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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

on the mid-term evaluation of the Customs 2020 programme

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1. BACKGROUND

[Regulation \(EU\) No 1294/2013](#) established the Customs 2020 programme as a multiannual action programme for customs in the EU to facilitate and strengthen cooperation between national administrations. In accordance with Article 18(1) and (2), an external study was commissioned to support the mid-term evaluation of the programme. Its results are presented in the attached staff working document and constitute the basis for this report.

The purpose of the mid-term evaluation was to assess the Customs 2020 programme since its launch on 1 January 2014 up to the halfway point of its implementation (31 December 2017). The evaluation took into account the programme's full range of funded activities and stakeholders.

The current report aims to chart the progress made in (i) the achievement of the programme's objectives; (ii) the efficiency of resource usage and aspects of simplification; (iii) the continued relevance of the programme; (iv) its coherence with and contribution to the EU's broader policies and other initiatives; and (v) the added value of the programme at EU level.

2. RELEVANCE

The Customs Union is a cornerstone of the EU and an essential factor in the functioning of the single market. Many of the activities in the customs area are of a cross-border nature, involving and affecting all Member States. The EU Customs Union territory is governed by common rules and procedures laid down in the [Union Customs Code](#) (UCC). The UCC itself is a milestone in modernising EU customs, aiming to create a paperless environment for customs and trade.

Through its different iterations, the Customs programme has been in place for over 25 years and has evolved with the single market. There are 34 countries that currently participate in the programme: 28 EU Member States and 6 candidate and potential candidate countries¹. Over the years, the Customs programme has become an integral part of the national and European customs landscape, policies, processes and procedures. In some instances, for example IT infrastructure, it passes almost unnoticed as customs officials and economic operators go about their business. However, as the Customs Union continues to modernise, the programme has probably never been needed as much as it is now. Against this background, it is deemed relevant for the broad needs of a well-functioning EU Customs Union, expressed through the more specific needs of the national customs administrations, economic operators and European citizens.

For *customs administrations*, the programme has been particularly important in helping them to implement European Information Systems and secure their financial sustainability; in most

¹ Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey.

instances these are prescribed by the UCC, while the Commission and the Member States share responsibility for their implementation and support. The Customs programme answered the need for interoperability, interconnectivity and reliance of the electronic customs systems with a unified data system for a well-functioning EU Customs Union. 49 different IT systems and supporting infrastructure are already in operation, and their high reliability is key to the smooth functioning of customs procedures and the single market as a whole. In general, the IT systems, which have been in operation for a long time and underpin the more traditional role and needs of customs in goods classification, tariff management or the control of movement of goods, were found to correspond best to the underlying needs.

For *economic operators*, their needs revolve around customs processes being dealt with efficiently and effectively as the speed and reliability of customs clearance impact directly on business productivity and profitability. While national administrations are the main beneficiaries of the Customs 2020 programme, thousands of economic operators interact with the programme-funded IT systems on a regular basis. The systems swiftly provide them with information that is not available elsewhere, helping reduce some of the administrative burden and simplify procedures; this ultimately increases legal certainty and smooths out trade. Customs 2020 joint actions allow for dialogue between customs and the business community and help to optimise the programme's potential for the Member States, while factoring in the practical implications for businesses. Occasionally, it was found to change the relationship between customs administrations and businesses to a more partnership-based one, which is better suited to a modern environment.

The Customs 2020 programme also addresses issues of general concern for all European *citizens*. These relate to threats of international trafficking and the smuggling of illicit goods, which pose a risk to their safety or health. The specific objectives of the programme on the safety and security of European citizens have therefore become increasingly relevant. Equally relevant is the issue of concerns of increasingly digitalised economy and services. The Customs 2020 programme's design and objectives fully match the concerns of stakeholders.

3. EFFECTIVENESS

The general objective of the programme is to support the functioning and modernisation of the Customs Union by means of cooperation between participating countries, their customs authorities and their officials. The evaluation found that the programme has provided the framework and technological means necessary to work together and share information in order to support the functioning and modernisation of the Customs Union (in particular on UCC implementation) and therefore strengthen the single market.

The secure platform for exchanging and sharing information supported by the programme has helped Member States and economic operators overcome their reluctance to sharing sensitive

data, which has hindered effective cooperation. In 2017 alone, they exchanged nearly 4.8 billion messages.

Further exchanges of best practices and learning have been possible thanks to the programme's joint actions. Each type of action has been most relevant in specific circumstances, depending mostly on the desired outcome. Across all types of actions, including expert teams (a new tool that supports enhanced operational cooperation on a regional or thematic basis), the programme has helped administrations to identify, disseminate and take up best practices. This has led to the practical uptake of improved working methods in customs administration and to a more consistent approach to the implementation of customs rules.

The Customs 2020 programme has helped to **build trust** between the customs administrations as well as with economic operators. Most of the participants have used the opportunity to build and expand networks and contacts, and the vast majority have used these connections to solve day-to-day problems on a regular basis. They have also shared some outputs (e.g. guidelines, meeting reports, best practices, etc.) with their colleagues and used them actively in their daily work. The value of human networks and personal contacts have been among the programme's most appreciated benefits.

This cooperation and trust is necessary as customs authorities depend on each other to play their part in collecting revenue and therefore **protect the financial and economic interests** of the EU and its Member States. Enhanced cooperation between them, sharing best practices, putting to work tried-and-tested solutions, the trust put in their counterparts and in the IT systems they all use can be attributed to the Customs 2020 programme. Similarly in the area of **increasing safety and security**, where customs risk analysts are tasked with fending off security threats on a daily basis, they rely on the robust exchange of information between each other and often other authorities and bodies, which is guaranteed by the Customs 2020 programme. Against this backdrop, the programme supports customs administrations in their work on risk management, external border management, customs detection technology and the protection of cultural heritage or nature.

As for **increasing administrative capacity of customs authorities**, the Customs 2020 programme provides broad support, ranging from technical and operational issues to more strategic legal implementation and uniformity. It has been crucial in helping customs administrations to prepare for the formal adoption of the UCC. The newest eLearning modules on UCC implementation have already attracted 68 915 customs officials and 726 000 economic operators. The programme's joint actions and training have facilitated (i) a shared understanding of legal requirements; (ii) alignment of interpretations of the customs provisions; (iii) standardisation of terminology; and (iv) more uniformity in the application of the working methods from the UCC.

Thanks to greater cooperation between the Member States, financial and technical support to develop and deploy the European Information Systems and increased capacity of the Member

States to apply the provisions of the UCC, the programme has contributed to the proper functioning and modernisation of the EU Customs Union.

4. EFFICIENCY

The Customs 2020 programme's overall budget is EUR 522 943 000, with EUR 288 722 000 committed in 2014-2017. Nearly 85 % of the budget has been spent on developing, operating and maintaining the *European Information Systems*. These common IT systems are clearly resource-intensive. However, they bring an array of benefits in all areas of customs activities, including standardisation of customs procedures, uniform implementation of customs law, sharing of information and generating economies of scale. The latter is possible in particular thanks to the centralised systems that underpin several diverse systems with multiple types of hardware, software and communications equipment. These help administrations to enjoy a consistent, robust and secure method of working together. They are interconnected and interoperable, linking not only national systems with central systems but also the central systems with themselves. They are a technological response to the Customs 2020 objectives and are widely used by customs authorities and economic operators in their everyday customs operations. Their importance in terms of modernising customs to create a paperless environment is invaluable.

As for the *joint actions*, the costs of their organisation are driven by participation, depending on the levels of expenses for transport, accommodation and daily allowances. Their cost structures vary only slightly between the different types of actions. The average cost per participant per action for all types of joint actions (except expert teams) is around EUR 921, which has remained more or less unchanged from the last programme iteration and is in line with similar programmes. This is the price tag for the numerous benefits of joint actions that provide a framework for broad and inclusive continuous collaboration, creating professional relationships and acting as catalysts. This collaboration involves exchanging ideas and practical experiences, exploring difficult topics, new technological trends, business solutions and IT approaches, aligning one's understanding of legislation and practices or encouraging shifts in national policies. A flexible, multi-annual programming mechanism for joint actions could further boost the efficiency of the planning and coordination process.

Training activities are efficient, as their development costs are largely one-off and their value for money increases with each additional participant. Customs 2020 training in fact brings two-fold benefits. By its nature, it targets individuals who benefit themselves by increasing their understanding, knowledge and capacity. Further down the line, as the programme offers a uniform training base for all, it leads to increased understanding of the rules; their application multiplies the benefits for customs administrations, economic operators and the Customs Union as a whole.

Although *simplification* as such is not one of the programme's objectives, the programme does provide support to other initiatives that are designed to simplify and modernise the customs environment. The European Information Systems and databases supported by the programme lead directly to a simpler, more robust and more reliable technological framework that is easy to maintain and support. Simplified procedures or more uniform ways of working are also being created by the programme's joint actions and their direct outputs, where the Member States and trade representatives collaborate on the practical application of the rules.

Some efficiency gains have also been achieved in terms of *synergies* between the Customs 2020 and Fiscalis 2020 programmes. While the policy areas for the two programmes differ, they share a similar focus in enabling administrations to cooperate and exchange information. These similarities have offered opportunities for synergies in terms of both administrative arrangements and joint work, including cross-fertilisation and joint funding of shared components such as IT systems and similar approaches to human capacity building and training. This makes it easier to coordinate approaches and processes, which ensures coherence and creates economies of scale by reducing duplication of efforts. At content level, synergies are less evident, although some noticeable examples exist in the area of excise duties; this is a field of competence that is often shared between national tax and customs administrations and where Customs 2020 has provided specific support in identifying fields that are of common interest.

5. COHERENCE

Internal coherence between the different features, components and design of the programme is extremely strong, with a high level of consistency between the intervention logic and objectives of the programme and its execution. The various activities also strengthen and complement each other, enhancing the results of the programme. The broad approach to specific problems addressed by the various programme's components is typical for many European Information Systems, whose implementation and improvements at business level are supported by joint actions and training.

In terms of *external coherence*, the Customs 2020 programme fits well in the Europe 2020 Strategy, where it helps achieve smart, sustainable and inclusive growth by strengthening the functioning of the single market. In this sense, it plays an integral part in the EU's broader policies. By supporting UCC implementation, the programme helps to simplify existing procedures that have the potential to facilitate trade and reduce costs for businesses. It is therefore fully in line with the EU's goal of creating a modern, paperless environment for customs and trade, while preserving the EU's financial, economic and societal interests. Customs 2020 helps to facilitate the movement of legitimate trade and helps compliant and trustworthy traders to benefit from maximum simplification, increasing productivity and competitiveness. It fights against the increasing volume of trade in illegal, counterfeit or dangerous goods that threaten jobs, growth, innovation, the competitiveness of EU businesses, security and the health of European citizens.

The Regulation (EU) No 1294/2013 states that the resources should be shared with other funding instruments that pursue common objectives and that the programme's actions should ensure coherence in the use of EU resources that support the functioning of the Customs Union. Other financial instruments exist and are also available to address the specific needs of national customs administrations. The evaluation states that these complementarities are not used enough. They are not sufficiently highlighted, which leads to a general lack of awareness among customs administrations.

6. EU ADDED VALUE

Customs policy is an exclusive competence of the EU. However, the implementation of EU customs legislation — the UCC — is a national competence. The EU's legal framework in itself does not sufficiently ensure the proper functioning of the Customs Union. It should be complemented by supporting measures as provided by the Customs 2020 programme to ensure that EU customs legislation is applied in a convergent and consistent way at national level.

As described earlier on, many of the activities of modern customs are of a cross-border nature, involving and affecting all Member States. They mandate collective action at EU level to achieve a high level of cooperation, with a cost-benefit ratio higher than it would be if each Member State were to set up individual cooperation frameworks on a bilateral or multilateral basis. There was consensus among stakeholders that the programme has been effective at trying to provide solutions for problems and issues for which there is a clear EU dimension, broadly complementing (rather than duplicating) initiatives at national level.

Customs authorities within the Customs Union apply the same rules. All Member States are dependent on each other and need information that is as complete as possible. Economic operators in turn, expect an equal level of service, speed and predictability of rules and procedures whenever they need to deal with customs. This interdependence requires cooperation and an approximation of practices. The Customs 2020 programme has been instrumental in bringing about this convergence.

As stated above, the Customs 2020 programme has been instrumental in particular in supporting all aspects of UCC implementation. The UCC would have been implemented on its own, but without the programme's support, most likely over a much longer timeframe and with greater difficulties. The Customs 2020 programme has provided for financial sustainability of the European Information Systems, and their timely funding has been crucial in ensuring the availability and sharing of supply chain data and risk-relevant information. In doing so, the Customs 2020 programme has brought about *economies of scale* and *efficiency gains*, helping national administrations — as well as economic operators in many instances — to save time and resources, in particular for participating countries with smaller customs administrations and fewer resources. Everything that is related to the interoperability and interconnectivity of central

IT systems is EU added value. The symbiotic features of the central European Information Systems architecture for customs are unmatched and cannot be reproduced at national level.

Although the European Information Systems support the Customs Union from the technical angle of interoperable and interconnected systems, they became an integral part of the daily work of the customs officials and economic operators, and are no longer seen as outputs of the Customs 2020 programme. The joint actions are in turn dynamic, giving the administrations *unequaled opportunities for cooperation*, communication and networking; they ultimately build trust and lead to greater convergence of approaches and practices. The same goes for training activities, which have not only helped national customs administrations to better understand and implement EU customs legislation and its related procedures, but also, if not more importantly, in a more uniform manner. Efficiency gains have been biggest especially for those participating countries that have not yet had well developed national training programmes. Doing it on their own would have been difficult or would not have happened at all. Ultimately, the Customs 2020 programme has contributed to the approximation of national approaches, establishing trust and creating a single narrative and a shared vision.

If the programme did not exist, cooperation between participating countries would have been based on unstructured relations, formal time-consuming channels and reciprocity agreements, which would be significantly more difficult and costly to implement in practice and maintain. Given the scale of the Customs 2020 operations in terms of the sheer number of joint actions, versatility of topics, their European dimension or pan-European participation in actions and training, it is difficult to imagine that similar activities would have been organised at any other level. As regards the European Information Systems, if there was no future funding for their continuous development and maintenance, it would be difficult to continue to use them beyond the medium term. There would be a high risk of them becoming obsolete, and the economies of scale and reductions in overall costs would be lost.

Customs 2020 has created tangible outputs and helped customs officials acquire skills and exchange experiences. However, none of the programme's outputs would likely continue beyond the short term if the programme were to be discontinued. Existing differences would persist and networks built and improved thanks to years of collaboration would fade.

7. CONCLUSIONS

The Customs 2020 programme has been highly *relevant* in terms of meeting the needs of customs administrations, economic operators, European citizens and the Customs Union as a whole. Over the years, it has become an integral part of the national and European customs landscape, policies, processes and procedures, providing interoperable, interconnected and reliable European Information Systems. As the Member States depend on each other to carry out their customs functions properly, they need effective and efficient tools for communication, the exchange of information and overall cooperation, all of which are the programme's objective.

The programme has been *effective* in achieving its objectives and has contributed significantly to the proper functioning of the Customs Union and modernising it. It has fostered cooperation and the exchange of information, ranging from facilitating convergence at the strategic level to approximating approaches, interpretation, administrative procedures, best practice and rules at the operational level. The secure platform for exchanging information has helped Member States and economic operators to overcome their reluctance to share sensitive data and has built trust. The value of human networks and personal contacts has been among the programme's most appreciated benefits.

Enhanced cooperation and *trust* have helped the Member States to support each other in protecting the financial and economic interests of the EU and its Member States as well as increasing safety and security thanks to the efficient exchange of reliable information. In terms of increasing the administrative capacity of customs authorities, the Customs 2020 programme has been instrumental in helping customs administrations to prepare for the formal adoption of the UCC thanks to a shared understanding of legal requirements, alignment of interpretations of the customs provisions, standardisation of terminology and more uniformity in the application of the working methods of the UCC.

In terms of *efficiency*, the most resource-intensive component — the European Information Systems — is also the most useful, bringing an array of benefits in all areas of customs activities, including standardisation of customs procedures, uniform implementation of customs law, sharing of information and generating economies of scale, in particular by way of the centralised systems. They are used in the day-to-day operations of customs authorities and economic operators, and their importance in modernising customs to create a paperless environment has been invaluable. Different benefits arise from the joint actions and training activities, which provide a framework for broad and inclusive continuous collaboration, increasing understanding, knowledge and capacity, creating professional relationships and acting as catalysts. The common IT systems and databases supported by the programme lead directly to a simpler, more robust and more reliable technological framework that is easy to maintain and support.

The Customs 2020 programme plays an integral part in the EU's broader policies and *coherent* with the EU's goal of creating a modern, paperless environment for customs and trade, while preserving the EU's financial, economic and societal interests and well-being. By supporting UCC implementation, the programme helps facilitate trade and reduce costs for businesses, increasing their productivity and competitiveness.

The Customs 2020 programme's greatest *EU added value* lies in supporting all aspects of UCC implementation, which require EU solutions for EU problems and close cooperation of the Member States; they need to apply the same rules and assist each other in pursuing the Customs Union's objectives. The programme has provided for financial sustainability of the interoperable and interconnected European Information Systems, meeting the requirements of the UCC with greater economies of scale and efficiency. The symbiotic features of the central pan-European IT

architecture for customs are unmatched and cannot be reproduced at national level. The joint actions have also given the administrations unequalled opportunities for cooperation, communication and networking, building trust and leading to greater convergence of approaches and practices. Given the scale of the Customs 2020 operations, versatility of topics and their European or pan-European dimension, it is difficult to imagine that similar activities would have been organised at any other level. None of the programme's outputs would likely continue beyond the short term if the programme were to be discontinued. Existing differences would persist and networks built and improved thanks to years of collaboration would fade. The functioning of the Customs Union and further integration of national customs authorities that run it are still wholly dependent on the Customs programme. In view of the rapid changes and challenges ahead for the Customs Union, the programme's continuous support is essential.