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Customs 2020 Programme - Progress Report 2018

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Contents

1. ACRONYMS AND ABBREVIATIONS

The following acronyms are used in this document:

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

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

2.   EXECUTIVE SUMMARY

Strengthening security and protection of citizens while protecting the Union's financial interest, facilitating legitimate international trade, pursuing customs modernisation as well as developing and managing an effective and efficient EU customs union have been part of the Union's priorities for customs policy. Besides legislative measures, those priorities are implemented to a large extent through the Customs 2020 programme. The achievement of these priorities is enabled under the programme, mainly through setting-up of a paper-less customs environment. This environment improves both the trade facilitation and the effective enforcement of rules for protection of EU financial, safety and security interests.

1. IT systems

Since the launch of the programme, IT developments and adaptations of the IT environment to the Union Customs Code (UCC) have been carried out, bringing the total number of EIS in operations to 52. These developments were essential for a well-functioning and modern customs union. Indeed, the **European Information Systems (EIS) supported by Customs 2020** play a vital role in interconnecting customs authorities[1].

The functioning of these IT systems is enabled by the closed and secure **Common Communication Network/Common Systems Interface (CCN/CSI)** infrastructure, which during the period 2014-2018 has performed with the required high availability and reliability. Meanwhile, the number of exchanged messages on the network has been rising: 2,7 billion (2014), 3,2 billion (2015), 4,5 billion (2016), 4,8 billion (2017) and almost 5,8 billion (2018). If we look at only messages exchanged on the Customs systems on the network, the numbers are also indicating a rise: 440 million (2014), 450 million (2015), 520 million (2016), 540 million (2017) and 550 million (2018). **The Import Control (ICS) and the Export Control (ECS) systems** are two of the main systems that contribute to increase interconnectivity among Member States and with economic operators. The high volume of information channelled via CCN/CSI, ICS and ECS shows that the programme is a solid and robust enabler for the paper-less environment and information exchange amongst customs and tax authorities. Furthermore, the data that economic operators provide in ICS is fed into risk management processes.

The correct calculation of tariffs and the fight against fraud are crucial to the protection of EU's financial interests. In this sense, DG TAXUD continues to ensure the daily update of the **TARIC system** (Integrated Tariff of the EU), that provides the required data for the customs clearance systems of the Member States and gives economic operators a comprehensive view of all the measures applicable when importing or exporting goods into/from the EU. Other EIS such as **NCTS (New Computerised Transit System)** allow to monitor the movement of goods within the EU territory and to identify cases of fraud or non-payment of customs duties. NCTS has created traceable records for each transit transaction reducing the deviation from standard procedures. In 2018, the system has maintained a high availability rate (99,11%) and has exchanged around 223 million of messages.

During 2018, the Customs 2020 programme continued to finance the development of new EIS projects, in close cooperation with national customs authorities and in line with the deadlines agreed with the Member States and trade. In particular, the following key three IT projects were completed in 2018: **Mutual Recognition Agreement with Norway** (MRA-NO) and two **Single Window projects** for new certificates (Forest Law Enforcement, Governance and Trade (FLEGT) from DG ENV and Certificate of Organic Inspection (COI) from DG AGRI).

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[1] It should be noticed that the information contained in this report regarding the implementation of the EIS provides an overall description of the main achievements in 2018 and the IT performance indicators established in the PMF of the Customs 2020 programme. This information is complemented by the 2018 **e-Customs progress report**, which provides a complete picture with detailed information on the progress made by the Member States and the Commission in the development and implementation of all IT systems related to customs. It is prepared by DG TAXUD taking into account national reports and covers the IT systems/components funded by the Customs 2020 programme (Union components) and those managed and funded by Member States (national components). The e-Customs progress reports are produced pursuant to Article 12 of the e-Customs Decision (Decision No 70/2008/EC) and are published in the Europa website:
https://ec.europa.eu/taxation_customs/general-information-customs/electronic-customs_en

2. Joint actions

In 2018, customs officials shared knowledge, exchanged views and best practices in the **Joint Actions** organised under the programme. Working practices, administrative procedures and guidelines were developed and shared among the national administrations following the joint actions. These outcomes assist countries to increase the performance, effectiveness and efficiency of the customs administration. Guidelines and recommendations were also produced to support the implementation of Union law in the national administrations. They identify and address outstanding technical issues and constitute background information for Union law preparation and review. Across the programme, over 2 200 guidelines and recommendations (according to latest available data) were created further to joint actions and in the national administrations following participation in programme activities. For example, during 2018 guidelines were issued in the areas of rummage commercial vessels, simplified transit declaration, and preferential/non-preferential origin. Over the last two years, more than 98% of the responding participants in the programme's joint actions declared that from a professional point of view, the activities were very useful or useful for them. In the coming years, it is intended to maintain a similar high level of relevance perception.

Expert teams (ET) represent an increasingly used tool from the programme toolbox supporting enhanced operational collaboration, either on a geographical or on a thematic basis. The expert team approach allows customs experts of Member States to have in depth cooperation on issues which go beyond the traditional means of cooperation to realise the pre-identified objectives of a common long term project (expert teams are active between 12 and 36 months). The three expert teams that were created for customs in 2016 (laboratories, binding tariff information, operational cooperation at the EU eastern and south-eastern land border) started to produce their outputs during 2017. Some of the most relevant deliverables were produced by the Customs Eastern and South-Eastern Land Border expert team (CELBET) for border management between 11 Member States of the eastern and south-eastern land border. CELBET carried out a mapping and analysis of border crossing points (BCPs), and developed instructions and methodology for evaluating the level of smuggling (random controls). Its outcomes provided a broader picture of threats, gaps related to resources, control equipment, working methods and management of risks across the EU land BCPs. The Customs Laboratories expert team (CLET), in the area of customs laboratories, pools expertise and equipment in a network (meta-laboratory) to analyse samples and to share analytical results: a Member State - not having analytical capacity in a specialised area - can request analysis from another Member State who will provide the analytical result for free. The Binding Tariff Information (BTI) expert team helps Member States to analyse in a structured manner complex cases of divergent classification of goods and propose an expert opinion. During 2018, a new expert team CELBET 2 was created to continue the work of its predecessor and the existing expert teams on laboratories and binding tariff information kept on with their activities. Also in 2018, a new expert team on IT Collaboration (ETCIT) started its activities to explore and identify possible new approaches for customs IT systems development, with a view to finding effective and cost-benefit solutions for future customs IT requirements.

3. Training

The Customs 2020 programme finances also 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 2018, TAXUD continued to support in particular the implementation of the UCC, by supporting its related IT systems for public and private customs users with eLearning modules, namely through producing further language versions of the new UCC REX IT System eLearning module, producing an update of the UCC Customs Decision Systems (CDS IT System) eLearning module, developing eLearning support to the new UCC EBTI-3 IT system (in form of multiple language versions and by launching the work on an EU eLearning on UCC Surveillance 3). In total, by end 2018 the EU eLearning portfolio contains more than 30 eLearning courses in the customs area, all of which support customs professionals from both public and private sector with the application of the UCC and related common customs legal, operational and technical requirements.

Furthermore, Customs 2020 continued to support national customs administrations with the national implementation and/or introduction of competency-based staff development and training, based on the **EU Customs Competency Framework**, through a series of common and/or country-specific implementation training events. Cross-country expertise sharing/building was provided throughout 2018, e.g. in form of CLEP events (Common Learning Events Programme). Innovative common knowledge building and/or sharing formats were further explored throughout 2018, such as EU Training webinars, eBooks and similar. These build the foundation for further enhanced structured EU Customs Training cooperation in the years to come.

The **mid-term evaluation** of Customs 2020 was launched in 2017 and finalised in 2018. The evaluators concluded positively on the progress towards the programme objectives in the area of cooperation of customs, and ultimately improving the various aspects of the good functioning the customs union.
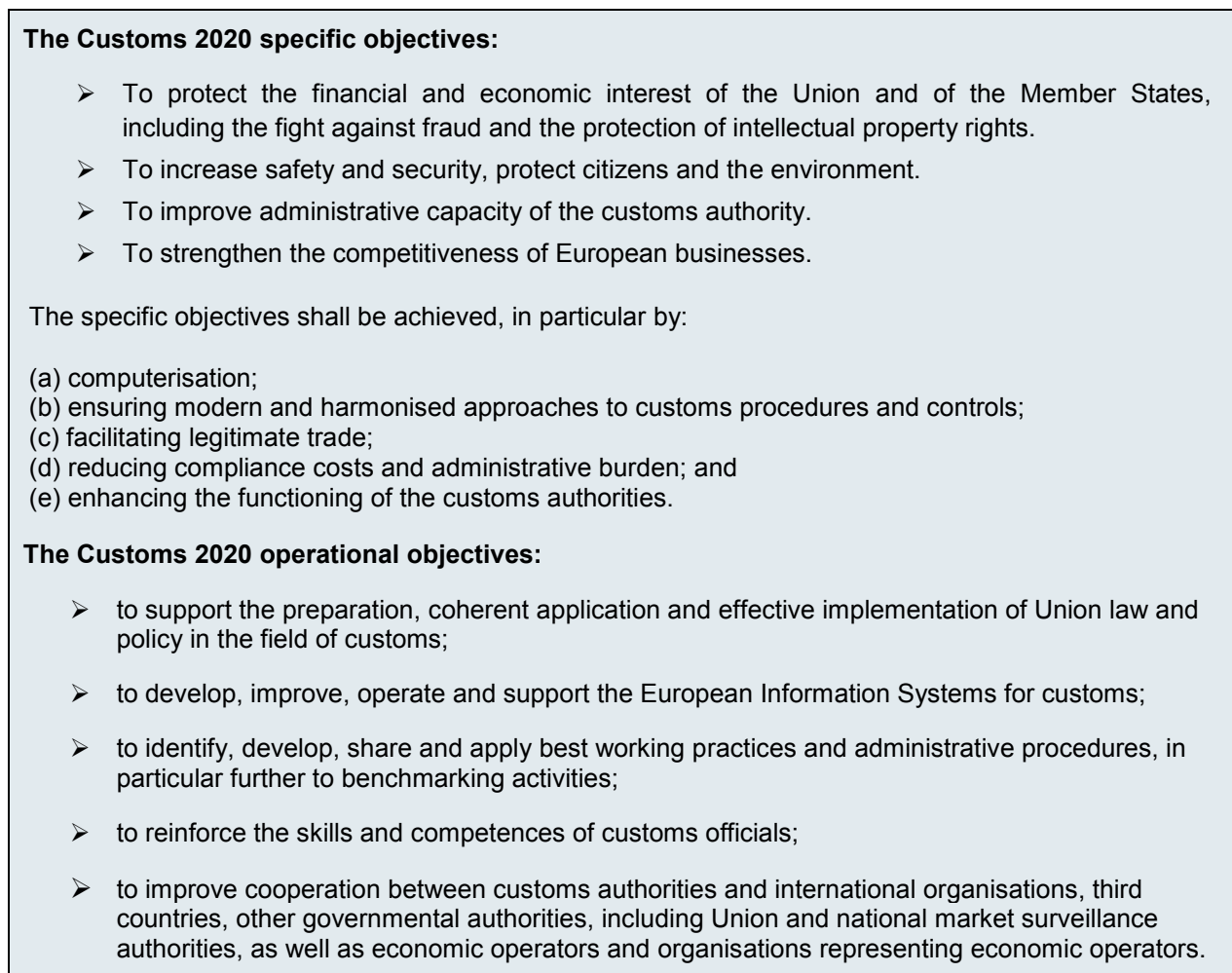
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3. INTRODUCTION

3.1 Customs 2020 in a nutshell

The EU Regulation 1294/2013 (hereafter referred to as "Customs 2020 regulation") 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. The programme represents a continuation of the earlier generations of programmes Customs 2007[2] and Customs 2013[3], which have significantly contributed to facilitating and enhancing cooperation between customs authorities within the Union.

Figure 1: Customs 2020 programme objectives

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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 cooperation 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.

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

- **European Information Systems (EIS)** - DG TAXUD's IT capacity supports the customs union by operating the common infrastructure (CCN, CCN2, SPEED2), two TAXUD Data Centres and developing, maintaining and operating the Union components of more than 50 Customs Trans-European Systems. These systems allow seamless, automated information exchange on import/export/transit movements with Member States and third countries and other actors of the

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[2] OJ L 36, 12.2.2003, p. 1
[3] OJ L 154/25, 14.6.2007, p.25

supply chain at international level facilitating trade and enabling the functioning of the EU single market.

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

  Types of joint actions:

  1. seminars and workshops;

  2. 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;

  3. 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;

  4. 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;

  5. expert teams, namely structured forms of cooperation, 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;

  6. customs administration capacity building and supporting actions;

  7. studies;

  8. jointly developed communication actions;

  9. any other activity in support of the general, specific and operational objectives

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

The Commission and the participating countries (EU Member States and countries recognised as candidates or potential candidates for EU membership having concluded international agreements for their participation in the Customs 2020 programme[4]) establish jointly the annual priorities and objectives of the programme by adopting each year **the Annual Work Programme**. The implementation of the programme is under direct management by the Commission meaning that it is centrally managed by DG TAXUD. It is implemented financially on the basis of grant agreements with the participating countries (joint actions), and procurements (mostly for European Information Systems and human competency building).

3.2   The Performance Measurement Framework

The Customs 2020 regulation stipulates in Article 17 that the Commission shall monitor the implementation of the Programme and actions under it on the basis of indicators and make the outcome of such monitoring public. The final evaluation of the Customs 2013 programme[5] equally made a recommendation

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[4] 34 participating countries: 28 Member States, Albania, Bosnia-Herzegovina, Rep. North Macedonia, Montenegro, Rep. Serbia and Turkey.

[5] https://ec.europa.eu/taxation_customs/sites/taxation/files/docs/body/customs_2013_final_evaluation_report.pdf

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 are mainly assessed as part of evaluations, such as the one carried out in 2018 and the one foreseen in 2021 for the Customs programme (mid-term and final evaluation, as required by Article 18 of Regulation 1294/2013). They are linked to the higher-level specific objectives of the programme and the policies it supports.

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

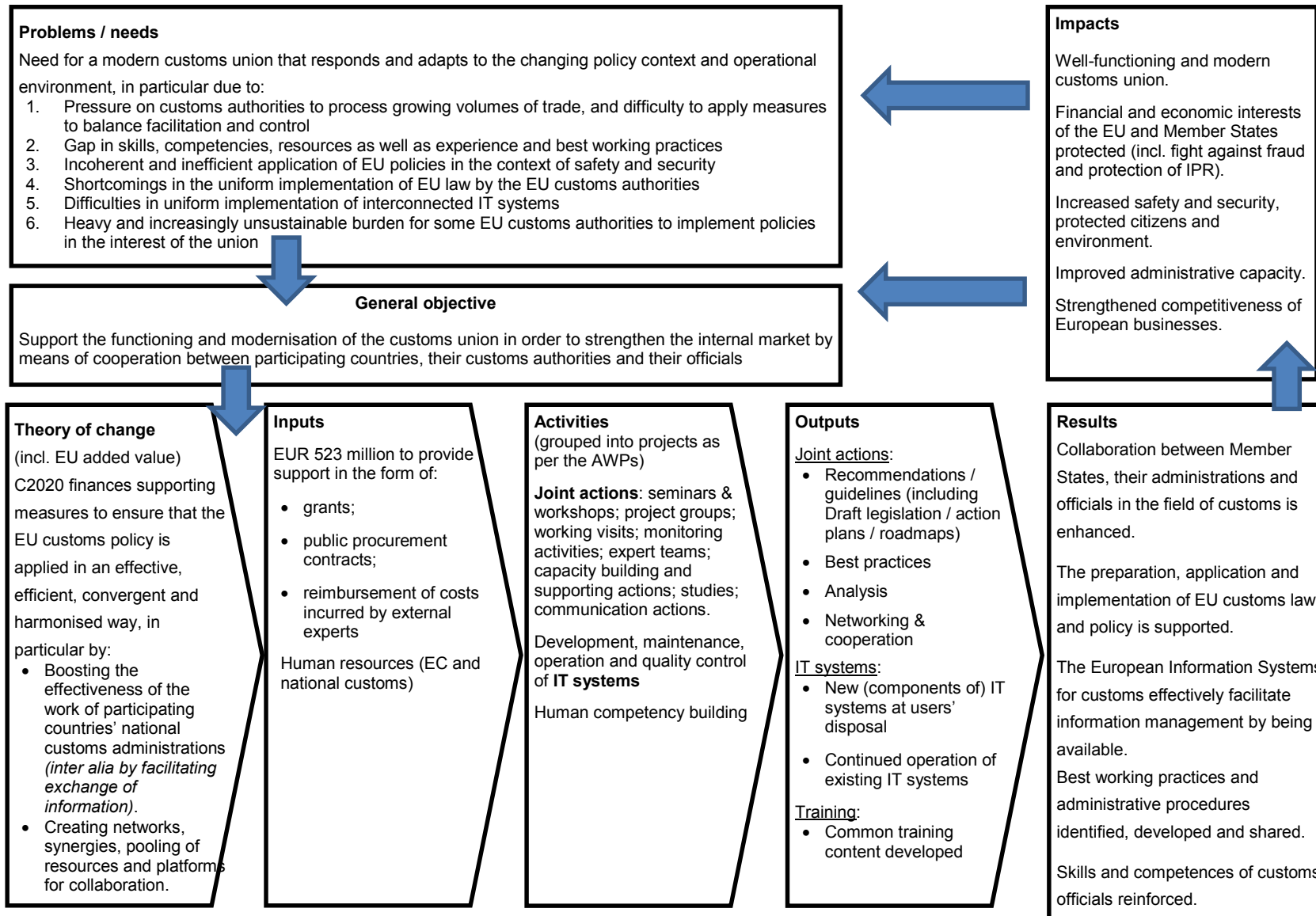**Figure 2: PMF data collection tools**

Tool	When is the data submitted?	Who is submitting the data?
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: • 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 2019[6]) and the final evaluation (in 2021) of the programme make full use of the available Progress Reports and report on the impacts of the programme's intervention.

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[6] https://publications.europa.eu/en/publication-detail/-/publication/6862eee3-2db7-11e9-8d04-01aa75ed71a1/language-en/format-PDF/source-87696278

Figure 3: Intervention logic of the Customs 2020 programme

Problems / needs

Need for a modern customs union that responds and adapts to the changing policy context and operational environment, in particular due to:
1. Pressure on customs authorities to process growing volumes of trade, and difficulty to apply measures to balance facilitation and control
2. Gap in skills, competencies, resources as well as experience and best working practices
3. Incoherent and inefficient application of EU policies in the context of safety and security
4. Shortcomings in the uniform implementation of EU law by the EU customs authorities
5. Difficulties in uniform implementation of interconnected IT systems
6. Heavy and increasingly unsustainable burden for some EU customs authorities to implement policies in the interest of the union

General objective

Support the functioning and modernisation of the customs union in order to strengthen the internal market by means of cooperation between participating countries, their customs authorities and their officials

Impacts

Well-functioning and modern customs union.

Financial and economic interests of the EU and Member States protected (incl. fight against fraud and protection of IPR).

Increased safety and security, protected citizens and environment.

Improved administrative capacity.

Strengthened competitiveness of European businesses.

Theory of change

(incl. EU added value)
C2020 finances supporting measures to ensure that the EU customs policy is applied in an effective, efficient, convergent and harmonised way, in particular by:
- Boosting the effectiveness of the work of participating countries' national customs administrations *(inter alia by facilitating exchange of information)*.
- Creating networks, synergies, pooling of resources and platforms for collaboration.

Inputs

EUR 523 million to provide support in the form of:

- grants;
- public procurement contracts;
- reimbursement of costs incurred by external experts

Human resources (EC and national customs)

Activities

(grouped into projects as per the AWPs)

Joint actions: seminars & workshops; project groups; working visits; monitoring activities; expert teams; capacity building and supporting actions; studies; communication actions.

Development, maintenance, operation and quality control of **IT systems**

Human competency building

Outputs

Joint actions:
- Recommendations / guidelines (including Draft legislation / action plans / roadmaps)
- Best practices
- Analysis
- Networking & cooperation

IT systems:
- New (components of) IT systems at users' disposal
- Continued operation of existing IT systems

Training:
- Common training content developed

Results

Collaboration between Member States, their administrations and officials in the field of customs is enhanced.

The preparation, application and implementation of EU customs law and policy is supported.

The European Information Systems for customs effectively facilitate information management by being available.

Best working practices and administrative procedures identified, developed and shared.

Skills and competences of customs officials reinforced.

4. PROGRAMME YEAR 2018 – BASIC PARAMETERS

4.1 Introduction

2018 was the fifth year of activities under the Customs 2020 programme and represented a continuity to 2017. The numbers of European Information Systems (and their availability), actions, events, training activities and participants remained at high levels, testifying to a strong demand from business owners and national administrations for programme activities. Such strong demand has been also confirmed by the conclusions of the mid-term evaluation of the programme (see section 7).

In accordance with the allocation of funds included in the programme's legal basis[7], the vast majority of funding in 2018 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 of previous years, with the exception of budget allocated to expert teams: in 2017 there were no committed expenses dedicated expert teams, while in 2018 there were two new expert teams launched.

The action type with the higher number of activities remains by far working visits, followed by project groups placed second and workshops as third. The situation with regards to the number of participants is somewhat reversed with the project groups being by far the largest activity type in terms of participation (3 962 participants), followed by workshops (440 participants) and working visits (319).

Finally, while all participating countries have used the programme in 2018, the levels of their participation remain varied and in line with the voluntary nature of participation in the programme activities.

4.2 Budget

The overview in Figure 4 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.
In particular for expert teams, it should be taken into account that this new type of joint actions was launched for the first time in 2016 and that there was no allocation during 2017 as expert teams created in 2016 continued to work during 2017 under the funds committed in the previous year.
Regarding training activities, there were not commitments in 2017 as the contracts signed in previous years were of a multiannual nature and the activities funded in 2017 were funded from these contracts.

Figure 4: Committed expenses per budgetary year and main action categories under the programme, in euros[8]

	2014	2015	2016	2017	2018
European Information Systems	57,333,696	61,167,253	59,897,436	81,931,173	68,230,970
Joint actions (other than expert teams and studies)	6,323,000	5,500,000	5,580,000	5,815,000	5,560,000
Joint actions -expert teams	-	-	1,867,365	-	1,726,971
Training	1,350,000	995,000	2,646,000	-	1,800,000
Studies	1,083,116	846,359	1,682,024	1,087,965	1,694,366
External experts	200,000	200,000	120,000	170,000	250,000

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[7] Annex III of Regulation 1294/2013

[8] The table compares committed amounts since the launch of the programme, as the actual expenses are not finalised for all the previous years. Budgetary year X covers from 01/04/X to 31/03/X+1

TOTAL[9]	66,289,812	68,708,612	71,732,825	89,004,138	79,262,307
AWP	66,293,000	68,801,000	71,733,000	81,895,000	80,071,000
EU Annual Budget	66,293,000	68,801,000	71,733,000	81,895,000	80,071,000
Amount MFF[10]	66,293,000	68,801,000	71,733,000	81,895,000	80,071,000

As is standard for the programme, the vast majority of funding in 2018 went into the development and operation of European Information Systems (approx. 85%), followed by the organisation of the joint actions (approx.13%), and the training activities (approx. 2%).

It is worth recalling that the expenses for joint actions are difficult to forecast in advance, given that the actions and events are triggered by constantly evolving business needs. For this reason, the anticipated (committed) expense can differ to a smaller or larger percentage from actual expenses incurred in a given year on joint actions. We can also notice that in 2017, there was an increase for the IT part. This increase integrates the IT frontloading requested for 2017, is consistent with the increase set in the MFF and relates to the multiple new IT developments needed for the implementation of the UCC. We can also notice a decrease for the training in 2017 and 2018, which was mainly due to the change of framework contract with a decreased budget envelope for training activities.

The programme also finances the conduct of studies, data collection and comparative analyses in customs issues. Some of the initiatives launched in 2018 related to:
- Blockchain technology for DG TAXUD e-Customs projects: study to evaluate the possibilities to put in place different approaches for business specifications and business architectures for DG TAXUD e-Customs projects. The study defined the SWOT (strengths, weaknesses, opportunities and threats) analysis aspects as well as recommended options for business prototyping of the use of the Blockchain technology for a few MASP projects.
- Designer drugs and other illicit products: the objective of the study was to provide scientific and technical support to DG TAXUD for establishing a more efficient control by the European Customs Laboratories on the products entering the Community market in agreement with Regulation (EC) No 765/2008, in particular for identification of chemicals and among them NPS (not necessarily controlled under international laws).
- European Customs Laboratories: study for the provision of scientific, technical and secretarial assistance in the field of scientific customs – coordination of European Customs Laboratories.

4.3   Participants in joint actions (excluding expert teams)

The number of total participants remained at a high level, above 5300, keeping over the last years a participation above the one at the launch of the programme.

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[9] It is to be noted that the total amount of appropriations may be higher when using foreseen financial contributions from candidate and potential candidate countries participating in Customs 2020 programme.
[10] Figures as from 2017 reflect the frontloading for IT expenditure.

Figure 5: Evolution in the number of participants[11] in joint actions under Customs 2020
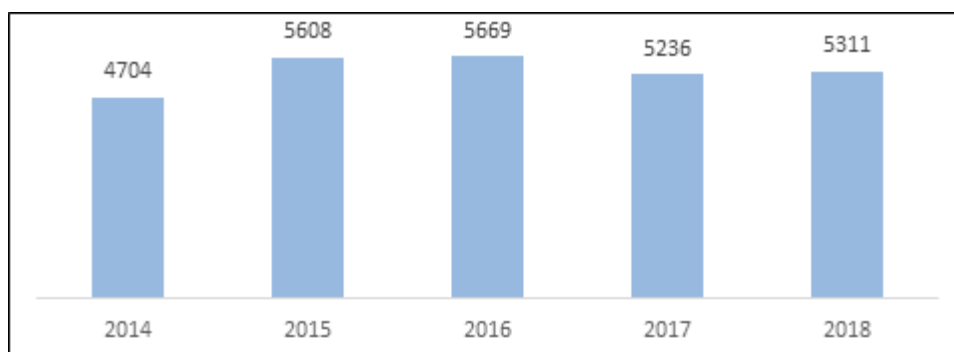
It is important to stress that participation to programme activities is voluntary and is influenced by a number of factors, such as: the business need for organising activities, the trend of moving away from physical meetings and toward online collaboration, as well as the individual national administrations' capacity and interest for participation.

If we look at the distribution of participants by country, we can see that all the countries are making use of the programme, but that there are countries that do so to a greater extent than others. This is in line with the voluntary nature of participation in the programme activities, where the number of participants from a given country depends partly on the level of interest and activity shown by the country's administration in utilizing the potential of the programme. By comparison with the previous year's figures, we noticed in 2018 a big increase in the participation of Turkey (68%) and Denmark (20%), together with a remarkable decrease in the participation of Portugal (17%) and Lithuania (11%).

Figure 6: Overview of participants per country in 2018[12]
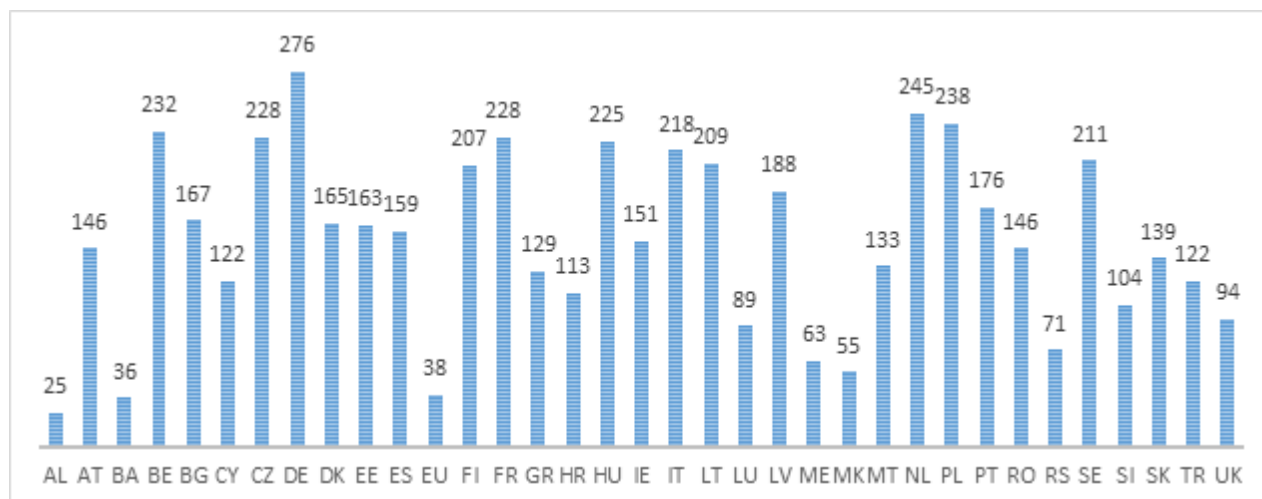
4.4 Joint actions (other than expert teams): proposals and actions

In order for an activity to be organised under the programme, one of the programme teams (participating country or the EU) has to submit a proposal for this activity, with information on the background, objective,

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[11] 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).

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

Candidate and potential candidate countries abbreviations: AL (Albania), BA (Bosnia-Herzegovina), ME (Montenegro), MK (North Macedonia), RS (Serbia), TR (Turkey).

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 2018, the total number of operational joint actions (i.e. the ones that were launched in previous years and continued their activities in 2018, together with the newly launched actions) remained stable (small increase from 349 (2017) to 354). It is worth underlying that some of the proposals approved in 2018 will have their first activities only in 2019. If we look at their distribution, we can see from the two figures below that the trends on activity types and number of participants remain quite stable when compared with previous years. As in previous years, the most popular action type is working visits, followed by project groups 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. This is explained by the fact that project groups are long-term / multiannual activities, under which several events are organised every year and also by the fact that project groups normally involve larger audience than working visits.

Figure 7: overview of activity types and number of participants per activity type

If we want to look at the evolution of new proposals over time (Figure 8), we first need to exclude the working visits, in order to get a comparative number. This is because before 2014 all the working visits were covered by a single proposal, while under the Customs 2020 each business case for a working visit is treated as a separate proposal (thus increasing the number of proposals significantly). 2014 as the year of transition to the new programme meant that all proposals for ongoing activities had to be re-launched, which led to the great increase in the number of proposals treated in the year. In the 2015-2016 period, we can observe a stable number of new proposals launched every year, and a decrease in 2017 and in 2018 (from 57 to 41 proposals), which anyway is higher than the average under the Customs 2013 programme. When analysing these figures we should take into account that in the last years many actions were to a greater extent organised in broader projects covering themes rather than specific interventions. Content-wise, the projects are usually multi-annual rather than annual, as the actions and processes they stretch over more than one year. This may lead to less new initiatives and in a decrease in the total number of proposals and actions for a specific year.

Figure 8: Number of new proposals approved under the programme (without working visits)
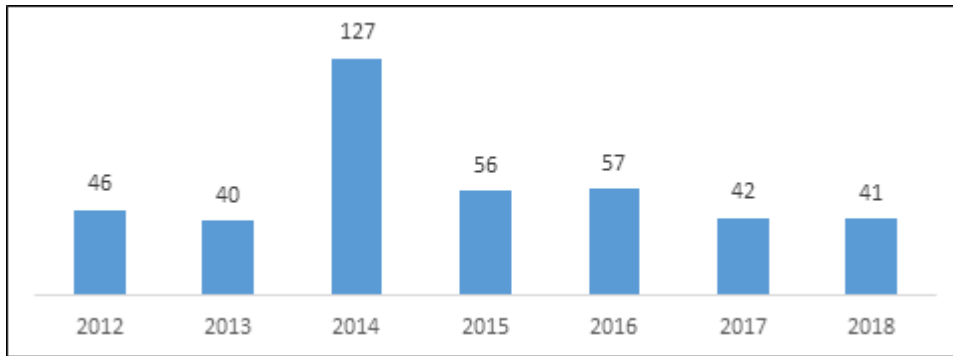
Most of the proposals for joint actions, as expected, were initiated by DG TAXUD units (marked EU in Figure 9). The national programme teams mostly submitted proposals for working visits, and here too we can observe in Figure 9 the difference among the administrations in pro-active they are in using the programme. By comparison with the figures of 2017, we notice a considerable increase in the involvement of Serbia (1 proposal in 2017 to 10 proposals in 2018), the United Kingdom and Austria (both with an increase of 6 proposals).

Figure 9: Overview of approved proposals under the Customs 2020 programme (including working visits)
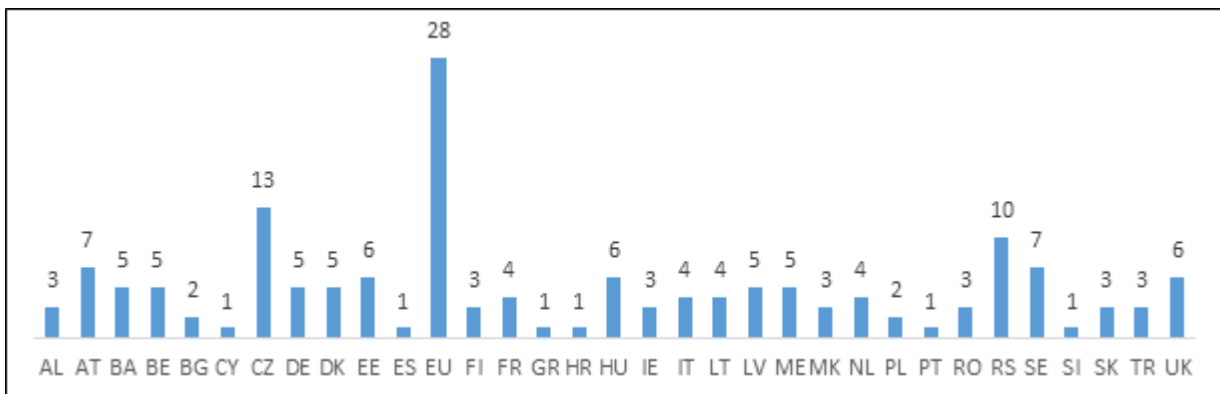
5.   PROGRESS IN RELATION TO THE OPERATIONAL OBJECTIVES

5.1   Cross-cut indicators: collaboration robustness between programme stakeholders

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

Firstly, in this section we take a general look at the **achievement of results as reported by the action managers of joint actions**. In the case of most project groups, the action managers are DG TAXUD policy experts, while for the working visits these are national customs officials. The level of achievement of results is evaluated against the anticipated results on a scale from 0 (not achieved) to 4 (fully achieved) at the end of the action. When analysing the figures, we should bear in mind that the level of achievement is impacted both by internal factors (e.g. 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). When we compare the obtained indicators for 2018 against the targets and the values in the preceding years, we can see an increase in the overall appreciation of results for joint actions (from 3 in previous years to 3,12 in 2018). The results for working visits are even higher (3,67), indicating that those who organised working visits are highly satisfied with the business value obtained, regardless of minor fluctuations between the years.

Indicator	Source	Baseline	Target [13]	2014	2015	2016	2017	2018
Extent to which JA (that sought to enhance collaboration between participating countries, their administrations and officials in the field of customs) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF (excl. Working Visits)	2,91 (2014)	>= 3	2,91	3,12	3	3	3,12
	AFF Working Visits	3,55 (2014)	>= 3	3,55	3,59	3,64	3,72	3,67

Raising awareness about the programme and its potential among the target audience is an important precondition to fulfilling the programme's objectives. The awareness is measured through the Programme Poll, which is distributed to customs and tax administrations of the participating countries every 18 months. 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.

The third Programme Poll took place in mid-2018, gathering replies from 5784 officials working in 33 participating countries. We can observe that approx. 57% of all customs officials in Europe are aware of the Customs 2020 programme, which represents a rise of six percentage points in the awareness compared to the poll results for 2014 and two percentage points compared to the poll results of 2017, but is still below the baseline (65,7%) and target (75%). In order to raise awareness, in 2016 DG TAXUD defined a new communication strategy for the Customs 2020 programme. It included the use of new communication tools and channels, as well as a common efforts between the EU and national programme teams in the distribution of information on the programme to the potential beneficiaries. During 2017, based on the communication strategy for the Customs 2020 programme, TAXUD identified and started to implement

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[13] Taking into account the different factors impacting the level of achievement, it is 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").

several actions: e.g. preparation of an animation video highlighting the benefits of the new joint action tool of expert teams or updating existing guidance on programme tools (expert team guide, project group guide, working visit guide). Also in 2017, TAXUD launched a programme newsletter which informs national administrations, minimum twice per year, on highlights under the programme. Participants attended also a network meeting where they had the occasion to deepen contacts with their counterparts in other administrations, get an update on programme management and implementation, and discuss the Annual Work Programme. The slight improvement in the awareness rate for 2018 may already stem from the above-mentioned communication activities. One of the conclusions of the mid-term evaluation also focused on the need to spread awareness of the programme; DG TAXUD is working on actions to address that recommendation, which will include the possibility to create a programme visual identity easily recognisable and use it for programme branding and marketing tools.

Indicator	Source	Baseline (2011 Poll)	Target	2014		2016		2018
Extent to which the target audience is aware of the programme	Prog. Poll	65,7%	>75%	51%		55%		57%

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

Indeed, the feed-back from participants in joint actions collected under the Performance Measurement Framework shows that the collaboration robustness between programme stakeholders (customs administrations and their officials) is progressing in the desired direction. In 2018, more than 96% of the responding participants declared that the programme provided a good opportunity for them to expand their network of officials abroad (network opportunity); similar outcome was achieved in previous years, always above the target. Additionally, in the same period, the number of respondents who declared that they have been in contact for work purposes with the officials they met during programme activities (lasting networking effect) averaged at around 73% during 2014-2018, with a decrease of 4 percentage points in 2018[14].

Indicator	Source	Baseline (2013)	Target	2014	2015	2016	2017	2018
Degree of networking generated by programme activities Q 1: Did the activity provide you a good opportunity to expand your network of and contacts with officials abroad? (percentage agreeing)	EAF[15]	Q 1: 94%	Q1: >90%	Q1: 96,5%	Q1: 95,5%	Q1: 96%	Q1: 96,3%	Q1: 96,1%
Q 2: Have you been in contact for work purposes with the officials you met during this activity since the activity ended? (percentage agreeing)	EAF	Q 2: 84%	Q2: >80%	Q2: 71,5%	Q2: 73,2%	Q2: 70%	Q2: 77,7%	Q2: 73,5%

[14] The decrease in the long lasting network effect rate may be result of an unclear understanding of the different possibilities to "be in contact", which more often includes collaborative tools beyond the traditional contacts (such as physical meetings or direct phone calls). Additional explanations will be included in the EAF for the future years.

[15] Data source changed from Programme Poll to EAF in order to improve data availability for years without poll.

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 the last two years, the rate has been above the target oscillating around 80%. In other words, around 80% of action managers reported that the outputs of their actions were shared in the national administrations. Through the Event Assessment Forms, we can also observe the levels of sharing reported by the participants and here 95,93% reported that they shared what they learned at the programme activities with their national colleagues (similar value in the last three years). It should be highlighted that this is a high value, well above the set target of 90%.

Indicator	Source	Baseline	Target[16]	2014	2015	2016	2017	2018
Extent to which programme outputs (e.g. guidelines or training material) are shared within national administrations Q 1 (AFF): Were the outputs of the action shared in national administrations? (percentage agreeing)	AFF	Q1: 81% (2014)	Q1: >80%	Q1: 81%	Q1: 71%	Q1: 81%	Q1: 81,48%	Q1: 80,65%
Q 2 (EAF): Further to your participation in this activity, did you share with colleagues what you learned? (percentage agreeing)	EAF	Q2: 94% (2013)	Q2: >90%	Q2: 96%	Q2: 93,5%	Q2: 95,3%	Q2: 95,96%	Q2: 95,93%

The sections below provide an analysis of the performance under the different operational objectives. It should be taken into account that, when referring to the number of joint actions, the figure includes the actions launched in previous years and continued their activities in 2018, together with the newly launched ones. When counting the number of actions that are operational in a year under a specific objective, it should also be taken into account that the indicator only counts the actions for which the objective in question was chosen as primary objective; this is done so to avoid counting twice the same action under different objectives.

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

There were 114 joint actions ongoing in 2018 under this objective, mostly project groups (56) and working visits (37), some of them in key areas such BREXIT, e-commerce and Customs Union Performance (CUP).

The **CUP** is established in order to maintain and further develop the concept, methodology and performance indicators at the level of the EU Customs Union. Being an essential element of the Customs Union governance, the CUP is regarded as an important management/steering tool for evidence based policy formulation and is also used to raise public awareness about customs work. CUP outputs also present a significant contribution to the regular Commission Biennial reports, which would serve as a basis for the high level, and future oriented debate in the Council and the Parliament on strategic development of the Customs Union, as envisaged in the Governance Communication.

The CUP project group launched in 2018 represents resumes the work done by the first CUP project group, which finalised its activities in 2017. The new project group will run until the end of the Customs 2020

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[16] In 2016, after three years of measurement of this indicator, we could set a provisional target of 80% as the minimal value for which to aim in the future.

programme in order to ensure continuity and retain experience, as well as to bring a special expertise for areas that require. The project group meets at different levels: plenary meetings (at least once per year); focus groups meetings (approx. three times per year with possible additional meetings based on need); focus groups coordinators meetings (at least once per year) and regular CUP Network (once per year).

The programme also funded the High-Level Seminar on CUP titled "Moving towards Future". The seminar took place in October 2018 with the aim to provide future orientation for further development of the project. In particular, it assisted the Commission in further development of the framework and mechanism to measure the performance at the EU Customs Union level, to enhance the practical implementation and maintenance of the system and to reflect the customs policy needs and data driven policy making in accordance with the performance measurement system. The results of the High-Level Seminar were presented to the Customs Policy Group, the European Commission and the Council.

The project group "**Think Tank Foresight for EU customs**" was created in 2018 in order to analyse the value that strategic foresight could bring to EU Customs. The focus was put on assessing the impacts of mega trends and foresights on: 1- supply chain; 2-fraud; 3- policy streams; 4- other Enforcement Agencies interacting with EU customs; 5- capacities of EU customs to respond to the 4 former drivers.
The group curated all available sources of foresight (international organisations, Millennium project, EU Commission and in particular the JRC, national customs administrations, academia, private sector) to feed this strategic foresight. There were three meetings of the project group in 2018, which resulted in the development of the business case for a strategic foresight.

In relation to the **withdrawal of the United Kingdom of the European Union**, a technical seminar took place in February 2018, followed by a technical workshop on customs related matters of the UK withdrawal focused on the IT impact, which took place in April 2018 in order to assess the practical impact of the United Kingdom's withdrawal from the EU on the functioning of the Customs IT systems at European and national levels. Another technical seminar of the UK withdrawal was organised in October 2018, allowing for a discussion of the application of the provisions in the draft Withdrawal Agreement concerning customs and also excise related matters.

Also under objective 1, monitoring activities were organised during 2018. In particular, four monitoring activities took place in third countries (Sri Lanka, Armenia, Laos and Pakistan) to check the correct implementation of preferential rules of origin.

Other initiatives under this objective took the form of **expert teams**, which represent an enhanced operational collaboration, either on a regional or on a thematic basis. This type of joint action allows customs experts of willing countries to have in depth cooperation at operational level in a common long term project, which go beyond the traditional means of cooperation. Its main objective is to strengthen and improve the operational cooperation using innovative working methods based on real operational coordination, deeper sharing of information and pooling of human resources, thus contributing to the implementation of common customs legislation and policy.
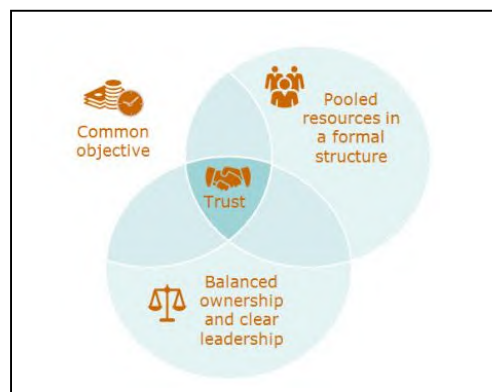
In 2018, the already existing expert teams continued their activities in the area of customs laboratories (CLET) and binding tariff information (BTI) and two new expert teams were launched:

- **CELBET (Customs Eastern and South-Eastern Land Border Expert Team)** 2: is a regional expert team that brings together 11 EU Member States (Finland, Estonia, Latvia, Lithuania, Poland, Hungary, Slovakia, Croatia, Romania, Bulgaria and Greece). Based on the result of the CELBET 1, (which carried out a mapping and analyses of Border Crossing Points (BCPs) and developed instructions and methodology for evaluating the level of smuggling), CELBET 2 activities have a particular focus on the BCP Network. This network aims to spread CELBET recommendations,

implement CELBET tasks, evaluate BCPs' performance, and act as a mediator to the senior management of the participating Member States. CELBET has been very successful in improving cooperation and building trust among its participating Member States. CELBET had significant achievements in terms of joint activities and operations, networking and willingness to deepen interactions and to integrate labour forces, both among the customs services of the 11 participating countries and between customs authorities and border guards. The possibility of continuation of this type of activities with a new expert team (CELBET 3) is currently being considered.

- **ETCIT (Expert Team on Customs IT Collaboration):** see section 5.3.IX

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. The obtained value of 3.38 in 2018 represents the highest value since the launch of the programme and a remarkable increase from the value in the last two previous years (3.02), suggesting that the action managers are very satisfied with the progress obtained within their groups. Such a positive evaluation is also confirmed by the participants to joint actions, who have also expressed very high levels of satisfaction since the beginning of the programme (94,5% in 2018) with the activities in terms of 'meeting their expectations' and 'being useful'.

The two output indicators included in this group have given us further insights into the **number of actions** organised and the **recommendations and guidelines produced** under the programme. It is worth clarifying that the number of recommendations and guidelines is defined as the number of individual guidelines, recommendations included in a given document (rather than the number of documents produced in which these outputs could be included). Under 'other outputs', we count studies, reports, measures, presentations and other reported types of outputs. There has been a significant fluctuation in the level of this indicator between over the years. Fluctuations in the level of such 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 different nature of some working practices / business needs. The approach taken, as in previous years, has been to set a minimum target of at least one output per action in a given year. Such a target would demonstrate that on average all programme activities produce outputs. For 2018, with over 800 different types of outputs produced, we can see that this target has been largely achieved.

It should also be noticed that, for the time being, the data available on the number of recommendations and guidelines are included in replies to the AFF (Action Follow-up Form), and therefore dependent on the number of replies. DG TAXUD has launched during 2019 a new feature in PICS allowing a more complete data collection in this regard (recommendations/guidelines) which will help to improve the measurement of the Union law and policy application index as from next year.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Extent to which JA (that sought to support/ facilitate the preparation, application and/or implementation of a specific piece of new (or revised) customs law or policy) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF	3,17 (2014)	>3	3,17	2,88	3,02	3,02	3,38
Participants' views on the extent to which a JA (that sought to support/ facilitate the	EAF	94% (2014)	>80%	94%	95%	96%	95%	94,5%

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
preparation, application 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%	95%	93,2%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	98% (2014)	>80%	98%	98%	99%	99%	98,7%
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	65	123	122	114
Number of recommendations (R) / guidelines (G) / other outputs (O) issued further to a JA	AFF	2014: 266 (R) 9 (G) 385 (O)	On average at least one output per action	266 (R) 9 (G) 385 (O)	237 (R) 10 (G) 74 (O)	114 (R) 111 (G) 234 (O)	152 (R) 115 (G) 434 (O)	106 (R) 27 (G) 680 (O)

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

The great majority of the programme funding (approx. 85%) is spent on the **European Information Systems (EIS)**, which are of critical importance for the well-functioning of the customs union. The list of the existing EIS is included in the Annex II of the Customs 2020 Regulation, while those planned for development are included in the Electronic Customs Multi-Annual Strategic Plan (MASP), a document drawn up by the European Commission in partnership with Member States in accordance with Article 8(2) of the Decision 70/2008/EC[17] on a Paperless environment for customs and trade, also known as the e-Customs Decision.

The sections below provide information on the key performance indicators for EIS, together with detailed technical information on different IT aspects, such as continuity, deployment and development. In addition, Annex 1 of this report provides specific information on the status of the IT projects of the UCC work programme, including the completion rate (actual completion plotted against the planned in MASP 2016, 2017 and 2019), which provides a view into the milestones that were successfully delivered by TAXUD in 2018.

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[17] 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, Nº L23, p. 21.

It should be noticed that the information contained in this report regarding the implementation of the EIS is complemented by the **2018 e-Customs progress report**[18], which covers both the EU components (funded by the Customs 2020 programme) and the national components of the EIS.

I – Overview of custom IT systems in 2018

In 2018, DG TAXUD continued operating an important portfolio of IT systems (52 systems in total), supporting Member States and third countries in their exchanges of customs related information, and supporting traders. The operational exchanges included 12 million transit movements, over 15 million indirect export movements, 48 million entry summary declarations and 392 million surveillance records. The publicly available information on DG TAXUD's internet webpage was accessed more than 150 million times (number of hits), an increase of 30% compared to 2017.

In the context of modernizing the customs IT systems and/or expanding the scope of customs exchanges with other partners:

- the mutual recognition of authorized economic operators was extended to Norway;

- the UCC implementation of the surveillance system was put into production;

- the system of Registered Exporters (REX) was extended to Turkey;

- the Customs Decisions System supporting electronic applications for authorisations/decisions was enhanced;

- modernization was ongoing, covering notably electronic applications for Binding Tariff Information (BTI) and for Authorized Economic Operators (AEO);

- a major overhaul of the common/community Transit system (NCTS) and the Automated Export System (AES) was performed;

- provision of a search facility for classification information (CLASS) was under construction;

- a pilot activity for the exchange of information for Special Procedures (INF) was launched and put in production by early 2019;

- inception of the COPIS e-AFA system, supporting the protection of intellectual property rights, was pursued in collaboration with Member States and the European Union Intellectual Property Office.

DG TAXUD continued reflecting on the policy options for the **EU Single Window** environment for customs. The EU Single Window environment has the potential to bring about multiple gains, benefitting both the trade community and regulatory authorities. In 2018, the EU Customs Single Window pilot (EU CSW-CERTEX) interfacing the Member States national customs systems with EU e-Licensing solutions was expanded to new certificates like for organic products import licences and timber import licences. By end of 2018, customs administrations of 9 Member States were using this interface in business operational conditions. Further expansion to Dual Use goods e-Licensing solution was also prepared in 2018. For further details, please see the case study on Single Window (section 6.4).

The impact of a **possible withdrawal of the United Kingdom** on the Customs IT systems was analysed and measures were implemented to cover for such event, for a withdrawal scenario, both with or without agreement. Among others, preparations were made for a possible accession of the United Kingdom to the Common Transit Convention.

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

In 2018 the Commission proposal to extend the period for completion of some of the 17 electronic systems (14 trans-European and 3 national systems) provided for under the UCC[19], was adopted. The proposal, while maintaining the original deadline of 2020 for most electronic systems, will provide additional time, until 2025 at the latest, for the completion of some systems.

II – Key performance indicators for EIS

C2020 output indicators – New IT systems for customs	2016	2017	2018
Number of IT projects in the research phase (PP)	11	11	4[20]
Number of IT projects in the development phase (P)	13	19	21[21]
Number of new IT systems in operations (PROD)	1	8	3[22]
Ratio of IT projects in status "Green" (%)[23]	61%	85,71%	68%
C2020 output indicators – Existing IT systems for customs	**2016**	**2017**	**2018**
Number of European Information Systems in operations, as per Annex 1 of the Customs 2020 Regulation[24]	41	49	52
Number of modifications on IT systems in operation following business requests	439	571	624
Number of modifications on IT systems in operation following corrections	627	1024	853
Number of occurrences where the service desk is not reachable	None	None	Partial unavailability during 3 days
Percentage of services calls answered on time	99,65%	99,45%	99,82%
C2020 result indicators – European Information Systems for customs	**2016**	**2017**	**2018**
Availability of the Common Communication Network (CCN), Common Systems Interface (CSI) (%)	99,98%	99,984%	99,976%
Availability of centralised IT customs applications (%)	98,37%	98,70%	99,68%
Availability of New Computerised Transit System (NCTS), Export Control System (ECS), Import Control System (ICS) (%)	99,23%	99,30%	99,26%

[19] Proposal COM(2018)85, adopted on 02/03/2018. In April 2019 Art.278 of the UCC was formally modified by means of Regulation (EU) 2019/632 of the European Parliament and of the Council amending Regulation (EU) No 952/2013 to prolong the transitional use of means other than the electronic data-processing techniques provided for in the UCC.

[20] MASP Rev 2017 V1.4: MRA Canada, CUP-MIS, UCC GUM, VAT e-Commerce (new Project / not in MAPS) at the end of the year

[21] MASP Rev 2017 V1.4: Customs Decisions iteration2, UCC BTI phase 2, UCC eAEO, NCTS P5, AES, REX2, UCC ICS 2.0, CLASS, CRMS2, UCC INF+GTP, UCCC CCI, COPIS e-AFTA, SSTL (2 projects / components) at the end of the year, CCN2 release2 is replaced by CCN2ng projects (3 releases foreseeen), HA Gold service, UUM/DS release2, EU SW(2 projects).

[22] MASP Rev 2017 V1.4: MRA Norway and EU SW (2 projects - FLEGT and COI) Completed EORI2, UCC AEO major enhancements and Surveillance3 Phase2/3 in 2018, but they were evolutions of existing systems.

[23] Projects that are progressing in line with the requirements, time and budget limitations set-up.

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

|		98,46% in PROD 94,90% in CONF	99,98% in PROD 99,87% in CONF
Availability of the Single Portal for Entry or Exit of Data (SPEED2)	99.85%		
Activity indicators (application data volumes and number of messages CCN Network)	5,54 Tbytes volume 4 547 M messages	22,89 Tbytes volume 4 348 M messages	29,08 Tbytes volume 5 789 M messages

III – IT availability

Ensuring the business and IT systems' continuity is a major responsibility under the programme since disruptions in the operation of the EIS would affect customs national administrations, citizens and businesses across the entire EU, and hamper the functioning of the internal market. All the major centralised IT systems, as well as the underlying infrastructure (Common Communications Network/Common Systems Interface CCN/CSI) – developed, managed and maintained by the Commission - were available as scheduled during the period 2014-2018, with more than 99% of the time during working hours, meeting the expected targets.

IV – Network traffic and business perspective of main applications

Of special relevance in 2018 was the high number of messages on the CCN network (over 5 789 billion) with a traffic volume of 29.08 Tbytes, in comparison to the total number of messages of 4 348 billion with a traffic volume of 22,89 Tbytes in 2017. This represents a 33,2% increase in the number of messages volume and a 27,1% increase in traffic volume.

Figure 10: CCN applications – Volumes / Messages
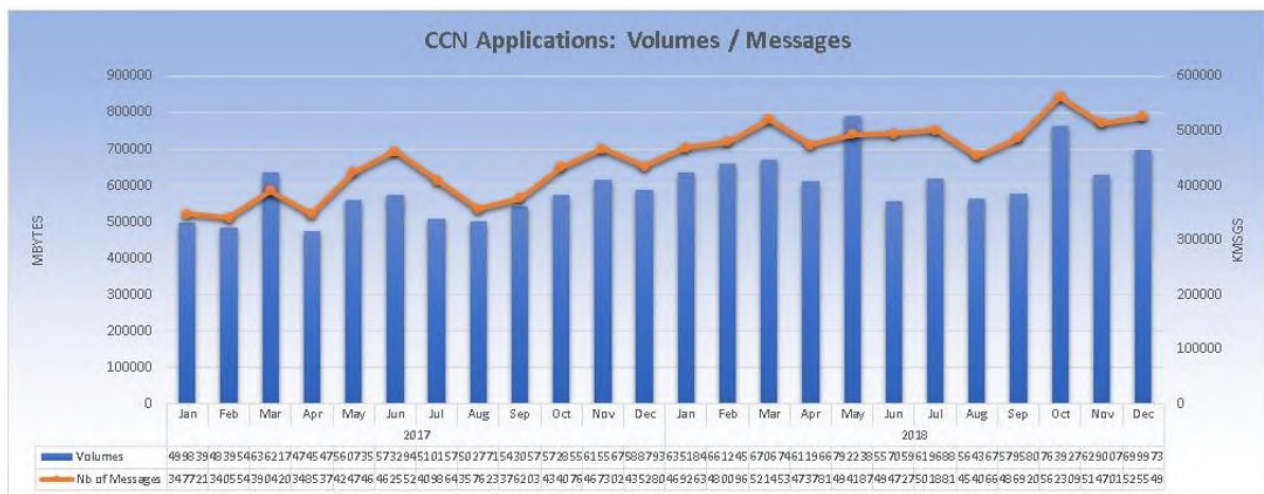
In relation to the evolution of the exchanged messages exchanged in the main customs IT applications, it can be seen from the figure below that, by comparison to 2017, there was an increase for the New Computerised Transit System (6,32%), European Binding Tariff Information (7,65%) and Export Control System (1,84%). Decreases are observed for messages under Economic Operators System, Surveillance, Specimen Management System and Import Control System.

Figure 11: Evolution of messages exchanged by application.
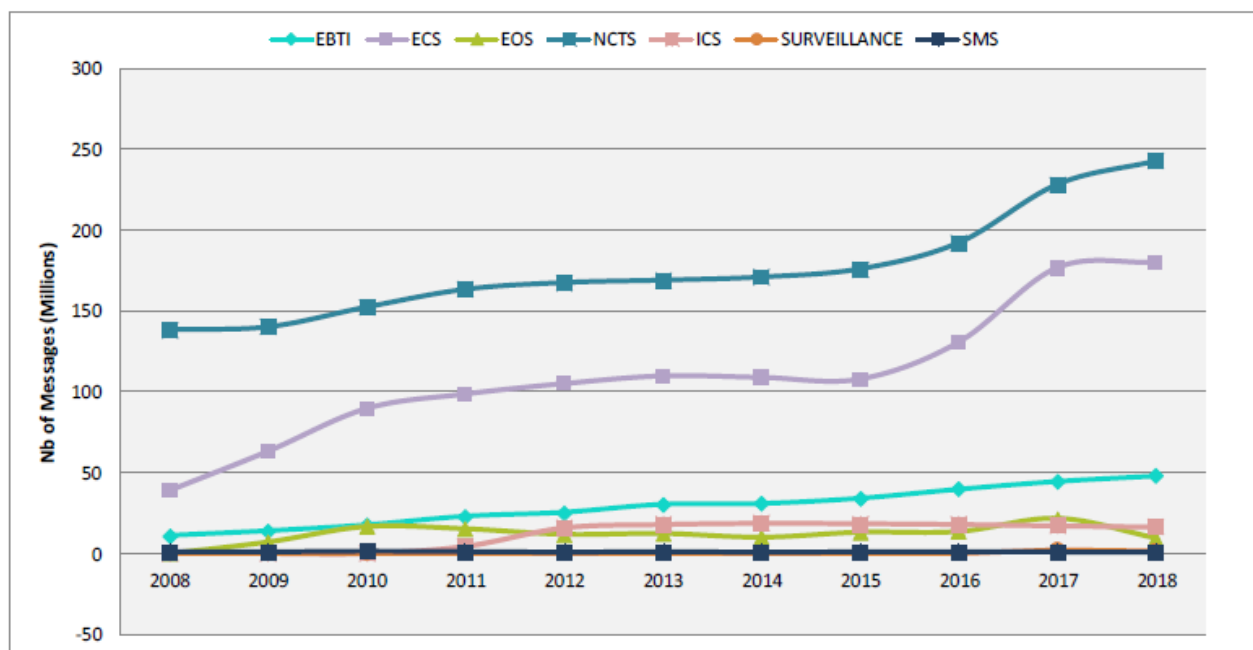
- New Computerised Transit System: released over 11,86 million transit movements that represents an increase of 5,5% compared to 2017.

- Export Control System: released 15,4 million indirect export movements, which is an increase of about 1,8% compared to 2017.

- Import Control System: lodged approximately 48 million Entry Summary Declarations in EU, but it is a slight decrease (1%) in comparison to 2017.

- DG TAXUD Data Dissemination System Internet site: accessed (hits) more than 151 million times in 2018 excluding Vies on Web (VoW). This is about 30.8% increase compared to previous year.

- Customs Decision System: submitted 16 024 applications in the Trader Portal, granted 8 191 decisions using Trader Portal- Customs Decisions Management System (CDMS) and entered 13 258 pre-existing decisions directly into CDMS.

- Registered Exporters System (REX): has 30 515 REX Member States registrations and 31 244 REX beneficiaries countries' registrations in the system until 30/12/2018. REX release 2.0 was in production by the end of 2018 and it supports Turkey as a partner country.

- Surveillance Reception Application: processed 390 million single declaration records in 2018. SURV-RECAPP processed 685 million dingle declaration records since the start of operations (01/03/2017).

V – IT service support

Throughout the reporting period, the Information Technology Support Management (ITSM, DG TAXUD Contractor) Service Desk handled over 99,82% service calls on time. This figure represents an improvement of 0,37 percentage points by comparison to 2017.

In 2018 the ITSM Ops Service Desk handled 52 764 interactions. It is a 13% decrease compared to the previous year, caused by a higher applications and platform maturity. User satisfaction, sampled every month, was high: 71% of the users claim to be somewhat or very satisfied; 20% are neither satisfied nor dissatisfied, 9% are somewhat or very dissatisfied.

VI – Deployment and entry in operation

Projects under deployment and/or entered in operation during 2018 are indicated below:

- The Mutual Recognition Agreement of authorised economic operators (AEO) with Norway is in production since end of January 2018. Mutual Recognition of AEOs is a key element of the WCO SAFE Framework of Standards to strengthen end-to-end security of supply chains and to multiply benefits for traders. By mutual recognition of AEOs two customs administrations agree to recognise the AEO authorisation issued under the other programme and to provide reciprocal benefits to AEOs of the other programme. The EU has concluded and implemented Mutual Recognition of AEO programmes with Switzerland, Japan, the US, China and, since 2018, with Norway. Further negotiations are currently taking place or will be launched in the near future with the other important trading partners.

- Surveillance 3 Phase2/3 is in production since the 1st of October 2018. Surveillance is a central database (managed by DG TAXUD) providing statistics for all products imported into the EU customs territory and for certain products exported from the EU customs territory. Surveillance3 is being implemented in phases. During the first half of 2018, the construction activities of phases 2 and 3 of the project were completed. The system was tested and entered into production in October 2018, followed by data migration activities.

- The system of Registered Exporters (REX) release 2.0 is in production since the end of December 2018 in order to allow Turkey to use REX as a partner country. REX became operational at be beginning of 2017 with the objective to facilitate the certification of origin of goods applied in the Generalised System of Preference (GSP) of the European Union. The system is based on a principle of self-certification by economic operators that were registered in a database by their competent authorities.

- EU Authorised Economic Operator Major Enhancements and Economic Operators Registration and Identification 2 projects were rolled out into production in March 2018.

- Deployment activities of CLASS, UCC INF pilot project and Generic Trader Portal are ongoing.

- EU Customs Single Window pilot (EU CSW- CERTEX) interfacing the Member States national customs systems with EU e-Licensing solutions was expanded to new certificates like for organic products import licences and timber import licences. By end of 2018, customs administrations of nine Member States were using this interface in business operational conditions. Further expansion to Dual Use goods e-Licensing solution was also prepared in 2018. For further details on Single Window see case study in section 6.4.

VII – System development

Projects under elaboration and construction phases during 2018 as indicated below:

- Elaboration activities of Customs Decisions iteration 2 (v1.22) are completed and preparation for construction phase has started.

- UCC Binding Tariff Information Phase 2 elaboration phase is completed and construction phase has started.

- EU Authorised Economic Operator EU Trader Access elaboration phase is completed and the construction activities has started.

- New Computerised Transit System Phase 5 and AES elaboration phases are ongoing.

- Elaboration phase of the Anti-Counterfeiting and Anti-Piracy System (COPIS) electronic application for action started in Q4 2018.

- Completed the system or Registered Exporters (REX) release 2.0 construction phase in Q4 2018.

- Completed the Classification Information System (CLASS) construction phase in Q3 2018.

- Completed the UCC Information Sheet for special procedures pilot project and Generic Trader Portal elaboration and construction phases in 2018.

- Completed the construction phase of Surveillance 3 phase 2/3 in Q3 2018.

VIII - Inception and pre-inception phase

Projects under inception and pre-inception phases during 2018:

- The revised vision documents of NCTS Phase 5 and AES were completed and accepted in March.

- Vision document of the Anti-Counterfeiting and Anti-Piracy System (COPIS) electronic application for action was completed and accepted in October.

- Vision Document of Centralised Clearance for Import Phase 1 was completed and approved in June.

- Smart and Secure Trade Lanes Vision document was completed and approved in November.

- The drafting of Vision document of the Customs Union Performance – Management information System started in Q4 2018.

IX – Member States joint actions in the area of IT[25]

In addition to procure the EU component of the customs European Information Systems, the programme Customs 2020 also supports these systems by means of joint actions and human capacity building activities. During 2018, 201 related meetings with a total of 5 106 participants were organised under the auspices of the programme.

The joint actions that were organised in relation to the customs EIS were mostly project groups (21), followed by working visits (8) and workshops (3). Work by project groups included the continuation of those launched in previous years, such as the IT systems development group (ITSD), IT technology and infrastructure group, Customs Business Group and Electronic Customs Coordination Group (ECCG), the Customs Decisions collaboration project group or the one on the Import Control Systems (ISC2) shared trader interface. The new project groups launched in 2018 focused on the Anti-Counterfeiting and Anti-Piracy System (COPIS) electronic application for action, in the Import Control System (ICS2) national implementation or on the blockchain and distributed ledger technology. The activities of these project groups will extend beyond 2018.

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[25] Training activities in the area of IT are covered in Section 5.5 – Objective 4: to reinforce skills and competences of customs officials

A **technical workshop on customs related matters of the United Kingdom's withdrawal** focused on IT impact and took place in April 2018 with EU-27 Member States. Its main objective was to assess the practical impact of the United Kingdom's withdrawal from the Union on the functioning of the customs IT systems at European and national levels.

The **Workshop on Blockchain and Distributed Ledger Technology for Taxation and Customs IT Systems** was organised in May 2018 in Malta bringing together 63 participants from both taxation and customs national authorities.

The first expert team dealing with customs IT systems was launched in 2018: **ETCIT (Expert team on Customs IT Collaboration)**. Its objective is to explore new approaches to develop and operate customs IT systems, based on the idea that, while the UCC lays down a single EU framework of customs formalities and controls, the development and maintenance of IT systems implementing those rules are largely decentralised at national level and fall under the responsibility of the Member States. DG TAXUD and national customs authorities share the objective of delivering customs IT projects efficiently and in-line with national budgetary priorities. To this end, active measures are taken to avoid duplication of efforts by stakeholders in the development of electronic systems for customs. In particular, ETCIT has brought together 13 EU Member States (Belgium, Czech Republic, Cyprus, Estonia, France, Italy, Lithuania, Malta, Netherland, Portugal, Romania, Slovakia and Sweden), supported by the Commission, to pursue the objectives as agreed between the Customs Directors-General in the Tallinn Declaration on the Development of the Future Customs IT systems and the Council Conclusions on the Way forward to Developing Customs IT Systems as adopted by the ECOFIN on 07/11/2017.

ETCIT focuses on how customs IT systems could be developed and operated in the future via studying new approaches, analysing legal and governance framework for this, provide possible options for launching pilot projects, and exploring new or alternative possibilities for financing future development and operation of IT systems. Activities started in October 2018 and will last for one year. The possibility of continuation of the activities with a new expert team (ETCIT 2) containing pilot projects to prove the success of the countries collaboration is currently being considered.

The **stakeholders' assessment of the IT related joint actions** was very positive and above target levels. A very special mention deserve the fact that 100% of the participants declared that the events organised under this objective were useful/very useful:

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Extent to which JAs (that sought to enhance the availability, reliability and/or quality of (specific) Union components of EIS) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF	3,16 (2014)	> 3	3,16	3,96	3,57	3,57	4
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%	95%	95,7%
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	93% (2014)	>80%	93%	93,5%	93%	94,5%	94,7%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or	EAF	99% (2014)	>80%	99%	99%	98%	98,6%	100%

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
'useful')								

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

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

Joint actions linked to this primary objective represent the biggest number of joint actions under the programme: 149 joint actions were running under this operational objective in 2018, mainly working visits and project groups, which represents a slight increase from 2017 figures (142 running actions). Stakeholders' assessment of these joint actions was very positive and above target levels, with similar values to previous years. Participants' feedback on 'fulfilled results', 'met expectations' and 'usefulness' continues to be very positive, with slight fluctuations in some of the years, but always well above target levels. The action managers, however, have reported for the last three years a lower level of achievement of expected results (approx. 3.1) by comparison with baseline (3,25) but above the target.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Extent to which JAs (that sought to extend working practices and/or administrative procedures/guidelines in a given area to other participating countries) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF	3,25 (2014)	>3	3,25	3,2	3,14	3,14	3,08
Participants' views on the extent to which a JA (that sought to extend working practices and/or administrative procedures/guidelines in a given area to other participating countries) (has) achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent')	EAF	95% (2014)	>80%	95%	97%	95%	95,7%	94%
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	95% (2014)	>80%	95%	95%	95%	95,3%	94%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	98% (2014)	>80%	98%	99%	99%	98,5%	98,8%

The three **project groups** launched in 2017 continued to carry out their work in 2018 in the following domains: customs detection technology, presence of customs and tax on social media networks and cooperation of Visegrád[26] countries on product safety. In particular, in the area of customs detection technology and data mining, the work continued to maintain and strengthen the network of practitioners and the exchange of experience and good practices in data mining in the customs context, through interactive, practitioner-led exchanges and sharing of experience from the different perspectives (customs business, scientific/academic and data miners from beginner to advanced practice levels). The Joint Research Centre of the Commission has deepened its participation in the group and offered significant additional support to this project (in terms of technical and also infrastructural support for testing/prototyping). A proposal for a third project group in this domain was launched at the end of 2018 in order to extend related activities until the end of 2020.

A number of **project groups** continued from previous years, such as the four project groups concerning customs controls at the various types of border: RALFH (northern ports), ODYSSUD (southern ports), ICARUS (airports), and LFCG (land frontier contact group). These project groups bring together permanent contact points from the participating Member States and senior managers from customs offices at the border, with the aim to address any issues relevant for operational cooperation and co-ordination with regard to controls at the external frontier. The AEO Network (gathering EU28 AEO experts) further emphasised its focus on the robust and harmonious implementation of the EU AEO Programme and the compliance with the EU provisions.

127 **working visits** took place in 2018 under this objective; an increase of 139% from previous year. The range of topics covered by these visits was wide, e.g. handling of sniffer dogs, customs controls including the use of related equipment, risk management (risk analysis, selection of common risk criteria) and horizontal issues such as accounting, training or communication.

Amongst the **workshops** organised in relation to best working practices, the one organised by Montenegro in November 2018 specifically targeted enlargement countries by bringing together representatives from the customs administrations of the Western Balkans, Turkey and experts from the Commission and the Member States to discuss the challenges involved in aligning national legislation to the UCC as well as in implementing that legislation in particular as regards the establishment of the relevant customs IT systems.

The **seminar** for Experts on Customs Tariff Methods was held in July 2018 in order to discuss classifying questions by customs tariff experts, present new technical developments of goods and share classification problems and their solutions.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Percentage of participants that disseminated a working practice and/or administrative procedure/guideline developed/shared produced with the support of the programme in their national administration	EAF	94% (2014)	>90%	94%	94%	93%	95%	96%
Percentage of participants which declare that an administrative procedure/working practice/guideline developed/shared under the programme led to a change in their national administration's working practices	EAF	84% (2014)	>70%	84%	74%	74%	74,3%	88%
Number of actions under the programme	ART	85 (2014)	Grow or	85	200	191	142	149

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[26] Czech Republic, Hungary, Poland and the Slovak Republic.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
organised in this area			stable compare to baseline					
Number of working practices/administrative procedures (AP) developed/shared	AFF	1 (2014)	On average at least one output per action	1	2	19	74	74
Number of actions which had outputs used for a benchmarking activity as declared by the action managers	AFF	0 (2014)	Grow or stable	0	2	2	17	9

If we look at the outputs produced by the joint actions under this objective, we can observe that in 2017 and 2018 there were 74 best working practices and administrative procedures developed (as reported by action managers), which represents a considerable increase from the previous years. Nine actions produced in addition outputs used for a benchmarking activity.

An increased percentage of 88% of the participants (74% in previous years) declared that the activities 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. This hypothesis is indeed confirmed by the increasing and high rate of dissemination of programme outputs by the participants, with more than 96% of them declaring to have distributed the outputs nationally (95% in 2017 and 93% in 2016).

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Number of face to face meetings (total for the programme)	ART	443 (2013)	Grow or stable compared to baseline	265	551	552	448	473
Number of on-line collaboration groups (PICS) (total for the platform, customs and taxation)	EC	110 (2013)	Grow	199	261	301	277	340
No of downloaded files from PICS (total for the platform)	EC	13 564 (2013)	Grow or stable compared to baseline	73 200	116 538	96 062	104 941	92 500
No of uploaded files on PICS (total for the platform)	EC	3 445 (2013)	Grow or stable compared to baseline	5 521	11 177	7 807	7 184	7 887

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 and knowledge sharing in communities of practice. We can see that the total number of online collaboration

groups on the platform continued to rise from 199 groups at the beginning of the programme to the current 340 groups, with a slight decrease in 2017. In relation to the number of new users that signed up to PICS, there is a clear trend since 2014, with an annual increase of approx. 1000 new users (in particular for 2018, there were 1245, while in 2017 there were 1 182). In terms of file sharing, after a significant increase in 2015, the download numbers came down in the following years with some fluctuations (decreased in 2016 and 2018, but still above target). In parallel, the number of uploaded files have also suffered fluctuations and seem to have stabilised around 7 000 (also above target).

In addition to on line collaboration, Customs 2020 programme also funded 473 face to face meetings during the year.

5.5 Objective 4: to reinforce skills and competences of customs officials

Under this objective, we measure the use of the different types of EU common training and human competency building provided under the programme: the e-Learning courses, the commonly developed training materials and the IT training 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	2015	2016	2017	2018
Number of EU eLearning modules used by participating countries (combined number of all modules used in each country)	EC	174 (2014)	Grow	174	183	305	271	279
Average training quality score by customs officials (on a scale of 100)	EC	70.3 (2015)	>70	73.3[27]	70.3	74.3	73.1	72.9
Number of customs officials trained in IT training	ART	124 (2014)	Grow or stable compared to baseline	124	293	374	472	503
Percentage of officials that found that the IT training met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	95% (2014)	>80%	95%	92%	87%	89%	92,12%
Percentage of officials that found the IT training to be useful (percentage of those who replied 'very useful' or 'useful')	EAF	99% (2014)	>80%	99%	98%	97%	97%	100%
Number of officials trained by using EU common training material	EC	4 776 (2014)	Grow or stable compared to baseline	4 623	6 108	23 970	34 214	17 547

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[27] 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	2015	2016	2017	2018
Number of IT training sessions organised for given systems / components	ART	22 (2014)	Grow or stable compared to baseline	22	45	58	40	39
Number of produced EU eLearning modules[28]	EC	15 (2013)	Grow or stable	15	15	30	129[29]	32[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 order to support the implementation of the Union Customs Code (UCC), an extensive UCC EU eLearning programme was developed by DG TAXUD under the Customs 2020 programme, in collaboration with a pool of 70 customs experts from national authorities and the private sector.
The UCC eLearning programme consists of a series of 18 modules (in 2018) organised at three different learning levels.

During 2018, the work focused on:
1) developing a new eLearning module in the programme and its consequent requested language versions and updating the existing UCC Level 3 modules to keep track of the IT systems' changes and new releases;
2) producing new language versions of existing courses, especially the last releases in 2017, the UCC Level 3 modules – IT related modules, to make the programme available in a maximum number of EU languages and facilitate the use of them at national level;
3) generating new, handy and easy to use format, an interactive eBook based on existing EU guidelines with integrated learning elements, which has been a welcome addition to our eLearning courses.

Hence, in 2018, UCC EBTI-3 module was finalised and localised[31] in 10 languages, UCC Customs Decisions System was updated and localised in further 14 languages, UCC Rex was localised in four new languages versions, UCC Level 1 Overview was localised in a non-European language apart from the already 22 European languages and the AEO Interactive was launched in its 22 different languages versions.

With currently in total 30 eLearning courses in the customs area, all of which support customs professionals from both public and private sector, the number of officials trained by using common training material has decreased slightly between 2017 and 2018 in terms of number of trainees for the full customs-specific EU eLearning course portfolio. The decrease in the customs courses could be explained by the decrease in the use of the module UCC Level 1 Overview, even it is one of the favourites, as it is not a trending topic between the customs officials anymore. Moreover, in general, it is the third year of availability

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

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

[30] The number of 32 EU eLearning modules relates to 2 newly produced modules plus 9 and 21 languages versions of each module.

[31] Localisatio is the adaptation of a EU eLearning course (master version in English language) into national languages, meaning translation process (text & voice) and the integration and adaptation of translated content back into the course (further localisation measures, e.g. course adaption to specific cultural diversity in national countries).

of the UCC programme, meaning that the decrease in the number of people trained is directly related to the natural life cycle of the UCC Programme courses, but still a significant number compared to previous years. See chart below.

Evolution of number of officials trained
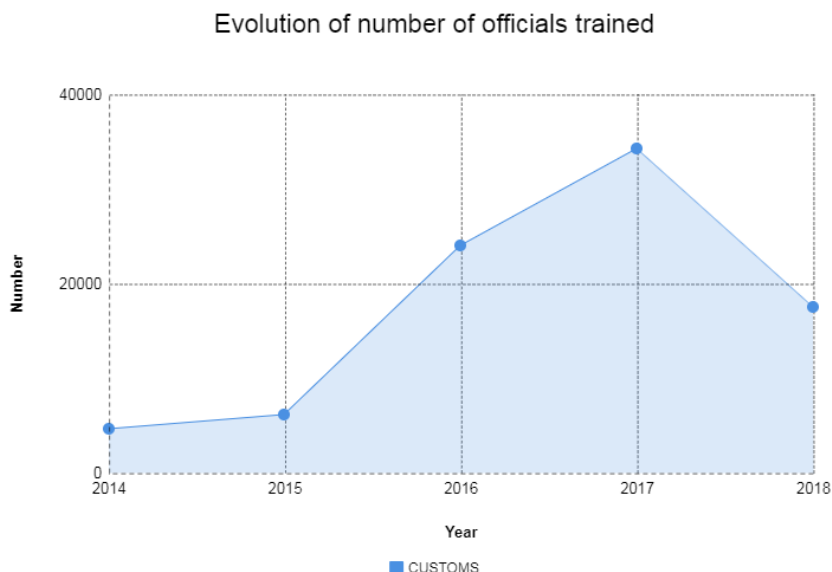
In parallel, some of the eLearning courses are also available on the EUROPA website, where they can be downloaded by economic operators and other interested stakeholders. The number of downloads is still significant (10 449 downloads in 2018), representing **additional 462 983 private sector customs professionals trained** on EU Customs eLearning modules – see also under objective 5.

The customs officials were asked to report back on the **quality of the training courses** using the internationally recognised Kirkpatrick training scale[32]. The trainees were requested to score the relevance of the courses, the achievement of their learning objectives, the learning retention and the 'user-friendliness' of the courses. The average score in 2018 measured 72.9 points across all available EU Customs eLearning modules (with 75 = 'very good' and 50 = 'fairly') and indicates an overall positive assessment.

5.6 Objective 5: to improve cooperation 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 cooperation 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 24 **joint actions** running under this objective, mostly project groups, (22 project groups, 1 working visit and 1 seminar). Although there is a decrease in the number of actions organised under this objective in the last years, the number is still above target (22 actions). When counting the number of actions that are operational in a year under a specific objective, it should be taken into account that the indicator only counts the actions for which the objective in question was chosen as primary objective. This is done so to avoid counting twice the same action under different objectives. However, for many actions

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[32] http://www.wa.gov/esd/training/toolbox/tg_kirkpatrick.htm

objective 5 was selected as secondary objective. We should also take into account that, while earlier years had more actions in total, and more actions specifically addressing concrete issues, in the last years many actions were to a greater extent organised in broader projects covering themes rather than specific interventions. Content-wise, the projects are usually multi-annual rather than annual, as the actions and processes they cover stretch over more than one year. This may lead to less new initiatives and in a decrease in the total number of actions for a specific year.

The **project groups** continued the work initiated in previous years, mainly in the areas of cooperation with Eastern neighbours, Authorised Economic Operator (mutual recognition with Japan) and competitiveness and trade facilitation. All this substantiates the importance of the programme for the EU's international customs cooperation. There were 2 new project groups launched in 2018 that will continue their activities until the end of 2020 in the areas of interoperability of security and border management systems with customs systems and customs cooperation with China on IPR enforcement.

The EU / China-Hong Kong Smart and Secure trade lane Pilot Project (SSTL) met to further developed, fine-tuned and implemented joint measures to secure and facilitate trade between the EU and China. New lanes were agreed and successfully launched especially in the rail and air sector. Joint activities were undertaken to measure the performance of authorities and the time required by operators in various SSTL ports in the EU and in China.

The **High-level Seminar on the exchange of customs related information with third countries** took place in June 2018 in Bulgaria. As a result of this seminar, Member States concluded that a strategic and consistent approach is needed in choosing with whom information should be exchanged, what should be the concrete types of information and what should be the concrete purposes for exchanges. As a follow-up, DG TAXUD is now working with Member States on the outlines of a strategy addressing the exchange of customs related information with third countries.

The participants' feedback on 'fulfilled results', 'met expectations' and 'usefulness' continues to be very positive, with slight fluctuations in some of the years, but always well above baseline levels. The action managers, however, have reported for the last two years a lower level of achievement of expected results (2,44), when compared to 2015 (3,17). In general terms, we should take into account that, since the launch of the programme, international activities have been reporting more moderate levels of achievement of results than other types of programme activities. As reported by action managers, this is primarily due to political and organisational changes in the partner countries, which impact the success and progress of these activities.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Extent to which JAs (that sought to support cooperation between customs authorities and IOs, third countries, other governmental authorities, economic operators) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF	2,36 (2014)	>3	2,36	3,17	2,44	2,44	N/A[33]
Participants' views on the extent to which a JA (that sought to support cooperation between customs authorities and IOs, third countries, other governmental authorities, economic operators) (has) achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent')	EAF	95% (2014)	>80%	95%	91%	92%	93%	91%

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[33] Only one AFF reply for which operational objective selected was 5. Data considered not representative for 2018.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	94% (2014)	>80%	94%	90%	91%	94,6%	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%	99%	98%
Number of programme actions supporting the operational objective relating to cooperation with 3rd parties	ART	22 (2014)	Grow or stable compared to baseline	22	43	39	30	24
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	3 202	12 920	11 807	10 449
Average training quality score by other users (e.g. traders and individuals) (on a scale of 100)	EC	64 (2014)	>70	64	69,2	78,5	73,1	72,9

In the area of **exchange of information through IT systems** with third countries, the mutual recognition of authorised economic operators was extended to Norway in 2018. The EU currently exchanges information with 14 partner countries: Japan, USA, Norway, Iceland, Switzerland, Liechtenstein, Andorra, San Marino, Russia, Turkey, North Macedonia, China. Serbia and Norway. With some of these partner countries the information exchanged concerned transit movements (NCTS), while with others it concerned the authorised economic operators (AEOs). New initiatives continue to be 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	2015	2016	2017	2018
Number of partner countries that the customs union exchanges information with via IT systems	EC	10 (2014)	Grow or stable	10	12	13	13	14

Economic operators also benefit from programmes activities, in particular regarding human capacity building. In particular, **eLearning courses** (as addressed under Objective 4) that do not contain control-related or otherwise confidential content, are also publicly available for download through the Europa website, where they are mostly used by economic operators for training of their staff involved with customs. During 2018, these courses were downloaded 10 449 times and reported 462 983 private sector customs professionals having been training on EU Customs eLearning modules. The number of total downloads has gone slightly down. The new courses launched during 2018 has been especially dedicated to customs officials, like UCC – Level 3: EBTI-3, and consequently they are not available for download in Europa website. The number of trainees over these years tends to align to the availability of the courses in their local language and the lifecycle of the course itself.

Economic operators also reported back on the quality of the eLearning course used, in line with the international Kirkpatrick training quality scale. Their replies summed up to an average score of 72,9 (with 75 = 'very good' and 50 = 'fairly') and indicates their overall positive assessment.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Average training quality score by other users (e.g. traders and individuals) (on a scale of 100)	EC	69,2 (2014)	>70	64[34]	69,2	78,5	73,1	72,9

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

6. PROGRESS IN RELATION TO THE ANNUAL WORK PROGRAMME

6.1 Introduction

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

The AWP consists of three main parts:

      a. **Strategic framework:** It provides the priority policy objectives for the implementation of the programmes. As such, they give steering for programme activities and prioritization of financial efforts in 2018.

      b. **Financial framework:** This part is structured by type of financing instrument: grants, procurements and reimbursement of external experts. The information provided allows the AWPs to be equally the Financing Decision.

      c. **Policy projects to which the grant for joint actions may contribute:** It provides a high-level description of customs projects. The description contains the relevant policy objectives, the general context, and refers to related Union policy initiatives and legislation. The indicated policy areas may be supported by joint actions (e.g. seminars, workshops, project groups) under the programme.

In the chapter below, we have included three AWP projects corresponding to different specific objectives of the programme, with additional information on their work and achievement during 2018. The selected projects are representative of the type of AWP projects initiated under each part of the specific objective. The summaries of projects are provided by the action managers and highlight the main actions and their results.

6.2 General objective: to support the functioning and modernisation of the customs union

Title of the AWP Project:
Financial risk management (under AWP project: Customs Risk Management and supply chain security)
Description of the project:
The Commission EU strategy and action plan for customs risk management adopted in 2014 mentioned amongst its objectives the need to increase its capacity to ensure an effective implementation of the common risk management framework and to increase its responsiveness to newly identified risks. In this context and following criticisms from the European Parliament and the European Court of Auditors, the Commission and the Member States agreed to develop common risk criteria and standards for financial risks with a view to ensure more harmonised customs controls at the border. The objective of the project group created under Customs 2020 was to identify how best to develop criteria: what issues, what methodology, what practices. In reality, Member States have a long standing experience in financial risks compare to other types of risks. The challenge was therefore to agree on common elements and common criteria that would have to be applied by all Member States in full respect of the subsidiarity principle. Working jointly with the Member States was crucial since they had all the experience and expertise needed. The role of the Commission was to identify the risks which were significant from an EU perspective and that would therefore require a common response. The objective was therefore to identify how to handle financial risk criteria and prepare the substantive work that could be the basis for drafting a legal Decision.

Expected results:
Draft Decision on financial risk criteria
Related guidance

Actions initiated under the programme:

The project group (CPG/076) met 25 times from 2015-2017 in a sub-group form (11-13 members) or full group (25 Member States, all of them at the end of 2017). The sub group meetings were used to prepare the discussion and draft proposed CRC and the full group was used to endorse them and discuss further development.

At each meeting, a specific subject was discussed in depth with the Member States and best practices were identified to be used for the drafting of the Decision. In addition, in 2016, a workshop was organised in Nenagh with all the Member States to discuss two problematic topics (simplified procedures and CP42) with a view to pave the way forward on these two topics.

These activities allowed to draft the Decision on Financial Risk Criteria (FRC) to develop a common EU-wide approach on the way to address financial risks in the EU.

The Decision sets out the common risk criteria that have to be used to address specific types of financial risks: economic operators at risk, goods at risk, undervaluation, evasion of antidumping duties, misclassification, undue quotas, undue preferential origin, undue suspensions, customs procedures at risk (e.g. CP 42) and customs simplifications. Financial Risk Criteria will be used in the everyday electronic risk management process to harmonise the selection process for customs controls.

During 2018, five meetings were organised to start drafting the guidance on the Decision. The guidance are an extensive support providing requested clarifications on the exchange of risk information, the type of data, operating methodologies and evaluation requirements. The material from previous discussions as well as regular feedback and updates from the Member States participating the group were used to feed into the guidance.

The guidance is expected to be ready at the end of 2019.

Summary of main outcomes:

The Decision on Financial Risk Criteria C(2018)3293f was adopted on 31 may 2018. It is applicable as from the 1st of June 2019. The Decision is EU RESTRICTED and for customs use only. Therefore, it is not published in the OJ.

This Decision enables Member States to address financial risks in an equivalent manner at the external border, without representing an undue burden on legitimate trade. It will also identify the most opportune time and place of the control depending on the scope and nature of the risk and on the availability of data and documentation.

The guidance is expected to be agreed at the end of 2019.

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

Title of the AWP Project:
TARIC - integrated tariff of the European Union (under AWP project: Customs tariff and classification)
Description of the project:
TARIC, the integrated Tariff of the European Union, is a multilingual[35] database containing the measures relating to EU customs tariff, the commercial and the agricultural legislation. It includes notably the tariff measures (third country duty, tariff preferences, autonomous suspensions of duties, tariff quotas, etc.), the trade defence instruments (antidumping duties, countervailing duties, safeguard measures, etc.), the prohibitions and restrictions to import and export (ozone-depleting substances, endangered species, fur products, timber, dangerous chemicals, etc.), and the goods nomenclature up to 10 digits.   TARIC is updated daily in order to be kept up to date with the evolving EU customs tariff, commercial and agricultural legislation. .   The goals of TARIC are to support the customs clearance by the Member States customs authorities in a consistent way throughout the EU and to provide information to traders involved in import-export activities with third countries.   Most of the clearance processes in the Member States are automated. To implement this efficiently and in a consistent way, the clearance systems of the Member States must be synchronised with the contents of TARIC. Since TARIC is updated daily, this synchronisation is implemented by the daily transmission, at 19:00 Brussels time, of the TARIC updates to all Member States. The Member States are then responsible to upload the TARIC data in their national tariff database and use it for the customs clearances.   The TARIC daily updates are also sent to the TARIC web site, which the traders use to be informed of the measures applicable to their import/export activities.   The Commission is responsible, and is legally required, to keep TARIC up to date and to disseminate its content. The Member States are legally required to use TARIC for the application of EU measures to import and export[36].   The TARIC system is developed, upgraded, maintained and operated by DG TAXUD, via subcontracting companies.

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[35] All official languages are included in the TARIC except Irish and Maltese.

[36] See Articles 5 and 6 of Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff

Expected results:
• The TARIC central database must be available daily so it can be updated with the latest legislation;   • The daily updates of TARIC must be sent daily to the Member States;   • The TARIC website must be up to date with the content of the TARIC central database;   • The TARIC central database, transmission system and TARIC web site must be maintained and upgraded to correct known defects and to improve their functionalities;   The expected results above require the collaboration between the business users of TARIC, the IT services of TAXUD, and the subcontracting companies in charge of developing, upgrading and operating the TARIC system.

Actions initiated under the programme:
Throughout 2018, Customs 2020 supported the operation and maintenance of TARIC database. In particular: the systematic release of daily updates of TARIC, combined with its uninterrupted availability and its use by Member States (connectivity).

Summary of main outcomes:
The outcomes are related to the upgrade, maintenance and operation of TARIC.   The TARIC system is upgraded according to the needs. These needs can be the correction of detected defects (maintenance), or the implementation of new functions (upgrade).   In terms of operation, the main outcome is the permanent availability of TARIC and the successful daily transmission of the TARIC updates to the Member States.   In particular during 2018, DG TAXUD continued to ensure the uniform application of the common customs tariff and the daily update of the Integrated Tariff of the European Union by: • providing up-to-date data for the customs clearance systems of the Member States,   • giving economic operators a comprehensive view of all tariff measures applicable when importing or exporting goods into/from the EU,   • adopting three implementing regulations on tariff quotas and ensuring the management and daily allocations for more than 1 100 tariff quotas in 2018, and   • publishing 39 legislative tariff classification measures, and solved 45 other cases of divergent classification by consensus with the Member States.

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

Title of the AWP Project:
EU Single Window Environment for Customs (under AWP project: Competitiveness and trade facilitation)
Description of the project:
The 2008 e-Customs Decision[37] called on the Member States and the Commission to develop 'a framework of single window services' at EU level to support the seamless flow of data between customs authorities, the Commission, economic operators, and other regulatory agencies. The 2014 evaluation of the e-Customs Decision[38] concluded that the single window was one of the outstanding objectives that remain to be achieved in the customs domain. In December 2014, the Council adopted the Venice Declaration, which called for a progressive action plan to implement an EU Single Window (SW) environment for customs and the establishment of a legal framework for its development. Subsequently, the Commission announced its plan to explore a workable solution for the creation of an EU SW environment for customs in the 2016 Communication on "Developing the EU Customs Union and Governance."[39] The Commission has since made significant progress towards the scoping of an EU SW environment for customs. DG TAXUD has taken ownership of this initiative as the coordinator of the activities related to the preparatory activities for the drafting of the legal proposal (political validation to be sought again under next Commission), while carrying out its role as the owner of the central electronic system for the automatic validation of supporting documents to the customs declaration. The aim of the EU SW environment for customs initiative is to establish a harmonised and interoperable EU SW environment for customs with integrated electronic services at Union and national

[37] Decision No 70/2008/EC of the European Parliament and of the Council of 15/01/2008 on a paperless environment for customs and trade, OJ L 23, 26/01/2008, p. 21–26.

[38] "Evaluation of the electronic customs implementation in the EU," Final report, 21 January 2015.

https://ec.europa.eu/taxation_customs/sites/taxation/files/docs/body/ecust_evaluation_final_en.pdf

[39] COM (2016) 813 final

level in order to enhance information sharing between regulatory government authorities and to reduce administrative burdens on business at the time of customs clearance.

Expected results:

- Build on the objectives of the Union Customs Code (UCC)[40] to streamline customs procedures and create modern electronic services for all actors involved in the international trade in goods.

- Provide and maintain a central electronic system to connect the national customs systems and several regulatory compliance systems at EU level for the automated verification of the supporting documents to the customs declaration.

- To scope the EU SW environment for customs and to eEnsure a uniform application of rules governing the central electronic system and a harmonised implementation of the national SW environments for customs.

- Collaborate with other concerned DGs to ensure a smooth interface between the central electronic system and their prospective regulatory compliance systems.

- Advocate for convergence between the WCO and UN/CEFACT international standards for data modelling through collaboration with these organisations.

Actions initiated under the programme:

- Customs 2020 project group to study a possible framework to develop the EU Single Window environment for customs (EU-SW) including the legal context (CPG/130). Regular meeting sessions were held throughout 2018 with several Member States.

- The 20th Customs Business Group (CBG) meeting (CPG/031) on the Single Window took place on 04/06/2018.

In addition to the actions funded by Customs 2020, there were inter-service consultation meeting sessions throughout 2018 with those Commission services whose policy domains are affected by the EU SW environment for customs initiative.

Summary of main outcomes:

DG TAXUD carries out the coordination of this initiative through two main components:

1) **Central electronic system for the automated verification of supporting documents to the customs declaration**

The EU-SW Common Veterinary Entry Document (EU-SW CVED) pilot project became operational in 2014 to provide an interface between national customs systems and DG SANTE's certification system, facilitated through the central IT solution of DG TAXUD. It implemented the automated verification of the Common Veterinary Entry Document (CVED) for animals/animal products and the Common Entry Document (CED) submitted with a customs declaration.

Over the recent years, the scope of the EU-SW CVED project was broadened to include new supporting documents and functionalities under the EU Customs Single Window Certificates Exchange Project (EU CSW-CERTEX). By the end of 2018, EU CSW-CERTEX was operational in nine Member States and connected to several EU regulatory compliance systems. As shown in the diagram below, the project covers a multitude of certificates located at different databases and regulated by separate

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[40] Regulation (EU) No 952/2013 of the European Parliament and of the Council of 09/10/2013 laying down the Union Customs Code, OJ L 269, 10/10/2013, p. 1–101.

legal acts under the responsibility of various DGs.

More concretely, the project entails:

a) Enhancement of functionalities, such as the quantity management functionality, and the possibility to generate and transmit certificates in a readable format (i.e. PDF). Additional functionalities are expected to be introduced at subsequent stages of the project;

EU CSW-CERTEX architecture overview
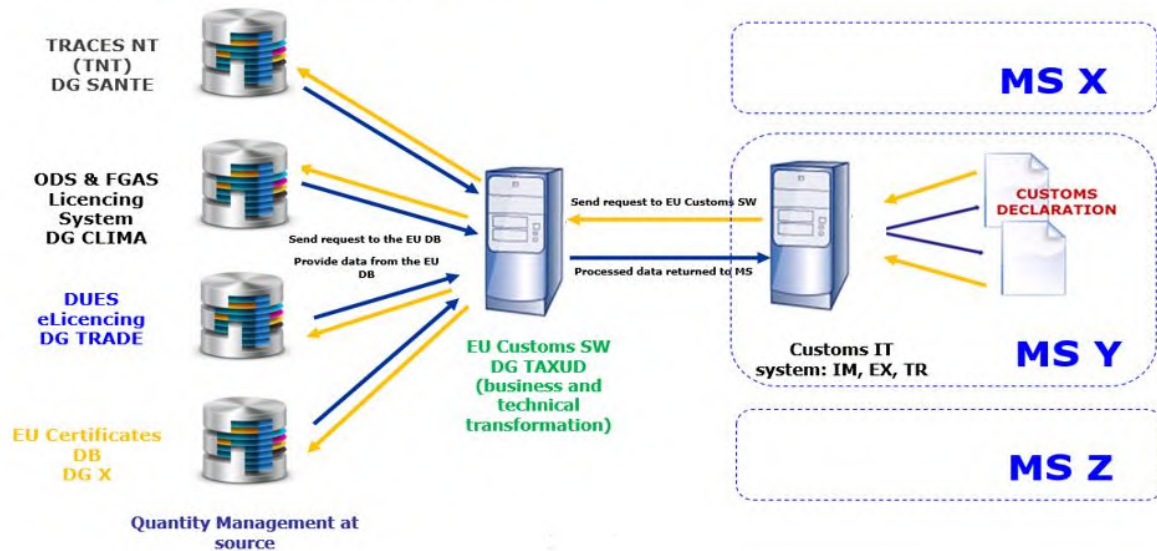
b) Expansion of the scope of supporting documents available for exchange via the EU CSW-CERTEX. In 2018, the scope of the EU CSW-CERTEX covered the following certificates/licences:
- FLEGT (DG ENV);
- COI (DG AGRI);
- CVED-A (DG SANTE);
- CVED-P (DG SANTE);
- CED (DG SANTE).

Preparatory work was also carried out on the business analysis for the integration of the following supporting documents:

- FGAS (DG CLIMA);
- ODS (DG CLIMA);
- CHED family of certificates (DG SANTE), i.e. CHED-PP, CHED-A (successor of CVED-A), CHED-P (successor of CVED-P), CHED-D (successor of CED).

The diagrams below track the evolution of the EU CSW-CERTEX over successive years in relation to the expansion of the scope of certificates and the anticipated timeline for the Member States that will join.

More certificates and databases

3 certificates (2015):
- CVED-A (TRACES)
- CVED-P (TRACES)
- CED (TRACES)

5 certificates (2018):
- FLEGT (TNT)
- COI (TNT)
- CVED-A (TRACES)
- CVED-P (TRACES)
- CED (TRACES)

6 certificates (2019 - 2020):
- CHED-PP (TNT)
- FLEGT (TNT)
- COI (TNT)
- CVED-A ➔ CHED-A (TNT)
- CVED-P ➔ CHED-P (TNT)
- CED ➔CHED-D(TNT)

8 certificates (2020):
- ODS (ODS 2 LS)
- FGAS (FGAS Portal)
- FLEGT (TNT)
- COI (TNT)
- CHED-PP (TNT)
- CHED-A (TNT)
- CHED P (TNT)
- CHED-D (TNT)

9 certificates (2021):
- DuES (eLicencing system)
- ODS (ODS 2 LS)
- FGAS (FGAS Portal)
- FLEGT (TNT)
- COI (TNT)
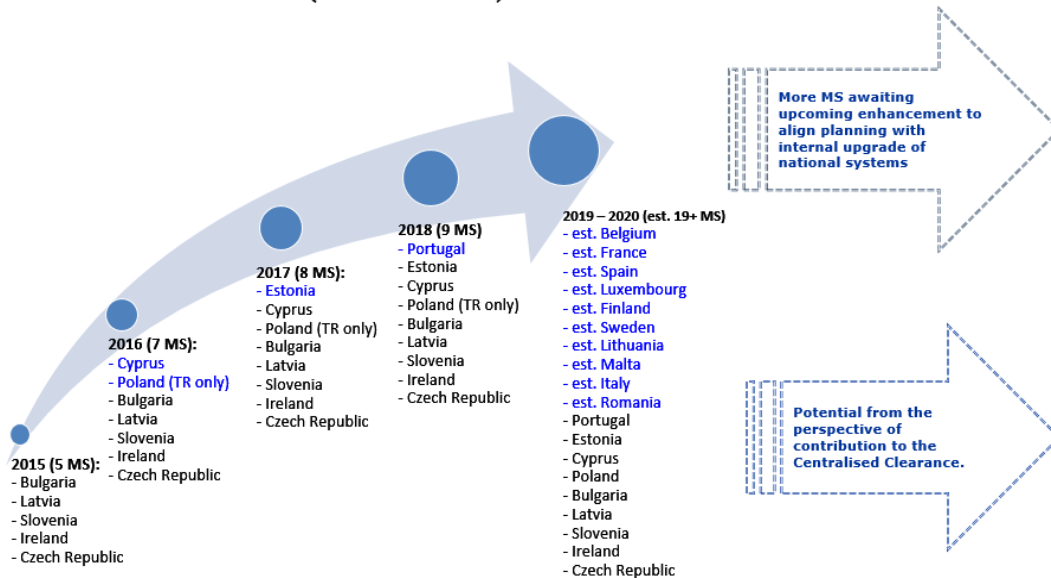- CHED-PP (TNT)
- CHED-A (TNT)
- CHED-P (TNT)
- CHED D(TNT)

11 certificates (2023):
- Cultural Goods Import Licence
- Cultural Goods Importer Statement
- DuES (eLicencing system)
- ODS (ODS 2 LS)
- FGAS (FGAS Portal)
- FLEGT (TNT)
- COI (TNT)
- CHED-PP (TNT)
- CHED-A (TNT)
- CHED-P (TNT)
- CHED-D(TNT)

On the radar:

Alien species (DG ENV)	WASTE (DG ENV)	EU IUU CATCH (DG MARE)

CITES (DG ENV)	(non-food) product compliance and safety (DG GROW)

EU CSW-CERTEX Evolution (Member States)

2015 (5 MS):
- Bulgaria
- Latvia
- Slovenia
- Ireland
- Czech Republic

2016 (7 MS):
- Cyprus
- Poland (TR only)
- Bulgaria
- Latvia
- Slovenia
- Ireland
- Czech Republic

2017 (8 MS):
- Estonia
- Cyprus
- Poland (TR only)
- Bulgaria
- Latvia
- Slovenia
- Ireland
- Czech Republic

2018 (9 MS):
- Portugal
- Estonia
- Cyprus
- Poland (TR only)
- Bulgaria
- Latvia
- Slovenia
- Ireland
- Czech Republic

2019 – 2020 (est. 19+ MS)
- est. Belgium
- est. France
- est. Spain
- est. Luxembourg
- est. Finland
- est. Sweden
- est. Lithuania
- est. Malta
- est. Italy
- est. Romania
- Portugal
- Estonia
- Cyprus
- Poland
- Bulgaria
- Latvia
- Slovenia
- Ireland
- Czech Republic

More MS awaiting upcoming enhancement to align planning with internal upgrade of national systems

Potential from the perspective of contribution to the Centralised Clearance.

2) State of play on the development of the EU SW environment for customs

A Customs 2020 project group was set up in December 2016 with the participation of experts from 19 Member States and six trader associations representing various sectors of international trade. This project group has served as a discussion platform to provide insight on assessing the legal and policy instruments suitable for the EU SW environment for customs. From the outset, the project group focused its discussions on the scope of application of the supporting documents to the customs declaration, as well as the necessary legal basis and the action plan to establish such environment. Following the outcome of first phase project activities, the legal initiative was launched in April 2017 and received political validation on 20/06/2017. The second phase of project group activities was devoted to the analysis and definition of the core elements that support the legal initiative, notably the drafting of the policy objectives and policy options. The impact assessment study is currently being conducted building on this groundwork. A 12-week public consultation was launched on 09/10/2018 and lasted until mid-January 2019[41].

Both open and targeted consultation methods will be used to achieve a balanced and comprehensive

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[41] https://ec.europa.eu/info/consultations/initiative-eu-single-window-environment-customs_en

coverage of stakeholders. As part of the consultation process, DG TAXUD, jointly with EU Romanian presidency, held a high-level seminar in Bucharest in May 2019 in order to discuss the key concepts and approaches outlined in the draft legal text with senior management officials from national customs administrations, candidate countries, and representatives of trade associations. This seminar was also an opportunity to assess the progress made on the ongoing work dedicated to this initiative and to set the level of ambition before the next stages of the legislative process. Further, part of the seminar was dedicated to discuss the concept on EU Single Window Integrated Environment for cross-border movement of goods and to get feedback from national authorities on possible future policy actions.

The work carried out within the two components of the EU SW environment for customs initiative will be more closely aligned in the future following the establishment of a regulatory framework that will fulfil the legal requirements for the exchange of supporting documents via the EU CSW-CERTEX. This is one of the last initiatives remaining within the scope of the e-Customs Decision since most projects initially covered by this Decision now fall under the umbrella of the UCC.

7.   MID-TERM EVALUATION OF THE CUSTOMS 2020 PROGRAMME AND EUROPEAN COURT OF AUDITORS AUDIT ON CUSTOMS IT SYSTEMS

7.1   Results of the mid-term evaluation of Customs 2020, recommendations and actions to remedy weaknesses

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

The study was finalised at the end of 2018 and is available in the Publication Office of the EU[42]. This study supported the Commission Report on the mid-term evaluation of Customs 2020 addressed to the European Parliament and the Council[43], adopted on 07/02/2019.

The provisional conclusions of the mid-term evaluation exercise that were anticipated in the 2017 Annual Progress Report has been confirmed by the final version of the study and the Commission Report:

- **RELEVANCE**:

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

- **EFFECTIVENESS:**

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

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

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[42] https://publications.europa.eu/en/publication-detail/-/publication/6862eee3-2db7-11e9-8d04-01aa75ed71a1/language-en/format-PDF/source-87696278

[43] COM/2019/57

- **EFFICIENCY:**

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

- **COHERENCE:**

  The Customs 2020 programme has become an integral part of the EU's broader policies and coherent with the EU's goal of creating a modern, paperless environment for customs and trade, while preserving the EU's financial, economic and societal interests and wellbeing. By supporting the implementation of the UCC, the programme contributes to facilitation of trade and reduction of costs for businesses, increasing their productivity and competitiveness.

- **EU ADDED VALUE:**

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

The recommendations proposed by the evaluators concern operational aspects targeting incremental improvements to the programmes' operations and functioning. They relate to four main areas:

- Programming and design: make more practical use of the Annual Work Programme projects and consider multi-annual programming; designate long-term, platform-like joint actions; refine strategy for development and promotion of eLearning modules (investigate ways to improve the technological platform for the delivering them and improve the procedures for its translation, localisation and updates).

- Implementation: optimise the procedures and resources for the implementation of joint actions, so that the workload for available human resources and administrative burdens on different actors are appropriate; increase coordination with other EU programmes (both in terms of operational coordination with the Fiscalis programme and establishing a forum for working with other Commission DGs).

- Monitoring and reporting: streamline the monitoring system so it meets actual needs while reducing administrative burdens, including launching a study to refine and reduce the number of monitoring indicators.

- Communication: communicate more actively about the possibilities of the programme, with national coordinators and other officials taking a more active role in finding out about and spreading awareness of the programme; increase senior-level buy-in and political will among national administrations to boost participation and engagement.

DG TAXUD, together with national customs authorities, has drafted an action plan to address the recommendations. The implementation of the recommendations will be regularly monitored. Final assessment of the follow-up of recommendations will be provided at the time of the final evaluations of Customs and Fiscalis 2020 programmes.

7.2 European Court of Auditors' audit on customs IT systems

On 10 October 2018, the ECA published Special Report no 26/2018 "A series of delays in Customs IT systems: what went wrong?"[44] The auditors assessed whether the Customs 2020 programme was likely to deliver the IT systems necessary for improving customs operations in the EU, and whether it ensured that these systems are implemented in a timely manner. They also reviewed its design, monitoring and reporting arrangements. The ECA found that the implementation of these systems suffered a series of delays so that some of them will not be available at the 2020 deadline set in the Union Customs Code[45]. The delays were due to several factors, in particular: changing project scope, insufficient resources allocated by the EU and Member States, and a lengthy decision-making process due to the multi-layered governance structure.

This report, for which DG TAXUD was the lead Commission service, contains two very important and three important recommendations, especially with regard to the next programme which should take on board the lessons learnt. Overall, the Commission was requested to gear the next Customs programme explicitly towards IT implementation with precise and measurable objectives, as well as improve time, resource and scope estimates for every IT project. Furthermore, it should facilitate cooperative IT development with, and between, Member States, and streamline governance by ensuring more efficient and swifter communication. The auditors also stressed the need to report in a timely and transparent manner on implementation and spending.

Two out of the five recommendations made by the Court directly relate to the future Customs programme:

- On the one hand, the Commission was requested to gear future programme design towards IT implementation by establishing precise and measurable objectives, some of which should related to the European Information Systems to be implemented. In the context of its programme's proposal for the next Multiannual Financial Framework, the Commission has applied the Better Regulation principles to set precise and measureable, both general and specific, objectives of the programmes (these proposals are now being negotiated by the co-legislators, see Section 8 of this report).

- On the other hand, the auditors also recommended to set appropriate reporting arrangements and indicators on the overall level of implementation and on individual projects in the next Customs programme. To this end, the Commission has launched in 2019 a study to review the current Performance Measurement Framework of the programme with a view to simplify the set of indicators and to give more emphasis to IT related indicators. The proposal of the future Customs programme is also aligned with this approach, as the core indicators listed in its Annex contain four

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[44] https://www.eca.europa.eu/Lists/ECADocuments/SR18_26/SR_CUSTOMS_IT_EN.pdf

[45] It should be taken into account that Art. 278 of the UCC was modified in April 2019 by means of Regulation (EU) 2019/632 of the European Parliament and of the Council amending Regulation (EU) No 952/2013 to prolong the transitional use of means other than the electronic data-processing techniques provided for in the UCC.

out of eight indicators that are related to IT systems, including the new indicator "UCC completion rate".

8.   COMMISSION PROPOSALS FOR FUTURE CUSTOMS PROGRAMME

The Commission's proposal for a Regulation establishing the "Customs programme for cooperation in the field of customs[46] was adopted on 08/06/2018 and forms part of the Multiannual Financial Framework (MFF) for the years 2021-2027.

The proposed programme builds largely on the acquis of the previous and on-going programmes which has shown a strong EU added value, particularly in supporting the implementation of EU customs legislation at national level. It will provide the funds to support actions in view of modernising and improving the functioning of the customs union and cooperation among customs authorities of the participating countries. The proposed financial envelope is € 950 million for the period 2021–2027.

The main programme objectives remain similar to those of the previous programme aiming to support the customs union and customs authorities to protect the financial and economic interests of the Union and its Member States, to ensure security and safety within the Union and to protect the Union from unfair and illegal trade, while facilitating legitimate business activity. The Customs programme is vital for the functioning of the Customs union and the customs administrations as it provides the operational, organisational, methodological and budgetary framework to implement EU customs policy objectives and activities.

Customs cooperation and capacity building will continue to be clustered around human networking and competency building actions, on the one hand, and information technology (IT) capacity building actions on the other hand. The first cluster will streamline the exchange of good practices and operational knowledge amongst the Member States and other countries participating in the programme, with a specific focus on project-based structured collaboration allowing for deep and integrated forms of cooperation between participating countries, thus paving the way for further evolution of the customs union. The second cluster enables the programme to fund a complete set of IT infrastructure and systems, including the digitalisation of interactions between trade and customs as well as a reinforced risk management that will allow the EU's customs administrations becoming fully-fledged e-administrations.

It will entail greater intensity and more structure and strategic approach in the way cooperation will take place and as regards the number of electronic systems, as well as the possibility to take on board a certain level of innovation. This is particularly important as in addition to the major goal which is the development and the maintenance of the electronic systems at the heart of the functioning of the customs union the key priorities for the next programme are the end of paper-based procedures, the full digitalisation of interactions between trade and customs, as well as a reinforced risk management with a view to advance cargo information. In addition, new challenges arising through rapidly changing technologies (digitalisation, connected-ness, Internet of things, blockchain) and business models (ecommerce, supply chain optimisation), reduced public financial means, increasing volumes of world trade and a persistent transnational crime and security threat constantly increase the pressure to improve the performance of the customs union and enlarge the scope of the tasks to be performed by customs administrations.

The negotiation of the legal proposal with the EU co-legislators started in autumn 2018 with parallel discussions at Council level (Customs Union Working Group) and the European Parliament (Committee level – IMCO). Following the adoption of the negotiating mandates by the two co-legislators, the two co-legislators and the Commission worked intensively at the beginning of 2019 in order to reach an agreement. Negotiations are expected to resume under the Finnish Presidency (second half of 2019), as of September, once the new EP is established and a new negotiation team appointed to this dossier.

Reaching an agreement on the new Customs programme is not only important, it is vital for the functioning of the Customs union and any failure in adopting the new proposal will have major consequences for the EU trade and businesses.

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[46] COM(2018)442

9.   CONCLUSIONS

2018 was the fifth year of activities under the Customs 2020 programme and in many ways similar to 2017. The numbers of European Information Systems (and their availability), actions, events, trainings and participants remained at high levels, testifying to a strong demand from business owners and national administrations for programme activities. There were no significant changes to the budget levels of previous years, with the exception of budget allocated to expert teams: in 2017 there were no committed expenses dedicated expert teams, while in 2018 there were two new expert teams launched.

In terms of **performance measurement**, 2018 was also the fifth year for which a number of indicators could be collected. 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 2018 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 final conclusions of the mid-term evaluation exercise support this overall positive assessment.

The vast majority of the spending under the programme continues to be devoted to the **European Information Systems**[47]. 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. IT developments and adaptations of the existing IT environment to the Union Customs Code were carried out during 2018, bringing the total number of EIS in operation to 52. Of particular relevance during the year were: the extension of the **mutual recognition of authorised economic operators to Norway** (MRA-NO), the extension of the system of **registered exporters** (REX) to Turkey, and the extension of the EU **Customs Single Window** pilot (EU CSW-CERTEX) to new certificates such as organic products import licences. 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 Information Systems. During 2018 the number of exchanged messages on the network and the size of data exchanged remained at very high levels. At the same time, the network and the key customs systems maintained high availability rates and provided reliable helpdesk functionality to national customs administrations.

In the area of **joint actions**, one can conclude that without the cooperation between the Commission and national administrations, and between the national administrations through project groups, seminars, workshops, working visits, monitoring visits, capacity building activities and other types of joint actions, the running and functioning of the customs union would be endangered.

Expert teams (innovative tool rolled out in 2016) allow to further both EU-wide and regional cooperation between national customs administrations in order to support daily operational work as identified by the Member States. During 2018, the existing expert teams continued to develop their activities in different areas, such as making best use of resources in customs classification issues (Binding Tariff Information - BTI) and customs laboratories (CLET). In addition, two new expert teams were launched in 2018: CELBET 2 was created to continue the work of its successful predecessor, and a new expert team on IT

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[47] It should be noticed that the information contained in this report regarding the implementation of the EIS is complemented by the 2018 e-Customs progress report, which covers both the EU components (funded by the Customs 2020 programme) and the national components of the EIS.

collaboration (ETCIT) started its activities to explore and identify possible new approaches for customs IT systems development, aiming at effective and cost-beneficial solutions amongst Member States.

In the area of **EU training**, the significant overall 2018 increase of customs professionals trained (economic operators and customs officials) on EU Customs eLearning modules (a total of 462 983 trainees in the private sector and 17 547 customs officials trained in the national administrations with the EU Customs eLearning modules) demonstrates the added value potential of the Customs 2020 Programme's Human Competency Development (HCD) activity area.

Further to the availability of the new common strategic Action Plan for EU customs & tax training & staff development for 2017 - 2020, researching the usefulness of innovative training delivery methods for national administrations (e.g. AEO eBook, EU Training webinars) led in 2018 to positive results with the first interactive eBook releases in 22 languages and first EU Training webinar sessions launched. It also promises resource and efficiency gains in common skills & knowledge development of customs staff for the years to come.

The key **observations** that can be deduced from the analysis of the Performance Measurement Framework indicators in 2018 are as follows:

- Continued **strong demand** for programme support.

- High level of **achievement of results** of the joint actions is reported by the **action managers**.

- Increase in the degree of **networking** among programme participants.

- Very positive assessment of the **achieved results** of the joint actions, their **usefulness** and **met expectations by national customs officials** who participated in them. In particular, joint actions under objective 2 (European Information Systems) got a 100% score on usefulness, as assessed by participants to these actions.

- **Low awareness rate**, as shown by the results of the programme polls and by the conclusions of the mid-term evaluation.

- The **European Information Systems portfolio was expanded**. Three IT projects were completed in 2018: the Mutual Recognition Agreement with Norway and two Single Window projects for new certificates.

- Existing IT systems are **regularly operated** and are resistant to **increased volume of data** traffic

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

ANNEX 1: UCC IT PROJECTS – PROGRESS STATUS[48]

UCC Work Programme – IT Projects Progress

03/10/2019: **62%**

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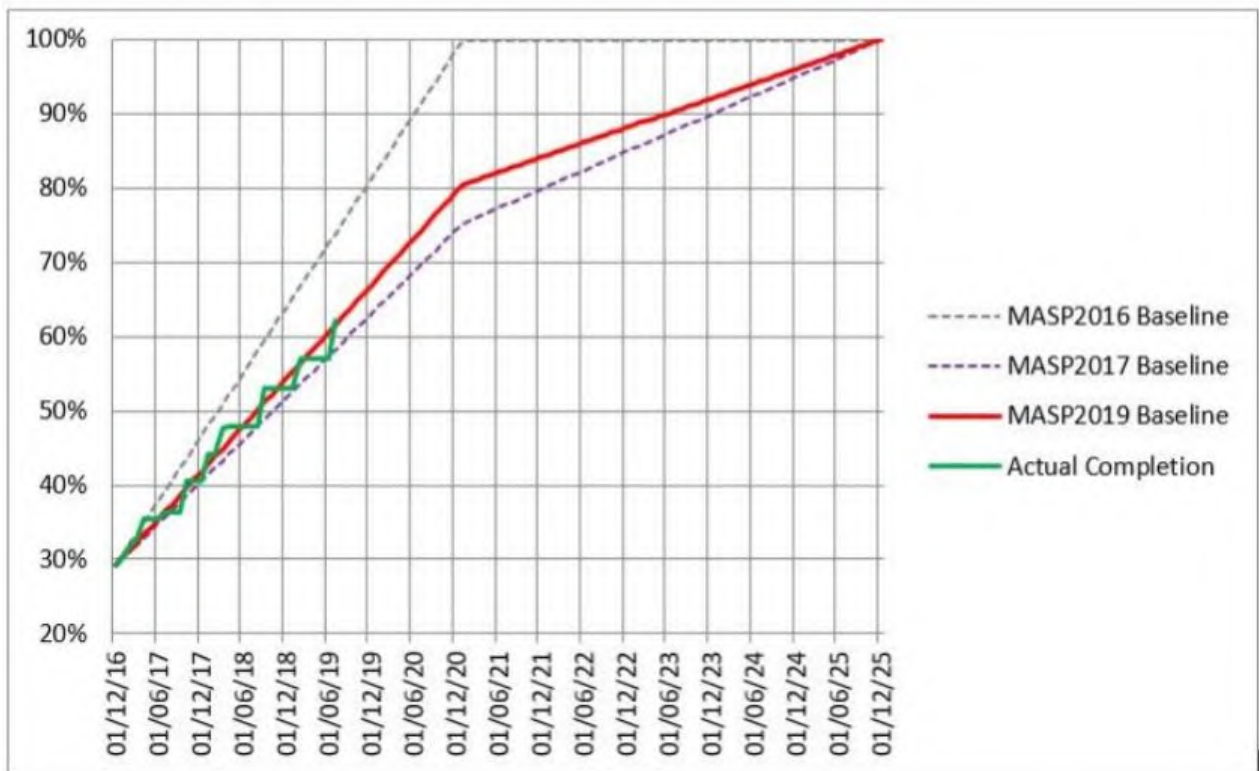
[48] The completion graph and status table provide a complete picture on the progress made on all UCC systems by both the Commission and the Member states. However, it should be noticed that the Customs 2020 programme only finances the EU components and that national components are financed by Member States' budgets.

Planning Overview: UCC Work Programme Projects – Status Q2 2019

Legend:
- Completed (green)
- In Progress (grey)
- Delayed (yellow)
- N — National components

Timeline: 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025

Projects

1. REX *Started Q1 2015 (Completed)
2. BTI Phase 1 2. BTI Phase 1 Step 1 Step 2 (Completed)
2. BTI Phase 2 (In Progress)
3. Customs Decisions *Started Q4 2015 (Completed)
4. UUM&DS *Started Q3'15 (Completed)
5. AEO Phase 1 (Completed)
5. AEO Phase 2 Part 1 & 2 (In Progress)
6. EORI2 (Completed)
7. SURV3 (Completed)
8. PoUS (In Progress)
9. NCTS Comp 1 N (In Progress)
9. NCTS Comp 2 N (In Progress)
10. AES Components 1 & 2 N (In Progress)
11. INF (In Progress)
12. Special Procedures – Comp 2 N (In Progress)
12. SP – Comp 1 N (In Progress)
13. Presentation Notification & Temporary Storage N (Delayed)
13. Notification of Arrival N (Delayed)
14. Import Systems Upgrade N (In Progress)
15. CCI Phase 1 N (In Progress)
15. CCI Phase 2 N (In Progress)
16. GUM Component 2 N (In Progress)
16. GUM Component 1 *Planning until Q1'27 N (Delayed)
17. ICS2 (In Progress)