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Customs 2020 Programme - Progress Report 2016



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CUSTOMS 2020 PROGRAMME

PROGRESS REPORT 2016

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ACRONYMS AND ABBREVIATIONS

The following acronyms are used in this document:

| Abbreviation | Meaning |
|--------------|--|
| AEO | Authorised Economic Operator |
| AEO MRA | Authorised Economic Operators - Mutual Recognition of trade Partnership programmes |
| AES | Automated Export System |
| AFF | Action Follow up Form |
| AFF WV | Action Follow up Form for working visits |
| ART | Activity Reporting Tool |
| AWP | Annual Work Programme |
| BCP | Border Crossing Point |
| BTI | Binding Tariff Information |
| CCN/CSI | Common Communications Network - Common Systems Interface |
| CDC | Customs Duties Calculation |
| CELBET | Customs Eastern Land Border Expert Team |
| CFW | Customs Competency Framework |
| CIRCABC | Communication and Information Resource Centre for Administrations, Businesses and Citizens |
| CIS | Centralised IT customs applications |
| COPIS | System for Protection of Intellectual Property Rights (Counterfeiting and Piracy) |
| CRMS PCA | Community Risk Management System Priority Control Area |
| C2020 | Customs 2020 programme |
| CVED | Common Veterinary Entry Document |
| DG SANTE | Directorate General for Health and Food Safety |
| DG TAXUD | Directorate General for Taxation and Customs Union |
| EAF | Event Assessment Form |
| EBTI | European Binding Tariff Information |
| EC | European Commission |
| ECCG | Electronic Customs Coordination Group |
| ECICS | European Customs Inventory of Chemical Substances Database |
| ECS | Export Control System |
| EIS | European Information System |
| ESDEN | European statistical data exchange network |
| EUIPO | European Intellectual Property Office |
| EUROSTAT | European statistical office of the European Union |
| ICS | Import Control System |
| IO | International Organisations |
| IPR | Intellectual Property Rights |
| ISPP | Information System for Processing Procedures |
| ITSD | IT systems development group |
| JA | joint action |
| MASP | Multi-Annual Strategic Plan |
| MOSS | Mini-One-Stop-Shop |
| MFF | Multiannual Financial Framework |
| MS | Member State |
| N/A | Not available |
| NCTS | New Computerised Transit System |
| PICS | Programmes Information and Collaboration Space |
| PMF | Performance Measurement Framework |
| REX | Registered Exporters |

| | |
|-------|--|
| SASP | Single Authorisation for Simplified Procedures |
| SLA | Service Level Agreement |
| SP | Simplified Procedures |
| SPEED | Single Portal for Entry or Exit of Data |
| SW | Single Window |
| TARIC | Tarif Intégré des Communautés européennes |
| UCC | Union Customs Code |
| VOeS | VAT on e-Services |
| WCO | World Customs Organisation |

2. EXECUTIVE SUMMARY

2016 was the third year of activities under the Customs 2020 programme and in many ways similar to 2015. The numbers of actions, events and participants remained at high levels, testifying to a strong demand from business owners and national administrations for programme activities. There were no significant changes to the budget, notwithstanding a slight increase in committed expenses dedicated to the new type of joint actions introduced during the year - the expert teams.

In terms of **performance measurement**, 2016 was the third year for which a number of indicators could be collected. The indicators obtained under the framework in 2016 give an overall positive assessment, both from the business data perspective and from the feedback obtained from the action managers and the participants to the activities. The indicators suggest that during the year the programme was on course to fulfilling its objectives and that it played an important role in facilitating the implementation and development of Union customs policy through its European Information Systems, joint actions and human competency building.

The vast majority of the spending under the programme continues to be spent on the **IT systems**. One new IT system was rolled out in 2016, this is the new CS/RD2 (Common Services / Reference Data) application, which is in production since 01/12/2016. In the course of the year, many more systems entered research and development phases thanks to the support of the programme.

Besides developing new systems, the programme supports the customs systems already in place and the **IT network** on which they operate - the CCN/CSI (common communication network/common systems interface in the area of customs and taxation). In 2016, there was an increase of 40% in the number of messages and 18% in the size of data exchanged over the network. At the same time, the network and the key customs systems maintained high availability rates and provided reliable helpdesk functionality to national customs administrations.

In the area of training, In 2016, an **extensive UCC EU eLearning programme** has been developed and deployed in support of the implementation of the new Union Customs Code (UCC). This UCC eLearning programme consists of 15 modules containing in total 17.5 hours of learning material. 23 685 customs officials were trained using available eLearning module produced with the support of the programme. This represents an equivalent of 1.080 classroom classes or 4 classes daily during the whole year of 2016. In addition, the UCC EU eLearning courses have been downloaded almost 10.000 times in total via the public website EUROPA .

In the area of **joint actions**, an innovative instrument called **expert teams** was rolled out in the Customs 2020 programme. The expert teams are flexible structures that allow to further both EU-wide and regional co-operation between national customs administrations in order to support daily operational work as identified by the Member States. Three expert teams were launched in 2016 in the area of cooperation to manage the eastern and south-eastern land border (CELBET), making best use of resources in customs classification issues (Binding Tariff Information - BTI) and in customs laboratories. While the BTI and laboratories teams only started their work in 2016, but the first results will be visible in 2017, in the case of CELBET significant progress was already registered during the year.

The **CELBET** team of eleven member states situated along the EU's eastern and south eastern land border carried out a mapping and analysis of the non-commercial border crossing points (BCPs). The team also developed instructions and methodology for evaluating the level of smuggling (random controls) and carried out the first phase of such controls at the border. The work of this expert team is of great importance as its outputs will give a picture of all BCPs at the EU Eastern and South-Eastern land border and will be used for drafting analysis on the specific technical needs for the BCPs, including gap analysis serving as a basis for the report to be submitted to the Commission for next generation of the Customs programme.

The key **observations** that can be deduced from the analysis of the performance measurement framework indicators in 2016 are as follows:

- **Strong demand for programme support.**
- **High level of achievement of results of the joint actions is reported by the action managers.**

- **Very positive assessment of the achieved results of the joint actions, their usefulness and met expectations by national customs officials who participated in them.**
- **Networking among programme participants remains high.**
- **Rising awareness about the programme and its potential among the target audience.**
- **The European Information Systems are regularly upgraded and improved and resistant to increased volume of data traffic.**
- **Successful introduction of the expert teams tool.**
- **Significant increase in new training modules and trained customs officials.**

3. INTRODUCTION

1.1 Customs 2020 in a nutshell

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

Figure 1: Customs 2020 programme objectives

The Customs 2020 specific objectives:

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

The specific objectives shall be achieved, in particular by:

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

The Customs 2020 operational objectives:

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

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

Joint actions (JA) - bringing together officials from the participating countries - these are most commonly project groups, working visits, workshops and seminars (see full list below). The programme covers the cost of organisation and participation to these activities.

Types of joint actions:

- (i) seminars and workshops;

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

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

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

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

(vi) customs administration capacity building and supporting actions;

(vii) studies;

(viii) jointly developed communication actions;

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

European Information Systems (EIS) - these systems and the IT capacity building are indispensable for the functioning of the customs union. The programme covers the cost of acquisition, development, installation, maintenance and day-to-day operation of the Union components of EIS.

Human competency building - the human competency framework, training materials and electronic learning modules play a vital part in developing the human competency component of the customs union. The programme covers the development cost of the common training materials, including electronic training modules, and the organisation of training events.

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

1.2 The Performance Measurement Framework

The Customs 2020 regulation stipulates in Article 17 that the Commission shall monitor the implementation of the Programme and actions under it on the basis of indicators and make the outcome of such monitoring public.

The final evaluation of the Customs 2013 programme equally made a recommendation to "develop a comprehensive monitoring framework to track performance and to identify issues of concern in a timely manner".

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

The PMF relies both on the quantitative (indicators) and qualitative (reporting and interpretation) data for assessing the progress achieved.

The indicators can be divided into two categories:

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

Impact indicators – they indicate the long-term effects of the programme by measuring its contribution to the broader policy areas, where programme activities are only one of the contributing factors. They mostly rely on the use of existing external indicators (not collected by PMF surveys) and will be collected when carrying out the two evaluation exercises to be held in 2018 and 2021 (mid-term and final evaluation, as required by Article 18 of Regulation 1294/2013).. They are linked to the higher-level specific objectives of the programme.

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

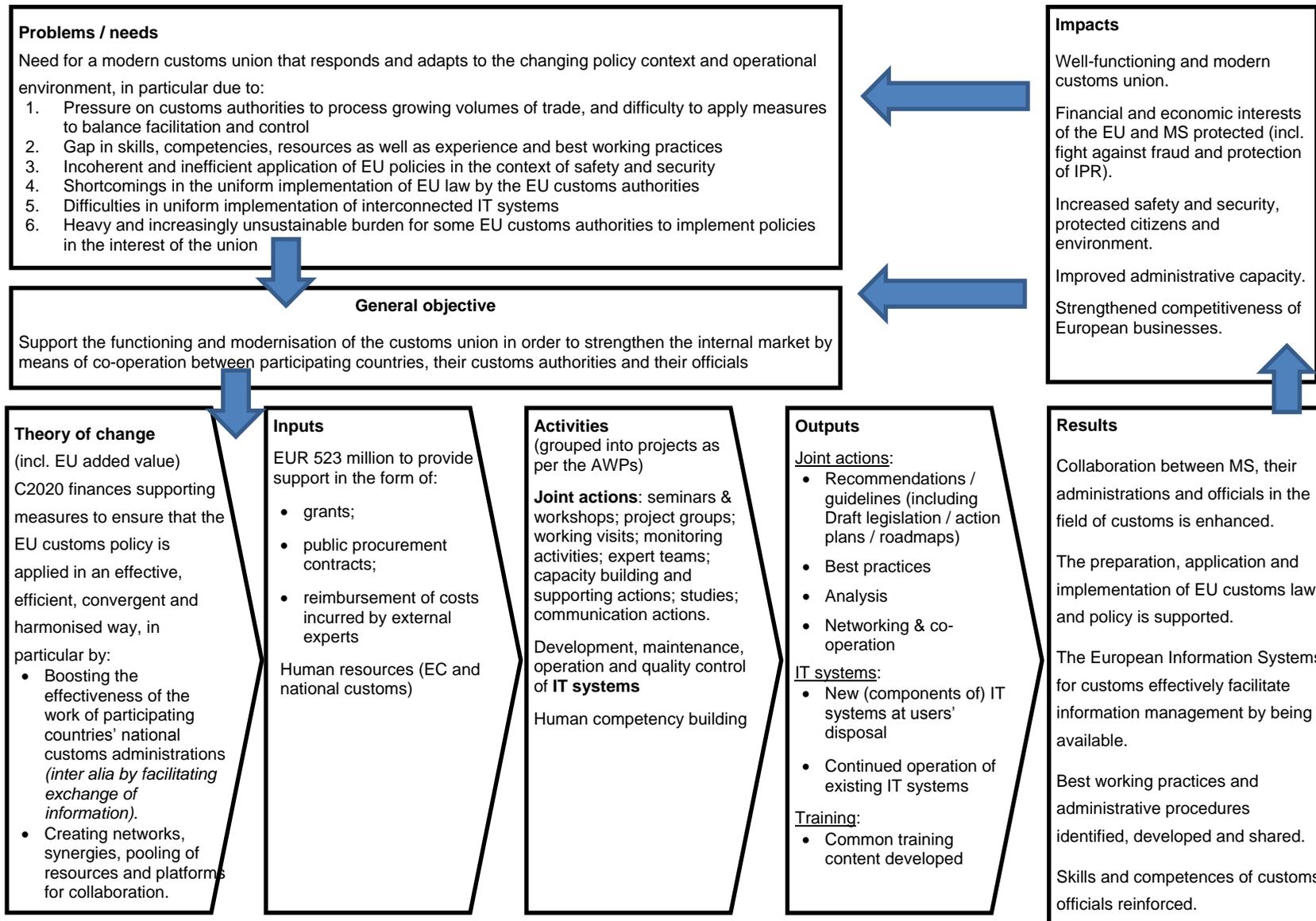
Figure 2: PMF data collection tools

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

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

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

Figure 3: Intervention logic of the Customs 2020 programme



4. PROGRAMME YEAR 2016 – BASIC PARAMETERS

1.3 Introduction

2016 was the third year of activities under the Customs 2020 programme and in many ways similar to 2015. The numbers of actions, events and participants remained at high levels, testifying to a strong demand from business owners and national administrations for programme activities.

As is standard for the programme, the vast majority of funding in 2016 went into the development and operation of European Information Systems, followed by the organisation of the joint actions, and the training activities. There were no significant changes to the budget levels, notwithstanding a slight increase in committed expenses dedicated to the new type of joint actions introduced during the year - the expert teams.

The most popular action type remain working visits, followed by project groups placed second and workshops as distant third. The situation with regards to the number of participants is somewhat reversed with the project groups being the largest activity type in terms of participation, followed by workshops, seminars and working visits.

Finally, while all participating countries have used the programme in 2016, the levels of their participation remain varied and in line with the voluntary nature of participation in the programme activities.

1.4 Budget

The overview in Figure 5 below summarises the programme funding according to the four main activity types. In order to make the table more meaningful, the budgetary information for the previous years has been added.

Figure 5: Committed¹ expenses per year and main action categories under the programme

| | 2013 | 2014 | 2015 | 2016 |
|-------------------------------|----------------|----------------|-----------------|----------------|
| Joint actions | €6,000,000.00 | €6,523,000.00 | € 5,700,000.00 | €5,700,000.00 |
| Expert teams (pilot projects) | | | | €1,867,365.00 |
| Training | €1,365,000.00 | €1,350,000.00 | € 995,000.00 | €2,646,000.00 |
| IT | €44,332,600.56 | €57,333,696.81 | € 61,167,253.05 | €59,897,436.10 |
| Studies | €1,193,780.78 | €1,083,116.13 | € 846,359.35 | €1,682,024.50 |
| TOTAL | €52,891,381.34 | €66,289,812.94 | € 68,708,612.40 | €71,732,825.60 |
| AWP | €53,000,000.00 | €66,293,000.00 | € 68,801,000.00 | €71,733,000.00 |
| EU Annual Budget | €53,000,000.00 | €66,293,000.00 | € 68,801,000.00 | €71,733,000.00 |
| Amount MFF | €62,120,000.00 | €66,293,000.00 | € 68,801,000.00 | €71,733,000.00 |

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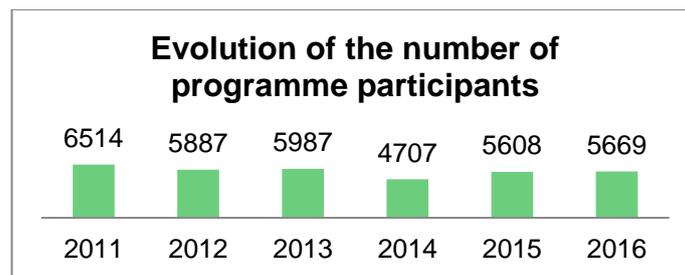
¹ The table compares committed amounts for the last four years, since the actual expenses are not finalised for all the previous years.

training activities. In 2016, the committed expenses on joint actions (organised under the grant agreements) would have stayed largely unchanged compared to the previous year had it not been for the new type of joint actions – Expert Teams. Expert Teams, which were for the first time rolled out in 2016, belong to joint actions, but due to their specific nature are shown separately in the table. It is worth recalling that the expenses for joint actions are difficult to forecast in advance, given that the actions and events are triggered by constantly evolving business needs. For this reason, the anticipated (committed) expense can differ to a smaller or larger percentage from actual expenses incurred in a given year on joint actions. We can also notice that in 2016, there was small decrease for the IT part, but the general tendency of rising IT expenditure when compared to earlier years is still present. This increase is consistent with the increase set in the MFF and relates to the multiple new IT developments needed for the implementation of the UCC. We can also notice a fluctuation for the training component, which was mainly due to the change of framework contract with an increased budget envelope for training activities.

1.5 Participants

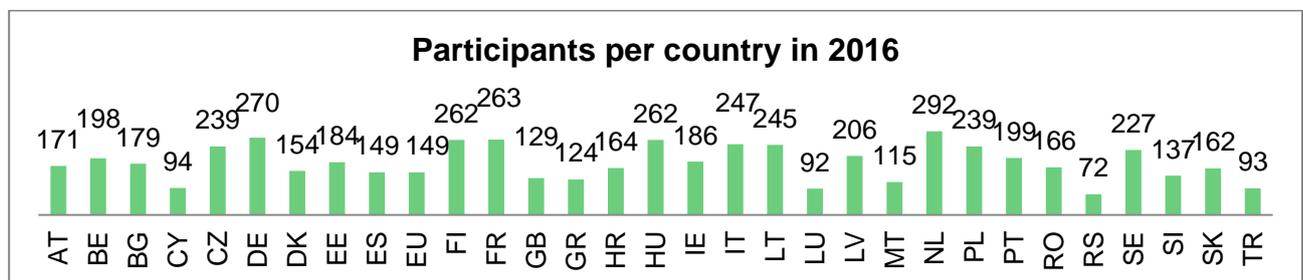
The number of total participants (which measures all instances of participation in activities and allows for the same people to have taken part in multiple activities) continued to rise for the second year in a row. 2014 was a significantly shorter programme year (it lasted from April till December) due to the change between the two generations of Customs programmes.

Figure 6: Number of participants² in joint actions per year under the Customs 2013 and Customs 2020 programmes



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

Figure 7: Overview of participants per country in 2016³



² This is the number of total participants (which measures all instances of participation in activities and allows for the same people to have taken part in multiple activities).

³ The participants marked as EU represent external experts who come outside national administrations and who may be invited to contribute to selected activities organised under the programme wherever this is essential for the achievement of the programme objectives.

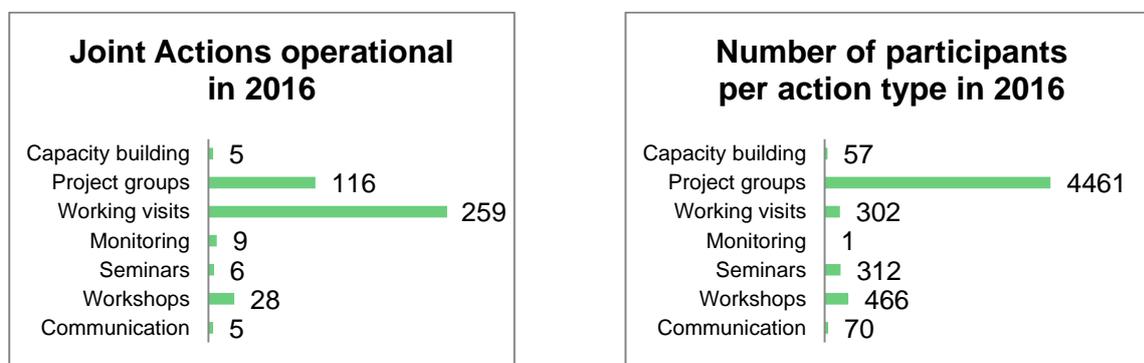
If we look at the distribution of participants by country, we can see that all the countries are utilizing the programme, but that there are countries that, considering the size of their administrations, do so to a greater extent than others. This is in line with the voluntary nature of participation in the programme activities, where the number of participants from a given country depends partly on the level of interest and activity shown by the country's administration in utilizing the potential of the programme. This is especially true in the case of working visits, which the participating countries initiate and organise autonomously.

1.6 Proposals and Actions

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

In 2016, there were 428 such operational (ongoing) joint actions. Some of these actions were launched as new proposals in 2016, while some continued from the earlier programme years. If we look at their distribution, we can see from the two figures below that the most popular action type remain working visits, followed by project groups placed second and workshops as distant third. The number of working visits rose significantly in 2016 (259 compared to 199 in 2015), which testifies to the increased adoption of the new procedure for their implementation introduced in 2014 under the programme (and which initially led to a drop in the annual number of working visits). The situation with regards to the number of participants is somewhat reversed with the project groups being the largest activity type in terms of participation, followed by workshops, seminars and working visits.

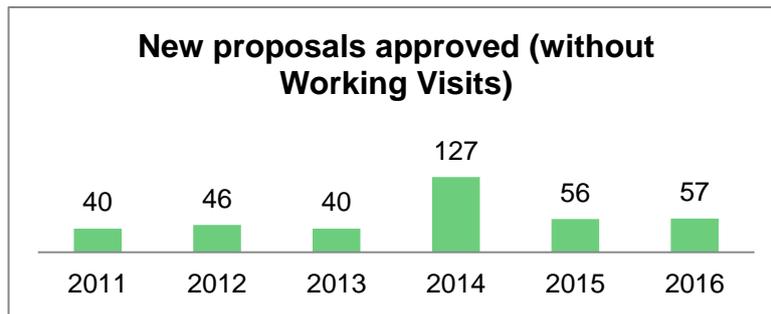
Figure 8: Overview of activity types and number of participants per activity type



It is worth underlying that some of the proposals approved in 2016 will have their first activities only in 2017. For example, in the case of the monitoring actions, only one monitoring visit to the Philippines on the rules of origin was organised in 2016, while other visits are planned to take place in 2017.

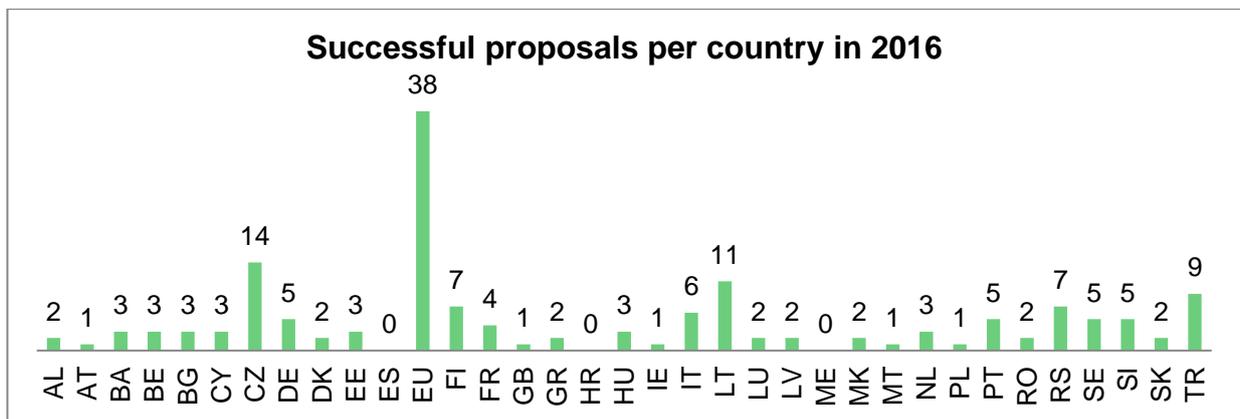
If we want to look at the evolution of new proposals over time (Figure 9), we first need to exclude the working visits, in order to get a comparative number. This is because in the period before 2014 all the working visits were covered by a single proposal, while under the Customs 2020 programme each business case for a working visit is treated as a separate proposal (thus increasing the number of proposals by a significant margin). Comparing the proposals in this way, outside working visits, we can see that their number was steady in the period 2011-2013. 2014 as the year of transition to the new programme meant that all proposals for ongoing activities had to be re-launched, which led to the great increase in the number of proposals treated in the year. In the 2015-2016 period, we can observe a stable number of new proposals launched every year, which is higher than under the Customs 2013 programme

Figure 9: Number of new proposals approved under the programme (without working visits)



At the level of the teams, as expected, most of the proposals for joint actions (other than working visits) were initiated by DG TAXUD units (marked EU in the Figure 10). The national programme teams mostly submitted proposals for working visits, and here too we can observe in Figure 10 the difference among the administrations in the level to which they pro-actively utilise the programme.

Figure 10: Overview of proposals under the Customs 2020 programme per initiating country in 2016



5. PROGRESS IN RELATION TO THE OPERATIONAL OBJECTIVES

5.1 Cross-cut indicators: collaboration robustness between programme stakeholders

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

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

Firstly, in this section we take a general look at the achievement of results as reported by the action managers of joint actions. In the case of most project groups, the action managers are DG TAXUD policy experts, while for the working visits these are national customs officials. The level of achievement of results is evaluated on a scale from 0 (not achieved) to 4 (fully achieved) at the end of the action against the anticipated results. The level of achievement is impacted both by internal factors (if an activity lasts for several years, the results cannot be fully achieved immediately) and by external factors (such as political, business or technological developments). It is therefore advisable to set realistic targets for the achievement of results. In the case of most joint actions, such a target could be set at 3 or higher (3 corresponding to "results achieved to a large extent"). When we compare the obtained indicators for 2016 against the targets and the values in the preceding years, we can see that overall joint actions have been performing well, achieving their results to a large extent, regardless of minor fluctuations between the years. The results for working visits were even higher, indicating that these participants are highly satisfied with the business value obtained from the working visits.

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

Raising awareness about the programme and its potential among the target audience is an important precondition to fulfilling the programme's objectives. The awareness is measured through the Programme Poll, which is distributed in all the customs administrations of the participating countries every 18 months. The last Programme Poll took place in January 2017 and around 3500 customs officials from 32 programme countries participated. As the poll measures awareness and networking in the period between the two polls, the results of the January 2017 poll can be included as the measurement for 2016. As a reminder, the Poll is distributed among both participants and non-participants of the programme, since its goal is to measure awareness among the whole of the target audience.

We can observe that 55% of all customs officials in Europe are aware of the Customs 2020 programme, which represents a rise in the awareness of 4% compared to the 2014 Poll. The Progress Report 2014 recommended to TAXUD to take actions aimed at raising awareness among general customs audience. A communication policy towards the national stakeholders was identified as a potentially beneficial action in this respect. In 2016, TAXUD defined a new communication strategy for the Customs 2020 programme,

which includes the use of new communication tools and channels, as well as a common effort between the EU and national programme teams in the distribution of information on the programme to the potential beneficiaries. Some of the actions envisaged under the new communication strategy already started to be implemented in 2016 and other actions are planned to be implemented until the end of the programme in 2020. The benefits of the new communication strategy are expected to emerge in the years to come.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|---|-----------|--|--------------------------|----------------------|----------------------|--------------------|
| Degree of networking generated by programme activities | Prog Poll | Q 1: 94% Q 2: 84% (2011 Prog Poll) | Q1: >90% Q2: >85% | Q1: 95.5% | Next poll in 2016 | Q1: 92% Q2: 84% |
| Q 1: Did the activity provide you a good opportunity to expand your network of and contacts with officials abroad? (percentage agreeing) | | | | Q2: 86% | | |
| Q 2: Have you been in contact for work purposes with the officials you met during this activity since the activity ended? (percentage agreeing) | EAF | | | Q1: 97% Q2: 71.5% | Q1: 95.5% Q2: 72% | Q1: 96% Q2: 70% |

Networking is an important by-product of the participation in programme activities. Meeting fellow officials from other countries and maintaining professional contacts with them facilitates the exchange of best practices and better functioning of the customs union. When we compare the replies of participants to programme events in 2016 to those in 2015 and 2014, we can observe that, with smaller fluctuations between the years, the same observations hold true: a) nearly all of the participants found programme activities to represent a good opportunity to create useful contacts abroad, and b) a high number of officials maintain these contacts following the end of the programme activity.

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

The levels of sharing of the **programme outputs** (such as recommendations, guidelines, studies etc.) returned in 2016 to their baseline level, following a drop in 2015. In other words, around 80% of action managers reported that the outputs of their actions were shared in the national administrations. After three years of measurement of this indicator, we could now set a provisional target of 80% as the minimal value for which to aim in the future. Through the Event Assessment Forms, we can also observe the levels of sharing reported by the participants and here 95.3% (a slight increase of 2% compared to 2015) reported that they shared what they learned at the programme activities with their national colleagues. This is a high value, well above the set target of 90%.

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

There were 123 joint actions, mostly project groups and working visits, running under this objective during 2016. Altogether, 14 new project groups were launched during 2016.

A new project group was launched to study a possible framework to develop the EU Single Window (EU-SW) including the legal context. The objective of Single Window is to enable economic operators to lodge electronically and once only all the information required by customs and non-customs legislation for EU cross-border movements of goods. The envisaged national single windows will be connected to one another and will be supported by the Single Electronic Access Point.

Three project groups were launched dedicated to the development of customs IT systems: ICS 2.0 Functional Requirements / Specification and Transition Feasibility Project Group, UCC Centralised Clearance Import Design Project Group and EU Guarantee Management System Design Project Group

Two project groups on the origin of goods were equally started with the aim to produce guidance to EU customs administrations on the rules of origin in the Central European Trade Agreement area and guidance on preferential origin. Another project group was launched concerning the EU implementation of the WTO Trade Facilitation Agreement.

Equally, two project groups were started, and continue, to provide guidance for customs controls at the export of cultural goods and to provide guidance concerning an electronic transport document (ETD) as transit declaration. The remaining groups covered the issues of customs and excise cooperation, the trainings for Authorised Economic Operators, customs seizures and the binding information in the field of customs valuation.

Under this objective, the Customs 2020 High Level Seminar “e-Commerce: Opportunity or Challenge for EU Customs”, was held in Krakow, Poland, on 10 and 11 October 2016. The high-level seminar was attended by over 90 Directors General and Senior Managers from Customs administrations of the European Union, as well as by key stakeholders from the private sector and the academia. The objective of the seminar was to provide an EU-wide Customs policy forum to enable discussions on a common, coordinated and practical Customs approach to the various challenges and threats posed by the e-commerce increasing scale, before the Union Customs Code (UCC) legal changes take effect. In discussion at the seminar it was highlighted that the full implementation of the UCC, supported by the appropriate IT infrastructure will create the adequate legal and operational mechanisms to be able to deal with this e-commerce growth. However, as immediate actions were required before the entering into force of the new legal framework, this high-level seminar was necessary to create a platform to focus on urgent issues such as revenue collection, and security and safety.

The Union Law and Policy Application and Implementation Index

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|---|-----------------|-------------|--------|------------|------------|------------|
| Extent to which JA (that sought to support/ facilitate the preparation, application and/or implementation of a specific piece of new (or revised) customs law or policy) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved) | AFF | 3.17 (2014) | >3 | 3.17 | 2.88 | 3.02 |
| | AFF Work Visits | 3.75 (2014) | >3 | 3.75 | 3.57 | 3.75 |
| Participants' views on the extent to which a JA (that sought to support/ facilitate the preparation, application | EAF | 94% (2014) | >80% | 94% | 95% | 96% |

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|---|-----------------|--------------------------------------|---|-----------------------------|-----------------------------|-------------------------------|
| and/or implementation of a specific piece of new (or revised) customs law or policy) (has) achieved its intended results (percentage of those who replied 'fully' or 'to large extent') | | | | | | |
| Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent') | EAF | 91% (2014) | >80% | 91% | 95% | 95% |
| Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful') | EAF | 98% (2014) | >80% | 98% | 98% | 99% |
| Number of actions (JA) that have supported or facilitated the implementation, preparation or application of (a specific piece of new or revised) customs law | ART | 67 (2014) | Grow or stable compared to baseline | 67 | 121 | 123 |
| Number of recommendations (R) / guidelines (G) / other outputs (O) issued further to a JA | AFF | 2014: 266 (R) 9 (G) 385 (O) | On average at least one output per action | 266 (R) 9 (G) 385 (O) | 237 (R) 10 (G) 74 (O) | 114 (R) 111 (G) 234 (O) |
| | AFF Work Visits | 2014: 34 (R) 3 (G) 51 (O) | | 34 (R) 3 (G) 51 (O) | 73 (R) 34 (G) 305 (O) | 31 (R) 1 (G) 40 (O) |
| Number of monitoring visit reports issued on time (within three months after the end of the visit) | EC | 100% (2013) | N/A | 0% | No visits organised | No visits organised |

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

The two output indicators included in this group have given us further insights into the number of recommendations and guidelines produced under the programme. There has been a significant fluctuation in this indicator between the three years, both positive and negative (depending on whether we look at reported outputs from Working Visits or other Joint Actions). It is worth clarifying that the recommendations and guidelines are counted here individually, rather than by the number of documents containing them. Under 'other outputs', we count studies, reports, measures, presentations and other reported types of outputs. Fluctuations in these indicators, however, need to be interpreted carefully, as not every recommendation or guideline is equally important. Furthermore, the number of outputs depends largely on

the business need and the type of the subject matter addressed by the programme action. With these considerations in mind, it is difficult to set concrete targets for this indicator. A possible approach could be to rather set a minimum target of at least one output per action in a given year. Such a target would demonstrate that on average all programme activities produce outputs. Concretely, for 2016, this would mean, that there are at least over 123 outputs produced for all joint actions and working visits. With over 500 different types of outputs produced in 2016, we can see that this target has been well achieved.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|---|--------|------------|----------|------------|------------|------------|
| Number of participants in the customs laboratories activities organised under the programme | ART | 223 (2014) | Over 350 | 223 | 465 | 413 |

In the area of **scientific laboratories**, in 2016 the programme funded altogether 31 joint actions, which is almost identical to 2015 when there were 32 such joint actions. Unsurprisingly, the number of participations to customs laboratories activities is equally similar, with the number in 2016 totalling 413 instances of participation, down from 465 participations registered in 2015. With measurements for three years of the programme now in, we may try to set a numerical target for this indicator. Accounting for the exceptional nature of 2014 (as the first year of the programme), 350 seems like a reasonable minimum target for this type of actions. It is worth recalling that the national administrations choose voluntarily to send their participants to programme activities based on their need and interest. 99 % of the participants attending the events on customs laboratories organised under the Customs 2020 programme replied that the events were useful or very useful to them professionally, and 98% replied that the activities achieved their intended results 'fully' or 'to a large extent', which confirms the perceived value of these activities by the national administrations.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|--|--------|--|--------------------------------------|------------------------------------|------------------------------------|--|
| Time taken for the resolution of divergent tariff classification cases further to programme activities: (A) Average time for solving cases, (B) Percentage of all new cases solved within 6 months, (C) Percentage of all new cases solved within 1 year | EC | 2013: (A) 10 months (B) 45% (C) 93% | (A) 10 months (B) 60% (C) 100% | (A) 9 months (B) 58% (C) 86% | (A) 6 months (B) 51% (C) 86% | (A) 7 months (B) 76% ⁴ (C) discontinued |

In the area of **tariff and classification**, the programme is organising and funding a number of project groups where preparatory work for the resolution of divergent classification cases takes place prior to submitting these cases to the Customs Code Committee for final decision. As from the 1.5.2016, a new time limit of 10 months is fixed by the UCC (DA) for solving cases of divergent classification. An expert team to pool expertise to resolve complex cases of divergent tariff classification has been included in the 2016 Annual Work Programme for the Customs 2020 programme (operational as from October 2016). It is believed that further improvements could be achieved by utilising this new type of joint action.

⁴ New indicator : 10 months (UCC - DA – Art 20.1 of Regulation (EU) 2015/2446 of 28.07.2016)

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

The great majority of the programme funding is spent on the **European Information Systems**, which are of critical importance for the well-functioning of the customs union. The list of the existing EIS is included in the Annex II of the Customs 2020 Regulation, while those planned for development are included in the Electronic Customs Multi-Annual Strategic Plan MASP, a document drawn up by the European Commission in partnership with Member States in accordance with Article 8(2) of the e-Customs decision⁵.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|---|--------|--|--|---|---|--|
| Availability of centralised IT customs applications (CIS) and NCTS, ECS and ICS during business hours (%) | EC | 2013: CIS: 99% NCTS, ECS, ICS: 98% | CIS: 97% NCTS, ECS and ICS: 99% | CIS: 99% NCTS, ECS, ICS: 99% | CIS: 98.95% NCTS, ECS, ICS: 99% | CIS: 98.37% NCTS, ECS, ICS: 99.23% |
| Availability of CCN overall (%) | EC | 99.94% | 98% (regulation) | 99% | 99.97% | 99.98% |
| Activity indicators | EC | 2014: Number of messages on CCN network: 2.7 billion Traffic volume of the CCN messages: 4.3 terabytes | Grow or stable | Number of messages on CCN network: 2.7 billion Traffic volume of the CCN messages: 4.3 terabytes | Number of messages on CCN network: 3.217 billion Traffic volume of the CCN messages: 4.70 terabytes | 4.547 billion messages 5.54 Tbytes volume |

The first indicator in this section looks at CCN/CSI (common communication network/common systems interface in the area of customs and taxation), which offers all national administrations a coherent, robust and secure method of access to the EIS. The Annex I of the Customs 2020 Regulation stipulates that the CCN/CSI should be available 98% of the time. We can observe that this target was surpassed in 2016, as was the case in 2015 and 2014. The availability of the specific Union components of the EIS, namely the centralised IT customs systems and the three key systems (NCTS, ECS and ICS) was also above the target levels.

The general system activity indicator tells us more on the overall use of the network. 5.54 Tbytes of application data and 4.547 billion of messages were exchanged over CCN Network in 2016. This represents an increase of 40% in the number of messages and 18% in the size of data exchanged over 2015. At the same time, the number of hits on the applications available via the public Europa Internet Access rose to 107.22 million (up from 97.53 Million in 2015).

⁵ Decision No 70/2008/EC of the European Parliament and of the Council of 15 January 2008 on a paperless customs environment for customs and trade, OJ 2008, N° L23, p. 21.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|--|--------|---------------|----------------|------------|------------|------------|
| Number of European Information Systems in operation, as per Annex 1 of the Customs 2020 Regulation | EC | 39 (2014) | Grow or stable | 39 | 41 | 41 |
| Number of modifications on IT systems in operation following business requests | EC | 411 (2014) | N/A | 411 | 269 | 439 |
| Number of modifications on IT systems in operation following corrections | EC | 1573 (2014) | N/A | 1573 | 443 | 627 |
| Number of occurrences where the service desk is not joinable | EC | 0 (2014) | SLA provision | 0 | 0 | 0 |
| Percentage of service calls answered on time | EC | 98.95% (2014) | SLA provision | 98.95% | 99.33% | 99.65% |

For the **existing EIS applications**, we can see that their number remained stable at 41. Although, there was one new system released (CS/RD2), this system replaced an existing system (CS/RD). Regular check-ups and updates were performed on them throughout the year, with 439 business evolutive changes and 627 corrective changes implemented as part of 106 separate releases and patches.

We can also observe that the service desk was performing well and in line with the Service Level Agreements with nearly all calls (99.65%) answered on time. More than 46,000 calls were dealt with during 2016. The end users satisfaction survey gave note of 4.16 out of 5 to the services provided in 2016, slightly improved in comparison to 2015.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|--|--------|------------|----------------|------------|------------|------------|
| Number of IT projects in the phase research | EC | 9 (2014) | N/A | 9 | 13 | 11 |
| Number of IT projects in the phase development | EC | 5 (2014) | N/A | 5 | 9 | 13 |
| Number of new IT systems in operation | EC | 1 (2014) | N/A | 1 | 2 | 1 |
| Ratio of IT projects in status "green" | EC | 50% (2014) | Grow or stable | 50% | 50% | 61% |

The Electronic Customs Multi-Annual Strategic Plan (MASP) lists a number of **future EIS** linked to new developments in several customs policy areas, but mainly in view of the implementation of the Union Customs Code. At the level of the output indicators, we can see that one new IT system was rolled out in 2016, this is the new CS/RD2 (Common Services / Reference Data) application, which is in production since 01/12/2016. Nearly all IT projects listed in MASP need reference data in the form of a code list. The reference data must be trustable and changes traceable. The purpose of the CS/RD2 application is to store, maintain, validate and distribute reference data in the form of Code Lists and Lists of Authorities as the single source of truth of reference data for MASP projects across EU. Well maintained reference data available on time to the stakeholders essentially contribute to the accuracy and consistency of customs clearance in daily operations. The maintained reference data is used by National Customs Administrations (NAs), by Traders and by DG TAXUD in their IT customs systems, but it serves for EMCS and the System for Exchange of Excise Data as well. At the moment, there are 80 code lists to be maintained having more than 20000 entries in CS/RD and the number of code lists will be significantly increased for the implementation of the UCC.

We can equally observe a steady number of IT systems entering development⁶ and research phase⁷. This is the reflection of an increased activity in the preparation of IT systems for the full implementation of the UCC.

In total, more than a half of the MASP IT projects were in the so-called green status, meaning they were progressing in line with the requirements, time and budget limitations. Among the remaining part of the MASP projects, most were not yet scheduled to start in 2016 and a smaller number of projects were delayed due to additional legal or business clarifications needed⁸.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|--|-----------------|-------------|--------|------------|------------|------------|
| Extent to which JAs (that sought to enhance the availability, reliability and/or quality of (specific) Union components of EIS) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved) | AFF | 3.16 (2014) | > 3 | 3.16 | 3.96 | 3.57 |
| | AFF Work Visits | 3.7 (2014) | > 3 | 3.7 | 3.37 | 3.08 |
| Participants' views on the extent to which a JA (that sought to enhance the availability, reliability and/or quality of (specific) Union components of EIS) (has) achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent') | EAF | 93% (2014) | >80% | 93% | 96% | 95% |
| Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent') | EAF | 93% (2014) | >80% | 93% | 93.5% | 93% |
| Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful') | EAF | 99% (2014) | >80% | 99% | 99% | 98% |

At the level of joint actions that were organised in relation to the EIS, these were mostly project groups and working visits. The project groups included the continuation of those started in 2014, such the IT systems development group (ITSD), IT technology and infrastructure group, Customs Business Group and Electronic Customs Coordination Group (ECCG), as well as those started in 2015 related to the UCC implementation. The stakeholders' assessment of these joint actions was very positive and above target levels.

⁶ These nine systems are listed in MASP Rev 2016 V1.3: Customs Decisions, UCC BTI phase 1, EU AEO Major Enhancements, REX, COPIS-AFIS, CLASS, EOR12, SURV3, CCN2, UUM&DS, High availability DG Taxud operational capabilities,CTA, UCC Special Procedures (INF), .

⁷ These thirteen systems are listed in MASP Rev 2016 V1.3: UCC BTI phase 2, MRA Canada, MRA Norway, UCC AES, UCC NCTS, COPIS e-AFA, UCC ICS 2.0, CUP-MIS, TIR with Moldova and Ukraine, SSTL. CRMS2 is not included in MASP 2016, but included here. SSTL is added to research phase.

⁸ End of 2016, among the 28 MASP projects (on-time or delayed or on-hold), 17 IT projects are flagged as Green: Customs decisions, , EU AEO Major Enhancements, MRA Canada, UCC AES, UCC NCTS, REX, EU Single Window-CVED, CLASS, EOR12, UCC INF, SURV3, TIR with Moldova and Ukraine, UUM&DS, High availability DG TAXUD operational capabilities, CS/RD2, CTA, Business continuity. 11 IT projects are flagged in Amber: UCC BTI Phase 1, UCC BTI Phase 2, COPIS-AFIS, COPIS e-AFA, UCC GUM, UCC ICS2.0, CUP-MIS, UCC PoUS, CCN2, eATA Carnet, SSTL. Project of adjustments of the existing import applications under the UCC is marked green but not started.

1.9 Objective 3: to identify, develop, share and apply best working practices and administrative procedures, in particular further to benchmarking activities

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

Joint actions linked to this primary objective represent the biggest number of joint actions under the programme . 193 joint actions were running under this operational objective in 2016, which is commensurate to 2015 level. The stakeholders' assessment of these joint actions was very positive and above target levels.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|---|-----------------|-------------|--------|------------|------------|------------|
| Extent to which JAs (that sought to extend working practices and/or administrative procedures/guidelines in a given area to other participating countries) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved) | AFF | 3.25 (2014) | >3 | 3.25 | 3.2 | 3.14 |
| | AFF Work Visits | 3.42 (2014) | >3 | 3.42 | 3.65 | 3.64 |
| Participants' views on the extent to which a JA (that sought to extend working practices and/or administrative procedures/guidelines in a given area to other participating countries) (has) achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent') | EAF | 95% (2014) | >80% | 95% | 97% | 95% |
| Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent') | EAF | 95% (2014) | >80% | 95% | 95% | 95% |
| Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful') | EAF | 98% (2014) | >80% | 98% | 99% | 99% |

A number of project groups continued from previous years, such as the project group on detection technology, which strives to provide advice and guidance to customs administrations on the state of the art detection technology and equipment. Equally, four project groups concerning customs controls at the various types of border continued from 2014. RALFH (northern ports), ODYSSEUS (southern ports), ICARUS (airports), LFCG (land frontier contact group) project groups bring together permanent contact points from the participating Member States and senior managers from customs offices at the border, with the aim to address any issues relevant for operational co-operation and co-ordination with regard to controls at the external frontier.

A new project group was launched in 2016 - Canine Unit Network is a platform where issues concerning detection dog could be handled. The long term aim is improving and developing customs controls capability and performance standards with detection dogs of customs at the external borders of the European Union (primarily at ports, airports, and land borders) but also for mobile controls. Besides physical meetings, the network also maintains its online collaboration space for exchanges on the programme's PICS platform.

77 working visits took place in 2016 under this objective, involving nearly all the participating countries. The range of topics covered by these visits went from broad areas, such as learning and gathering experience on approaches to customs controls and risk management, to more focused themes, for example detection methods used in customs laboratories.

There were equally two benchmarking joint actions organised under this objective (as declared by action managers) where two or more national administrations worked together to undertake systematic research, analysis and comparison to identify best practice. These were the Workshop on blended learning (May 2016, Sweden) and the seminar on the Implementation of the EU Acquis concerning Authorised Economic Operators in the Western Balkans (June 2016, Albania).

The workshop on blended learning was held as part of the Common Learning Events Programme (CLEP) of Customs 2020. Blended learning is a formal education program in which a student learns at least in part through delivery of content and instruction via digital and online media with some element of student control over time, place, path, or pace. This training workshop helped to share established expertise in the field of blended learning among the customs administrations. The seminar in Albania was organised to help the enlargement countries align their customs legislation in the area of risk and trade facilitation to the EU acquis. This includes implementing the "Authorized Economic Operator" concept contained in the Union Customs Code. Their degree of progress in this respect is very different. If the EU is not proactive in providing assistance to the countries in the region in their design of their respective AEO programs, there is a risk that these may be influenced by other trading partners and thus make future alignment to the EU acquis more difficult and expensive.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|--|-----------------|---------------------------|---|------------------|------------------|------------------|
| Percentage of participants that disseminated a working practice and/or administrative procedure/guideline developed/shared produced with the support of the programme in their national administration | EAF | 94% (2014) | >90% | 94% | 94% | 93% |
| Percentage of participants which declare that an administrative procedure/working practice/guideline developed/shared under the programme led to a change in their national administration's working practices | EAF | 84% (2014) | ?70% | 84% | 74% | 74% |
| Number of actions under the programme organised in this area | ART | 85 (2014) | Grow or stable compared to baseline | 85 | 200 | 191 |
| Number of working practices/administrative procedures (AP) developed/shared | AFF | 1 (2014) | On average at least one output per action | 1 (AP) | 2 (AP) | 19 (AP) |
| | AFF Work Visits | 35 (2014) | | 35 (AP) | 184 (AP) | 114 (AP) |
| Number of actions which had outputs used for a benchmarking activity as declared by the action managers | AFF | 0 (2014) | Grow or stable | 0 | 2 | 2 |
| Number of guidelines (G) and recommendations (R) issued by participating countries in their national | EAF | 2014: 28 (G) 80 (R) | On average at least one output per | 28 (G) 80 (R) | 25 (G) 80 (R) | 29 (G) 55 (R) |

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|---|--------|----------|--------|------------|------------|------------|
| administrations following activities relating to modern and harmonized approaches to customs procedures | | | action | | | |

If we look at the outputs produced by the joint actions under this objective, we can observe that in 2016 there were 123 best working practices and administrative procedures developed (as reported by action managers) and 84 guidelines and recommendations issued by the Member States following programme activities relating to modern and harmonised approaches to customs procedures (as reported by the participants),

In 2016, we observe a high rate of dissemination of programme outputs by the participants, with 93% of them declaring to have distributed the outputs nationally. A stable percentage of 74% of the participants (same as in 2015) declared that the programme outputs led to a change in their national administrations' working practices. This would suggest that these outputs are of desired quality and relevance and are widely distributed at the national level.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|---|--------|---|--------|--|---|--|
| Extent to which key new C2020 European Information Systems / system components, as per the C2020 Regulation, aimed at increasing interconnectivity and moving to a paper-free customs union are being used (number of movements, in millions) | EC | 2014: 10.2 m (NCTS) 13.47m (ECS) 41.45m (ICS) | Grow | 10.2 m (NCTS) 13.47m (ECS) 41.45m (ICS) | 10.18 m (NCTS) 13.5m (ECS) 41m (ICS) | 10.5 m (NCTS) 14.3m (ECS) 44.6m (ICS) |

The working practices and administrative procedures are also exchanged automatically, namely by those key **European Information Systems** that are aimed at increasing interconnectivity and moving to a paper-free customs union. These three key systems are the computerised systems for transit (NCTS), export (ECS) and import (ICS). They are crucial for the functioning of the customs union. We can observe that their usage by national administrations remains high and that they are functioning properly. The numbers of tracked movements on the systems have slightly increased over the last year, and the systems have equally maintained very high availability rates. For NCTS, over 10.5 million transit movements were released, which represents an increase of 3% compared to 2015). For ECS, 14.3 million indirect export movements were released in 2016 (an increase of 5.5% compared to 2015). For ICS, approximately 45 million Entry Summary Declarations (ENS) were lodged in EU during 2016, which is an increase of 8% compared to 2015.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|--|--------|-----------------|-------------------------------------|------------|------------|------------|
| Number of face to face meetings (total for the programme) | ART | 443 (2013) | Grow or stable compared to baseline | 265 | 551 | 552 |
| Number of on-line collaboration groups (PICS) (total for the platform) | EC | 110 (2013) | Grow | 199 | 261 | 318 |
| No of downloaded files from PICS (total for the platform) | EC | 13564 (2013) | Grow or stable compared to baseline | 73200 | 116538 | 96062 |
| No of uploaded files on PICS | EC | 3445 | Grow or stable | 5521 | 11177 | 7807 |

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|--------------------------|--------|----------|----------------------|------------|------------|------------|
| (total for the platform) | | (2013) | compared to baseline | | | |

In the area of **online collaboration**, we are looking at the use of the Programme Information and Collaboration Space (PICS). This platform is used by many DG TAXUD and national customs officials to facilitate the running of joint actions, but also for other, non-programme related collaboration needs. We can see that the total number of online collaboration groups (both customs and tax) on the platform has continued to rise during 2015, increasing from 261 to 318, or on average, one new online collaboration group created every week of the year. Similarly, over 1100 new users signed up to PICS during 2016. Not all users and groups have classified themselves, but from those that have, we know that the ratio between customs and tax users on the platform is roughly evenly split. In terms of file sharing, after a significant increase in 2015, the numbers have come down. Whilst it is unclear why there has been a drop, these numbers are still significantly higher than the baseline and the 2014 values.

A number of evolutive changes and improvements were made on the platform in 2016, including the new visual look and the responsive design, which now allows for the platform to be used also from mobile devices. TAXUD has also increased user support during 2016 by providing a number of training videos, help articles and live coaching sessions.

1.10 Objective 4: to reinforce skills and competencies of customs officials

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

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|---|--------|-------------|-------------------------------------|-------------------|------------|------------|
| Number of EU eLearning modules used by participating countries (combined number of all modules used in each country) | EC | 174 (2014) | Grow | 174 | 183 | 305 |
| Average training quality score by customs officials (on a scale of 100) | EC | 70.3 (2015) | >70 | 73.3 ⁹ | 70.3 | 74.3 |
| Number of customs officials trained in IT trainings | ART | 124 (2014) | Grow or stable compared to baseline | 124 | 293 | 374 |
| Percentage of officials that found that the IT training met their expectations (percentage of those who replied 'fully' or 'to large extent') | EAF | 95% (2014) | >80% | 95% | 92% | 87% |

⁹ The new format of the satisfaction survey was only launched towards the end of 2014. Therefore the data collected in 2014 is insufficient to be representative and we should rather rely on the 2015 data as the baseline.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|--|--------|--------------|-------------------------------------|------------|------------|------------|
| Percentage of officials that found that the IT training to be useful (percentage of those who replied 'very useful' or 'useful') | EAF | 99% (2014) | >80% | 99% | 98% | 97% |
| Number of officials trained by using EU common training material | EC | 4 776 (2014) | Grow or stable compared to baseline | 4 776 | 3092 | 23 685 |
| Number of IT training sessions organised for given systems / components | ART | 22 (2014) | Grow or stable compared to baseline | 22 | 45 | 58 |
| Number of produced EU eLearning modules | EC | 15 (2013) | Grow or stable | 15 | 15 | 30 |

The Customs 2020 programme finances the development of eLearning courses on topics of common interest in collaboration with customs administrations and representatives of trade. Such courses support the implementation of EU legislation and ensure the dissemination of good customs practices throughout the European Union. In 2016, an extensive UCC EU eLearning programme has been developed and deployed in support to the implementation of the new Union Customs Code (UCC) which entered into force on 1 May 2016. This UCC eLearning programme consists of 1 overview module (Level 1) and 14 customs domain specific modules (Level 2), containing in total 17,5 hours of learning material. All the eLearning courses are incorporated into national training programmes by the participating countries according to their need. In 2016, the combined number of various eLearning courses used by the participating countries was 305 (up from 183 in 2015). This indicator is obtained by adding together the number of modules used in each country.

The uptake of the UCC eLearning programme is high from the start. 15 participating countries have immediately integrated the UCC Overview course, while the other domain specific courses have an uptake from 9 to 12 participating countries. In total 156 uptakes were reported for a minimum of 21.607 trainees (23 685 trainees in total, if other non-UCC courses are included). This represents an equivalent of 1.080 classroom classes or 4 classes daily during the whole year of 2016. In addition, the UCC EU eLearning courses have been downloaded almost 10.000 times in total via EUROPA in 2016 covering more than 500.000 trainees as reported by those who downloaded the courses. By the end of 2016, the UCC EU eLearning programme has also been further extended with a first IT eLearning course, related to the Registered Exporter System, which entered into force as on 1 January 2017.

The customs officials were asked to report back on the **quality of the training courses** using the internationally recognised Kirkpatrick training scale¹⁰. The trainees were requested to score, on a scale of 100 points, the relevance of the courses, the achievement of their learning objectives, the learning retention and the 'user-friendliness' of the course. We can see that the average score in 2016 measured close to 75 points, which is equivalent of "very good". While most trainees are highly satisfied, some expressed the need for even smaller bits of learning items and others need more challenging in-depth training. This could be addressed by adapting the format of the learning material in function of the learning objectives - for example, by using different tools such as eBooks, webinars, train-the-trainer events etc.

¹⁰ http://www.wa.gov/esd/training/toolbox/tg_kirkpatrick.htm

Furthermore, even though considerable efforts have already been made to ease the technical compatibility of the courses for mobile devices, the majority of the trainees are of opinion that the download procedure is not user-friendly and should be replaced with an easy one-click on-line access.

In 2016, there were also 58 **IT training sessions** (compared to 45 in 2015) organised by DG TAXUD for national customs officials on how to use various European customs IT Systems. The greater number of trainings is also reflected in the increase in the number of customs officials trained in these sessions, from 293 in 2015 to 374 in 2016. These sessions received very positive feedback from the participants in terms of their usefulness and meeting the participants' expectations.

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

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

In total, there were 44 **joint actions** running under this objective (exactly the same number as in 2015), mostly project groups, workshops and seminars.

The programme continued to support the contribution of Europe region to the work of the World Customs Organisation. From 1 to 3 June, 2016, the EU as Vice Chair of the WCO Europe region organised in cooperation with the Swedish Customs and with the support of the programme the 2nd regional workshop on the implementation of the World Trade Organisation's (WTO) Trade Facilitation Agreement (TFA). The seminar resulted in the adoption of a declaration that emphasized the important role of customs in the implementation of the TFA, including consistent implementation based on international standards that encompass WCO tools and instruments.

A number of new project groups were equally launched in 2016: the network of European Coordinators for Asia-Europe Meeting (ASEM), the project group on Joint assessment of compliant trader programmes with Morocco, two project groups dedicated to the Authorised Economic Operators - Mutual Recognition of trade partnership programmes with the US and Japan, and the project group dedicated to the continuation of the EU-China-Hong Kong pilot project on smart and secure trade lanes.

Other project groups continued from previous programme years, for example those dealing with customs co-operation on various issues with third countries, such as Russia, Ukraine, Moldova, Georgia, Belarus, China and Japan. All this testifies to the importance of the programme for the EU's international customs cooperation.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|---|-----------------|-------------|--------|------------------|------------|------------|
| Extent to which JAs (that sought to support co-operation between customs authorities and IOs, third countries, other governmental authorities, economic operators) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved) | AFF | 2.36 (2014) | >3 | 2.36 | 3.17 | 2.44 |
| | AFF Work Visits | 3.5 (2015) | >3 | Insignif. sample | 3.5 | 3.5 |
| Participants' views on the extent to which a JA (that sought to support co-operation between customs authorities and IOs, third countries, other governmental | EAF | 95% (2014) | >80% | 95% | 91% | 92% |

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|---|--------|-------------|-------------------------------------|------------|------------|------------|
| authorities, economic operators) (has achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent') | | | | | | |
| Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent') | EAF | 94% (2014) | >80% | 94% | 90% | 91% |
| Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful') | EAF | 99% (2014) | >80% | 99% | 96% | 98% |
| Number of programme actions supporting the operational objective relating to co-operation with 3 rd parties | ART | 22 (2014) | Grow or stable compared to baseline | 22 | 44 | 44 |
| Number of downloaded e-learning courses by economic operators and others via Europa.eu website | EC | 3219 (2014) | Grow or stable compared to baseline | 3 219 | 3202 | 12 920 |

The participants' feedback on 'fulfilled results', 'met expectations' and 'usefulness' is overall positive, and well above target levels. The action managers, however, have reported a lower level of achievement of expected results (2.44), when compared to last year (3.17). Since the start of measurement of achievement of results under the programmes, international activities have been reporting more moderate levels of this indicator when compared to other types of programme activities. As reported by action managers, this is primarily due to political and organisational changes in the partner countries, which impact the success and progress of these activities. In the case of working visits, which take place between the programme countries, there are no such challenges and the customs officials who went on a working visit under this objective report a very high level of achievement of results (3.5).

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

In the area of **exchange of information through IT systems** with third countries in 2016, one new country was added (Serbia); thus bringing the total of partner countries from 12 to 13. The EU currently exchanges information with: Japan, USA, Norway, Iceland, Switzerland, Liechtenstein, Andorra, San Marino, Russia, Turkey, the Former Yugoslav Republic of Macedonia, China and Serbia. With some of these partner countries the information exchanged concerned transit movements (NCTS), while with others it concerned the authorised economic operators (AEOs). Serbia became a new contracting party to the Common Transit and Simplification Conventions in 2016. Montenegro is expected to be the next country to join the Convention, but no target date is defined. New initiatives are being investigated in pre-Inception mode, particularly in the area of NCTS collaboration with Moldova, Ukraine and Georgia. There is equally an ongoing project concerning the future implementation of AEO-MRA with Canada.

| indicator | Source | Baseline | Target | 2014 value | 2015 value | 2016 value |
|--|--------|-------------|--------|------------------|------------|------------|
| Average training quality score by other users (e.g. traders and individuals) (on a scale of 100) | EC | 69.2 (2014) | >70 | 64 ¹¹ | 69.2 | 78.5 |

Some of the same **eLearning courses** discussed under Objective 4 are also publicly available for download through the Europa website, where they are mostly consulted by economic operators. During the year, these courses were downloaded 12 920 times, a 4-fold increase due to the attractiveness of the new UCC modules produced during the year. The economic operators were also asked to report back on the quality of the training courses using the Kirkpatrick training scale. Their average score 78.5 (compared to 69.2 in 2015) indicates their overall positive assessment.

6. PROGRESS IN RELATION TO THE ANNUAL WORK PROGRAMME

1.12 Introduction

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

The core part of the AWP consists of several projects, which are grouped in function of the Customs 2020 programme's specific objective area to which they will mainly contribute. All activities under the programme are organised to support the achievement of the objectives of these projects. The list of AWP projects is drawn up by DG TAXUD and the participating countries by taking into consideration the priorities of the Union Customs Policy.

In the chapter below, we have included one AWP project per each part of the specific objective of the programme (4 AWP projects in total), with additional information on their work and achievement during 2016. The selected projects are representative of the type of AWP projects initiated under each part of the specific objective. The summaries of projects are provided by the action managers and highlight the main actions and their results.

1.13 General objective

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|---|
| Title of the AWP Project: |
| <i>Development, implementation and enforcement of customs union legislation</i> |
| Description of the project: |
| The customs union is an exclusive European Union competence, and the responsibility for implementing customs legislation is primarily that of the Member States. The Union Customs Code (UCC) , including its implementing and delegated acts (the UCC "package"), constitutes the new comprehensive customs legal framework for the Union as from May 2016. Its application implies involving Member States and, in certain cases, trade experts in informal |

¹¹ The new format of the satisfaction survey was only launched towards the end of 2014. Therefore the data collected in 2014 is insufficient to be representative and we should rather rely on the 2015 data as the baseline.

actions and discussions to help secure the proper implementation of the package including by adopting any amendments that become necessary. Programme activities can help prepare and facilitate the formal adoption processes.

At the same time, **various other Union legislative provisions** assign competencies or tasks to customs authorities.

The uniform application of European Union law by customs authorities in regard to their competencies and tasks is necessary and has to be supported by a monitoring framework.

Despite the fact that customs legislation is Union competence, its **application and enforcement**, and in particular the imposition of sanctions, currently lies within Member States' national responsibility and is governed largely by national legislation. Consequently, customs legislation enforcement is subject to 28 different legal sets of **sanctioning rules** and different administrative or judicial traditions. This means that infringements of certain obligations stemming from the EU-wide customs legislation are punished by sanctions which differ by nature and severity according to the different Member States.

Legal acts by their very nature cannot cover all the detailed aspects of customs interaction with various stakeholders. Therefore, **guidelines** are developed to explain, in a more practice-oriented and user-friendly manner, the various legislative provisions. These guidelines constitute an additional communication tool that brings customs procedures closer to traders in, or doing business in, the European Union. These guidelines cover the various customs procedures and the related IT systems.

Preparing these pieces of **legislation and guidelines** requires thorough **analytical work** and coordination with all stakeholders (Member States and trade representatives).

Expected results:

Development of legislation:

- Facilitate the adoption of future UCC package amendments by preparatory work.
- Facilitate the defining of additional technical arrangements for the IT systems related to the UCC package.
- Contribute to and inform various target audiences about developments linked to customs union legislation.

Implementation, monitoring and enforcement of legislation:

- Lay down the milestones for monitoring the implementation of the UCC and follow-up to the implementation.
- Identify and tackle gaps in the uniform interpretation and common understanding of the Union customs law provisions. Make efforts to harmonise customs practices in the implementation of Union law.
- Continue to prepare and refine guidelines for various aspects of the UCC in order to increase and facilitate awareness and understanding of the UCC, and continue to share best practices in particular as regards the implementation of the UCC.
- Facilitate the understanding and implementation of the UCC: implement communication and training needs; promote and improve the UCC eLearning modules; and follow-up the implementation of the recommendations.
- Implement the management framework for the monitoring strategy on an annual basis, supported by updated monitoring guidelines. Revise the monitoring guidelines.
- Carry out monitoring visits in agreed areas.
- Facilitate the approximation of Member States' rules on customs infringements and sanctions.

Actions initiated under the programme:

Communication actions:

UCC Communication Plan Project Group (CCM/002)
Presenting the Union Customs Code at various fora

Project groups:

Enhance cooperation between stakeholders in the consultation process of the UCC related

DA/IA (CPG/052)

Support for the implementation of the UCC work programme (CPG/066)

High Level Project Group (HLPG) on the implementation of the Union Customs Code (UCC) and eCustoms (CPG/082)

Seminars and workshops:

High-level seminar on Electronic Customs, with focus on Single Window (CSM/004)

Tariff classification workshop (CWS/056)

Summary of main outcomes:

Following the entry into force of the substantial provisions of the Union Customs Code on 1st May 2016, the new legislation, including the main Regulation, the Delegated Act and the Implementing Act (the UCC package), was presented in different fora in order to explain the main changes introduced and the modalities of the transition between the old and new framework. The new structure and content of the UCC was the subject of several workshops and seminars with trade representatives, of conferences organised by the industry and international organisations such as the World Customs Organisation and the World Trade Organisation, as well as of ad-hoc presentations to other EU institutions, especially the European Parliament.

Cooperation with Member States and trade representatives has been essential, not only in preparing the adopted legislation and in discussing implementation issues faced by national customs authority, but also in developing new policy options necessary for customs legislation to adapt to trade realities. For this reason, a number of expert group meetings were organised with an almost monthly frequency. Stakeholders were thoroughly consulted before the adoption of the amendment to the Implementing Act, and to the Delegated Act, which is due to be adopted in 2017. Stakeholders were also involved in project groups that conducted revisions of a number of guidance documents that should help customs authorities and economic operators to understand better and correctly apply the UCC package provisions.

The UCC work programme was revised and adopted in April 2016 taking into account the progress of the different EU projects related to the electronic systems required for the implementation of the UCC and the need expressed by Member States and economic operators to include national IT projects.

The High-level project group on the implementation of the UCC and e-customs (HLPG) met once on 23/09/2016 to discuss the future implementation of Customs IT in the EU. The meeting was a follow up to the discussions started upon the request of Member States in the Club meeting in Bled, the Dubrovnik workshop and the July 2016 Customs Policy Group meeting concerning the challenges and difficulties Member States and the Commission face in implementing the large portfolio of IT systems, as defined in the UCC Work Programme and MASP. The output of the meeting allowed for preparing a policy line regards the future work both on the IT strategy and collaboration and on the required resources (as input for the next EU Multi-Annual Financial Framework).

1.14 Specific Objective part 1 – to protect the financial and economic interests of the union and of the member states – selected project

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| Title of the AWP Project: |
| <i>Customs tariff and classification</i> |
| Description of the project: |
| <p>The amount of duty that has to be paid is determined by the customs value, the origin and the customs tariff. For that reason, all goods imported into or exported from the Union must be classified for customs purposes. Each separate product can be linked up with a specific classification code. As this code represents the basis for determining the duty together with a complex set of measures linked to the origin and the customs value, it is essential that the correct code is identified.</p> <p>The Harmonized System nomenclature of the World Customs Organization (WCO) is the basis of the Combined Nomenclature. Both are the basis of all customs classifications which are used in customs clearance, customs control and statistics, and also included in many Union regulations as well as in the international agreements. Nevertheless, customs classification remains complex because the nomenclatures with their respective explanatory notes are voluminous, sometimes unclear. Moreover, the current nomenclatures are not always representative of the trade reality: some important classes of products may be not sufficiently distinguished, used norms and descriptions may become obsolete.</p> <p>The European Commission has established the Binding Tariff Information (BTI) system as a tool to assist economic operators to obtain the correct tariff classification for goods they intend to import or export. The BTI decisions are issued by the individual Member States with validity in all Member States. For that reason, measures are to be put in place to prevent incorrect classification leading to divergent tariff classification and BTI decisions for the same product.</p> <p>Customs is supported by an electronic tariff system (TARIC) in their clearance function. TARIC integrates all measures relating to European Union customs tariff, commercial and agricultural legislation. Tariff measures specifically relate to "Third country duty", customs duty applicable to all imports originating in a non-Union country, as defined in the Combined Nomenclature, tariff preferences, autonomous suspensions of duties, tariff quotas and customs unions.</p> <p>However, the degree of application of credibility checks (aiming at ensuring that the correct data declared in the customs declaration) integrated in TARIC varies in Member States. This has a negative impact on the accuracy of the declaration risking the loss of revenues.</p> |
| Expected results: |
| <ul style="list-style-type: none"> • Create simpler and up-to-date chapters within the Harmonised System/Combined Nomenclature (HS/CN) nomenclatures (with focus on food/chemicals/mechanical or miscellaneous chapters) by identifying the weaknesses of the HS/CN nomenclatures and their related explanatory notes, by elaborating proposals for amendments to modernise and/or simplify these nomenclatures or facilitate classification of goods, • Pool classification expertise to resolve complex classification issues concerning specific products or of a more general nature or cases of divergent tariff classification and enhance uniform tariff classification possibly via an expert team. • Elaborate proposals concerning the classification of products – support the drafting of amendments to the text of the additional notes and explanatory notes of the Combined Nomenclatures. • Monitor and analyse new products. • Facilitate classification related to autonomous tariff measures. • Develop a Classification Information System (CLASS) to provide a single platform for all classification information. • Support the effective, efficient and timely issuing of BTI decisions and contribute to the issuing of less divergent BTI decisions. • Reinforce the uniformly correct application of the integrated tariff of the European Union (TARIC). • Identify goods categories where the integration of credibility checks in TARIC is required. • Reinforce the implementation of the credibility checks measures in Member State' clearance systems. |

- Reduce the share of wrong customs declarations for the Combined Nomenclature codes where credibility checks are integrated.
- Monitor the number of the suspicious customs declaration through the Surveillance database
- Guide the Member States' customs administrations through the implementation of the TARIC measures.

Actions initiated under the programme: PROPOSE TO DELETE OLD & DORMANT ACTIONS

Project groups:

Classification of products in the HS/CN nomenclatures - Chemical chapters CPG/001
 Implementation of credibility checks in customs clearance's systems CPG/007
 Classification of products in the HS/CN nomenclatures - Food chapters CPG/021
 Classification of products in the HS/CN nomenclatures - Other classification issues CPG/068
 Classification of products in the HS/CN nomenclatures - Mechanical/Miscellaneous CPG/069
 Administrative guidelines on the European Binding Tariff Information system and its operation (EBTI) CPG/078
 Enhancing uniform tariff classification throughout EU & improving the functioning of the BTI system CPG/099

Summary of main outcomes:

In the area of classification, projects groups provided support to the Customs Code Committee when dealing with technical issues. They allowed to speed up the resolution of classification divergences between the Member States and to analyse possible modernisation of the Common Nomenclature. Additionally, towards the end of 2016, a pilot Expert Team was launched to deal with difficult classification cases and to provide the Member States with a centre of expertise for technical classification questions. Besides the expert team, several other cost-effective measures (for example - virtual forums) have been agreed and are being implemented in order to assist the Member States in the classification under the "Future of Binding Tariff Information" project.

The Commission also published Interim Administrative Guidelines on the European Binding Tariff Information (EBTI) System and its operation offering a global overview to customs authorities and to traders of the Binding Tariff Information (BTI) process under the EBTI system. These guidelines provide guidance to customs authorities on how to draft and issue BTIs and how to prevent BTI shopping. These measures contribute to the harmonisation of national practices.

For what relates to credibility checks, the project group defined the scope of products to be automatically checked as well as the threshold to be used. This task allows to improve the quality of data inserted in customs declaration by detecting clerical errors and to fight against fraud in valuation or classification. More than 6 million customs declarations were checked in 2016 and the project group will continue its work in 2017 to further extend the scope of these checks.

1.15 Specific Objective part 2 – to increase safety and security, and to protect citizens and the environment and to strengthen the competitiveness of European businesses – selected project

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|---|
| Title of the AWP Project: |
| Customs authorities protecting health, the environment, cultural heritage and ensuring safety and security |
| Description of the project: |
| <p>Consumers, civil society and national authorities are demanding stricter customs controls of non-fiscal aspects. Issuing new and adjusting existing guidelines on customs controls, establishing common risk criteria, creating a “toolbox”, online services and informing the business community and the wider public are all options to ensure a harmonised approach to customs enforcement.</p> <p>The overarching objective of this project is to increase the safety and security and to protect the citizens, the environment and cultural heritage by implementing Union policy and legislation in the following areas:</p> <ul style="list-style-type: none"> - Human health and food safety; - Animal health; - Plant health; - Protection of the environment and climate; - Product safety and compliance; - Cultural heritage; - Restricted and prohibited goods, controlled substances, etc. (including drug precursors, cash, dual use goods, firearms, etc.); - Safety and security of consignments (e.g. air cargo). |
| Expected results: |
| <p>Health and safety, the environment and cultural heritage:</p> <ul style="list-style-type: none"> • Establish a coordinated approach on border controls related to measures related to <ol style="list-style-type: none"> I. Sanitary and phytosanitary issues, II. Environmental issues (wildlife trafficking, Forest Law Enforcement, Governance and Trade - FLEGT, ozone depleting substances - ODS, waste, etc.), III. Product safety, IV. Cooperation between authorities. • Explain and demonstrate the usage of the “Guidelines for import controls in the area of product safety and compliance” in Member States and Candidate Countries. • Extend a specific part of the guidelines for import controls in the area of product safety and compliance to other products. • Implement the guidelines on Waste shipments and/or FLEGT are implemented and evaluate their use. • Establish a liaison network with authorities competent for measures for the protection of health and environment for regular exchange of information. • Publish and implement the toolbox on standard procedures. • Reinforce a common risk management approach to product safety and compliance controls on imported goods and to controls of waste shipments. • Lay down data collection parameters for Union-wide collection of control data for product safety. • Contribute to the other (non-customs) policy developments from the customs perspective. • Enhance cooperation between customs and market surveillance and other competent authorities. • Support the role of customs in controlling cultural goods in import and export. • Formulate recommendations on the way forward on possible cooperation in the field of waste |

trafficking between the European Union and China.

- Put forward recommendations on the way forward on possible cooperation between the European Union and China.
- Develop support activities to customs in controlling cultural goods.

Drug precursors:

- Enhance the uniform understanding and interpretation of Regulation (EC) No 111/200533 Member States applying the legislation.
- Exchange best practices on specific aspects of drug precursors' controls.
- Develop common approaches on customs controls, including risk analysis, for officers in ports, airports and land borders related to drug precursors.
- Design and implement common activities on targeting and controlling precursors.
- Updated Guidelines/e-learning for Competent Authorities and Industry.

Cash controls:

- Lay down common approaches on the interpretation and implementation of the Cash Control Regulation.
- Update the handbook of guidelines on cash controls.
- Share statistics on cash control results.
- Carry out communication and awareness-raising activities out addressing the wider public.
- Support the establishment of common positions at the Financial Action Task Force (FATF) and other international meetings.
- Support the discussion on cash control penalties in the European Union .

Risk management:

- Evaluate and renew safety and security specific Common Risk Criteria and identify new criteria where appropriate.
- Develop common risk indicators for pre-loading air cargo security between customs, aviation security and home affairs.
- Small consignments

Actions initiated under the programme:

Capacity building:

Implementation of the Guidelines for import controls in the area of product safety and compliance
CCB/002

Training: The new FLEGIT system for the processing of FLEGT licences–trade in timber-customs experts
CCB/006

Project groups:

Project Group on Drug Precursors CPG/016

Coordination of activities on the protection of Health, Cultural Heritage, the Environment CPG/017

Drug Precursors Control – eLearning course for economic operators - UPDATE CPG/018

Drug Precursors Control – eLearning course for customs officers - UPDATE CPG/019

Cash Controls Coordination Group CPG/033

Product safety and compliance controls on imported goods CPG/057

Improving coordination between customs and P&R fora of non-customs nature CPG/086

EU-China project group on Waste CPG/087

Project Group on Harmonisation of Cash Control Penalties CPG/088

Preparation and follow-up to actions organised by PROSAFE CPG/089

Workshops:

IMPEL TFS Workshop CWS/005

ASEM – Workshop on the Control of Transboundary Shipments of Waste CWS/009

WS_Coordinated Lists of Prohibited Products to Increase Safety and Security and Facilitate Controls
CWS/015

Participation of customs experts to a training on ozone depleting substances (ODS) CWS/023

Regional Workshop on Cooperation in the market surveillance area among the Baltic States
CWS/024

Training on the new system of electronic certification for organic products - customs experters
CWS/037

ASEM – Workshop on the Product safety and compliance controls on imported goods CWS/041

Cooperation among Baltic States in the area of product safety & compliance control on imported goods
CWS/044

2nd Training on the new system of electronic certification for organic products - customs experts
CWS/045

Best practices workshop on drug precursors – EU/China cooperation CWS/050

Summary of main outcomes:

In the area of **Product Safety** the expert group discussed specific cases and provided guidance to Member States and candidate countries ensuring the correct implementation of the legislation. Checklists and Information Sheets on a number of product categories were prepared in order to ensure a uniform approach in product safety related customs controls. International cooperation in this area was promoted through the participation of the Commission and the Member States in the Asia-Europe Meeting (ASEM) workshop on Product Safety. Moreover, a report on customs controls in the field of product safety for the previous year, containing data collected from the Member States, was prepared in order to measure the scale of customs actions and to enforce the level of cooperation between Customs and Market Surveillance Authorities.

In the area of **Prohibitions and Restrictions**, joint meetings (with Veterinary Services) and workshops (on Waste, Ozone Depleting Substances and F-Gases) with other competent authorities, strengthened the cooperation between Customs and those Authorities, promoting the smooth flow of legitimate trade while at the same time providing for efficient controls. In order to foster compatibility and convergence between sectorial legislation and customs legislation, a document ('Toolbox') providing guidance for the preparation or review of EU legal acts on how customs involvement could be envisaged, was prepared and circulated to the concerned Commission Services.

On 24-26 October 2016 the European Commission and the National Mission for the Control of Chemical Precursors (MNCPC) in France organised a "Best Practices **Workshop on Drug Precursors - EU-China Cooperation**" in Paris in partnership with representatives of EU industry, the Chinese National Narcotics Control Commission (NNCC) and representatives of Chinese industry. During the meeting participants shared 'best practices' on strengthening the partnership between authorities and industry on the prevention of diversion of drug precursors and established a direct channel of communication between the EU and Chinese industry in particular between the relevant associations and federations. The workshop resulted in a number of concrete and operational conclusions and recommendations.

Within the **Project Group on Drug Precursors**, the European Commission and representatives of several EU Member States updated the 'Guidelines for Operators'. The guidelines are for operators dealing with drug precursors and are primarily aimed at providing practical guidance for the implementation of the main provisions of the legislation of the EU on drug precursors. They also provide recommendations that, although not relating to specific provisions of the legislation, can help

operators to prevent diversion of drug precursors. The guidelines are translated into all the official languages of the EU and are disseminated by the national competent authorities to operators that have a licence or registration (in relation to the EU drug precursor legislation).

The project group on **Harmonisation of Cash Control Penalties** was composed of 10 Member States and analysed the possibility to harmonise the penalties regime applicable to non-declaration of cash. The objective consisted of providing policy input for the Impact Assessment which was taking place regarding the revision of Regulation 1889/2005. The work of the group elucidated that opinion between Member States was highly polarised. Both proponents and opponents of approximation of sanctions provided a range of arguments. This feedback was taken into account in the Impact assessment and the drafting of the subsequent legal proposal.

The **Cash Controls Coordination Group** met under presidency of the Commission in 2016.

- Statistical information on declarations and infractions was disseminated;
- An overview of ongoing court cases was provided; the cases were discussed with a view to the potential improvement of procedures;
- Group discussions took place concerning practical questions regarding difficulties concerning the application of Regulation 1889/2005 in certain circumstances;
- Beginning of 2016, promotional material was made available to a requesting Member State.

The Commission provided a state of play regarding the legislative initiative and sought Member States' feedback regarding practical aspects of major policy options that were considered. This feedback was integrated in the Impact Assessment.

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

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|---|
| Title of the AWP Project: |
| Operational procedures and working methods |
| Description of the project: |
| <p>Common understanding of legal requirements and harmonised application of working methods in operational procedures and customs control functions require intensive and systematic cooperation, exchange of information and sharing of good practices among the operational customs officials. This includes all operational functions of customs authorities, including controlling goods at external borders (sea/waterways, land and air) and inland.</p> <p>Modern technologies and concepts can facilitate customs in performing everyday tasks and the use of detection technologies plays an important role for the Union customs to meet their strategic challenges of effectively managing associated risks with available resources, and maintaining a proper balance between customs controls and facilitation of legitimate trade.</p> <p>In addition co-operation with officials of other governmental bodies particularly those with whom customs co-operates at the external border, should be strengthened.</p> |
| Expected results: |
| <ul style="list-style-type: none"> • Reinforce operational procedures mainly by the sharing of information, knowledge and skills, operational practices and know-how, technical detection solutions. • Enhance equivalent level of controls and protection of external Eastern and South-eastern Union land border with the support of an expert team. • Elaborate and update common customs control standards in various areas of customs control. • Provide updated operational guidance on customs controls and audit to Member State customs |

officials.

- Evaluate the Guidelines for the co-operation between Customs Administrations and Border Guards and update them with a focus on sharing best practices, experience and technical solutions.
- Investigate and evaluate the possibility of establishing a Union concept for coordinated or integrated border management.
- Monitor new technologies that support and facilitate customs work, especially controls, and identify appropriate border detection equipment. Explore possibilities for standardisation of equipment, including perspectives for joint procurement.
- Improve image interpretation for X-RAY operators and explore the possibilities for creating an European Union scanning image library.
- Increase cooperation between customs laboratories and customs operational officers and exchange information on the use of mobile equipment for the identification of substances by the customs laboratories.
- Enhance cooperation between customs and detection technology industry, to define customs required standards, to provide guidance to research and industry for a coherent development of detection and laboratory equipment and tools, and for customs to contribute to supporting research actions as end-users.
- Identify and support the fulfilment of the common Union-level training needs of operational officers.

Actions initiated under the programme:

Project groups:

Land Frontier Contact Group CPG/032
RALFH Contact Group CPG/037
ODYSSUD Contact Group CPG/038
ICARUS Contact Group CPG/039
Customs Detection Technology Project Group CPG/041
Car Search case sharing project group CPG/064
EU Rummage Project Group CPG/080
PG to prepare and evaluate the export control of dual use goods simulation CPG/084
PG supporting the implementation of a simulation exercise on export control of dual use goods CPG/085
Canine Unit Network CPG/131
Project Group on post clearance audits - follow-up of annual ECA findings and recommendations CPG/136

Workshops:

Training on Passengers Control Profiling CWS/010
X-Ray inspections CWS/011
ICARUS Workshop Customs Controls on the apron CWS/018
Workshop on EU Eastern Border Management CWS/019
Customs control of passenger traffic CWS/035
CLEP - Car Search Workshop by Finnish Customs CWS/052
CLEP training workshop on passenger profiling for customs control purposes – directed interview CWS/054

Summary of main outcomes:

The contact groups of **EU Ports (RALFH and ODYSSUD)** chaired by the Commission met regularly in 2016.

The groups discussed and exchanged experience regarding the implementation of the Union Customs

Code (Regulation No 952/2013) in order to achieve a common understanding and a harmonised implementation in particular with a view to temporary storage, entry in the declarant's records, guarantees and re-assessment of authorisations.

The Groups also carried out an exercise to test the good implementation of the UCC especially regarding the correct implementation of the rules on the pre-arrival information by trade with a view to the Import Control System (ICS), which gave input for the current ICS 2 developments.

The contact group of **EU Airports (ICARUS)** chaired by the Commission met regularly in 2016.

The Group shared best practises regarding the control carried out by customs at the big EU airports on passengers requesting tax refunds and on passengers' luggage in order to detect and prevent smuggling of goods in and out of the customs territory of the EU. The Group also exchanged information on the best approach to target the passengers' luggage in order to trace dangerous or forbidden goods for security and safety reasons.

The group has been involved in several tests concerning a potential modification of the baggage tag specimen. It identified possible risks in relation to the import or export of goods in the luggage of passengers and delivered its expertise several times. The Group's expertise and recommendation had been shared with all Member States' customs risk management experts.

The **Customs Detection Technology Project Group** chaired by the Commission met four times in 2016. Member States are making use of the (technical) guidance papers that have been prepared by this project group. Group members exchange technical specifications and user requirements for tender procedures to purchase new equipment. This group has also expanded and intensified the cooperation with the customs laboratories network (CLEN).

The main deliverable of 2016 was the guidance paper on standardized testing and evaluation of detection technology protocols. This report gives an overview of existing standards for the different types of detection equipment most frequently used by the customs administrations. The evaluation of detection technology and systems is critical to successful implementation of detection capability. It enables informed decisions regarding procurement of new systems and maintenance of existing systems.

7. CONCLUSIONS

2016 was a third year of activities under the Customs 2020 programme and in many ways similar to 2015. The numbers of actions, events and participants remained at high levels, testifying to a strong demand from business owners and national administrations for programme activities. There were no significant changes to the budget, notwithstanding a slight increase in committed expenses dedicated to the new type of joint actions introduced during the year - the expert teams.

In terms of **performance measurement**, 2016 was the third year for which a number of indicators could be collected. The existence of three consecutive measurements allowed establishing more concrete targets under the framework. As always, the performance is assessed primarily against the targets rather than any smaller fluctuations between the years. With this in mind, the indicators obtained under the framework in 2016 give an overall positive assessment, both from the business data perspective and from the feedback obtained from the action managers and the participants to the activities. The indicators suggest that during the year the programme was on course to fulfilling its objectives and that it played an important role in facilitating the implementation and development of Union customs policy through its European Information Systems, joint actions and human competency building.

The vast majority of the spending under the programme continues to be spent on the **IT systems**. The IT related expenditure is projected to rise further in the future, as the new systems connected to the Union Customs Code continue to be developed. One new IT system was rolled out in 2016, this is the new CS/RD2 (Common Services / Reference Data) application, which is in production since 01/12/2016. The system is particularly important as well maintained reference data available on time to the stakeholders contributes to the accuracy and consistency of customs clearance in daily operations. In the course of the year, many more systems entered research and development phases thanks to the support of the programme.

Besides developing new systems, the programme supports the customs systems already in place and the **IT network** on which they operate - the CCN/CSI (common communication network/common systems interface in the area of customs and taxation), which offers all national administrations a coherent, robust and secure method of access to European systems. In 2016, there was an increase of 40% in the number of messages and 18% in the size of data exchanged over the network. Equally, the number of hits on the applications available via the public Europa Internet Access rose to 107.22 million (up from 97.53 Million in 2015). At the same time, the network and the key customs systems maintained high availability rates and provided reliable helpdesk functionality to national customs administrations.

In the area of training, in 2016, an **extensive UCC EU eLearning programme** has been developed and deployed in support of the implementation of the new Union Customs Code (UCC). This UCC eLearning programme consists of 15 modules containing in total 17.5 hours of learning material. All the eLearning courses are incorporated into national training programmes by the participating countries according to their need. In 2016, thanks to such a big increase in the number of modules and their attractiveness, the combined number of various eLearning courses used by the participating countries was 305 (up from 183 in 2015). 23 685 customs officials were trained using available eLearning module produced with the support of the programme. This represents an equivalent of 1.080 classroom classes or 4 classes daily during the whole year of 2016. In addition, the UCC EU eLearning courses have been downloaded almost 10.000 times in total via the public website EUROPA

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

An innovative instrument called **expert teams** was rolled out in the Customs 2020 programme in 2016. The expert teams are flexible structures that allow to further both EU-wide and regional co-operation between national customs administrations in order to support daily operational work as identified by the Member States. Three expert teams were launched in 2016 in the area of cooperation to manage the eastern and south-eastern land border (CELBET), making best use of resources in customs classification issues (Binding Tariff Information - BTI) and in customs laboratories. While the BTI and laboratories teams only started their work in 2016, but the first results will be visible in 2017, in the case of CELBET significant progress was already registered during the year.

During 2016, the **CELBET** team of eleven member states situated along the EU's eastern and south eastern land border carried out a mapping and analysis of the non-commercial border crossing points (BCPs). The team also developed instructions and methodology for evaluating the level of smuggling (random controls) and carried out the first phase of such controls at the border. The team equally started compiling data for an inventory of available and currently deployed control and detection equipment. The work of this expert team is of great importance as its outputs will give a picture of all BCPs at the EU Eastern and South-Eastern land border and will be used for drafting analysis on the specific technical needs for the BCPs, including gap analysis serving as a basis for the report to be submitted to the Commission for the next generation of the Customs programme.

The key **observations** that can be deduced from the analysis of the performance measurement framework indicators in 2016 are as follows:

- **Strong demand for programme support.** This can be seen in the stable levels of the number of activities, organised events and participation levels. These levels are high and similar to 2015 numbers.
- **High level of achievement of results of the joint actions is reported by the action managers.** The measured level of 3 corresponds to "results achieved to a large extent". This is the case for all joint actions, but especially for working visits. This indicates that the business owners see the value of the programme for achieving the policy objectives.
- **Very positive assessment of the achieved results of the joint actions, their usefulness and met expectations by national customs officials who participated in them.** With minor fluctuations between the two years, the values remain high and above targets. This shows that the programme participants find that the programme activities correspond to their stated objectives and are professionally useful to them.
- **Networking among programme participants remains high.** With smaller fluctuations, the networking indicator remains high and testifies to the networking value provided to the participants by the programme.
- **Rising awareness about the programme and its potential among the target audience.** This is an important precondition to fulfilling the programme's objectives. The awareness is measured through the Programme Poll, which is distributed in all the customs administrations of the participating countries every 18 months. We can observe that 55% of all customs officials in Europe are aware of the Customs 2020 programme, which represents a rise in the awareness of 4% compared to the 2014 Poll.
- **The European Information Systems are regularly upgraded and improved and resistant to increased volume of data traffic.** The volume of data traffic on European Information Systems increased by a large margin in 2016, while the performance and availability remained very high. One new system was launched and new developments are largely taking place in line with the planning. The systems are regularly maintained and updated and the user support and training are functioning properly.
- **Successful introduction of the expert teams tool.** Three new expert teams were launched during the year, in the area of cooperation to manage the eastern and south-eastern land border (CELBET), making best use of resources in customs classification issues (BTI) and in customs laboratories. While the teams are at various stages of their work, the CELBET team already made significant progress in 2016. The first results include mapping and analysis of the non-commercial border crossing points and the carrying out of joint operational random controls.
- **Significant increase in new training modules and trained customs officials.** An extensive UCC EU eLearning programme has been developed and deployed in support of the implementation of the new Union Customs Code (UCC). In total, 23 685 customs officials were trained using available eLearning modules. This represents an equivalent of 1.080 classroom classes or 4 classes daily during the whole year of 2016. In addition, the UCC EU eLearning courses have been downloaded almost 10.000 times via the public website EUROPA in 2016.