage.

<sup>96</sup> In the context of risk analysis, information from ICS is also stored in a data warehouse, which can be used for example for the development of risk profiles at national level.

early confirmation of operations<sup>97</sup>, have not (yet) been achieved through the implementation of ICS.

### *Economic Operators Systems*

Economic Operators Systems (EOS) include two central systems, namely 1) the Economic Operator Registration and Identification system (EORI), which is the central system for its purpose in the EU, and 2) the Authorised Economic Operators system (AEO), which facilitates the central management of AEO applications and certificates.

The Czech interviewees explained that the information from EORI and AEO was integrated into the national trader management systems (i.e. EORI CZ and AEO CZ). Given the large amounts of data in EORI, the Czech administration only downloaded the information that was directly relevant to their customs processes. For AEO, however, all information was integrated in the national database.

The Czech interviewees explained that the contribution of the Economic Operators Systems was relatively straightforward: **they provided customs authorities with easy and reliable access to data on economic operators trading in the EU.** More specifically, the officials explained that the common database at European level helped to the Czech customs offices to obtain access to information on the economic operators that were involved in the relevant customs process (e.g. import or transit) but were not registered in the national database (EORI CZ and AEO CZ). This helped the Czech customs offices for example to take into account AEO certificates obtained in other EU Member States or to check basic details on non-Czech companies (in EORI). This, in turn, contributed to the customs offices' ability to cross-check the information on customs declarations with the register of economic operators and to identify any potential risks (e.g. in cases where companies had a history of fraud). The interviewees mentioned that the EOS systems are used at various points during the pre-clearance procedure, e.g. when submitting Entry Summary Declarations, notifying the arrival of goods, and in some cases submitting summary declarations for temporary storage.

In terms of areas for improvement, the interviewees mentioned that the Mutual Recognition Agreements (MRAs) were not fully integrated in the Economic Operators Systems yet (even though this was planned for January 2014)<sup>98</sup>. While this did not pose an obstacle to the Czech authorities (as they implemented the MRAs in the national systems), it was argued that the MRAs should be fully integrated in the central applications to ensure a consistent approach across all Member States.

Additionally, in order to better facilitate trade, interviewees also suggested to include data on 'subsidiaries' in the Economic Operators Systems, and where necessary, to communicate directly with these companies rather than with the headquarters only.

### *The Community Risk Management System*

The Community Risk Management System (CRMS) was set up to facilitate the rapid and secure exchange of risk information between EU Member States and the European Commission. The system consists of two main elements:

- 1) **Common risk profiles:** Common risk profiles are used for the advance risks analysis of all goods entering the EU, and to ensure a minimum level of control across all Member States. The common risk profiles are based on EU-wide risks and also reflect the Common Priority Control Areas (CPCA).

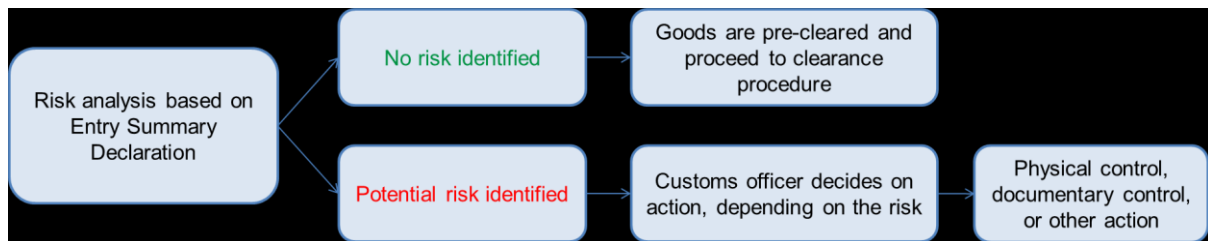
<sup>97</sup> By confirmation of operations, we mean the confirmation of the decisions taken by the customs authority to the economic operator (e.g. on controls, duties, etc.).

<sup>98</sup> Interviewees indicated that the trader's role and AEO dis/agreements were still missing when using the S2S access in the system.

- 2) **Risk Information Forms:** CRMS is used to exchange risk information to support the targeting of consignments for customs controls via Risk Information Forms (RIF).

Czech officials explained that the CRMS played an important role in the pre-clearance procedure in the Czech Republic, and especially contributed to better targeting of controls. The common risk profiles are incorporated in the Czech national risk system (ERIAN), which automatically analyses all Summary Entry Declarations based on the national and EU risk profiles.<sup>99</sup> This allows the officials to carry out an initial risk analysis based on standard set of information *before* the goods actually entered the country. The risk analysis has two potential outcomes, as shown in the figure below. In cases of potential risks, the customs authority will take appropriate action depending on the type of risk identified.

Figure 93: Overview of pre-clearance procedure



The interviewees also indicated that the CRMS significantly contributed to the cooperation between EU Member States. They explained that in 2013 for example, 2,051 RIF messages were exchanged, which led to the creation of 157 new electronic risk profiles in ERIAN. Given the importance of CRMS and the exchange of real-time information, the Czech officials indicated that they used the system on a daily basis.

While the overall feedback on CRMS was positive, interviewees highlighted two areas where the *use* of the system by Member States could be further improved:

- 1) **Quality of information:** Interviewees explained that some countries created a very high number of RIFs for relatively small or local risks, which led to an overflow of information and difficulties to identify the relevant risks. This problem was aggravated by the obligation on authorities to 'react' to all RIFs, which was considered to be time-consuming. It was suggested that the EC could provide training, develop clearer guidelines, and monitor the use of RIFs by different countries to overcome this issue.
- 2) **Willingness to share information:** Interviewees also indicated that countries were not always willing to share certain sensitive information, for example because of on-going criminal investigations. As a consequence, certain (potentially important) risks were not shared, thereby risking dangerous or fraudulent goods entering the EU via other Member States.

### 2.1.3 Contribution of Customs 2013 joint actions

The Czech customs officials were generally very positive about the contributions of joint actions. Several interviewees explained that the joint actions helped them to create networks of professionals with other Member States, and to exchange best practices. For example, one official stated that the Czech authority used joint actions to "*compare our ideas with ideas from colleagues in other Member States, to use good experiences from abroad, and to bring home solutions*". Some interviewees also

<sup>99</sup> In some cases, local authorities can also add risk profiles based on the specificities of their region.

mentioned that the Commission organised a number of successful training courses to support the use of the various IT systems. These courses were attended by Czech IT experts and help desk employees, who then trained their own colleagues.

A number of interviewees mentioned specific joint actions on risk and trader management that were of particular relevance to the pre-clearance procedure, as discussed in the ensuing sections.

#### *Joint actions on risk management*

The interviewees mentioned a number of joint actions that positively contributed to risk management in the Czech Republic, and that supported the use of the CRMS system:

- **Training on CRMS:** Interviewees mentioned that there had been several training courses on the use of CRMS, which were perceived as being "very good". However, interviewees also indicated that there had been no further training over the last 1.5 years. It was suggested that the training courses be held on a more regular basis, so as to keep national officials updated and to allow new customs officials to become acquainted with the system. Moreover, it was suggested that this could help overcome to above described issue of the (over-)use of RIFs.
- **Project Group on Security Risk Rules:** This group was set up to develop rules and guidelines that were subsequently adopted by the Customs Code Committee (CCC). It was explained that it also provided a platform for Member States to discuss issues related to international risk management. Additionally, one interviewee appreciated the exchange of information and experiences between different countries, the presentations on projects in the field of risk management, and the feedback on the development of risk profiles. Interviewees indicated that the project group helped the Member States to come to a common understanding of the new risk legislation in place and more generally to enhance dialogue and cooperation in the field of risk management.
- **CRMS Network Meetings:** Interviewees also mentioned that the CRMS network (which meets every two years) also significantly contributed to the improvement of this system. For example, the work of this group led to positive changes to the communication channels of CRMS (e.g. the system now allows officials to use more and bigger attachments, which helped customs offices for example to include bigger and clearer photos when warning other customs authorities of potential risks).

As mentioned before, a number of interviewees indicated that the use of RIFs by some countries could be significantly improved. Given the potentially serious consequences of the incorrect use of these forms, it was suggested that the Commission could organise more monitoring missions in the field. These missions could serve to exchange best practices, and to identify areas for improvement.

#### *Joint actions on trader management*

In addition to the training courses on EORI and AEO, Czech customs officials identified a few other relevant joint actions on the identification and registration of economic operators:

- **Working visits:** Several of the interviewees participated in working visits, for example in Ireland and Spain. The interviewees indicated that these working visits were "a great opportunity to share experiences" and to "see how other national IT systems functioned". Moreover, one interviewee indicated that the working visits "provided inspiration" and contributed directly to the development of Czech IT systems and functionalities some years later.

- AEO Network Meetings:** AEO network meetings were held every three months. The interviewees considered these meetings as a good opportunity to discuss problems, and share information and best practices with customs offices of other Member States. The interviewees also felt that the AEO meetings were useful for creating contacts and networks with their counterparts in the other Member States. For example, one official stated that *"it is really great opportunity where we can share all information and best practices [...]. It is a good time for discussing problems and getting contact details"*.

## 2.2 Clearance

### 2.2.1 Purpose and summary

Customs clearance is the main customs process and is technically defined as *"documented permission to pass that the national customs authority grants to the imported goods"*.<sup>100</sup> It is the process by which national authorities check documentation, conduct any necessary controls<sup>101</sup>, calculate and notify economic operators of duties to be paid, and ultimately release goods to be imported into the territory of the EU. Risk analysis carried out at this stage builds on the initial risk analysis conducted as part of the pre-clearance process.

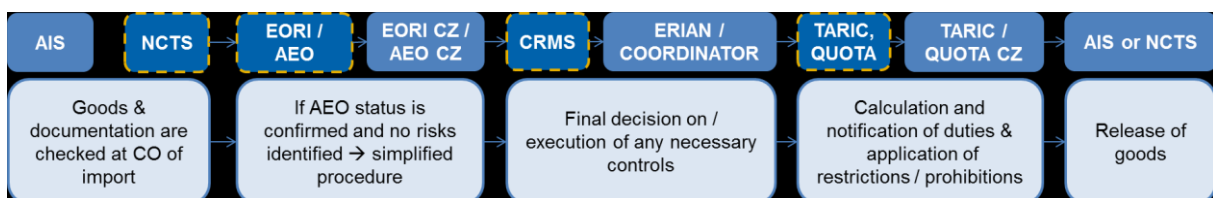
The previous section explained that in the pre-clearance procedure, carriers are obliged to submit Entry Summary Declarations for incoming goods to the *customs office of entry*. Subsequently, in the clearance procedure, economic operators are responsible for submitting a "Customs Declaration" or in some cases a "Summary Declaration for Temporary Storage" to the *customs office of import*. Such a Customs Declaration is used to request goods to be placed under a given customs procedure (e.g. import). Economic operators may lodge these declarations in advance, but are not obliged to do so.

Once the customs declaration is accepted by the customs office of import, the goods are released for free circulation in the EU (or temporary storage). The date of acceptance is also taken into account for calculating any import and excise duties, and VAT. These duties are to be paid within ten working days.

### 2.2.2 Contribution of Customs 2013 IT systems

There are a number of IT systems involved in the clearance procedure, both at national and EU level, as shown in the figure below. This section elaborates on the way in which the IT systems financed through the C2013 programme contributed to the clearance procedure in the Czech Republic. The relevant IT systems are ICS and NCTS, the Economic Operators Systems (EORI and AEO), CRMS, TARIC and QUOTA.

Figure 94: Overview of clearance procedure and IT systems involved



<sup>100</sup> Source: [http://ec.europa.eu/taxation\\_customs](http://ec.europa.eu/taxation_customs).

<sup>101</sup> Customs controls may for example consist of examining goods, taking samples, verifying declaration data and the existence and authenticity of documents, and inspecting means of transport.

### *New Computerised Transit System*

The New Computerised Transit System (NCTS) facilitates the transit procedure, used to facilitate the movement of goods between two or more different Member States. It allows for the temporary suspension of duties, taxes and commercial policy measures that are applicable at import, so that customs clearance formalities can take place in the country of destination rather than at the point of entry in the customs territory. The Czech customs authorities have been involved in the development of the New Computerised Transit System (NCTS) from the very beginning, and were the only candidate country that participated in the pilot of this system in 2002.

The Czech officials described the NCTS as being very important to the clearance procedure of goods. They indicated that the system facilitated the rapid exchange of information between different customs administrations, which allowed them to complete the transit process in a faster and much more efficient way than would otherwise be the case, thereby facilitating the fast movement of goods (thus trade) while at the same time making processes more efficient for customs offices.

Given that NCTS has been in place for a long time (since 2002), interviewees mentioned that the functioning of the system was relatively stable over the last couple of years. However, they did point to a key improvement which was introduced in July 2009: whereas before economic operators were required to submit Entry Summary Declarations (normally lodged in ICS) and Transit Declarations separately, now they can submit one (transit) declaration for both procedures. The interviewees explained that this way the system contributed to the facilitation of trade, while at the same time ensuring security and safety.

### *Economic Operators Systems*

When goods are presented at the customs office of import, the Economic Operators Systems are used to identify the economic operator and to check whether or not this operator has AEO status (and thus is entitled to any simplified procedures). Similar to the pre-clearance procedure, the main benefit of this system is that it provides the Czech authorities with **easy and reliable access to data on economic operators trading in the EU**. Additionally, interviewees explained that the Economic Operators Systems also contribute to the **risk management** in the clearance procedure. Information on the economic operators and their history in customs operations may lead to extra controls before releasing the goods. At the same time, information contained in the AEO system may lead to fewer controls for certain 'trusted' economic operators.

As mentioned previously, the **lack of information on Mutual Recognition Agreements** in EORI and AEO were seen as a weakness of the systems by some Czech officials. It was explained that this information should have been incorporated by the beginning of this year. Also, with a view to better facilitating trader, the systems could furthermore be improved by including specific information on subsidiaries (rather than headquarters only).

### *The Community Risk Management System*

In the clearance process, the Czech authorities collect information on the outcome of the pre-clearance risk analysis, as well as other background information, for example on the economic operator. This information is assembled in a national system called "Coordinator" and used to make a final decision on the controls to be carried out.

As mentioned before, the Czech interviewees explained that the Community Risk Management System's main contribution to the clearance process is that it helps authorities to better target controls. It also provides a common (minimum) standard for controls across all Member States. Moreover, interviewees indicated that as a

result of the Risk Information Forms, the Czech authorities had been able to **improve the national risk system** (ERIAN) by creating a number of additional risk profiles.

As mentioned in section 2.1.2.3, interviewees identified two main areas for improvement. These comments related to the *use* of the system rather than the IT system itself. Firstly, Czech officials indicated that a number of countries often created unnecessary Risk Information Forms (for example because the risk was very small or only relevant locally). The consequence of this was an overview of information (which complicated identifying the real risks) and delays because of the need to 'react' to all RIFs.

Secondly, interviewees indicated that some countries were hesitant to share sensitive information, for example due to on-going criminal investigations. As a consequence, potential risks were not shared with the other Member States. In the context of clearance, this could mean that risky goods are released for circulation without being controlled.

#### *EU data management systems*

In the area of data management, the Customs 2013 programme supported two IT systems, namely TARIC and QUOTA. **TARIC** integrates all measures relating to EU customs tariff, commercial, and agricultural legislation. By integrating and coding these measures, the TARIC secures their uniform application by all Member States. It also gives economic operators a clear view of all measures to be undertaken when importing (or exporting) goods. The Czech interviewees explained that updates from the TARIC system were implemented into the national system (Taric CZ) on a daily basis. This national IT system integrates the tariffs imposed at European level and the national taxes to be paid (e.g. excise tax and VAT) and restrictions and prohibitions. The **QUOTA** system manages the European tariff quotas. The system works on a 'first come, first served' basis and provides national authorities as well as the business community with updates on the quotas. The date of acceptance of the customs declarations is used when determining the allocation of quota.

The Czech customs officials were generally very positive about TARIC and QUOTA. They indicated that the systems mainly contributed to a **harmonised application of EU legislation** in the area of tariffs. Additionally, they mentioned that both systems were user-friendly and easy to operate and thus provided the Czech authorities with quick and up to date information. When asked about potential errors in the systems, interviewees indicated that these were rare and usually resolved by the Commission very quickly.

#### *Centralised clearance*

A Single Authorisation for a Simplified Procedure (SASP) allows economic operators to use the local clearance procedure or the simplified declaration procedure in the Member State where he is established in order to perform the customs formalities relating to his imports in another Member State.<sup>102</sup>

While centralised clearance is not directly related to any of the specific IT systems supported by the C2013 programme, a number of Czech customs officials mentioned this procedure in the context of this case study. The officials indicated that while they felt the introduction of this procedure was very useful and significantly contributed to the facilitation of trade, there had been little progress in developing IT specifications to support this procedure. As a consequence, this procedure is currently not harmonised at European level and often implemented with paper forms (rather than electronically). With a view to improving the efficiency of the centralised clearance

<sup>102</sup> Source:

[http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/general/centralised\\_clearance/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/centralised_clearance/index_en.htm).

procedure, the interviewees suggested that an important focus of the next programme could be the development of such common specifications.

### 2.2.3 Contribution of Customs 2013 joint actions

A number of interviewees identified useful joint actions in the areas of **risk and trader management**, as described in section 2.1.3. It was explained that interviewees especially appreciated the various training courses on the IT systems, the (technical) network meetings for CRMS and AEO, working visits, and the Project Group on Security Risk Rules. Interviewees explained that these different joint actions helped them to exchange experiences and best practices in the area of risk and trader management with other Member States, and that they improved the (understanding and use of) the IT systems.

Given the importance of risk and trader management, it should be noted that the joint actions described in section 2.1.3 are also relevant to the clearance procedure. The remainder of this section elaborates on the contributions of C2013 joint actions in the areas of 1) transit movements and 2) data management.

#### *Joint actions on transit*

Several interviewees identified C2013 joint actions that were particularly useful to improving the transit process and the IT system (NCTS) underpinning this process, as described below:

- **Training courses:** The interviewees explained that when new (important) functionalities were added to the system, the Commission organised training courses before the conformance testing. These training courses were considered particularly important as it allowed officials to operate the system correctly.
- **Working visits:** A number of Czech officials participated in various working visits. For example, one interviewee visited Austria, where he/she exchanged experiences on the national transit systems and procedures. Other working visits were devoted to comparing the NCTS helpdesk in other countries and improving the quality of the Czech national helpdesk.

More generally, some interviewees mentioned that they attended several workshops and seminars on the topic of transit. These meetings usually had a large number of participants, including national officials, traders, and Commission staff. Interviewees felt that these workshops and seminars were useful to keep up to date on the state of play in this area, to discuss operational issues, and to exchange experiences with other Member States.

#### *Joint actions on data management*

The Czech customs officials indicated that the TARIC and QUOTA systems were generally stable systems. While there had been some changes to the systems over the last couple of years, these were mostly technical in nature and not hard to implement. Nevertheless, the interviewees did highlight some useful joint actions that helped to keep customs officials updated on the development of the systems and allowed them to exchange experiences and best practices:

- **Electronic Customs Group – subgroup on tariff environment:** This group met on a bi-annual basis between 2008 and 2011. The interviewee who had participated in these meetings described them as being very useful as they provided progress updates on the development of the systems, and allowed Member States to discuss common problems. The interviewee was disappointed about the fact that there had not been any meetings after 2011, as Member State officials were not aware of any changes in the near future anymore



(outside what is mentioned in the MASP) and the networking between Member State officials was harder.

- **Working visit on anti-dumping legislation:** Another Czech official highlighted a working visit to Slovakia to discuss topics related to anti-dumping legislation. The joint action was considered useful in the sense that it helped the two countries to communicate better about similar problems that they faced. Moreover, the interviewee stated that the Slovak IT applications in this area served as a source of inspiration for future updates of the Czech system.
- **Monitoring missions:** Another interviewee mentioned the monitoring missions on the use of the QUOTA system. The interviewee visited three countries (Slovakia, Bulgaria, and Italy) to observe the use of QUOTA, to compare best practices, and to identify any areas for improvement. However, while it was assumed that the information derived from these monitoring missions (that were carried out between all Member States) would have been useful to the Commission, there had been no feedback on next steps to improve the use of the systems.

## 2.2.4 Role of national factors

When asked about the role of national factors, some interviewees explained that the main issue at the national level was the **lack of financial resources**. This concern was especially relevant to the maintenance of the various IT systems. For example, while the Commission's bi-annual list of known errors (KEL) was considered to be useful, given the decreased budget for the upcoming period there were concerns about the Administration's future ability to implement changes to the systems within the given deadlines.

Another example of the role of financial resources was the working visit on anti-dumping legislation. As mentioned previously, the Czech customs officials exchanged experiences and solutions with the Slovak authorities. While the Czech administration would like to implement some of the solutions observed in Slovakia, the limited financial resources at national level have delayed this so far.

## 2.3 Post-clearance

### 2.3.1 Purpose and summary

Once goods are cleared for free circulation in the EU, national authorities have the right to carry out post-clearance audits and controls to ascertain the accuracy of the (summary) declarations. Post-clearance controls can take on different forms, and can include for example inspections of documents and data relating to the operations of the goods, or to prior or subsequent commercial operations involving those goods. In some cases, authorities may decide to examine the goods and/or to take samples.<sup>103</sup> In the cases of irregularities, the post-clearance process can also involve law enforcement measures such as imposing fines or initiating criminal proceedings.

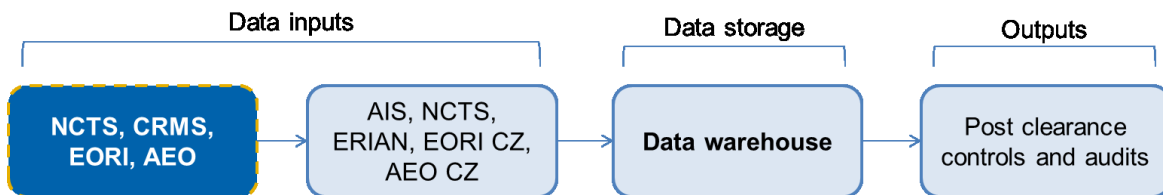
In order to facilitate such audits and controls, the Czech customs authorities store data regarding imports for ten years in a data warehouse. Similarly, economic operators are obliged to keep the relevant documents and data for ten years, and provide access to these documents when requested by the authorities. The inspections may be carried out at the premises of the holder of the goods or in possession of the relevant documents and data.

<sup>103</sup> Source: Art. 27 of Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the Community Customs Code (Modernised Customs Code).

### 2.3.2 Contribution of Customs 2013 IT systems

In June 2013, the Czech Administration introduced a new approach to post-clearance controls and audits, which is not only based on data contained in the customs declarations, but on a range of factors including the registration and customs history of the economic operators involved. As a result, there are various IT systems that are directly or indirectly involved. The data coming from these various systems is stored in a national database for ten years. In combination with data collected at the national level, this data is analysed to identify potential risks and to target audits and controls.

Figure 95: Overview of post-clearance process



As figure 5 shows, the C2013 funded systems only contribute to the post-clearance process in the sense that they provide data inputs that (combined with the national data) are used for the risk analysis. The risk analysis itself and subsequent controls and audits are supported by national IT systems (such as the ECDC which is a national accounting system).

### 2.3.3 Contribution of Customs 2013 joint actions

The interviewees especially appreciated the role of **working visits** in improving the Czech post-clearance procedure. Czech customs officials identified a number of working visits that directly contributed to the way in which the Czech authorities carried out post-clearance controls and audits. These working visits took place in Germany, Austria (2011), Sweden (2013), and Slovakia (2013), and contributed to several concrete improvements in the Czech customs administration:

- **New strategy for post-clearance controls:** One interviewee explained that based on the experience gained during a working visit in Sweden, the Czech Administration developed a new strategy for post-clearance controls, whereby the targeting of the controls is not only based on customs declarations but on a systematic approach taking into account a range of other factors, such as the background on and authorisations history of economic operators.<sup>104</sup>
- **Risk analysis and targeting controls:** The experiences gained during the working visits enhanced the Administration's effectiveness and efficiency of carrying out risk analysis and targeting controls. For example, based on the visit to Austria, the Czech administration implemented a new IT system called "Automatic Evaluation of High Risks". This system is based on the Austrian *E-Zoll* system and contributed to the effectiveness of risk analysis. The interviewees explained that as a result of the various improvements, the success rate of controls had increased from 58% in 2011 to 73% in 2013.<sup>105</sup>
- **Monitoring and quality assurance of audit processes:** Interviewees indicated that based on practices observed in Sweden and Slovakia, the Czech Administration improved its monitoring and quality assurance of audit processes. It was stated that "*based on information from Sweden and Slovakia*

<sup>104</sup> With regard to the actual controls themselves, the interviewee also explained that during their visit to Germany, they learned how to train sniffing dogs to identify banknotes (and thus to combat issues such as money laundering).

<sup>105</sup> "Success in this context means that one or more regularities were found during the control.

*we decided to implement a similar system which is used within internal control procedures”.*

- **Training of auditors:** Lastly, the working visits also contributed to the training courses provided by the Czech Administration to its post-clearance control and audit staff. The interviewee explained that the Czech Administration developed two new training courses, one on post-clearance controls and one on audits.

In this context, Czech officials especially appreciated the **flexible character** of the working visits. It was explained that this allowed them to effectively set up visits that were of direct use to overcoming concrete problems faced by specific units in the Administration. However, due to recent changes in the subsequent programme (Customs 2020) some interviewees felt that the flexible nature of working visits was at risk. For example, there were concerns about significant delays and translation costs as all proposed working visits will have to be approved by the Commission in the future, and forms have to be completed in English.

In addition to the working visits, one interviewee also referred to two other joint actions in the area of post-clearance audits and controls. Firstly, the **Project Group Customs Audit Guide** (established in 2012) created a handbook with new and modern rules for customs audits, to develop a common approach to customs audit and to harmonise customs controls across Member States. The ultimate aim of these activities was to contribute to the protection of the EU’s financial interests.

Secondly, the **Project group on Cash Controls** (established in 2007) aimed to set up common rules for the monitoring of money transport across borders, money laundering, and the financing terrorism. Again, the exchange of information and sharing of experiences was seen as an important contribution of this joint action.

When asked whether there were other ways in which the programme could contribute to the area of post-clearance controls and audits in the future, one interviewee indicated that it would be useful to set up a project group focused on sharing information on business fraud. Currently, the sharing of this kind of information happens at an ad hoc basis and can take substantial amounts of time, which has a negative impact on national administration’s efficiency in carrying out controls and taking enforcement measures.

### 3 Conclusions

This case study aimed to investigate the contributions of the C2013 programme in relation to its three main objectives, namely:

1. Protection of financial interests;
2. Promoting security and safety; and
3. Facilitating trade.

The methodology employed focused on the imports of goods into the territory of the EU and related customs processes. In particular, it aimed to help understand how and to what extent the IT systems and joint actions funded by the C2013 programme contributed to these processes in the Czech Republic. The remainder of this section summarises the study’s main findings in relation to each of the three objectives.

#### 3.1 Customs 2013 contribution to the protection of financial interests

In the context of the import of goods, two processes were of particular importance to the protection of the EU’s financial and economic interests, namely 1) the correct application of tariff and quota rules and legislation (as part of the clearance process) and 2) post-clearance controls and audits.

### 3.1.1 Application of EU tariff legislation

Czech customs officials were generally positive about the contribution of C2013, which mainly related to the consistent and harmonised application of tariff duties across the EU. In this context, the interviewees felt that the TARIC and QUOTA systems fulfilled an important role in providing **access to an integrated database of measures relating to customs, commercial, and agricultural tariff duties**. They explained that the databases provided national authorities as well as economic operators with an up-to-date overview of the duties to be paid. The systems were well connected to the relevant national IT systems, they functioned well, and errors in the Taric update data (coming from EU) were rare.

At the same time, however, it should be noted that the TARIC and QUOTA systems had been in use long before the start of the C2013 programme. While a couple of technical changes slightly modernised the systems, there was only one real change or improvement that could be directly attributed to this particular programme. This was the implementation of the TARIC-3. However, the interviewees noted that while the Czech Administration implemented TARIC 3 quickly and had the system operational in September 2010, other countries were significantly slower, leading to delays in the European-wide implementation of this new version of the system.

The Czech officials highlighted a few **joint actions** that helped them to keep updated of developments of the systems, and to exchange best practices in the field of tariff data management. These actions included the ECG Subgroup of Tariff Environment and a working visit on anti-dumping legislation. One interviewee also mentioned the monitoring missions that were organised to improve the use of Quota. However, while the aim of these monitoring visits (carried out by all Member States) was to identify areas for improvement, it was unclear to the interviewee how this action was followed up by the Commission and whether there were any activities planned to monitor progress going forward.

### 3.1.2 Post-clearance controls and audits

The C2013 funded IT systems only have an indirect effect on the post-clearance process in the Czech Republic, in the sense that the data contained in these systems is stored in a national database, which (in combination with national data) is used to target post-clearance controls.

However, the **contributions of the joint actions were assessed very positively**. For example, the Czech customs officials indicated that as a result of several recent working visits to Austria, Slovakia and Sweden, the country had significantly improved its strategy to targeting post-clearance controls and audits. It was explained that the Czech approach to such controls was no longer only based on customs declarations, but on a range of other factors such as information on the economic operators.

Moreover, the effectiveness and efficiency of the risk analysis and targeting of controls improved significantly, which according to the interviewees was in large a result of the various joint actions. The success rate of post-clearance controls and audits increased from 58% in 2011 to 73% in 2013. Lastly, inspired by good practices in the visited Member States, the Czech customs administration also improved its internal monitoring and quality assurance of its audit processes, and developed new training courses in the areas of controls and audits.

## 3.2 Customs 2013 contribution to promoting security and safety

C2013's contributions to security and safety mainly related to pre-clearance and (to a somewhat lesser extent) clearance. Especially the introduction of the Import Control System and the application of common risk profiles (CRMS) were seen as important steps towards ensuring a **minimum level of advance risk analysis**. The

interviewees explained that the risk profiles helped the Czech authority to target its controls in a more strategic and intelligent way.

Czech customs officials indicated that the C2013 Programme also significantly contributed to the **cooperation between Member States**. More specifically, the ICS and CRMS systems facilitated the exchange of information with the other Member States, allowing them to respond to risks quicker and more efficiently. For example, the exchange of information via ICS helped national authorities to exchange advance import information when goods were for example re-routed, thereby facilitating traders (who did not have to submit information twice) while at the same time ensuring the same level of security and safety.

In CRMS, national authorities were able to inform each other on risks that were identified in one Member State that could be relevant for others as well, thereby preventing dangerous goods to circumvent controls in one country by entering into another. Given the real-time information exchanged through the system, the interviewees indicated that the system was used on a daily bases. They considered the system to be an important input for their overall risk analysis. In total, the information logged in CRMS via Risk Information Forms led to the creation of 157 new electronic risk profiles in 2013.

While the overall contributions to security and safety were seen as very positive, the **use of the CRMS system could still be improved** according to the Czech officials. Firstly, the interviewees mentioned that a number of countries issues a high number of (unnecessary) RIFs for relatively small or local risks, which led to an overflow of information and made it hard to identify the real risks. Secondly, Member States were not always willing to share (sensitive) information, for example due to on-going criminal investigations. As a consequence, potential risks were not shared with the other Member States.

In addition to the IT systems, the interviewees highlighted several joint actions that contributed to the risk management in the Czech Republic. For example, the **Project Group on Security Risk Rules** was seen to be very important to the development of specific rules and guidelines that were later adopted by the Customs Code Committee (CCC). The group also contributed to broader discussions on issues related to international risk management and facilitated Member States to discuss common problems.

Also the **CRMS Network Meetings** were appreciated, as they led to several concrete improvements of the CRMS system. While interviewees were positive about the trainings on CRMS, it was also mentioned that there had not been any further training over the last 1.5 years. It was suggested that the **training** courses be held on a more regular basis, so as to keep national officials updated and to allow new customs officials to become acquainted with the system. Moreover, the interviewees felt that this could help overcome the issue on the inappropriate use of RIFs.

### **3.3 Customs 2013 contribution to facilitating trade**

Czech customs officials indicated that the Customs 2013 Programme contributed to the facilitation of trade mainly through the simplification of procedures in the import and transit procedures. At the same time, however, a couple of interviewees suggested that more could be done in the area of centralised clearance in the next programming period.

### 3.3.1 Economic operators' management

The Economic Operators Systems provided national customs authorities with easy and reliable access to information on economic operators. As a result, operators that held an AEO status in one Member State were recognised as such by the Member States. While this did not necessarily always guarantee access to simplified procedures, it helped national authorities to identify so-called 'trusted' economic operators, and thus reduced the chance of controls for those operators.

A few interviewees mentioned joint actions in relation to the management of economic operators. For example, they indicated that the AEO Network Meetings helped Member States to discuss any problems and to share best practices, and the several working visits helped the Czech administration to further improve its national IT systems in this area.

### 3.3.2 Simplification of the transit procedure

The Czech officials also highlighted the contributions of NCTS in relation to the facilitation of trade, as this system allows for the temporary suspension of taxes and duties so that customs clearance formalities can take place at the customs office of import rather than the office of entry. While this transit procedure has been in place long before the C2013 programme, interviewees explained that the contribution of the C2013 programme was that from July 2009 onwards, economic operators were allowed to submit Entry Summary Declarations and Transit Declarations in one electronic form to the NCTS system. Before, these declarations had to be submitted separately in two different systems. The interviewees explained that this simplified the transit procedure for traders, while at the same time ensuring the same level of security and safety.

While there were only a few concrete examples, the Czech interviewees indicated that various training courses, working visits, workshops and seminars helped them to keep updated on changes to the NCTS system, discuss operational issues in the area of transit with other Member States, and participate in (larger scale) meetings on the topic of transit.

### 3.3.3 Development of the centralised clearance procedure

A number of interviewees mentioned the importance of centralised clearance in relation to the facilitation of trade.<sup>106</sup> They felt that while the introduction of this procedure was very useful and significantly contributed to the facilitation of trade, there had **little progress in developing IT specifications** to support this procedure. As a consequence, this procedure is currently not harmonised at European level and often complemented with paper forms (rather than electronically). With a view to improving the efficiency of the centralised clearance procedure going forward and thus to better facilitate trade, the interviewees suggested that the development of such common specifications should be a focus of the next Customs Programme.

## 3.4 The role of national factors in the import process

Interviewees rarely mentioned national factors that were particularly problematic to the import process or the contributions of the C2013 Programme to this process. However, a few officials indicated that the budget for the Czech customs administration had decreased significantly, which could pose challenges to the maintenance of the various IT systems. For example, while the bi-annual list of known errors (KELs) was very much appreciated, interviewees were concerned that it would

<sup>106</sup> This procedure allows economic operators to use the local clearance procedure or the simplified declaration procedure in the Member State where he is established in order to perform the customs formalities relating to his imports in another Member State.

be increasingly difficult to implement all the required changes before the given deadlines.

The issue of financial resources was also mentioned in relation to a working visit on anti-dumping legislation. An interviewee explained that while the Czech administration had gained a lot of useful experiences during this working visit, implementing the lessons learned in practice had not been possible so far due to the lack of financial resources.



## Annex 6 – Case study France

### 1 Introduction

#### 1.1 Background to France and its customs landscape

The intention of this case study is to help understand the dynamic between the Customs 2013 programme and the work of the French customs authority. Many factors affect the ability of the French customs authority to execute customs processes, and the programme influences them differently and to varying degrees. Some factors, like national resources, are completely outside the scope of the programme, whereas others, like the provision of IT systems, are interwoven with it.

In order to deconstruct the complex and complicated relationships between activities financed through C2013 and national actions and capacities, we followed a methodology focused on:

- The C2013 objectives of 1) protecting the financial interests of the EU; 2) promoting safety and security; and 3) facilitating trade.
- The import of goods in the EU and related customs processes;
- The IT systems and related joint actions funded through C2013.

In practical terms, the fieldwork for the case study consisted of a series of interviews conducted in person at the French customs authority in early March 2014, supplemented with desk research. As a whole, the 15 officials interviewed held responsibility for a wide range of customs processes, allowing us to consider the issues at hand based on diverse sets of experiences, perceptions and expertise. The ensuing sections synthesise the key findings from the fieldwork with a view to 1) demonstrating how the C2013 activities have supported the French customs authority; and 2) highlighting areas where that support could be improved during the next programming period.

#### 1.2 Background on the customs landscape of the country

##### 1.2.1 The French Customs Authority

France is one of the largest importers into the EU and possesses key ports (Le Havre, Marseille) and air terminals (Roissy Charles de Gaulle). It also has one of the highest rates of participation in the Customs 2013 programme and is a strong proponent of the further integration of the Customs Union. As stated in its current strategic document, 'French customs is pushing for further integration in EU customs', in ways that include increasing the scope and use of Authorised Economic Operators, pursuing the establishment of common systems for guarantee and centralised clearance and support for EU efforts to pool resources and information for risk management.<sup>107</sup>

The French customs authority (known as the Direction générale des douanes et droits indirects) employs about 18,000 personnel, divided between a central office near Paris and 12 interregional directorates.<sup>108</sup> Consistent with EU policy, the French customs authority defines its three-fold mission as 1) supporting the economic competitiveness of businesses, 2) providing protection and fighting fraud; and 3) collecting revenue. A glance at the latest annual report confirms this, with the summary page boasting not

<sup>107</sup> L'Action Internationale de la Douane Française, Document Stratégique, 2012-2014.

<sup>108</sup> Figures accessed from French customs authority website, url: <http://www.douane.gouv.fr/datadouane/c788-data-ressources-humaines>.



only of fraud discovered and contraband seized, but also of the increased speed with which declarations are processed and the amount of merchandise declared.<sup>109</sup>

Since 2007, France has operated a dedicated IT system for the electronic processing of customs declarations and administrative acts called DELTA (*Dédouanement en Ligne par Traitement Automatisé* – Online clearance by automatic processing). DELTA acts as an Automated Import System (AIS) and Automated Export System (AES) and is the main vehicle for interaction between the customs administration and economic operators. It allows economic operators to submit various forms (including summary import and export declarations, as well as transit declarations) online as well as to receive relevant notifications (in particular as to the duties payable). The presentation of documentary evidence is largely unnecessary during the clearance process, as demonstrated by the fact that all declarations were completed electronically in 2013. The customs authority is currently working fast to move online the vestiges of the paper-based system, such as certain health certificates, as part of its single window project. At various junctures, depending on the customs process in question, DELTA interacts and links with the trans-European and central applications funded through the Customs 2013 programme.

## 2 Report on the Customs 2013 programme's contributions to selected import processes

In the context of this case study, import refers to the process of bringing goods from non-EU countries into the territory of the EU. The import process can be divided into three main steps, namely pre-clearance, clearance, and post clearance:

- **Pre-clearance:** Pre-clearance is the process by which carriers of goods notify customs authorities of the arrival of goods, so that potential security risks can be identified and dangerous goods stopped from entering the EU.
- **Clearance:** Clearance is the main customs process for imports. Once goods are presented at the customs office of import, the authorities check documentation, conduct any necessary controls, calculate and notify economic operators of duties to be paid, and ultimately release goods to be imported into the territory of the EU.
- **Post-clearance:** Post-clearance audits and controls may take place after the goods have been released from the customs office. Such controls (which can include inspections of documents and data on the operations of economic operators) are aimed at ascertaining the accuracy of customs declarations and putting in place any necessary remedial measures, like fines.

Since these basic processes result from the implementation of the Community Customs Code and Security and Safety Amendment to the Modernised Customs Code, they are largely consistent throughout the EU. The ensuing sections elaborate in more detail on these processes and the contributions of the Customs 2013 programme.

### 2.1 Pre-clearance

#### 2.1.1 Purpose and summary

Pre-clearance is first and foremost concerned with risk management and implementing the Safety and Security Amendment<sup>110</sup> to the Community Customs Code in 2005/2006. In practical terms, it is the process by which economic operators notify customs authorities of the imminent arrival of goods such that potential security risks can be identified and dangerous goods stopped from entering the EU. It was instituted

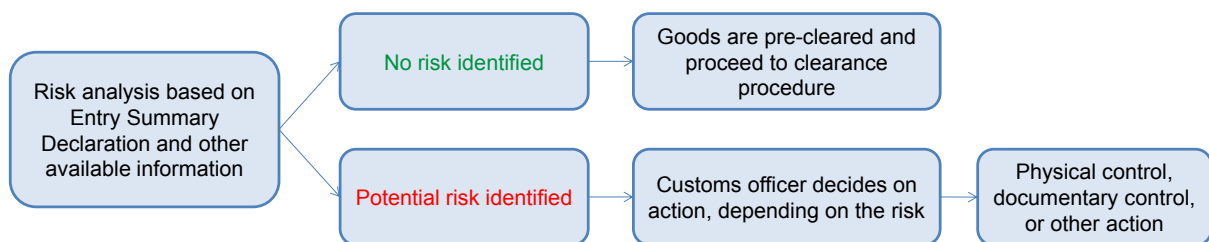
<sup>109</sup> Douane, Résultats 2013, Douanes & Droits indirects, 2013.

<sup>110</sup> Council Regulation 648/2005 and Commission Regulation (EC) No 1875/2006

in the wake of the September 11 attacks in the United States and finds its legal base in the security and safety amendment to the MCC. Unlike most customs processes, pre-clearance concerns only security and has no links to ascertaining and collecting customs duties or facilitating trade. In practical terms, pre-clearance entails the lodging of a pre-arrival declaration, its assessment by customs authorities and controls targeted at potentially goods.

Depending on the type of transport, up to 24 hours before a consignment arrives in the EU the carrier is responsible for submitting an electronic document to the customs office of first entry. By grace of geography, in France such customs offices are necessarily either sea or airports. The document is called the entry summary declaration and is standardised at European level, meaning for every Member State the information to be submitted is the same. This consists of data on the economic operators, countries and goods involved which the French customs authority then uses to make a risk analysis. If no security risks are identified, the goods are then pre-cleared and progress to the clearance process. If a risk is identified, the customs authority has two options. It can take immediate action, such as conducting physical or documentary controls. This may lead to the refusal of the goods to enter the EU in addition to the opening of criminal investigations. The other option is to pre-clear the goods but transmit the results of the risk analysis to subsequent ports or airports where the goods are expected to pass.

**Figure 96: Overview of preclearance procedure**



### 2.1.2 Contribution of Customs 2013 IT systems

Pre-clearance in France is fully automated and thus reliant on IT systems. For all of these, the interface is formed by the national DELTA system. However, three EU systems define the parameters of (parts of) the national DELTA system as it relates to pre-clearance. Most important of these is the Import Control System, which ensures the consistency of ENS declarations with EU legislation and facilitates the exchange of the information contained therein with other Member State administrations. The EOS / EORI systems allow the customs authority to classify the economic operators submitting ENS declarations and cross-check their declarations with other risk-related information that is known about them. Finally, the Community Risk Management System (CRMS) provides the French customs authorities with risk profiling data that can they can use for the risk analysis conducted during pre-clearance and / or contribute to for later use by other Member States.

#### *The Import Control System (ICS)*

The development and implementation of the ICS is closely linked with the Safety and Security amendment. Before its entrance into force, there were neither ENS declarations nor a requisite need for a system to receive and process them, and the information exchanged between administrations was mostly ad hoc and interpersonal. The ICS therefore brought the potential to enhance risk analysis and the subsequent targeting of controls, both through improving the provision of information from economic operators made available to the customs authority and fostering collaboration and the sharing of information with other administrations.

The first of these is difficult to decouple from the stipulations of the Safety and Security amendment and its requirement for pre-arrival clearance. Instead, the discussions focused on the development of the French version of the ICS, its implementation and current and potential roles for pre-clearance and, more importantly, risk management.

The French ICS is embodied in two components of the national DELTA system. The first of these has been operational since 2011 and is called Automate de Sûreté (AS). This system is completely automated and allows carriers to electronically submit ENS declarations to the French customs office which acts as their first point of entry into the EU. According to interviewees, putting this system in place resulted in significant changes for the execution of customs procedures in France. Among these, it required French ports and airports to develop the capacity to receive and process ENS declarations, 7 million of which were submitted in 2013 alone.

More importantly, the customs authority created new services capable of integrating the data from ENS declarations with existing structures for risk management and documentary and physical controls. With these now in place, interviewees were confident that the customs authority is better informed about the flow of goods into Europe via France. Although hard data were not available to substantiate this claim, it was described as a key contribution of the ICS

More difficult to ascertain was the relative importance of sharing data from ENS declarations and subsequent analysis between Member States. There are common specifications for ICS which make it easy to send and receive information relating to pre-clearance via CCN, and in anecdotal terms it had greatly increased the amount of data shared. In the words of one interviewee, 'before the ICS we were in a different century, reliant on fax, telephone and personal email to exchange information with other Member States; now, much of the relevant information is sent automatically'.

In terms of shortcomings, interviewees felt that the results of ICS analysis were not yet fully linked with other aspects of risk management, preventing the system from realising its full potential. Ideally, the results of initial risk analysis performed on goods during pre-clearance at the first point of entry would inform future processes carried out at the customs office of destination. However, interviewees explained that the system was not sufficiently integrated as to allow this, meaning that customs officers are not automatically provided with the information from ENS declarations or the results of checks carried out at the pre-clearance stage. The upshot is an erosion of efficiency both for economic operators, who are forced to submit the same information multiple times and face delays, and customs officers, who carry out controls that they might have deemed unnecessary with better information.

Indeed, it is envisaged that this shortcoming will be addressed once the second phase of the ICS is implemented. In France, this will entail the development of a second IT component, called 'DELTA Présentation' which will serve to notify customs offices further down the chain of the results of controls carried out at the first point of entry. The timeframe for this phase was still uncertain at the time of the case study fieldwork.

### *Economic Operators Systems*

Economic Operators Systems (EOS) include two systems funded through the programme: 1) the Economic Operator Identification and Registration system (EORI), which is the central system for the registration and identification of economic operators in the EU, and 2) the Authorised Economic Operators system (AEO), which facilitates the central management of AEO applications and certificates.

According to French customs officials, the contribution of the Economic Operators Systems to pre-clearance is to provide customs authorities with easy and reliable access to data on economic operators trading in the EU, allowing them to classify

traders and cross-check data provided in ENS declarations with information previously obtained. The systems are used at various points during the pre-clearance, most notably in submission and processing of the ENS declaration. A company's AEO status is also taken into account during pre-clearance, with AEOs benefiting from a reduced risk profile and therefore subject to fewer documentary and physical controls. AEO was described as a kind of 'VIP card' which gives simplified access to traders in exchange for respecting certain conditions, providing supplementary information and subjecting themselves to periodic audits.

The systems were broadly considered to be working well. Importantly, interviewees expressed growing trust in the AEO systems of other Member States, allowing French customs officials to ensure equality of treatment of AEOs from anywhere in the EU. The main criticism of the EOS related to the integration of data about related companies, in particular subsidiaries and branches of a company based in more than one Member State. Despite sharing management and operations, such companies have individual EORI numbers and are thus considered separately during pre-clearance risk analysis. Ideally, the systems would encourage more holistic analysis. Despite this, the EOS systems were described as 'absolutely essential'

AEO was seen as a large priority in France and the number of AEOs had increased substantially. According to the Commission's database<sup>111</sup> there were about 1,000 AEOs in France at the time of writing, considerably more than in most Member States, though only a fifth of the number in Germany and making up only a small proportion of the estimated 50,000 importers in France. To boost the use of AEO, the French customs authority reported a number of activities to increase awareness of the system and promote its benefits among traders. This included a forum for 400 economic operators and specially developed tools for the officials responsible for carrying out periodic audits required of economic operators as part of their AEO status.

#### *The Community Risk Management System*

The Community Risk Management System (CRMS) was set up to facilitate the rapid and secure exchange of risk information between EU Member States and the European Commission. The system has been in use in France since 2011 and consists of two main elements:

- 1) **Common risk profiles:** Common risk profiles are used for the advance risks analysis of all goods entering the EU, and to ensure a minimum level of control across all Member States. The common risk profiles are based EU-wide risks and also reflect the Common Priority Control Areas (CPCA).
- 2) **Risk Information Forms:** CRMS is used to exchange risk information to support the targeting of consignments for customs controls via Risk Information Forms (RIF).

The desired contribution of the CRMS is very clear. Ideally, the French risk management system would take into account the common risk profiles and information in RIFs in order to enhance its analysis and target controls more effectively and feed information into the system that could be similarly used by other Member States. However, interviewees cast doubt on whether such a story was realistic, due to constraints both external and internal the programme.

External to the programme is the fact that France is a large country that handles substantial customs traffic from a wide variety of economic operators and countries and has a commensurately advanced risk management system. France could benefit from enhanced risk data, but the relative gains are likely to be smaller than in other Member States where less information is collected domestically.

<sup>111</sup> European Commission AEO database, url : [http://ec.europa.eu/taxation\\_customs/dds2/eos/aeo\\_consultation.jsp?Lang=en](http://ec.europa.eu/taxation_customs/dds2/eos/aeo_consultation.jsp?Lang=en).

These external issues magnify the significance of those which are intrinsic to the programme and mostly of a practical nature. These mainly relate to difficulty of use. According to French officials, the large volume of RIFs combined with an ineffective filtering mechanism mars efforts to distinguish in a short amount of time between those which are more and less relevant. Officials can only find out whether an RIF is relevant by opening and reading it. The potential for wasting time is exacerbated by discrepancies among Member States in terms of what is seen to merit an RIF. As an example, one interviewee responsible for risk management explained that smaller Member States often uploaded RIFs pertaining to relatively minor drug seizures. Improved guidelines were cited as one way of improving coherence and consistency.

French officials also voiced some security concerns stemming from the prospect of sharing sensitive information with administrations in other Member States. This related in particular to intelligence information and data related to ongoing investigations. However, the recent addition of a dedicated email service to the CRMS has helped address this problem, allowing customs authorities to share documents quickly to an acceptable security standard. It is not yet clear whether and to what extent this will increase the use of the CRMS in France.

Despite these shortcomings, the potential usefulness of CRMS coupled with trends for greater harmonisation left interviewees feeling hopeful about the system's future. Enhancements to guidelines and usage guides were considered part of any potential solution, but interviewees also pointed to the gradual erosion of cultural barriers which was already underway.

### 2.1.3 Contribution of Customs 2013 joint actions

French customs officials were generally very positive about the contribution of joint actions to the pre-clearance process. Interviewees described them as crucial for the smooth and consistent implementation of the systems described above. Most frequently cited were project groups, which provided French customs officials with fora for sharing ideas and best practices, in addition to developing professional networks. Seminars were also lauded, for focusing attention on issues of particular importance and ensuring their place on the political agenda. The only general criticism related to the level of engagement in some joint actions. One interviewee felt that not all participants were prepared to contribute and participate fully in the joint action meetings, resulting to some waste. The following joint actions were considered most useful by interviewees.

#### *Joint actions on risk management*

The interviewees mentioned a number of joint actions that positively contributed to risk management in the France, and that supported the use of the CRMS system:

- **Seminars on ICS:** interviewees dealing with risk management attended seminars on the ICS around the time of the full launch of the system in 2011. Private sector representatives were invited in addition to risk and IT experts from Member State administrations, with the objective of discussing experiences and concerns with the system's implementation and coming up solutions for the future. According to interviewees, the seminars helped different stakeholders understand each other's positions and contributed directly to a Commission Communication on the use of the ICS.
- **Project group on improving the CRMS:** one interviewee participated in a project group meant to discuss potential improvements to the CRMS. While the concrete results were summarised as 'minimal', the meetings were nonetheless seen as useful for understanding the risk management systems of other Member States better and developing working relationships and building trust between counterparts from around Europe.

- **Project group on Safe and Secure Trading Lanes:** the project group was aimed at getting a working system in place to link Safe and Secure Trading Lanes with the risk management and other customs processes more effectively. Despite the benefits of working with European counterparts, this joint action was not described as particularly fruitful in terms of results.

Since there was a degree of criticism of the use of the CRMS, some interviewees felt more joint actions could be organised around the system to make its use more consistent and widespread.

#### *Joint actions on trader management*

The main joint action related to trader management mentioned in interviews consisted of the AEO network, meetings for which were held every three months. The interviewee taking part considered the meetings useful for discussing problems, sharing information and best practices with other Member States and learning about how other administrations award AEO certificates and carry out audits and controls. The push to mainstream AEO rendered the trust these meetings engendered highly important and integral to the success of the AEO system.

## **2.2 Clearance**

### **2.2.1 Purpose and summary**

Customs clearance is the main customs process and is technically defined as “*documented permission to pass that the national customs authority grants to the imported goods*”.<sup>112</sup> It is the process by which national authorities check documentation, conduct any necessary controls<sup>113</sup>, calculate and notify economic operators of duties to be paid, and ultimately release goods to be imported into the territory of the EU. Risk analysis carried out at this stage builds on the initial risk analysis conducted as part of the pre-clearance process.

The previous section explained that in the pre-clearance procedure, carriers are obliged to submit Entry Summary Declarations for incoming goods to the *customs office of entry*. Subsequently, in the clearance procedure, economic operators are responsible for submitting a “Customs Declaration” or in some cases a “Summary Declaration for Temporary Storage” to the *customs office of import*. Such a Customs Declaration is used to request goods to be placed under a given customs procedure (e.g. import). Economic operators may lodge these declarations in advance, but are not obliged to do so.

Once the customs declaration is accepted by the customs office of import, the goods are released for free circulation in the EU (or temporary storage). The date of acceptance is also taken into account for calculating any import and excise duties, and VAT. These duties are to be paid within ten working days.

### **2.2.2 Contribution of Customs 2013 IT systems**

There are a number of IT systems involved in the clearance procedure, both at national and EU level, as shown in the figure below. This section elaborates on the way in which the IT systems financed through the C2013 programme contributed to the clearance procedure in France. The relevant IT systems are the NCTS, the Economic Operators Systems (EORI and AEO), CRMS, TARIC and QUOTA.

<sup>112</sup> Source: [http://ec.europa.eu/taxation\\_customs](http://ec.europa.eu/taxation_customs).

<sup>113</sup> Customs controls may for example consist of examining goods, taking samples, verifying declaration data and the existence and authenticity of documents, and inspecting means of transport.

### *New Computerised Transit System*

The New Computerised Transit System (NCTS) helps administer the transit procedure, used to facilitate the movement of goods from a first point of entry in one EU country to another country of final destination. It allows for the temporary suspension of duties, taxes and commercial policy measures that are applicable at import, so that customs clearance formalities can take place in the country of destination rather than at the point of entry in the customs territory. In France NCTS has been in use since 2005, when it became obligatory throughout the EU and other signatories to the Convention on Transit. Like other trans-European systems, France developed a national version of the NCTS for use with its overarching DELTA system.

French officials interviewed described the NCTS as a 'success story' that 'demonstrates the practical advantages of having a customs union'. Although only incremental improvements have been made during the life of the current Customs programme, interviewees emphasised the significant contribution the system's introduction made to their work. Prior to the NCTS, France (and other Member States) used a paper based system whereby numerous forms were carried with freight forwarders and passed via the post between customs authorities along a given consignment's journey. In addition to being slow (resulting in the need to withhold economic operators' guarantee for lengthy periods), the paper-based system was hard for customs authorities to keep track of. Since the error rate was also considerable, transit fraud during the 80s and 90s was described as 'rampant', especially in cigarettes, alcohol and electronics.

The NCTS reduced the amount of human engagement with the transit process and created a digital record of each step. This reduced the scope for fraud by removing the temptation for officials of corruption. Figures demonstrating the drop in transit fraud were unavailable but considered substantial, and a copy of each transaction is sent to OLAF to help link up national efforts to prevent and discover fraudulent transit declarations.

There were also numerous efficiency gains. The release of guarantees has been speeded up, for example, because the customs office at the point of entry is immediately informed of a given consignment's arrival at its destination. The electronic recording of each step allows errors to be quickly discovered and addressed. Moreover, communications between various Member States were rendered simpler, as the electronic system presented officials with messages in their own language.

Given the success of the NCTS, French officials felt it would serve as a good launching pad for new common systems that would eventually lead to the development of a single window for customs. This, it was explained, would prevent the need to enter (for economic operators) and process (for customs authorities) identical or similar pieces of information several times during customs movements.

The only important criticism of the system related to its age and potential obsolescence. To rectify this, interviewees felt the NCTS should be modernised in the medium-term.

### *Economic Operators Systems*

When goods are presented at the customs office of import, the Economic Operators Systems are used to identify the economic operator and to check whether it has AEO status (and is thus entitled to simplified procedures).

As with the pre-clearance procedure, the main benefit of this system is that it provides the French authorities with easy and reliable access to data on economic operators trading in the EU. Additionally, interviewees explained that the Economic Operators Systems also contribute to the **risk management** in the clearance procedure. Information on the economic operators and their history in customs operations may



lead to extra controls before releasing the goods. At the same time, information contained in the AEO system may lead to reduced controls and other perks (like having controls conducted on an economic operator's own premises) for 'trusted' economic operators.

Indeed, officials described the EOS systems as 'not cosmetic, but totally essential and in use every day'. By pooling resources about economic operators, they were seen to contribute to risk management procedures and therefore increase security and safety. It also fostered contact between officials working on AEO in different Member States, creating networks and building trust (though joint actions also played a crucial role in this). Since each Member State is meant to honour the AEO certificates awarded elsewhere, trust in the risk management processes and auditing procedures was considered crucial, almost a 'sine qua non' of a successful AEO system. Interviewees explained that such trust did not materialise overnight, but noted substantial improvements in recent years (again, catalysed by joint actions).

Officials also highlighted the AEO mutual recognition agreements made with third countries in recent years, including the US and China. These were considered to work well, helping European and third country economic operators and increasing security. Again, the complementarity with joint actions, which were used for study visits, was a key factor.

#### *The Community Risk Management System*

Like in other countries, during clearance the French authorities process information on the outcome of the pre-clearance risk analysis, as well as other information, for example on the economic operator and the origin of the goods being imported. This is essentially a national automated process, but the French customs authority draws on several sources of information, including that provided through the CRMS.

As explained under the pre-clearance section, the CRMS was not considered highly useful in France due to discrepancies in the data it provided as well as difficulties in filtering the important and relevant information from that which was less useful.

#### *EU data management systems*

In the area of data management, the Customs 2013 programme supported three IT systems, namely TARIC, QUOTA and SURV. TARIC integrates all measures relating to EU customs tariff, commercial, and agricultural legislation. By integrating and coding these measures, the TARIC secures their uniform application by all Member States. It also gives economic operators a clear view of all measures to be undertaken when importing (or exporting) goods. QUOTA manages European tariff quotas that are adjusted upwards once a certain monthly quota is reached. Since these are managed on a 'first come, first served' basis, it is updated on a daily basis, taking into account the imports of the previous day and adjusting the tariff once the quota is exhausted. SURV was described as more useful at the European level, where the Commission used aggregated data to perform credibility checks.<sup>114</sup>

Like in all Member States, France has its own integrated tariff management system (called RITA) that draws on the centralised TARIC and QUOTA databases housed and managed from Brussels. The national IT system integrates the tariffs imposed at European level with various national taxes to be paid (e.g. excise tax and VAT). It also feeds data into the SURV system and receives statistical information back to the Member States in order to help prevent fraud.

<sup>114</sup> Effective credibility checks verify whether the type and weight of goods provided in a customs declaration are consistent. Since not all consignments are physically checked, this helps prevent fraud whereby a container would be filled with a certain type of product and declared as another type that has a lower tariff. By way of example, a French interviewee compared roosters, which from some countries would have a very low tariff, with beer.



All the systems were considered to be working well, with their latest versions (TARIC3, QUOTA2 and SURV2) representing significant improvements over what they replaced. Officials felt all three systems made large contributions to the uniform application of EU legislation across the EU and thereby precluding customs shopping. For example, TARIC provides all Member States with the same information, meaning they start from the same base. Among other things, this fosters confidence that other Member States processes are robust, leading to knock-on contributions towards the work as one objective and dispelling criticism of free circulation.

The SURV2 system was singled out for its recent contribution (in its latest iteration) to increasing the effectiveness of credibility checks. According to one official, error rates fell from nearly 30% to 1%, meaning the results of SURV2 analysis had become much more useful as evidence of potential fraud.

### *Centralised clearance*

As a precursor to centralised clearance, France implemented a number of Single Authorisations for Simplified Procedures (SASP).<sup>115</sup> Economic operators privy to such agreements, which are made on an individual basis, can use the national clearance procedure or the simplified declaration procedure in the Member State where they are based rather than the one to which goods are being imported. This is important because the IT systems and other formalities differ by Member State and each one requires its own specialised software and technical expertise.

For importers, a SASP can therefore represent significant savings. For Member State administrations, however, each SASP entails a bilateral agreement between the country where the economic operator is based and the one where it wishes to import goods. Numerous visits need to be conducted in order to ensure both administrations are confident of each other's processes, and to decide which types of goods and controls will be included in the SASP.

SASP does not implicate any IT systems funded through the programme. Rather, it is worth mentioning here because it seems like a relatively labour intensive (described as 'really time-consuming' by interviewees) and expensive process that would be rendered obsolete if centralised clearance came to fruition. For example, only five French companies have a SASP for their goods being imported elsewhere, and six companies import goods into France while undergoing customs clearance in another country. Despite this, three officials were charged with devoting most of their time to negotiations, monitoring visits and other activities related to SASP.

More judiciously, the SASP procedure can be seen as a precursor to centralised clearance. It fosters collaboration between customs authorities and builds trust between officials. It also requires them to learn how clearance works in other countries, sharing best practices and gradually aligning processes and procedures. As interviewees pointed out, 'it would be desirable to have one IT system so SASP would no longer be necessary', but there are still practical impediments in the form of national IT systems that each country had invested in.

### **2.2.3 Contribution of Customs 2013 joint actions**

Interviewees identified a number of joint actions that had complemented the IT systems related to clearance described in this section. Specific points are made below for the various customs processes, but there are numerous benefits common to nearly all the joint actions. Among these, the joint actions were seen to foster collaboration and the development of sustainable networks that manifested themselves through later formal and informal contact. The joint actions facilitated mutual understanding and confidence in the processes of other Member States. Similarly, they allowed the sharing of best practices, leading to innovation and cohesion in the way customs

<sup>115</sup>

Source: [http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/general/centralised\\_clearance/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/centralised_clearance/index_en.htm).

processes are carried out. Importantly, it was clear that the use (and usefulness) of many of the IT systems would be curtailed without these complementary benefits.

For example, it would be difficult to mainstream AEO, which requires the recognition of certificates awarded by other Member States, without confidence in the audits and controls the Member States in question conducted. Leading from this, the role of the joint actions in the gradual aligning of working methods (and requisite progress towards the 'work as one' programme objective) would be difficult to underestimate.

In addition, several interviewees participated in the Electronic Customs Group (ECG), which does not fall neatly under a specific IT system or customs process. The ECG was considered crucial for ensuring IT developments pursued at European level were feasible and reflected the priorities of Member States. It also provided a forum for forging consensus and making progress in the eventual harmonisation of the IT landscape for customs IT.

From each Member State, the ECG drew participants among both policy and technical officials. Once decisions were taken to take forward a certain IT system or initiative, a project group would often form to develop technical specifications and report back to the full ECG periodically. While the ECG was seen to work well, interviewees were critical of some aspects of its functioning. Among these, there were clear disparities in participation, with some Member States playing relatively large or small roles, usually in line with the size of the Member State in question. Language problems also played a role in the extent of participation, as did the time required to read the preparatory documents circulated in advance of meetings. This put the onus on the Commission to set the agenda, and sometimes resulted in what one interviewee described as 'entropy'. Despite this, the benefits of the ECG were considered substantial, both for its trust- and network-building qualities and its more concrete contributions to the development and improvement of common IT systems.

#### *Joint actions on transit*

The main joint action described by the interviewee dealing with transit was a seminar on securing the goods in lorries during transit. It was explained that, since some Member States had more advanced databases and methods for doing this than others, the seminar allowed the sharing and mainstreaming of best practices, in addition to 'softer' benefits related to building networks and trust.

#### *Joint actions on data management*

- **Monitoring visits:** one interviewee had hosted several monitoring visits. Among other things, these led to improvements in the way TARIC linked to the national IT system for managing tariff information and the identification of an IT error in the central QUOTA database that the Commission subsequently repaired. More generally, the interviewee felt that monitoring visits fostered dialogue and the development of useful recommendations. As an example, during a QUOTA monitoring visit in 2011 the French customs authority identified the steps needing to be taken to automate the flow of data between the national Delta system and the central database in Brussels with regard to tariff drawing requests.
- **Project group on credibility checks:** a project group formed, planning to meet seven times to figure out how the Member States can best make use of the statistical data produced by the Commission using SURV data. According to the interviewee who was participating in this project group, a change for the national IT system was identified through the discussions that was implemented in France almost immediately.

### 2.2.4 Role of national factors

The main national factor influencing the ability of the French customs authority to use the IT systems and, more generally, implement customs processes effectively, related to resource constraints and cost considerations. One interviewee pointed out that, although the Customs 2013 programme funds the development and evolution of system specifications, for many systems Member State administrations are required to fund system development and maintenance at the national level. As a rule of thumb, the interviewee considered about half to be borne by Member State administrations.

Interviewees also considered the past investment in and requisite commitments to national legacy systems for customs (such as the DELTA system in France) to act as a strong brake on harmonisation and IT convergence. Interviewees felt that the long-term benefits of pooled resources for core components of the customs IT architecture were difficult to pursue given the high short- and medium-term costs such a migration would entail. As a way forward, one interviewee suggested that the Commission, through joint actions such as the ECG, try to identify specific systems where harmonisation would be feasible as a starting point; once the benefits became clear, national administrations might become more willing to develop common systems.

### 2.3 Post-clearance

Once goods are cleared for free circulation in the EU, national authorities have the right to carry out post-clearance audits and controls to ascertain the accuracy of the (summary) declarations. Post-clearance controls can take on different forms, and can include inspections of documents and data relating to the operations of the goods, or to prior or subsequent commercial operations involving those goods. In some cases, authorities may decide to examine the goods and/or to take samples.<sup>116</sup> In the cases of irregularities, the post-clearance process can also involve law enforcement measures such as imposing fines or initiating criminal proceedings. However, none of the officials interviewed for the case study in France identified a link between the IT systems discussed and post-clearance processes. While they knew of joint actions that dealt with post-clearance controls and audits, they were specialised in other customs processes and had not participated in them. Thus, post clearance only formed a minimal part of discussions for the French case study and consisted mostly of explaining the process in general terms.

## 3 Conclusions

This case study aimed to investigate the contributions of the C2013 programme in relation to its three main objectives, namely:

4. Protection of financial interests;
5. Promoting security and safety; and
6. Facilitating trade.

The methodology employed focused on the imports of goods into the territory of the EU and related customs processes. In particular, it aimed to help understand how and to what extent the IT systems and joint actions funded by the C2013 programme contributed to these processes in the France. The remainder of this section summarises the case study's main findings in relation to each of the three objectives.

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<sup>116</sup> Source: Art. 27 of Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the Community Customs Code (Modernised Customs Code).

### **3.1 Customs 2013 contribution to the protection of financial interests**

French customs officials found the IT systems and related joint action of the programme to contribute in several ways to the protection of the EU's financial interest. For example, TARIC, QUOTA and SURV all helped ensure the correct application of tariffs. Interviewees considered the systems to work well and noted that errors had fallen considerably over time. The NCTS was seen to have addressed previously rampant fraud during transit processes. Interviewees also felt that the AEO system made a contribution by discouraging fraud among companies awarded AEO status and allowing the customs authority to concentrate on less trustworthy targets for controls, increasing their effectiveness.

However, it should also be noted that, while interviewees considered pooling resources for risk management important for preventing fraud, the CRMS, a key EU tool for doing this, had not yet realised its potential. This was due to disparities in the quality of the information fed into the system and its resultant low use in France.

### **3.2 Customs 2013 contribution to promoting security and safety**

C2013's contributions to security and safety related to both the pre-clearance and clearance processes. The former was encapsulated in the ICS, which added a layer of risk analysis for goods entering the EU that had not existed previously. The EORI and AEO systems made a significant contribution regarding the latter. EORI made it much easier for the French customs authority to take the history of an economic operator, including its record in other Member States, into account when conducting risk analysis. The AEO system allows the customs authority to focus on riskier companies, increasing the chance that controls, which necessarily are only carried out on a small proportion of consignments, will uncover dangerous goods.

In addition, the contribution of joint actions to this objective should not be underestimated. These fostered networks and the sharing of best practices among officials, leading them to build trust and rely on the risk information collected and provided by others. This was important not only in direct terms, but in the functioning of the IT systems, like the ICS, which depend customs authorities using information emanating from counterparts in other Member States.

### **3.3 Customs 2013 contribution to facilitating trade**

Interviewees felt several of the IT systems had simplified procedures for economic operators and thereby facilitated trade. These included the NCTS, which migrated the transit process from paper to electronic declarations and reduced the amount of time economic operators' guarantee had to be held after goods arrive at the customs office of destination. The AEO system also contributed in this regard by simplifying customs processes for legitimate traders willing to provide the authorities with supplemental information and subject themselves to periodic audits.

The TARIC and QUOTA systems were also seen to contribute to trade, mostly in the passive sense of allowing traders to calculate tariffs efficiently with minimal administrative burdens. The migration to electronic customs processes, engendered by the programme-funded IT systems, contributed in a similar way, since automated risk analysis increased the ability of customs authorities to target documentary and physical controls effectively and thereby reduce the amount of burdensome physical controls.

### **3.4 The role of national factors in the import process**

Resource constraints and cost considerations limited the amount of improvements to customs processes that could be pursued at any given time, in addition to acting as a brake on IT harmonisation. This was especially important given the considerable national costs associated with implementing systems funded through the Customs 2013 programme and the commitment made by France (and other companies) to existing legacy IT systems and architectures. This led interviewees to suggest that further harmonisation be pursued gradually, migrating specific aspects of the customs process to common systems and eventually others. They felt such an approach had a greater chance of success than any attempts to implement a raft of new systems concurrently without considering differing national systems, timescales and scheduled upgrades.

## Annex 7 – Case study Germany

### 1 Introduction

#### 1.1 Purpose of the case study and overview of the methodology

The intention of this case study is to help understand the dynamic between the Customs 2013 programme and the **work of the customs authorities in Germany**. The purpose was to understand if, how and to what extent the different activities financed by the programme (including IT systems and joint actions in a variety of fields) contribute to the ability of German customs to execute relevant customs processes. In order to keep the scope of the case study manageable, the focus is on **import processes**, including the pre-clearance (including risk management and controls), clearance and post-clearance of goods entering the EU customs territory via Germany.

The case study is based primarily on information obtained via a series of **interviews with German customs officials** carried out in March and April 2014, supplemented with desk research. Interviews with five officials of the Federal Ministry of Finance, department III (customs and excise duties) were conducted face-to-face during a visit to Bonn. One interview with the National Contact Point (NCP) for the C2013 programme (also based in the Federal Ministry of Finance, unit III B 4 – EU and international cooperation in the field of customs) was conducted over the telephone in preparation for the visit. A further three interviews with officials in “middle” customs administrations (Federal Finance Directorates) in Hamburg and Nuremberg were carried out via telephone after the visit.

The selection of interviewees was made following an initial consultation with and based on suggestions by the NCP. One interviewee dealt with customs law in general; four specialised in AEO, single authorisations, risk management, and measurement of results, respectively; and the remaining three focused on customs IT systems. All interviewees had had direct exposure to and involvement with the C2013 programme.

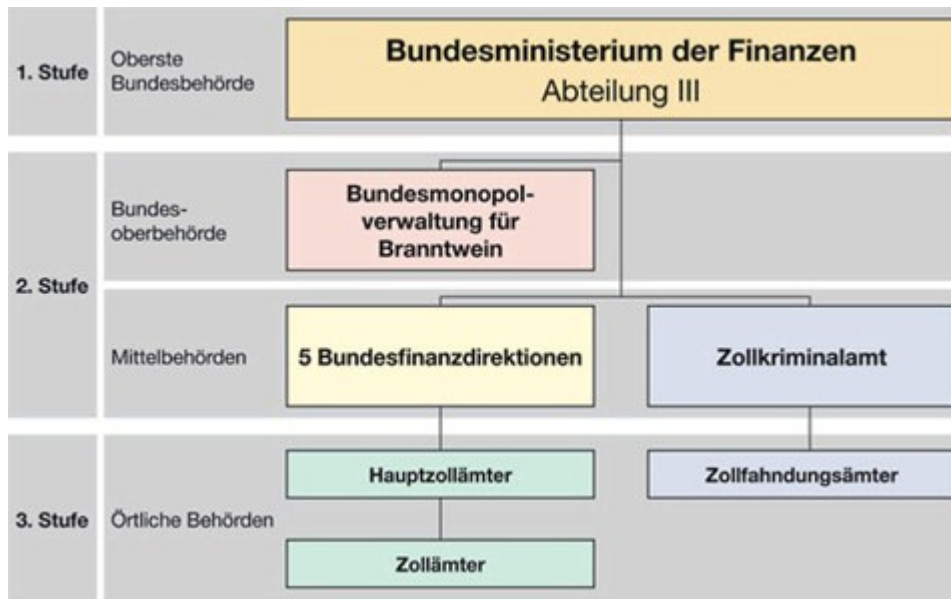
#### 1.2 Background on the customs landscape of the country

As the largest Member State (both in terms of inhabitants and GDP), and a very large and open economy that relies heavily on international trade, Germany has always been **one of the most important members of the customs union**. Germany has the highest volume of customs traffic in the EU (based on the total number of customs declarations). It ranks first among Member States in air freight transport (Frankfurt ranks among the ten busiest cargo traffic airports in the world), and counts with two of the largest container ports in Europe (Hamburg and Bremen-Bremerhaven). By comparison, land traffic is less significant, as Germany only shares a land border with one non-EU country (Switzerland). The use of simplified import procedures is relatively wide-spread in Germany, while the proportion of declarations that are subject to risk-based physical controls is close to the EU average. Germany is also one of the most active participants in the C2013 programme.

In total, the German customs employ approximately 35,000 officials. The customs authorities are **organised in three levels** (see the diagram below). At the top, department (*Referat*) III of the Federal Ministry of Finance (*Bundesfinanzministerium – BFM*), which has around 250 staff, sets the strategic policy directives. The middle level consists of five Federal Finance Directorates (*Bundesfinanzdirektionen – BFDs*), which are responsible for implementing the policy directives and supporting the third level (43 main customs offices – *Hauptzollämter* – and 271 customs offices – *Zollämter*) in the execution of their tasks. Although the Federal Finance Directorates are located in, and responsible for, different regions of Germany, each of them also contains a specialised central department (*Abteilung Zentrale Facheinheit*) that is responsible for dealing with a thematic area across the whole of Germany. Most

importantly in the customs context, the BFD North (based in Hamburg) deals with general customs law, while the BFD South-East (based in Nuremberg) covers specific rules concerning the cross-border movement of goods.

Figure 1: Structure of the German customs administration



Source: [www.zoll.de](http://www.zoll.de)

Germany operates a dedicated **IT system** for the electronic processing of customs declarations and administrative acts called **ATLAS** (the acronym stands for *Automatisiertes Tarif- und Lokales Zollabwicklungssystem* – Automated system for tariffs and local customs clearance). ATLAS allows economic operators to submit customs declarations (including summary import and export declarations) to the customs offices in electronic form, and also receive relevant notifications (in particular as to the duties payable) in this way, meaning that the presentation of documentary evidence is largely unnecessary during the clearance process. The content of the declarations is archived centrally and made available to the central office for customs risk analysis, as well as other authorities including the Federal Statistics Office and the regional finance administrations.

## 2 Report on the C2013’s contribution to import processes

### 2.1 Overview of the customs movement of import

A typical import movement can be conceptualised in **three separate steps** – even though in reality, these tend to flow into each other and the exact point at which one ends and the next begins can be hard to define precisely. Pre-clearance is the stage before the goods actually arrive in the customs territory. It involves primarily the submission of pre-arrival declarations, which are used for risk analysis so as to intelligently target certain consignments for controls. The clearance process as such involves a series of steps, typically including the processing of actual arrivals declarations, documentary and/or physical controls (in selected cases only), the application of trade measures or restrictions, and the calculation of duties. Finally, post-clearance processes come into play after the goods have entered the customs territory, and can include post-clearance controls, enquiries and audits, and enforcement measures in case of irregularities.

In Germany, most of these processes rely entirely or partly on the ATLAS IT system for the electronic processing of declarations and other relevant information. The exact sequence, nature and duration of these processes can vary greatly, depending on the



type of goods, their geographical origin, the way in which they enter the customs territory, the economic operators involved, the intended use of the goods (e.g. free circulation, temporary admission, inward or outward processing), etc. Most of the **day-to-day work** related to the clearance (including pre and post-clearance) falls within the responsibility of the regional and local customs offices, but certain **supporting tasks** are carried out centrally by one of the Federal Finance Directorates (*BFDs*) or other authorities, e.g. the development of risk profiles, or coordination with other countries concerning single authorisations or AEOs. More detail on specific processes is provided in the following sections.

## 2.2 Pre-clearance

### 2.2.1 Purpose and summary

In the area of pre-clearance processes, the most significant developments in the last decade or so were undoubtedly those related to **risk management**. Although risk analysis and management in some form has been used in most countries (including Germany) for decades, it has only become an area for EU action relatively recently. A standardised EU framework for the risk management process was first devised by a project group set up under the Customs 2002 programme. Work on the practical implementation of a common approach to risk management began under the Customs 2007 programme. A significant boost to activity in this area was the adoption of the 'Safety and Security Amendment'<sup>117</sup> to the Community Customs Code in 2005/2006, which is widely seen as a consequence of the increased focus on combatting terrorism following the attacks of 11 September 2001. In addition to introducing uniform risk criteria for controls, the new safety and security rules require traders to provide customs authorities with additional information on goods prior to import to (or export from) the EU, which greatly enhances the potential for effective risk analysis and management.

In practice, the new approach introduced the obligation for a standardised pre-arrival declaration (also known as an **entry summary declaration**) to be submitted by importers to the customs office of first entry up to 24 hours before a consignment arrives in the EU (depending on the type of transport). The data in this declaration is meant for use in risk analysis, based on which the customs authorities decide which consignments to target for physical or documentary controls, and/or to transmit the results to subsequent ports or airports where the goods are expected to pass.

According to the interviewees in Germany, the process of implementing the new EU-wide rules, processes and systems has been **lengthy, difficult and fraught with delays and setbacks**. While there was widespread agreement that a common and enhanced EU-wide risk management framework is a valuable (and according to some, even a necessary) addition, there was a sense that the legislators underestimated the complexities that would have to be overcome in practice. As a result, a lot of work went into clarifying the legal requirements, fine-tuning and harmonising the implementation processes, and making the relevant systems fully operational. The original deadline for full implementation (2009) was missed, but since 2011, all rules of the 'Safety and Security Amendment' are fully applicable.

Broadly speaking, the risk analysis and management process followed by the German customs can be conceptualised in the following **main steps**:

- Development of risk profiles in accordance with the EU common risk management framework, which can include both fiscal risks (e.g. fraud) and safety and security risks (e.g. public health risks).
- Application of the profiles to specific consignments, and based on this, the targeting of controls. Both this and the previous step are the responsibility of

<sup>117</sup> Council Regulation 648/2005 and **Commission Regulation (EC) No 1875/2006**



specialised central units – the BFD West for fiscal risks, and a department of the Federal customs investigation office (*Zollkriminalamt*) for security risk analysis.

- Physical or documentary controls by the local or regional customs office, and the reporting of their results back to the relevant central unit.
- Evaluation and, if appropriate, revision of risk profiles based on the results of controls.

It should be noted that (in the German case at least), the entry summary declaration is only used for **security risk analysis**, which has accordingly undergone significant changes in recent years. The fiscal risk analysis is based on the arrival declaration, and the process has essentially remained stable (i.e. not directly affected by the changes introduced by and resulting from the safety and security amendment).

## 2.2.2 Contribution of Customs 2013 IT systems

All German customs declarations, including entry summary declarations, are lodged and processed via the German IT system, ATLAS, which also transmits the information to the relevant central risk management unit. These in turn use specialised national IT systems<sup>118</sup> to analyse the risks. European IT systems financed by C2013 (and/or its predecessors) contribute to the data transfer in different ways.

### *Import Control System*

ICS provides a solution to sharing entry summary declarations between Member State customs administrations, for example when goods are re-routed and the customs office of first entry changes. In such cases, ICS also transmits “control codes” based on the risk analysis undertaken by the authorities of the Member State where the pre-arrival declaration was originally submitted. As such, in the German case the effective **transmission of data between ATLAS and ICS** is critical for effective and comprehensive security risk management.

Interviewees in Germany reported that the introduction of ICS was a difficult process, with many “**teething problems**” – not with the interface between ICS and ATLAS, but with the communication and coordination between Member States, and the clarification of the legal requirements as to the content and timing of entry summary declarations. This resulted in significant delays until its full implementation. However, interviewees felt that these difficulties have now been overcome, and that there are currently **no more problems** with ICS from a purely technical point of view.

However, it was noted by several interviewees that the data that is currently contained in the entry summary declarations, and encoded via ICS, is not ideally suited to effective risk analysis. In particular, the **description of the goods** is currently only provided as free text, and there is no obligation to provide a **CN code**, which severely reduces the potential for automated risk analysis. It is important to note that this is not primarily a technical problem with ICS (which, according to interviewees, is “very basic” from a technical standpoint and could easily be adapted to include CN codes), but one with the applicable legal basis and implementing rules.

### *Customs Risk Management System*

The Customs Risk Management System (CRMS) is an IT system to facilitate the exchange of risk information among and between the Member States and the Commission. Through CRMS, different administrations can inform each other of specific risks via so-called Risk Information Forms (RIFs). This data is reviewed and, where relevant, incorporated into the relevant German systems and risk profiles by the competent national authorities. CRMS and the data exchanged via it reportedly

<sup>118</sup> RIKO for fiscal risk analysis, PARIS for security risk analysis, and DEBBI for the assessment of EOs.

plays an important role in the development and updating of risk profiles; in the words of one interviewee, these days it is important to take into account the risks encountered, as well as the results of controls by, the customs authorities across the EU, and CRMS is an **effective tool** in this respect.

### 2.2.3 Contribution of Customs 2013 joint actions

In the context of the development and implementation of the common approach to risk management – which was difficult and required a large amount of coordination, consultation, exchange of views and practices, etc. between Member States and the Commission – interviewees highlighted the **important role** played by various joint actions funded by C2013. It was emphasised that, without these actions and the fact that they enabled direct, face to face contact and discussions between representatives of national customs administrations, the various problems and uncertainties would have been very difficult to tackle and overcome.

**Specific joint actions** that were mentioned as having been particularly useful included:

- The Project Group (PG) on Security Risk Rules, which was originally set up under the Customs 2007 programme and continued under C2013.<sup>119</sup> The PG (and the different task forces and sub-groups that were set up under its auspices) has met numerous times throughout the programme duration (2008-2013), and has developed various important rules and deliverables that were subsequently adopted by the Customs Code Committee (CCC), but would have been far too complex and time-consuming to develop with the CCC itself.
- C2013 joint actions were also deemed important to pilot test, fine-tune, evaluate and implement the various risk analysis and management tools and approaches. Another action that was specifically mentioned as crucial in this respect was the first ICS and CRMS Evaluation Workshop (Richmond, 2011),<sup>120</sup> where experts in risk management met IT experts in order to review and evaluate the implementation of ICS and common risk rules.

### 2.2.4 Role of national factors

Interviewees noted, in relatively general terms, the **challenges** for customs across the EU (including Germany) that arise from the **interplay of three factors**: (1) the growing volumes and complexity of trade flows; (2) the increasing number and complexity of rules and factors that customs have to take into account; and (3) the scarcity of human resources. In the German case, the interviews did not convey a sense that the latter is particularly problematic. Staffing levels in the customs administration were said to have remained more or less constant in recent years. In view of the challenges and complexity, this calls for a more rational use of existing resources, mainly via an increasing automatism / “electronisation” of customs processes, and via enhanced risk management to better target controls. Both areas were said to be progressing well, and no specific shortcomings or bottlenecks were mentioned by interviewees.

In the specific area of pre-clearance processes, all interviewees who were familiar with risk management agreed that **significant progress** had been made in recent years, partly due to the efforts to create and gradually implement a common EU framework and approach, and facilitate the exchange of information across national borders. As a result, it was felt that security risk analysis across the EU, including Germany, has become considerably more effective and sophisticated, which should result in enhanced safety and security for EU citizens – although this is difficult to evidence with publicly available data.

<sup>119</sup> Joint action CWG/139

<sup>120</sup> Joint action CWS/001/004

## 2.3 Clearance

### 2.3.1 Purpose and summary

The clearance process as such begins with the **arrival of the goods** at an EU (or in this case, a German) customs office. It is the process by which national authorities check documentation (in particular customs declarations), conduct any necessary physical or documentary controls, calculate and notify economic operators of duties to be paid, and ultimately release goods to be imported into the territory of the EU. It is worth noting that there is a large amount of **flexibility** as to the exact order and nature of these sub-processes, depending on a number of factors including the provenance, type and intended purpose of the goods. For example, under the transit procedure, customs clearance formalities can take place at the final destination of the goods rather than at the point of entry into the customs territory. There are also a number of ways in which the standard procedures can be simplified for certain groups of economic operators.

During the interviews, rather than expand on the clearance process as such, the German customs officials tended to **focus on a limited number of key issues, processes or systems** via which parts of the German clearance process is affected by developments at the EU level. These relate in particular to the concept of Authorised Economic Operator (AEO), and Single Authorisations for Simplified Procedures (SASP), both of which are based around the idea of mutual recognition of relevant decisions taken by Member States.

The interviewed officials typically felt that the past decade or so had been marked mainly by the new safety and security rules (including risk management, as discussed above). It was frequently mentioned that a number of innovations were introduced in parallel to try to offset the additional burdens on traders imposed by these rules. These included work in the areas of **AEO and SASP**, which were often described as steps towards an eventual centralised clearance throughout the EU (along with the increasing 'electronisation' of customs procedures).

### 2.3.2 Contribution of Customs 2013 IT systems

When asked, most German customs officials felt that the contribution of European IT systems to the clearance process of imports as such carried out by the German customs was relatively minor. It was noted that the amount of pan-European harmonisation and 'electronisation' was less than for the other main processes – namely export and transit. Nonetheless, when asked specifically about the role of different systems, interviewees did acknowledge that the information made available by a series of systems – in particular **ICS, NCTS** (for transit), the various **goods classification systems** (including TARIC), and the **economic operator management systems** (AEO and EORI) – was important to facilitate a smooth and secure clearance process.

As noted previously, the national German IT system (ATLAS) covers all main processes, and downloads data from (and in some cases, uploads data to) these EU systems, in varying ways and with varying frequency. Unlike the systems of many other Member States, which reportedly access data directly from EU databases, ATLAS operates on a "**system-to-system**" basis, meaning all data is first downloaded to ATLAS before being processed. For example, data from TARIC is integrated into the German component EZT. Economic operator data is exchanged between the German and EU systems on a daily basis.

Hence, effective communication between the German and EU systems is indispensable to a number of parts of the clearance process. This interaction was said to be **working smoothly** these days. Interviewees did emphasise that when new systems are introduced (especially trans-European 'movement' systems such as ECS, NCTS

and ICS), it tends to take a long time until all errors are resolved and the systems of all Member States are fully operational and interoperable. In this context, the possibilities for multilateral as well as bilateral collaboration, exchange of views and information, and joint problem solving provided by the Customs 2013 programme (as well as, more generally, the functioning of CCN) were described as absolutely crucial by the interviewees.

As of 2014, interviewees from the German customs authorities did not report any significant technical issues with the German or European IT systems involved in customs clearance. The **EOS database** was described as fully functional (i.e. practically no down time) and important, as it allows Member States to communicate, inter alia to consult on AEO applications.

As a result, the **focus** of the discussions concerning the key developments in the context of AEO and SASP was **more on procedural than on IT issues** (although it was noted that the AEO IT system would become more significant with the next release, as AEOs will be informed electronically of envisaged controls). More general issues around AEO and SASP are discussed in the ensuing sub-sections.

### 2.3.3 Contribution of Customs 2013 joint actions

As noted above, the two main themes in connection with the clearance process that were discussed extensively during the interviews were Authorised Economic Operator (AEO) and Single Authorisations for Simplified Procedures (SASP).

#### *Authorised Economic Operator System*

The **AEO concept** was created by the 2005 safety and security amendment. Member States can grant the AEO status to any economic operator meeting certain criteria (customs compliance, appropriate record-keeping, financial solvency and, where relevant, appropriate security and safety standards). AEO status granted by one Member State is recognised by the other Member States. This does not automatically allow AEO to benefit from simplifications provided for in the customs rules in the other Member States. However, other Member States should grant the use of simplifications to AEOs if they meet specific requirements and without re-examining criteria that have been already checked.

To date, Germany has granted AEO status to **approximately 6,500 economic operators**, including approx. 4,000 AEO type "C" (providing access to customs simplifications) and 2,500 AEO type "F" (combining customs simplifications and a more favourable position to comply with security requirements). A central AEO contact unit (*Kontaktstelle*) based in Nuremberg supports customs offices with processing AEO applications, and is responsible for the communication and coordination with other Member States, including meetings at EU level.

According to interviewees, the AEO concept plays an **important role** in Germany. For traders with AEO status, this influences many (pre / post) clearance processes, and as such is anchored in many relevant IT systems. This means that, for example, type C AEOs are typically required to submit less documentation as part of the clearance process, while type F and S AEO status is taken into account in risk analysis and leads to a lower frequency of controls.

Interviewees noted that in practice, the AEO concept **works smoothly** now, and that initial problems with recognition between MS have now been overcome. However, they also acknowledged that traders are not always fully satisfied with the advantages the AEO status confers upon them, and that one may ask legitimate questions about the relationship between the **costs** of obtaining AEO status and the actual **benefits**. It was noted that Germany already had a relatively high level of simplifications, and a low control rate, before AEO came into force in 2008; hence, the ability to grant additional benefits to AEOs was reportedly limited. Nonetheless, interviewees did feel

there are tangible benefits (although their economic significance can be debated). They also mentioned the decision in 2008 to align the rules for granting both the AEO certificate for customs simplifications and the single authorisation for simplified procedures (SASP – see below). This was seen as a step towards the AEO becoming a sort of “central authorisation”.

As regards the role of **C2013 joint actions**, there was a consensus among interviewees that these were **crucial** for the timely and harmonised implementation of the AEO concept. In particular:

- Various project groups, including the AEO contacts network, the project group on AEO guidelines, and the project group on AEO rules for the Modernised Customs Code Implementing Provisions<sup>121</sup>, were said to have been very important for developing effective rules and approaches that are workable for all Member States.
- Monitoring visits and meetings<sup>122</sup> were deemed to have been very valuable, both in terms of making improvements at the national level, and of generating trust that the concept is being implemented in a uniform way across the EU. As a result (at least partly) of the monitoring actions, in spite of certain differences between countries, the German authorities claimed to be confident that an AEO certification from another Member State is equal in value to one issued in Germany.
- Working visits, both incoming and outgoing, have reportedly helped further with fostering mutual understanding and extending good practices. Interviewees explained that several officials from other administrations had visited Nuremberg, and that German officials had learned valuable lessons about AEO implementation elsewhere.
- Actions to deliver mutual recognition of AEO status with third countries, namely Japan and the USA<sup>123</sup>, were also felt to have been very beneficial, and interviewees expressed their hope that agreements would be reached with more countries.

#### *Single Authorisations for Simplified Procedures*

A second clearance-related issue that was discussed during some of the interviews in Germany were **Single Authorisations for Simplified Procedures (SASP)**. A SASP allows economic operators to use the local clearance procedure or the simplified declaration procedure in the Member State where he is established in order to perform the customs formalities relating to his imports/exports elsewhere in the Community.

In Germany, SASPs are dealt with by the central office (*Kontaktstelle*) for single authorisations (also based in Nuremberg), which consults with other Member States where appropriate, and also enters foreign SASPs into the German IT system (ATLAS) once they have been approved. Based on data provided by the central office, Germany is currently involved in a total of **55 SASPs, seven of which relate to import procedures** (SASP A1). In three of these seven cases, Germany is the authorising Member State (i.e. the economic operator in question is based in Germany); in the four remaining cases, Germany acts as participating Member State (i.e. the firm is based in another, typically a neighbouring, country).

By and large, the system of SASPs was said to be working well. However, the interviews also conveyed a sense that the **effort and resources** (in terms of customs officials’ time) that are required to administer SASPs are considerable. Apparently,

<sup>121</sup> Joint actions CWG/161, CWG/200, and CWG/246

<sup>122</sup> Joint actions CMT/004 and CWG/180

<sup>123</sup> Joint actions CWG/210 and CWS/020

each individual application requires consultations between the authorising and participating Member States, not only at the time that the application is made, but also once it has been granted, in order to compare information, develop and agree procedures and control plans, etc. In view of this, the Ministry of Finance (BMF) has reportedly decided not to issue any more SASPs, but even Germany's involvement as a participating Member State brings with it a significant workload.

On the other hand, the actual **benefits** of SASPs for the economic operators were thought by interviewees to be rather limited at present. This is because traders with a SASP still need to log into the national IT systems of each participating Member State (and not just the one of the authorising Member State) to complete the import process. However, it was emphasised that a wider use of SASPs is an important preliminary step on the way that should eventually lead to the implementation of **centralised clearance**. This would allow economic operators to centralise and integrate accounting, logistics and distribution functions, which would result in significant savings in administrative and transaction costs.

In this process, **C2013 joint actions** were described as critically important to foster mutual understanding between Member States' customs and tackle practical problems that occur. In particular:

- Project groups: The project group on implementation of simplified procedures and SASP<sup>124</sup> was important to develop guidelines and subsequently update and adapt them in view of the initial results. In the process, participants learned about challenges encountered by other Member States and the underlying reasons, and were thus able to continually improve the system.
- Working visits: German officials both undertook and hosted a number of working visits focused on SASP. These were reportedly very focused and productive, and were used in many cases to discuss and share general processes, but also to attempt to resolve specific problems or differences of opinion regarding individual applications / firms.

Overall, it was felt that, without support from C2013, German customs officials would have significantly **fewer opportunities to travel**, and as a result, many problems that can be solved with relative ease thanks to the trust and mutual understanding that comes with face to face contact, would likely remain unsolved.

#### 2.3.4 Role of national factors

Interviewees did not mention any specific national factors that affect the clearance process. It did become clear, however, that the authorisation and mutual recognition of AEOs and SASPs does bring with it a significant **workload**, even if (in the case of SASPs at least) the number of beneficiaries is relatively low. The decision by the German authorities to not grant any more SASPs for the foreseeable future can be seen as an indication of a reluctance to invest human resources in an area that provides relatively few tangible benefits in terms of trade facilitation at the present time.

### 2.4 Post-clearance

Once goods are cleared for free circulation in the EU, national authorities have the right to carry out post-clearance audits and controls to ascertain the accuracy of the (summary) declarations, for example inspections of documents and data relating to the operations of the goods, or to prior or subsequent commercial operations involving those goods. In some cases, authorities may decide to examine the goods and / or to take samples. If irregularities are detected, the post-clearance process can also

<sup>124</sup> Joint action CWG/223 and CWG/254



involve law enforcement measures such as imposing fines or initiating criminal proceedings.

None of the interviewees had anything specific to say about the post-clearance process in Germany and the way in which it is affected by C2013 actions or IT systems. Obviously, certain processes and concepts discussed previously (including AEO) also concern post-clearance. However, interviewees were not aware of any other significant innovations or developments in this area in recent years to which the programme might have contributed.

It may be worth noting here, nonetheless, the joint actions related to **measurement of results** (if only because they do not fit under any of the other headings). According to the German participant, MoR enables Member States to compare statistical data on their performance, and thus identify areas of relative strength and weakness, which can be useful to instigate measures to address weaknesses and extend good practices. Reportedly, this has led to certain internal initiatives in Germany, in order to attempt to further improve customs performance and/or efficiency.

### 3 Conclusions

#### 3.1 Customs 2013 contribution to the country's import processes

Overall, based on the interviews with German customs officials that were conducted in the context of this case study, the contribution of C2013 to import (pre-clearance and clearance) processes in Germany has to be seen as primarily pertaining to the **implementation and application of new EU-wide rules and procedures**, in particular concerning the 2005 safety and security amendment.

As such, the various **IT systems** were seen as very successful innovations; the IT specialists in particular felt that there is nothing comparable in the public sector in the world, in terms of such a comprehensive range of sophisticated systems for transnational data transfer. Perhaps even more importantly in the minds of most interviewees (inter alia since they help ensure the proper functioning of the IT systems), **joint actions** funded under C2013 were described as very important – if not indispensable – to making concepts such as the common risk management framework or AEO a reality across the EU. All interviewees coincided that, without the programme, the eventual implementation of the new rules and concepts would have been less timely, less consistent with the administrative reality in the national customs, and therefore less acceptable and almost certainly less effective and efficient.

At the same time, German interviewees did not necessarily agree that these developments had improved the import processes in Germany as such. There was a sense that Germany had well-functioning systems and processes (including in areas such as risk management and simplified procedures) before the latest innovations at EU level were introduced. Hence, **the main change was seen not as more effective, but as more harmonised processes**. To be clear: interviewees did not question the rationale behind or the need for the new EU rules and processes or their uniform implementation across the entire customs union; in fact they unanimously welcomed them. But they did not necessarily feel that the way in which the German customs manage the import processes had been significantly improved as a result; rather, they had been (and are continuing to be) adapted to a new legal framework.

Thus, based on the German experience alone, it is difficult to argue that due to C2013 (and its support for the implementation of new safety and security and other rules affecting import processes), customs now work in a way that is more conducive to achieving the objectives of ensuring safety and security, safeguarding the EU's financial interests, and/or facilitating trade. The innovations discussed in this report certainly represent **steps in the right direction**, and in time **may lead to more**

**significant benefits.** However, they do not appear to represent a sea change in terms of the effectiveness of import processes as carried out by and with the German customs – although they do of course represent very significant process in terms of harmonised implementation of EU customs law, and thus contribute to a level playing field and national customs acting as if they were one, which in turn can only have a positive (albeit indirect) effect on the objectives mentioned above.

The interviews brought to light a broad consensus among German customs officials who were involved with the relevant processes in some way or another that, without the support from the C2013 programme, the implementation of these new rules would have been very difficult, as well as less uniform, potentially disruptive, divisive, costly, and time-consuming for all involved. The programme was repeatedly described as an **essential facilitator of progress** with a high added value, especially in times where the legal framework for EU customs has changed significantly, and will undoubtedly change further in the years to come. The data exchange via the IT systems is an essential precondition, while the personal contact between officials from different Member States through joint actions is a “soft” factor whose value is difficult to overestimate.

### 3.2 Potential suggestions for improvement

Since the feedback on the programme was so overwhelmingly positive, few areas for improvements could be identified. Interviewees did notice that significant challenges still remain to be overcome, due to the ambitious and far-reaching nature of the legal framework, including the recast Union Customs Code, which are due to be fully implemented by 2020.

As regards risk management, it was felt that this could be significantly improved with more useful information in the entry summary declarations (in particular CN codes to complement the product description), but this would require changing the legal requirements, and does not concern the programme as such. There was also some concern around what was perceived as Commission plans to move towards centralised security risk analysis; German interviewees tended to be sceptical this is necessary.

A couple of interviewees suggested that the awareness among customs officials (in particular those working at the ‘front line’- the third level in Germany) should be raised further, in order to motivate more of them to take advantage of the opportunities provided, in particular working visits to other Member States.

On the other hand, a few interviewees (and in particular the NCP) reiterated German concerns that the number of activities under the programme seems to have grown significantly in recent years, and as a result, it is becoming harder to have an overall view and understand exactly what is going on, and who is involved in which joint actions. While it was felt that this is partly an inevitable consequence of the growing complexity of the issues the programme has to tackle, there was also a sense that there may be a need to begin to focus and prioritise to a greater extent. It was questioned whether certain project groups needed to continue indefinitely, and more and more sub-groups created under others. In view of the scarce human resources, Germany reportedly is forced to be increasingly strategic about what it chooses to participate in.



## Annex 8 – Case study Hungary

### 1 Introduction

#### 1.1 Purpose of the case study and overview of the methodology

The aim of this case study is to help understand the dynamic between the Customs 2013 programme (C2013) and the work of the Hungarian customs authority. Many factors affect the ability to execute customs processes and the programme influences them differently, to varying degrees. Some factors, like national resources, are completely outside the scope of the programme, whereas others, like the provision of IT systems, are interwoven with it.

When deconstructing the complex relationships between activities financed through C2013 and national actions, we focused on the following aspects:

- The import of goods in the EU and related customs processes;
- The IT systems and related joint actions funded through C2013;
- The C2013 objectives of:
  - Protecting the financial interests of the EU
  - Promoting safety and security
  - Facilitating trade.

For the case study, we undertook a field visit to Budapest (from 26 to 28 March 2014), supplemented with desk research. During the field visit, we conducted in-depth interviews with 13 customs officials, each responsible for specific customs processes or IT systems.

This report elaborates on the key findings from the field visit with a view to: 1) demonstrate how the C2013 activities have supported the Hungarian customs authority and 2) to highlight areas where that support could be improved in the next programming period.

#### 1.2 Background on the customs landscape of the country

Due to its geographical location, Hungary functions as an important gateway to Western Europe. To increase the practical level of co-ordination between countries at the external frontier of the EU, a number of working-groups have been established. Since 2005, Hungary actively participates in the so-called land-frontier group, where twelve countries are represented, among them Austria, Finland and Slovakia. Within this working-group, customs experts and managers are meeting regularly to exchange information and best practices.

The customs processes in Hungary are managed by the National Tax and Customs Administration (NTCA). The mission of the NTCA is to collect tax payments, combat economic crime and to provide efficient customs services. The NTCA employs 22 500 officials and it is structured around: 1) a central office, 2) regional directorates and 3) local administrations. During our field visit, we met representatives from all of these levels.

The NTCA was established in January 2011, through a merge between the Tax and Financial Control Administration and the Hungarian Customs and Finance Guard. This re-organisation has been complex, as well as time-consuming, and it has affected the implementation of C2013 negatively by making it more difficult to devote human resources to the programme.

## 2 Report on the C2013's contributions to import processes

In the context of this case study, import refers to the process of bringing goods from non-EU countries into the territory of the EU. The import process can be divided into three main steps, namely pre-clearance, clearance and post clearance:

- **Pre-clearance:** Pre-clearance is the process by which carriers of goods notify customs authorities of the arrival of goods, so that potential security risks can be identified and dangerous goods stopped from entering the EU.
- **Clearance:** Clearance is the main customs process for imports. Once goods are presented at the customs office of import, the authorities check documentation, conduct any necessary controls, calculate and notify economic operators of duties to be paid and ultimately release goods to be imported into the territory of the EU.
- **Post-clearance:** Post-clearance audits and controls take place after the goods have been released from the customs office. Such controls, which can include inspections of documents and data on the operations of economic operators, are aimed at ascertaining the accuracy of customs declarations and putting in place any necessary remedial measures, like fines.

In this chapter, our purpose is to describe how, and to what extent, C2013 has affected the customs processes in Hungary. The analysis will consider all the steps above and it will focus on IT-systems, as well as on joint actions.

Our overall conclusion is that the Customs 2013 programme has played an important role in strengthening the Hungarian customs processes; without the programme, the customs officials would not be able to adequately carry out their day-to-day assignments. The Customs Programme has led to a higher degree of automation, for example by introducing the NCTS, thereby contributing to more efficient working processes. The C2013 has also facilitated cross-country cooperation and information exchange through development of common IT-systems and working practices.

At a more detailed level, we understand that the Customs Programme has enabled the Hungarian officials to differentiate between different traders, electronically monitor the transit process, control whether a cargo has arrived on time and carry out risk analyses at the pre-arrival stage. These developments are further described below.

Before presenting our analysis of how the Customs Programme has contributed to the different phases of the import process, it should be mentioned that DG TAXUD received a lot of praise during the case study. In general, the interviewees emphasised that DG TAXUD is very competent, flexible and easy to cooperate with.

### 2.1 Pre-clearance

#### 2.1.1 Purpose and summary

Pre-clearance refers to a process where carriers of goods notify customs authorities of the imminent arrival of goods, so that potential security risks can be identified. In practical terms, pre-clearance entails: 1) the lodging of a pre-arrival declaration, 2) its assessment by customs authorities and 3) controls targeted at potentially dangerous goods.

Carriers of goods are required to provide advance cargo information about all consignments entering the EU. This information should be provided up to 24 hours before arrival, depending on the type of transport, and is to be submitted via an electronic document called the Entry Summary Declaration (ENS). Entry Summary

Declarations are standardised at European level and contain data on the economic operators, countries and goods involved.

### 2.1.2 Contribution of Customs 2013 IT systems

Once the Entry Summary Declaration is submitted, the pre-clearance procedure starts by several automatic checks. In this section, we elaborate on the contribution to this process by three IT systems, all founded by the Customs 2013 programme. These systems are:

- The Import Control System
- The Economic Operators' System
- The Community Risk Management System

#### *The Import Control System*

The Import Control System (ICS) is the central IT application for processing Entry Summary Declarations in the EU. ICS was introduced in July 2009 and it has been fully operational since January 2011. From the interviews, we understand that ICS has strengthened the pre-clearance procedure in two main ways:

1. **Common risk analysis:** The ICS has harmonised the lodging of import information in all Member States, thereby providing a common basis for the risk analysis of all goods entering the EU (based on a minimum level of protection).
2. **Cooperation between Member States:** The ICS has contributed significantly to the cooperation between EU Member States, as it allows them to exchange import-related information faster and to cooperate more efficiently.

While the primary purpose of ICS is to enhance security and safety, economic operators have also benefitted from the system. As a result of ICS, they only have to submit information once and the required level of information is the same across all Member States.

### 2.1.3 Economic Operators Systems

The economic Operators Systems (EOS) include two systems, namely 1) the Economic Operator Identification and Registration system (EORI), which is the central system for the registration and identification of economic operators in the EU and 2) the Authorised Economic Operators system (AEO), which facilitates the management of AEO applications.

In Hungary, the EOS systems are used at various points during the pre-clearance procedure, e.g. when submitting Entry Summary Declarations, when notifying the arrival of goods and when submitting summary declarations for temporary storage. During our field visit, we were told that the EOS enables the officials to distinguish between different traders. We were also told that this initial screening facilitates efficient working processes. In other words, it makes more sense to carry out a larger proportion of controls in those cases where economic operators are not providing supplementary information and not subjecting themselves to periodic audits.

### 2.1.4 The Community Risk Management System

The Community Risk Management System (CRMS) was designed to facilitate a rapid and secure exchange of information between EU Member States and the European Commission. The Risk Management System consists of two main elements:

- 1 **Common risk profiles:** Common risk profiles are used for the analysis of all goods entering the EU, thereby ensuring a minimum level of control across all

Member States. The risk profiles reflect the Common Priority Control Areas (CPCA).

- 2 **Risk Information Forms:** CRMS is used to exchange risk information to support the targeting of consignments for customs controls via Risk Information Forms (RIF).

During our interviews, the Hungarian officials explained that the CRMS plays an important role in the pre-clearance procedure. They also stressed that the system is adequately designed. Some concerns were, however, voiced over the day-to-day implementation. More specifically, it was emphasised that different Member States provide the CRMS with varying degrees of information, which has a negative effect on the quality of data. During our case study, it was emphasised that some Member States issue around 150 messages per year, while others issue less than 15.

### 2.1.1 Contribution of Customs 2013 joint actions

We aim to assess the contribution of the Customs programme by analysing IT systems, as well as joint actions. In the previous section, we presented our positive assessment of the IT-systems related to the pre-clearance processes. In this section, we briefly describe our analysis of the associated joint actions and, once again, our overall judgement is positive.

The Hungarian officials repeatedly emphasised the value provided by the joint actions. In general, the activities were considered as relevant, useful and well-designed in relation to the IT-systems, developed by the programme. In regard to the pre-clearance stage, the interviewees stressed the importance of, inter alia, the land-frontier group, the CRMS-network and the preparatory project group on common risk criteria. To summarise, the contribution of the joint actions were expressed as follows:

- They provide a platform for discussions about common problems
- They make it easier to understand the political agenda and the EU-legislation
- They help officials to create networks and build relationships
- They facilitate cross-country learning and development

Moreover, the interviewees stressed that the joint actions have played an important role in the implementation of the IT-systems, through training sessions, working visits and high level meetings, such as the one in 2013-seminar in Dublin. During the case study, the respondents also mentioned that the joint actions cover basic levels, as well as the decision-maker level, and that this, multi-level approach, has contributed to a widespread development, covering both policies and day-to-day processes.

## 2.2 Clearance

### 2.2.1 Purpose and summary

Clearance is the main customs process and it can be defined as "*the documented permission to pass that the national customs authority grants to the imported goods*".<sup>125</sup> More specifically, the clearance step refers to the process by which national authorities check documentation, conduct any necessary controls, calculate and notify economic operators of duties to be paid and ultimately release goods to be imported into the territory of the EU.

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<sup>125</sup> Source: [http://ec.europa.eu/taxation\\_customs](http://ec.europa.eu/taxation_customs).

### 2.2.2 Contribution of Customs 2013 IT systems

There are a number of IT systems involved in the clearance procedure, both at national and EU level. In this section, we devote attention to relevant systems that are financed through the C2013 programme. These systems are: ICS, NCTS EOS, CRMS, TARIC and QUOTA.

Before presenting some of the clearance-systems in detail, we will give a short overview of those systems that were described above, in relation to the pre-clearance process, i.e. ICS, EOS and CRMS. Have their contribution been equally positive during the clearance stage?

According to our interviewees, the ICS is a crucial instrument in the customs operations and it supports pre-clearance, as well as clearance. Moreover, the EOS provides the Hungarian authorities with access to data on economic operators, which facilitates risk management; information on economic operators and their history in customs operations may, for example, lead to extra controls before releasing the goods. Finally, the CRMS contributes to the clearance procedure by allowing customs officials to better target their controls.

#### *New Computerised Transit System*

The New Computerised Transit System (NCTS) supports the movement of goods between two or more different Member States. It allows for the temporary suspension of duties, taxes and commercial policy measures that are applicable at import, so that customs clearance formalities can take place in the country of destination, rather than at the point of entry.

The Hungarian officials described the NCTS as being very important to the clearance procedure. To exemplify, the system makes it possible for customs authorities to physically check the exit of all goods. Having replaced an outdated and paper-based system, the NCTS also facilitates a more rapid exchange of information between different Member States.

Although the NCTS has contributed to more efficient clearance processes, its impact could be strengthened by a closer link to other IT systems; the NCTS and ICS is, for instance, not connected at all. The transit system was, moreover, implemented during 2003. This means that the value provided by the NCTS is related to C2007, rather than to C2013.

### 2.2.3 EU data management systems

In the area of data management, the Customs 2013 programme has supported two IT systems, namely Taric and Quota. Taric integrates all measures related to EU customs tariff, commercial and agricultural legislation, whereas the Quota system provides national authorities, as well as the business community, with regular quota updates.

The Hungarian officials were generally very positive to Taric and Quota. In particular, they indicated that these systems contributed to a harmonised application of EU legislation in the area of tariffs. Additionally, they mentioned that both systems were user-friendly and easy to operate and thus provided the Hungarian authorities with quick and up to date information. The data management systems have been modernised under the C2013, but like the NCTS, they were implemented already during the Customs 2007 programme.

### 2.2.4 Contribution of Customs 2013 joint actions

As described above, C2013 has contributed to the development of several IT systems within the clearance procedure. In order to gain maximum impact from these systems, it is important to design relevant joint actions. It is, for example, difficult to implement

new systems nationally if you lack an adequate understanding of those systems in the first place.

According to the interviewees, the implementation process has been strongly facilitated by joint actions such as seminars, training sessions, network meetings and working visits. The Hungarian officials also stressed the value of arranging activities on a variety of levels. The joint actions target individual officials, national experts and decision makers. Thereby, they contribute to a wide-spread development, covering strategies, as well as daily operations.

### 2.3 Post-clearance

Once goods are cleared, national authorities have the right to carry out post-clearance audits to ascertain the accuracy of the declarations, for example inspections of documents and data relating to the operations of the goods, or to prior or subsequent commercial operations involving those goods. In some cases, authorities may decide to examine the goods and / or to take samples. If irregularities are detected, the post-clearance process can also involve law enforcement measures such as imposing fines or initiating criminal proceedings.

As mentioned previously, our evaluation of the C2013 is based on a contribution analysis. This means that we are assessing the plausible impact of the programme by examining its logic, activities and priorities. Within this framework, a necessary condition for achieving overall results concerns the presence of action. To put it very simply, if you want to affect the post-clearance procedure, then you have to carry out post-clearance activities.

During our field visit, the message was clear: the C2013 has, to a small extent, focused on the post-clearance process and consequently, the programme is expected to have a limited impact in this regard. The officials also stated that post-clearance controls are gaining an increased importance in Hungary, which should be reflected in future programme activities.

## 3 Conclusions

Our overall assessment is that the Customs 2013 programme has played an important role in strengthening the Hungarian customs processes. At a more detailed level, we argue that:

- 1) **The IT development corresponds to existing needs:** The development of new systems, which facilitate a better information exchange, is a crucial element within efficient customs processes. A customs union requires uniformity and such uniformity is adequately supported by the development of common IT-systems.
- 2) **The joint actions have been well-designed:** To implement a variety of systems on a national basis, within a newly established agency (Section 1.2), is a challenging task. According to the interviewees, this process has been facilitated by joint actions such as seminars, training sessions, network meetings and working visits.
- 3) **The contribution varies between different systems and processes:** The Customs programme has strengthened pre-clearance and clearance procedures in Hungary, but it has been less successful in contributing to post-clearance controls. Moreover, the C2013 played an important role in developing e.g. ICS and CRMS, whereas the data management systems and the NCTS were developed already under C2007.

Taken together, the interviewees repeatedly emphasised that without the Customs 2013 programme, they would not be able to carry out their work efficiently. It is therefore likely that the programme has contributed to its overall objectives in Hungary. These objectives are: 1) to protect financial interests, 2) to promote security and safety and 3) to facilitate trade.

In terms of programme development, the Hungarian officials primarily stressed aspects related to the IT landscape and the marginal returns of investment. Firstly, the IT systems are initiated at both the EU and national level; some systems are financed through C2013, whereas others are based on national needs. This dual development process has created a complex IT landscape, where 30 different systems are operating simultaneously.

Secondly, the field visit showed that C2013 effectively responded to the Hungarian needs. This means that the current focus of the programme has been relevant, but also that a similar focus onwards faces the risk of repetition and decreasing marginal returns, especially since some systems were developed already under C2007. When processing this evaluation, we therefore suggest that strategic discussions should be held between key stakeholders at the European and national level. How can the value of future actions be maximised? Is it still relevant to finance common IT systems? Should the programme activities continue to primarily focus on the pre-clearance and clearance processes?



## Annex 9 – Case study The Netherlands

### 1 Introduction

#### 1.1 Purpose of the case study and overview of the methodology

This case study aims to help understand the dynamic between the Customs 2013 programme and the work of the Dutch customs authority. It intends to investigate *how* and *to what extent* various IT systems and joint actions funded by the programme contributed to the authority's day-to-day activities related to import processes.

In order to do so, we visited the Dutch customs authority in Rotterdam (between 27 January and 4 February) and we conducted desk research. During the field visit, we conducted in-depth interviews with ten customs officials, each responsible for specific customs processes and IT systems. The Netherlands was the first country that we visited in the context of this evaluation. Therefore, in addition to collecting the necessary data for the case study, this visit also served to fine-tune the methodology employed for the other five case studies. For example, the information provided by the Dutch interviewees provided us with the necessary policy context and background on (the use of) the various IT systems to conduct the remaining fieldwork. Additionally, based on the findings in the Dutch case study, we updated the interview guides to ensure that we collected all the relevant information.

The remainder of this report discusses the main findings from this case study. It elaborates on the way in which C2013 activities supported the Dutch customs authority and highlights areas where this support can be improved in the next programming period.

#### 1.2 Background on the customs landscape of the country

The Netherlands is one of the most important import countries in the EU, with customs volumes far surpassing its relative population. Given its large sea and airports and the extensive infrastructure to the rest of Europe, it is by many considered as 'the gateway to Europe'. Given the large volumes of goods entering the country, The Netherlands typically has a high number of simplified procedures compared to the EU-averages. Moreover, the Dutch customs authorities rely to a large extent on the risk-based selection of controls.

The **Dutch (Tax and) Customs Administration** forms part of the Dutch Ministry of Finance. Its main task is to implement and enforce national and EU customs legislation. This includes stopping illegal goods from entering the territory, controlling potentially dangerous goods before entering the territory, and levying and collecting taxes. The Dutch administration consists of the General Directorate which is based in Rotterdam, and nine regional offices, as shown in the figure 1.<sup>126</sup> While the directorates manage the policy-level activities of the administration, the regional offices carry out the operational tasks (such as the physical control of goods).

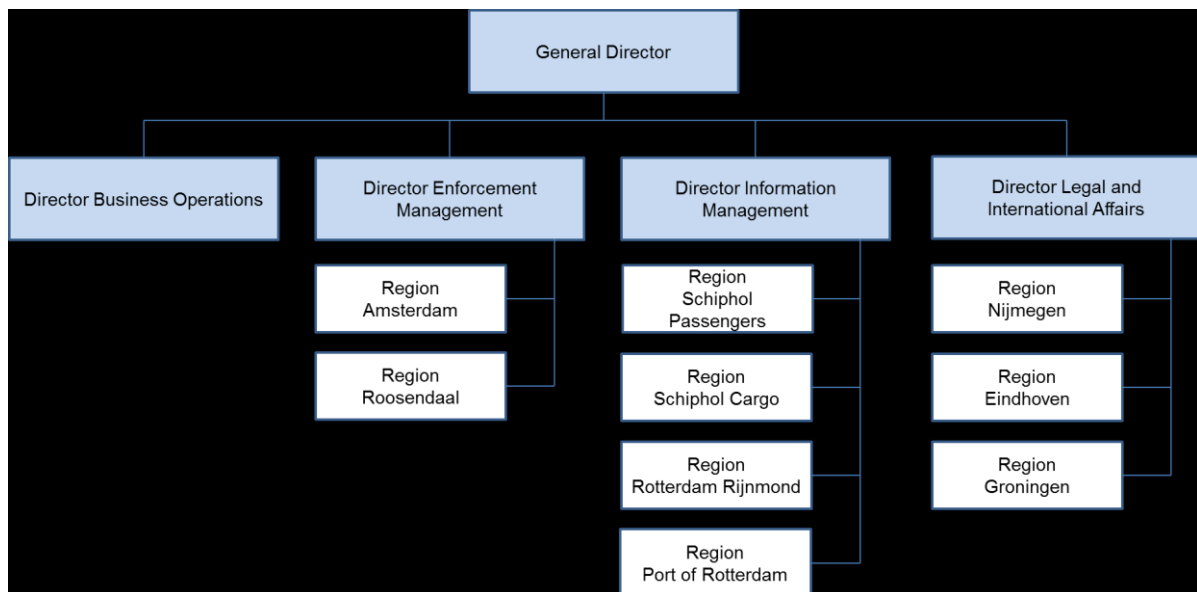
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<sup>126</sup> Source:

[http://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/standaard\\_functies/individuals/organisation/customs/customs\\_2013](http://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/standaard_functies/individuals/organisation/customs/customs_2013)



Figure 97: Organisational structure Dutch Customs Administration



The Netherlands was one of the first EU countries that started to use automated systems for its customs processes. As a consequence its **current IT infrastructure** is one of the oldest in the EU. The Dutch administration uses a large number of IT systems and applications for the lodging and processing of declarations (the most important ones are shown in table 1). Each of these systems interacts with various national and EU IT systems to determine the duties to be paid, controls to be executed, and to identify potential risks.

Table 16: Summary of relevant national IT systems and applications

National IT system	Purpose and use of the system
DMF	This is the national system used for the lodging and processing of electronic entry declarations. It interacts with the national risk analysis system (PRISMA) and the EU Import Control System (ICS).
PRISMA	This system integrates the EU and national risk profiles, and analyses the information from Entry Summary Declarations to identify any potential risks.
DPM	This system is used for overall risk analyses and serves to identify national as well as EU wide risks.
DFC	This system is used for the management of selected physical controls.
DSI	This system is used for the lodging and processing of electronic declarations for import procedures.
KIS	This system manages the registration and identification of economic operators and is connected to the EU Economic Operators Systems.

EMCS	This system manages the registration and identification of transport units (e.g. registration numbers, ship's number, container numbers, etc.).
TARIC NL	This national database integrates all measures relating to EU customs tariff, commercial and agricultural legislation (coming from TARIC EU) as well as national duties, such as VAT.
DDW	The data warehouse is used for the storage of data.
DAR	This system is used for the archiving of data.

Source: Information provided by the Dutch Customs Administration, February 2014.

In the next sections, we describe in more depth how the C2013 funded IT systems and joint actions contributed to customs processes in The Netherlands.

## 2 Report on the C2013's contributions to import processes

In the context of this evaluation, we divided the import process into three main steps, namely pre-clearance, clearance, and post clearance:

- **Pre-clearance:** Pre-clearance is the process by which carriers of goods notify customs authorities of the arrival of goods, so that potential security risks can be identified and dangerous goods stopped from entering the EU. Considering the large volumes of goods entering the EU via The Netherlands, the pre-clearance process is of particular relevance to this case study.
- **Clearance:** Clearance is the main customs process for imports. Once goods are presented at the customs office of import, the authorities check documentation, conduct any necessary controls, calculate and notify economic operators of duties to be paid, and ultimately release goods to be imported into the territory of the EU. It should be noted that many of the goods entering The Netherlands fall under the transit procedure (meaning that they are destined for import in another EU Member State). In those cases, the clearance process is completed by the customs authority of the country of destination.
- **Post-clearance:** Post-clearance audits and controls may take place after the goods have been released from the customs office. Such controls (which can for example include inspections of documents and data on the operations) are aimed at ascertaining the accuracy of customs declarations and putting in place any necessary remedial measures, like fines.

It should be noted that the separation of the import process in these three steps is somewhat artificial, and several of the issues discussed in this report are relevant to more than one of these processes (e.g. risk management and economic operators' management, etc.). Also, the exact nature and duration of the import processes depend on the type and origin of the goods, the economic operators involved, and the intended use of the goods (e.g. free circulation, temporary admission, inward or outward processing).

### 2.1 Pre-clearance

#### 2.1.1 Purpose and summary

Pre-clearance is the first process to be completed when importing goods. It is the process by which carriers notify the Dutch customs authorities of the imminent arrival of goods. The pre-clearance process primarily serves to facilitate customs offices to identify potential security risks in advance, so that dangerous goods can be stopped

before entering the EU. The pre-clearance procedure entails 1) the lodging of a pre-arrival declaration, 2) its assessment by the customs authorities, and 3) controls targeted at those goods that were identified as potentially dangerous.

In practical terms, carriers (or their representatives) are required to provide advance cargo information about consignments entering The Netherlands. This information should be provided up to 24 hours before the arrival of the goods, depending on the means of transport. For example, containerised maritime cargo entering the port of Rotterdam is to be lodged 24 hours in advance<sup>127</sup>, while goods entering via Schiphol airport are to be lodged four hours in advance.<sup>128</sup> The information is submitted via Entry Summary Declarations (ENS) to the office of first entry. In the Netherlands, the Regional Office Customs Rotterdam Port processes the ENS for entry by sea and the Regional Office Customs Schiphol Cargo processes the ENS for entry by air.<sup>129</sup> Entry Summary Declarations are standardised at European level and contain data on the economic operators, countries and goods involved.

The information provided through the ENS is used by the Dutch customs office to identify potential risks. This check is performed automatically based on national and EU risk profiles. The risk analysis has two potential outcomes: either no risk was identified and the goods proceed to the clearance procedure *or* a potential risk was identified and further actions have to be undertaken depending on the type of risk identified (as described in section 2.1.2.3).

### 2.1.2 Contribution of Customs 2013 IT systems

The pre-clearance process primarily intends to ensure security and safety by risk analysing goods *before* they enter the EU territory. There are several IT systems funded by the programme that support this process, namely: the Import Control System (ICS), the Economic Operators Systems (EOS), and the Community Risk Management System (CRMS). Each of these are described separately in the sections below.

#### *The Import Control System*

The Import Control System (ICS) is the central application used for the lodging and processing of all Entry Summary Declarations. The system also facilitates the exchange of entry information between national customs administration, between administrations and economic operators, and with the European Commission.

Dutch customs officials felt that the introduction of ICS was an important contribution of the C2013 programme. It was first introduced in July 2009 and has been fully operational since January 2011. Given the complexity of the IT infrastructure in The Netherlands, one interviewee explained that implementing ICS was a complicated task for the IT departments involved. The system was implemented in three distinct phases, each connecting specific elements of ICS to the existing infrastructure.

In terms of the results of ICS, Dutch officials explained that the system mainly contributes to the programme's objective of enhancing **security and safety** in the EU. It does so in two ways:

<sup>127</sup> This does not include short sea containerised shipping, which is to be lodged two hours in advance.

<sup>128</sup> This only applies to long haul flights. Short haul flights are to be lodged at the time the flight departs at the latest.

<sup>129</sup>

Source:

[http://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/customs/entry/process\\_steps\\_in\\_customs\\_manifest\\_customs\\_entry/entry\\_summary\\_declaration/entry\\_summary\\_declaration\\_ens](http://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/customs/entry/process_steps_in_customs_manifest_customs_entry/entry_summary_declaration/entry_summary_declaration_ens).

1. The system introduced the **mandatory use of EU risk profiles** (in addition to national risk profiles) when analysing incoming goods and identifying potential risks. The interviewees explained that the fact that the customs offices had details about goods at an early stage (before arrival) made it possible to select high-risk shipments in a timely manner. This contributed to a faster and more efficient selection and control process.
2. Second, ICS created a '**common domain**', which facilitated the exchange of entry information between the Dutch authorities and customs authorities in other EU Member States, and with the European Commission.

### *Economic Operators Systems*

The Economic Operators Systems (EOS) include two central systems, namely 1) the Economic Operator Identification and Registration system (EORI), which is the central system for the registration and identification of economic operators in the EU, and 2) the Authorised Economic Operators system (AEO), which facilitates the central management of AEO applications and certificates.

Dutch interviewees explained that the EOS systems are linked to the national system for the registration and identification of economic operators (KIS). The systems complement each other in that the national system contains *more detailed information* about the economic operators based in The Netherlands, and EORI and AEO contain information about *foreign companies that are not registered in the national system*. The interviewees indicated that given that The Netherlands is a transit country and thus deals with a lot of foreign companies, the EOS systems are of high importance to the Dutch administration.

The interviewees explained that the EOS systems' main contribution relates to the **exchange of information** at European level. This was considered especially important in relation to the AEO certificates. The large volumes of trade entering the country every day make the risk analysis and intelligent targeting of controls especially important for this administration. The officials explained that information about companies holding an AEO status in other Member States constituted an important consideration in the decision on whether or not to carry out controls.

In addition to the strengthening of **security and safety** in the EU, the interviewees also pointed to the additional **benefits for traders** with an AEO status. It was explained that these economic operators faced fewer controls. Moreover, when there was a control planned, operators were informed of this in advance and they were allowed to request for the control to take place at a different time or location. This contributed to limiting time delays and inconvenience for the controlled operators.

In the words of one interviewee:

*"Companies with AEO status are a lower risk category and will have fewer physical controls, a right to priority controls, and they can request controls to take place at a different location or time. [...]. When a company is trusted by one Member State, it might also be for another country".*

When asked what would be different without the EOS systems, Dutch interviewees explained that they would have to send formal requests to the other Member States for information on given companies. This process would take substantially more time. Thus, the fact that the EOS systems enabled the Dutch authorities to identify economic operators quickly enhanced the efficiency and effectiveness of the pre-clearance risk analysis.

Despite the overall positive feedback on the EOS systems, interviewees pointed to a couple of (bigger and smaller) **areas for improvements**. The most important issue was that a significant number of companies held multiple EORI numbers (obtained in

different Member States). According to the interviewees, this problem should be addressed at European level according to the interviewees, as it set back the primary purpose of the EORI-number. Smaller **operational issues** with the EOS systems included:

- **Incorrect AEO certificates:** Interviewees indicated that when the Dutch authorities noticed that a company holds an AEO status in a country while not fulfilling the criteria, it was hard to communicate this to the relevant Member State in the EOS systems.
- **Size of fields in the system:** A few interviewees noted that there had been an issue of having insufficient room in the electronic fields in the system to fill in the necessary information.
- **The search function:** One interviewee mentioned that searching for withdrawals of applications was difficult, as the user had to fill in the date of the withdrawal while that was usually exactly the information he/she was looking for.

Nevertheless, the interviewees indicated that Member States and the Commission were in frequent contact about these operational issues, and that over the last couple of years the systems had already improved significantly.

#### *The Community Risk Management System*

The Community Risk Management System (CRMS) was set up to facilitate the rapid and secure exchange of risk information between EU Member States and the European Commission. The system consists of two main elements:

- 1) **Common risk profiles:** Common risk profiles are used for the advance risks analysis of all goods entering the EU (in this case via The Netherlands), and to ensure a minimum level of control across all Member States. These risk profiles are based EU-wide risks and also reflect the Common Priority Control Areas (CPCA).
- 2) **Risk Information Forms:** CRMS is used to exchange risk information to support the targeting of consignments for customs controls via Risk Information Forms (RIF).

In the Dutch context, the common risk profiles are integrated in the national risk system called "PRISMA". This information is then used for the **advance risk analysis** of the entry summary declarations and the summary declaration for temporary storage entered in ICS. It should be noted that the analysis in the national system (PRISMA) not only relates to security and safety, but also to potential risks related to health, the economy, and the environment. Following the risk analysis, the relevant customs office can select shipments for inspection.

Interviewees explained that if potential risks are identified, the advance risk analysis can result in three scenarios, namely:

1. An inspection at the port of arrival (i.e. by the customs office of entry);
2. An inspection at the port of unloading (i.e. by the customs office of import); or
3. A do-not-load advice (this advice can only be given for containers for which the entry summary declaration has to be filed at least 24 hours before the loading at the port of departure).

CRMS was seen as a very important IT system funded by the programme. One interviewee stated that *"it is invaluable to have a system where you can exchange*

information and a common platform to implement the [risk] framework". One of the CRMS' main contributions related to the fact that the advance security risk analysis was based on a single set of EU risk profiles, thereby establishing a **minimum level of advance risk analysis** in the Union. Member States were free to add any other risk profiles to this minimum level of scrutiny.

Another important contribution of CRMS related to the **exchange of information between EU Member States**. The Risk Information Forms (RIFs) significantly contributed timely exchange of information on potentially risky goods. The Dutch interviewees explained that the RIFs represented the main channel through which the national administrations could forward risk information on consignments to the subsequent seaports and airports in other Member States. One official for example noted that if they received a relevant risk warning from another country (e.g. Germany or Belgium), this information would immediately translated into a risk profile in the national system. There was no quantitative information available however on the proportion of risk profiles that were created based on RIFs.

Despite the positive contributions of CRMS to the risk management process, interviewees also pointed to a couple of issues that limited the effectiveness of the system. For example, they felt that one of the main weaknesses of the system was that it was **not automatically linked with ICS**. It was argued that the system could work in a much more efficient way if information entered into ICS was automatically checked using the EU risk profiles.

Some other issues related to the fact that CRMS was developed quite a long time ago. While there had been several updates since then, the interviewees felt that the **system still needed to be improved in terms of its communication applications**. For example, it was explained that the secured emails were not linked to people's regular email accounts, which meant that officials had to check two separate email accounts. Also, the system did not have any video or desktop conferencing facilities. As a consequence, officials often felt that there were easier ways of communicating with other Member States (e.g. by directly emailing or phoning them). This was considered an important problem as it contradicted the purpose of what CRMS was originally set out to do (namely facilitating the exchange of information).

### 2.1.3 Contribution of Customs 2013 joint actions

The Dutch customs administration was the biggest user of C2013 joint actions. During the field visit, the interviewees explained that the administration takes participation in these joint actions very seriously. To coordinate the participation in the joint actions, the Dutch administration reviewed the relevant joint actions on a regular basis. All officials participating in the actions were obliged to inform the managers about the upcoming meeting (and the Dutch position to be presented) and to report back on the main issues discussed afterwards.

Almost all interviewees emphasised the importance of the joint actions. While the added value of these actions varied to some extent, interviewees generally indicated that the joint actions were indeed very important to the functioning of the Customs Union. Interviewees explained that while participation in the actions involved (sometimes substantial) staff time, it was seen as **absolutely necessary to ensuring cooperation** with the other Member States, and thus to act as if they were one single administration.

The Dutch interviewees mentioned various specific joint actions that were relevant to the pre-clearance procedure. While most of these related to specific issues (e.g. risk and economic operators management), a number of interviewees also referred to the **Electronic Customs Group (ECG)** as an important joint action more generally. The ECG is a steering group that was created to coordinate the overall planning and implementation of legal, procedural, and operational aspects related to electronic

customs. It also addresses the functional and technical specifications of the automated systems. One interviewee explained that in the context of ICS for example, a number of ECG ICS meetings were held to discuss problems related to the development and implementation of this system.

#### *Joint actions on risk management*

Interviewees identified a number of joint actions that supported the ICS and CRMS systems, but also the pre-clearance process more generally. The Dutch officials explained that while risk management was quite well arranged in most Member States, it was very important to **build trust, cooperate, and exchange information between countries**. The relevant joint actions that contributed to risk management included:

- **Seminar Richmond – 1st ICS and CRMS Evaluation Workshop:** Several interviewees referred to a seminar that was held in Richmond in October 2011. The purpose of the seminar was to evaluate the implementation of ICS and common risk rules, the effectiveness of the business processes and the associated IT systems, the quality of the data, and the exchange of information between Member States. The seminar was considered to be very useful as it helped to identify the shortcomings of the risk management and related IT systems (ICS) and constituted the first steps towards further improving the ICS system in the future. While interviewees noted that many of the improvements were still to take place in the next months / years, they were confident that the seminar would ultimately lead to a better functioning of ICS going forward.
- **Project group on CRMS:** One interviewee mentioned the usefulness of the project group on the CRMS that he/she participated in. It was explained that the project group was set up to develop guidelines on how and when to use the CRMS system, and to stimulate the communication between Member States. The interviewee felt that the project group contributed to a common understanding of the importance of exchanging information at the European level to improve risk management in the EU.
- **Contact Group of Northern Ports (RALFH):** In order to increase the practical cooperation between customs offices, a contact group consisting of the biggest ports<sup>130</sup> in the EU was first established under C2002 and continued under the C2007 and C2013 programmes. The main aim of the group is to exchange information, compare working methods, jointly address issues and organise common actions related mainly to customs controls and risk management. The interviewee mentioning this contact group emphasised the usefulness of keeping in frequent contact with the other main ports in Europe. Moreover, he/she indicated that the contact group contributed to developing a common point of view on how to handle processes and legislation.

One interviewee also mentioned the **Trade Contact Group**. While this group was formally not part of (or financed by) the C2013 programme, members of this group were occasionally invited to participate in specific C2013 actions. The official explained that the Trade Contact Group was useful as it provided an important platform to liaise with the trade community in relation to customs issues on a regular basis.

#### *Joint actions on trader management*

While the Dutch customs officials indicated that the C2013 joint actions were indeed useful to the management of economic operators, they only mentioned one concrete joint action in this field, namely the **AEO Network Meetings**. The interviewees

<sup>130</sup> This contact group is comprised of representatives from the ports of Rotterdam (Netherlands), Antwerp (Belgium), Le Havre (France), Felixstowe (United Kingdom), Hamburg (Germany), Szczecin (Poland), Leixoes (Portugal) and Bilbao (Spain).

explained that these meetings provided the opportunity to discuss potential changes to the system and to exchange best practices in relation to its practical implementation. Moreover, the interviewee explained that the risk discussions in other joint actions were also used as input in the AEO network meetings.

#### 2.1.4 Role of national factors

When asked about the national factors that interacted with the (effectiveness of) the programme, a number of officials pointed to the **Dutch customs IT infrastructure**. It was explained that The Netherlands was one of the first countries to automate customs processes, and as a consequence its IT infrastructure was considerably more aged and complicated than those in the newer Member States. Introducing a completely new system would be nearly impossible given the incredibly large volumes entering the country on a daily basis. The interviewees explained that making all the national systems and applications compatible with the EU systems and specifications was often a challenging and costly exercise.

Another issue that was mentioned by a couple of interviewees was the national **legal framework on data sharing**. The interviewees explained that national legislation does not always allow the Dutch customs authority to share information with other Member States (e.g. information on criminal offences). The interviewees indicated that this was an issue that could not be overcome by community law (or the Customs Programme). Moreover, it should be noted that this was a more general problem in the area of Justice and Home Affairs, which is encountered by all Member States and does not only apply to customs issues.

Lastly, a few interviewees mentioned the availability of **financial resources**. While the Dutch administration was indeed the biggest participant in joint actions, the interviewees explained that they had to be strategic about which joint actions to participate in (and which not). In relation to this, it was emphasised that the financial support from C2013 was seen as very important.

## 2.2 Clearance

### 2.2.1 Purpose and summary

Customs clearance is the process by which national authorities check documentation, conduct any necessary controls<sup>131</sup>, calculate and notify economic operators of duties to be paid, and ultimately release goods to be imported into the territory of the EU. It builds on the initial risk analysis conducted as part of the pre-clearance process.

The previous section explained that in the pre-clearance procedure, carriers are obliged to submit Entry Summary Declarations for incoming goods to the *customs office of entry*. Subsequently, in the clearance procedure, economic operators are responsible for submitting a "Customs Declaration" or in some cases a "Summary Declaration for Temporary Storage" to the *customs office of import*. Such a Customs Declaration is used to request goods to be placed under a given customs procedure (in this case the import procedure). Economic operators may lodge these declarations in advance, but are not obliged to do so.

In The Netherlands, customs declarations are submitted in a system called "AGS/Sagitta Import" (or in the case of transit a system called "Transit"). Once a customs declaration is submitted, the initial entry procedure (including the summary declaration) is automatically 'written-off', which means that goods proceed from pre-clearance to the clearance procedure. The goods are released for free circulation (or temporary storage) once all the necessary documentary and physical checks are

<sup>131</sup> Customs controls may for example consist of examining goods, taking samples, verifying declaration data and the existence and authenticity of documents, and inspecting means of transport.



conducted and the duties are calculated and notified. The date of acceptance is also taken into account for calculating any import and excise duties, and VAT.

### 2.2.2 Contribution of Customs 2013 IT systems

There are a number of (national and central) IT systems involved in the clearance procedure, some of which were already discussed in the previous section. This section elaborates on the way in which the IT systems financed by the C2013 programme contributed to the clearance procedure in The Netherlands.

#### *Economic Operators Systems*

When goods are presented at the office of import, the Economic Operators Systems are used to identify the economic operator and to check whether or not this operator has AEO status (and thus is entitled to any simplified procedures). As mentioned in section 2.1.2.2, the overall feedback on the EOS systems from the Dutch customs officials was positive. The Economic Operators Systems were of particular importance to the Dutch customs administration, considering that it dealt with a lot of foreign companies that were not registered in the national IT systems.

Similar to the pre-clearance procedure, the main benefit of the EOS systems was that it provided the Dutch authorities with **easy and reliable access to data** on economic operators. The interviewees explained that this way the systems contributed to **risk management** in the clearance procedure. For example, information on the economic operators and their history in customs operations may lead to *extra controls* before releasing the goods. In contrast, information contained in the AEO system may lead to *fewer controls* for certain 'trusted' economic operators. As mentioned in section 2.1.2.2, the AEO system also **facilitated trade**, in that it helped customs authorities to target the risky consignments and thus led to fewer controls and better conditions of controls for 'trusted' operators.

Interviewees pointed to a couple of **areas for improvements**, the most significant being the fact that a number of companies held multiple EORI numbers (obtained in different Member States). It was argued that this was an important problem to be addressed at European level, as it contradicted the point of having 'unique' EORI-numbers. Other issues were more operational in nature, and included the need to improve the 'size of electronic fields' and the 'search function' in the systems. Nonetheless, the interviewees indicated that Member States and the Commission were in frequent contact about these operational issues, and that over the last couple of years the systems had already improved significantly.

#### *The Community Risk Management System*

In the clearance process, the Dutch customs offices collect information on the outcome of the pre-clearance risk analysis, as well as other background information, for example on the relevant economic operators. This information is used to make a final decision on the controls to be carried out once goods arrive at the border.

Distinguishing between the contributions of the CRMS in the pre-clearance and clearance procedures is a somewhat artificial exercise, as the risk analysis carried out as part of pre-clearance feeds into the clearance procedure and the final decision on whether or not to control certain goods. Therefore, the benefits of the system to the Dutch customs administration were similar to those described in section 2.1.2.3.

In summary, the Dutch officials indicated that the benefits of CRMS (to the Dutch risk processes) were twofold; 1) the common risk profiles contributed to ensuring a **minimum level of advance risk analysis** of incoming goods and 2) the system played an important role in the **exchange of information** between EU Member States. With regard to the latter, interviewees indicated that relevant risks identified in for example Germany or Belgium were translated into risk profiles in the Dutch

system. However, interviewees also pointed to the outdated communication facilities of CRMS, which incentivised customs officials to use channels other than CRMS, thereby negatively affecting the effectiveness of the system (for example because bilateral communications were not picked up by the other Member States, not systematically recorded, etc.).

#### *EU data management systems*

In the area of data management, two important systems funded by the C2013 programme were TARIC and QUOTA. Both systems support the implementation of EU legislation in various areas. **TARIC** integrates all measures relating to EU customs tariff, commercial, and agricultural legislation. By integrating and coding these measures, TARIC secures their uniform application by all Member States. It also gives economic operators a clear view of all measures to be undertaken when importing (or exporting) goods.

The **QUOTA** system manages the European tariff quotas. The system works on a 'first come, first served' basis and provides national authorities as well as the business community with updates on the quotas. The date of acceptance of the customs declarations is used when determining the allocation of quota.

In the Dutch context, the interviewees explained that updates to the system are sent by the Commission to Member States on a daily basis. The Dutch administration then integrates these updates in the national system called "TARIC NL". This national system includes the EU as well as national measures such as VAT and excise tax.

The ultimate duties to be paid are based on the customs declaration submitted in the national import system. Following a risk analysis and credibility check, the Dutch customs office may decide to carry out a documentary or physical control of goods before clearing the goods. Such controls would aim to ensure that the (value of) goods are declared correctly in the customs declaration and thus that the correct measures are applied. The date of acceptance of the customs declaration is used for the final calculating import and excise duties, and VAT.

The interviewees in The Netherlands indicated that TARIC and QUOTA were mainly relevant to the objective of **protecting the financial interests of the EU**. They explained that the systems contributed to the **consistent and harmonised application of EU legislation** across EU Member States. More specifically, the systems helped the Dutch (and other) customs offices to apply the correct financial tariffs and that the goods complied with the EU conditions (for example in the case of tariff suspensions).

Dutch officials indicated that TARIC and QUOTA were the oldest central IT systems, and therefore had been functioning well for a long time. The link with the national systems was stable, and errors were relatively rare (and normally quickly resolved by the Commission). Nevertheless, one important contribution of the C2013 Programme was the **update to the TARIC system** (TARIC 3). It was explained that the system had been significantly modernised so as to enable the increase number of TARIC codes going forward. Moreover, the update also included more operational improvements to the system, such as the increased number of characters of the electronic fields. The interviewees clarified that these operational improvements were important, as they increased the user-friendliness of the systems going forward and improved the system's ability to cope with the increasing amount of information entered into the system.

#### *New Computerised Transit System*

The New Computerised Transit System (NCTS) facilitates the transit procedure, used to facilitate the movement of goods between two or more different Member States. It allows for the temporary suspension of duties, taxes and commercial policy measures

that are applicable at import, so that customs clearance formalities can take place in the country of destination rather than at the point of entry in the customs territory.

When asked about the use of NCTS in The Netherlands, officials explained that the system was **extremely important to the transit procedure**. The interviewees explained that transit typically involves a number of Member States, and thus the cooperation between countries is of particular importance to this procedure. Given that The Netherlands is typically a transit country, NCTS made significant contributions to the processes in the Dutch customs administration. Before the introduction of NCTS, the exchange of information between customs offices was done by manually by customs officers (often in paper form). The main contribution of NCTS is that it facilitated the **rapid exchange of information** between countries, and thus significantly sped up customs procedures for customs offices as well as economic operators.

Interviewees indicated that NCTS contributed to two of the programme's main objectives. On the one hand, by enabling the Dutch customs authority to monitor the movement of goods in transit, the system helped to identify cases of fraud and non-payment of duties more effectively, thereby **protecting the EU's financial interests**. On the other hand, the system helped **facilitating trade** by speeding up the transit procedure significantly, limiting delays, and requiring the submission of information by traders only once.

However, in the context of this evaluation it should be noted that the NCTS was already implemented long before the programme (namely in 2002). As a result, the system was already functioning well between 2007 and 2013, and the contributions of C2013 to the system were limited to periodic updates and relatively small operational improvements.

In terms of **areas for improvement**, one interviewee indicated that the main challenge going forward would be to completely abolish the transit procedure by allowing customs offices with full access to the information in the Import Declarations. This way, the initial risk analysis as well as the clearance of goods could be conducted based on one declaration.

### 2.2.3 Contribution of Customs 2013 joint actions

A number of interviewees identified useful joint actions in the areas of **risk and trader management**, as described in section 2.1.3. The interviewees generally indicated that the joint actions were seen as crucial to ensuring cooperation with the other Member States, and thus the functioning of the Customs Union. While some joint actions contributed to the development and improvement of concrete IT systems (e.g. the project group on CRMS and the AEO network meetings) others facilitated discussions on broader issues and contributed to the exchange of experiences and best practices (e.g. the Richmond seminar on risk management).

Given the importance of risk and trader management and their overlapping relevance to various customs processes, it should be noted that the joint actions described in section 2.1.3 were also relevant to the clearance procedure of goods.

In addition to these joint actions, some interviewees commented on the role of joint actions in the field of **data management**. The Dutch officials involved with TARIC and QUOTA highlighted the importance of the **monitoring and surveillance activities** carried out in relation to the data management. For example, they participated in monitoring visits, which helped to compare practices between Member States and highlight areas for improvement. One interviewee explained that this contributed to a more harmonised approach towards data management in the EU. In addition, the recommendations following from the working visits (and from the Commission) helped customs officials to promote the need to improve certain issues internally to their management units within the administration.

## 2.3 Post-clearance

### 2.3.1 Purpose and summary

Once goods are cleared for free circulation in the EU, national authorities have the right to carry out post-clearance audits and controls to ascertain the accuracy of the (summary) declarations. Post-clearance controls can take on different forms, and can include for example inspections of documents and data relating to the operations of the goods, or to prior or subsequent commercial operations involving those goods. In some cases, authorities may decide to examine the goods and/or to take samples.<sup>132</sup> In the cases of irregularities, the post-clearance process can also involve law enforcement measures such as imposing fines or initiating criminal proceedings.

In The Netherlands, there are two central offices responsible for the identification of potential post-clearance risks. These risks usually relate to fiscal fraud, tariffs fraud, and anti-dumping fraud. Safety and security risks are typically dealt with at the border (when goods enter the territory). The two central offices are responsible for the investigation of risks (for example through intelligence and data mining) and inform regional customs offices of controls to be carried out.

In The Netherlands there are two kinds of post-clearance processes. First, regular companies can be subject to standard controls that are decided upon by the customs authorities. These typically take place at the premises of the economic operator or the storage place of the goods. Second, companies with AEO certificates can be controlled by the authorities, although the chances are less likely. Also, they are entitled to more flexible procedures (and can for example request for controls to take place at another, more convenient location).

The Dutch interviewees explained that the success rate of post-clearance controls in The Netherlands is extremely high, meaning that a large proportion of controls indeed led to the discovery of irregularities.

### 2.3.2 Contribution of Customs 2013 IT systems

The Dutch interviewees explained that – like in the other countries – post-clearance processes **mainly rely on national IT systems**. Nevertheless, a couple of central databases (in particular EORI and AEO) were used as so-called ‘source-systems’ to obtain information on economic operators under scrutiny. These systems provided additional information to the authorities that were taken into account when deciding which companies to control. Also CRMS was mentioned to play role in the post-clearance process. Information from Risk Information Forms submitted by other Member States was used for the risk analysis of post-clearance controls.

This points to a more general trend deriving from the sequential nature of the import process: while post-clearance processes do not rely on C2013 IT systems directly, they **indirectly support the process** by providing information on the goods and economic operators involved. Combined with the inputs of national IT systems, information from EORI, AEO, and CRMS were analysed by the central control offices to come to an ultimate decision on whether or not to carry out post-clearance controls.

### 2.3.3 Contribution of Customs 2013 joint actions

Dutch interviewees mentioned a couple of concrete joint actions that contributed to the post-clearance process in The Netherlands. It was explained that these joint actions mainly facilitated the exchange of information and continuing discussions between Member States.

<sup>132</sup> Source: Art. 27 of Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the Community Customs Code (Modernised Customs Code).

One of these joint actions was the **Project group on Systems Based Approach**. This project group (which was for the most part chaired by Dutch customs officials) aimed to raise awareness on how to carry out (post-clearance) controls when facing large volumes of goods entering the country. The approach is based on controlling systems of economic operators rather than individual import transactions. While the project group did not directly change the way in which the Dutch authorities carried out their processes, the group did contribute to enhancing awareness among other countries and provided the Dutch officials with useful exchanges of experiences with other countries using this approach (such as Sweden, Ireland, and the UK).

The interviewees also mentioned that a number of **working visits** had taken place in the area of post-clearance. Following from the Project group on Systems Based Approach, a number of officials from other Member States had visited The Netherlands to learn more about the practicalities of the Systems Based Approach.

Lastly, the interviewees mentioned the **AEO Networking Meetings** (as discussed in section 2.1 of this case study). This meeting was considered very useful for discussing the practical implementation of the system and exchanging best practices. As such, the enhanced use of the system also indirectly contributed to the information support of post-clearance processes.

The interviewees mentioned that while the added value of the joint actions to the Dutch post-clearance procedure was mostly indirect, they were considered very important and it was explicitly requested for future customs programmes to keep supporting these kinds of initiatives.

### 3 Conclusions

This was the first of six case studies to be conducted as part of the final evaluation of the Customs 2013 programme. As such, it provided the basis for fine-tuning the case study methodology (in particular the data collection tools used) and gave us the necessary policy context and background to conduct the case studies in the remaining five countries.

The methodology employed for this case study was designed to disentangle the ways in which the IT systems and joint actions funded by the programme helped the Dutch customs authority to carry out its day-to-day customs processes (such as the clearance and controls of goods, risk analyses, and data management). In doing so, it helped gain insights into how the programme contributed to the achievement of its overall objectives. In particular, we focused on three main objectives, namely 1) the protection of the EU's financial interests, 2) promoting security and safety in the EU, and 3) facilitating trade.

#### 3.1 Customs 2013 contribution to promoting security and safety

The interviews with the Dutch customs officials revealed that the C2013 programme's main contribution has been in the area of enhancing the security and safety of the EU. The interviewees explained that because of the large volumes of goods entering The Netherlands, the customs offices can only control a portion of consignments. As a consequence, the selection of controls based on risk profiles (and the sharing of risk information) is particularly important to The Netherlands.

Dutch interviewees pointed to the introduction of **ICS** as an important step in the area of risk management. They felt that, even though there were still a number of improvements to be made, the fact that the Dutch customs offices had advance information about incoming goods helped them to carry out better risk analyses and where necessary to share or obtain information from other Member States.

Also **CRMS** was seen positively by the Dutch interviewees. They praised the fact that the system provided a minimum level of risk analysis (by the creation of the common risk profiles) and that the system stimulated the sharing of risk information between Member States (via Risk Information Forms). Indeed, officials felt that they had more access to relevant risk information (for example coming from Germany or Belgium) and were better able to warn other countries about potential risks arriving in the EU. However, they also pointed to the fact that the system had become somewhat out-dated. While the main purpose of the system was to facilitate communications between the EU Member States and the Commission, interviewees felt that the system lacked important features such as conferencing facilities and linked email accounts.

A number of interviewees indicated that the **AEO** system also helped them to access and share information with other Member States. They indicated that the system complemented the national system in place as it provided information on foreign companies that were not registered in The Netherlands. This was particularly important to the Dutch administration due to the large number of foreign companies that it dealt with as a transit country. The information in AEO (among others) fed into the decision on whether or not to carry out controls on incoming consignments.

Almost all Dutch customs officials stressed the important role of **joint actions** in the area of risk management. They felt that they helped to build trust and cooperation between Member States, which was of key importance to effective risk management in the EU. Several mentioned the Richmond seminar on risk management in 2011. The interviewees explained that the seminar facilitated the exchange of experiences and views on risk management between Member States. More concretely, the seminar also helped countries to define actions to be taken to improve the effectiveness of systems like the ICS going forward. Other joint actions that were perceived as useful included the Project group on CRMS (which helped to develop guidelines on the use of the system) and the Contact Group of Northern Ports (RALPH).

Overall, while the Dutch officials were satisfied with the progress made between 2007 and 2013, they also mentioned that there are a number of **areas for improvement** that could further enhance effectiveness and consistency between countries in the area of risk management. While some of these issues were relatively small or operational, others were more fundamental in nature. For example, some interviewees were of the opinion that the lack of integration between ICS and CRMS hampered the efficiency of the systems. Others pointed to the fragmented nature of the (EU) IT systems more generally and argued that there needed to be more consistency and integration between the various systems.

### 3.2 Customs 2013 contribution to the protection of financial interests

The findings from the case study suggest that the programme also contributed to the objective of "protection of the EU's financial interests" in various ways. Most notably, interviewees explained that the **TARIC** and **QUOTA** systems helped the Dutch administration to apply the correct financial tariffs and that the goods comply with the EU conditions (for example in the case of tariff suspensions). Moreover, on a European level the systems helped to ensure that all Member States applied the relevant legislation in a consistent manner. However, it should be noted that both systems had already been in place for a long time. As a consequence, the contributions of the C2013 programme consisted of mainly small updates to the systems. For example, interviewees indicated that the update of the TARIC system (to TARIC3) led to a number of operational improvements which enhanced its user-friendliness and improved the system's ability to cope with the increasing amount of information going forward.

Also **NCTS** was considered positively in the context of the protection of the EU's financial interests. Given the role of The Netherlands as a transit country, this system was considered especially relevant by the Dutch interviewees. They explained that



NCTS allowed the Dutch customs offices to electronically register and exchange information with customs offices in other Member States, thereby enhancing the reliability of information and significantly speeding up the transit process. This allowed them to better monitor the movement of goods and thus to identify any cases of fraud or non-payment of duties.

While mentioning few concrete examples, interviewees indicated that the various types of **joint actions** played an important role in enhancing collaboration between Member States (for example by facilitating the exchange of information and best practices on issues related to the protection of the EU's financial interests).

### 3.3 Customs 2013 contribution to facilitating trade

Interviewees identified a couple of areas where the programme contributed to the objective of facilitating trade. For example, interviewees stressed that **NCTS** did not only help the Dutch customs offices to ensure the collection of import duties, it also sped up and simplified the transit process for many companies.

The EOS systems also constituted an important contribution to the facilitation of trade according to the Dutch interviewees. With regard to **AEO** specifically, officials explained that information on companies holding an AEO status in other Member States could be an important consideration in the decision on whether or not to carry out controls. These economic operators faced fewer controls and when there were controls planned, they were informed of this in advance and they were allowed to request for the control to take place at a different time or location. This contributed to limiting the time delays and inconvenience for the controlled operators. However, in this context it should be noted that while certain measures were put in place to simplify procedures for 'trusted' traders, these benefits only partially off-set the additional burden of the recent strengthening of security and safety measures imposed on them.

### 3.4 Role of national factors

Lastly, several interviewees identified national factors that influenced the way in which the C2013 programme influence the Dutch customs administration's day-to-day processes. For example, they pointed to the relatively **aged and complicated IT infrastructure** in place in the Dutch administration. It was explained that complying with the EU IT requirements often proved to be complicated, time-consuming and very expensive.

In the context of risk management (in particular the sharing of risk information in CRMS), interviewees also mentioned the **legal constraints** faced by customs officers. The interviewees mentioned that national legislation sometimes prevented them from sharing information with other Member States (e.g. in the cases of on-going criminal investigations). They also noted that this issue was likely to be relevant to many of the Member States, and was inherent to issues in the area of Justice and Home Affairs.

Lastly, a few interviewees mentioned the limited **financial resources** available to participate in many actions under the programme. They indicated that – while The Netherlands generally participated in a large number of joint actions – it still had to be 'strategic' about which actions were important to them to participate in. Given the importance of experts in joint actions, they emphasised the importance of the programme's financial contributions to facilitate the participation by officials in different actions.

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