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2013 E-Customs progress report

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1 ABBREVIATIONS AND ACRONYMS

Acronym	Description
AEO	Authorized Economic Operator
AES	Automated Export System
AIS	Automated Import System
APO	Author's Position
ARIS	Architecture of Integrated Information Systems (DG TAXUD has chosen ARIS produced by IDS-Scheer as a technical supporting tool for the business process modelling following the Commission overall policy of using ARIS software platform)
ATA	Admission Temporaire/Temporary Admission
ATIS	Antifraud Transit Information System
BPM	Business Process Modelling
BTI	Binding Tariff Information
CC	Customs Code
CCC	Customs Code Committee
CCI	Centralised Clearance for import
CCIP	Customs Code Implementing Provisions
CCN	Common Communication Network
CVED	Common Veterinary Entry Document
CD	Customs Decisions
CIS	Central Information Systems
CLASS	Classification Information System
CN	Combined Nomenclature
CNECT	Directorate General for Communications Networks, Content & Technology
COPIS	Anti-Counterfeiting and Anti-Piracy System
CPG	Customs Policy Group
CRC	Combined Risk Criteria
CRMS	Customs Risk Management System
CS/MIS	Central Services – Management Information System
CS/RD	Central System – Reference Data
CSI	Common Systems Interface
CT	Conformance Testing
CTOD	Conformance Testing Organisation Document
CVED	Common Veterinary Entry Document
DC	Data Centre
DDNA	Design Document for National Applications

Acronym	Description
DDS	Data Dissemination System
DG TAXUD	Directorate General for Taxation and Customs Union
DG SANCO	Directorate General for Health and Consumer Affairs
DIGIT	Directorate General for Informatics
DIH	Data Integration and Harmonisation
eATA	Electronic Admission Temporaire/Temporary Admission
EBTI	European Binding Tariff Information
ECG L&IT	Electronic Customs Group Legal and IT
ECICS	European Customs Inventory of Chemical Substances
ECIP	European Customs Informational Portal
ECS	Export Control System
EFTA	European Free Trade Association (consisting of Iceland, Norway, Liechtenstein and Switzerland)
EIS	European Information System
EMCS	Excise Movement and Control System
ENS	Entry Summary Declaration
EORI	Economic Operator Registration and Identification
EOS	Economic Operators System
eTIR	Electronic TIR
EU	European Union
FS	Functional Specifications
GSP	Generalised System of Preferences
GUM	Guarantee Management
ICS	Import Control System
IE	Information Exchange
IT	Information Technology
ITE	Integrated Tariff Environment
INF	Information Sheet
KEL	Known Error List
MASP	Multi-Annual Strategic Plan
MCC	Modernised Customs Code
MCCIP	Modernised Customs Code Implementing Provisions
MRA	Mutual Recognition Agreement
MR	(AEO) Mutual Recognition
MS	Member State
NA	National Administrations
NCTS	New Computerised Transit System
NRAC	National Risk Analysis Center
POCS	Proof of Community Status

Acronym	Description
PoUs	Proof of Union Status
QUOTA	A central database (managed by DG TAXUD) containing tariff quotas (limited quantities for a number of products for which the import Customs duty is reduced)
REX	Registered Exporters System
RIF	Risk Information Form
RSS	Regular Shipping Service
S&S	Safety and Security systems
SEAP	Single Electronic Access Point
SLA	Service Level Agreement
SMS	Specimen Management System
SPEED	Single Point for Entry or Exit of Data
SP/SASP	Single Authorisation for Simplified Procedure / Simplified Procedures
SPM	System Process Model
STTA	Standard Transit Test Application – "light" TTA for Member States
SURVEILLANCE	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
SW	Single Window
SW-CVED	Single Window - Common Veterinary Entry Document
TARIC	Integrated Tariff of the European Communities
TCG	Trade Contact Group
TEMPO	TAXUD Electronic Management of Project Online
TIR	Transports Internationaux Routiers/ International Road Transports
TOC	Terms of Collaboration
TRACES	TRAdE Control and Expert System
TTA	Transit Test Application – test application use for CT
UCC	Union Customs Code
UUM&DS	Uniform User Management & Digital Signature
UNECE	United Nations Economic Commission for Europe
WCO	World Customs Organisation
Country Codes	http://www.iso.org/iso/country_codes.htm (ISO 3166)

2 INTRODUCTION

The e-Customs annual progress report for the year 2013 is the sixth report prepared on the basis of Article 12 of the e-Customs decision¹ under which Member States are required to report annually on their progress with the tasks allocated to them in the Multi-Annual Strategic Plan (MASP). The Commission, on the basis of the national e-Customs progress reports, draws a consolidated report evaluating the progress made by Member States and the Commission² with the e-Customs initiative in the given year.

In the course of 2013 the MASP was revised from revision 11 to 12. The Commission received the national e-Customs progress reports for 2013 from 26 Member States. GR and LU did not provide a progress report for 2013. DK reported that due to no major update in 2013 the changes in the IT systems were rather minor and did not affect the global development for 2013.

3 BACKGROUND

3.1 E-Customs initiative

The Commission and Member States are committed to deliver pan-European e-Government services, providing efficient, effective and interoperable information and communication systems between public administrations, including the communication between their front and back offices, in order to exchange and process public sector information across Europe in a secure manner. The European Union (EU) and Member States have made a commitment, under the Lisbon Agenda, to increase the competitiveness of companies doing business in Europe.

The pan-European e-Government action, as laid down by Decision 2004/387/EC³, requires measures to increase the performance of customs controls, to ensure the seamless flow of data in order to make customs clearance more efficient, to reduce administrative burdens, to increase the safety of goods and the security of international trade, and to enhance health and environmental protection. The seamless data flow will help to combat fraud, organised crime and terrorism, to serve fiscal interests, to protect intellectual property and cultural heritage. To that end, the use of information and communication technologies for customs purposes is of crucial interest.

As part of this commitment, the Commission and Member States have undertaken a task to set up and operate secure, integrated, interoperable and accessible electronic Customs systems in order to facilitate end-to-end supply chain logistics and customs processes for the movement of goods into and out of the European Union, as well as to reduce the risks of threats to the citizens' Safety and Security by minimising the remaining differences between the Member States' customs processes. This initiative is referred to as the 'e-

¹ Decision No 70/2008/EC of the European Parliament and of the Council of 15 January 2008 on a paperless environment for customs and trade; *OJ L* 23, 26/01/2008, p. 21–26

² Article 12(2) of the e-Customs decision

³ Corrigendum to Commission Decision 2004/387/EC of 28 April 2004 — Decision 2004/387/EC of the European Parliament and of the Council of 21 April 2004 on the interoperable delivery of pan-European eGovernment services to public administrations, businesses and citizens (IDABC); *OJ L* 181, 18/05/2004, p. 25–35

Customs initiative’.

The objectives to be met in creating this paperless environment for customs and trade as well as the structure, means, time limits, and allocation of tasks between the Commission and Member States are in general set in the e-Customs decision. The Community Customs Code⁴ has been providing the necessary legal basis for the computerisation of customs procedures, declarations and data exchange. The operational planning of the e-Customs initiative and the tasks allocation to the Commission and Member States is provided in the MASP, which is the overall project management tool.

3.2 Tasks and responsibilities

Articles 5 to 7 of the e-Customs decision define the different components of the e-Customs systems and assign tasks to the Commission and Member States to develop them. Other/more specific tasks might be assigned to both parties in the MASP which also sets milestones and deadlines for individual tasks. Although MASP is not legally binding, the deadlines of the upcoming milestones in MASP are confirmed by Member States.

The progress with the individual tasks is regularly followed up and reported to the Electronic Customs Group on IT and Legal Aspects (ECG L&IT) and to the corresponding technical sub-groups dedicated to individual projects or groups of projects. In case guidance, consultation or decision is needed, the progress is also reported to the Trade Contact group (TCG) and to the Customs Policy Group (CPG) respectively.

3.2.1 MASP governance

In 2013 the MASP has undergone an update from revision 11 to 12 in order to provide an update, a complete overview and a planning of all future customs projects with the envisaged IT requirements. This MASP evolution reflects further progress in diverse policy domains such as the Union Customs Code⁵ (MCC⁶ Recast), the Authorised Economic Operators Mutual Recognition, the Safety and Security and the Single Window. In this respect, the new version takes into account the new UCC adoption and application schedule.

Based upon the expert advice provided by the ECG L&IT and the consultations with trade at the TCG, the MASP is discussed and endorsed by Member States in the CPG (Deputies). Specifically, the review cycle of MASP revision 12 started in July 2013. The Commission’s positions were provided in September 2013 and the APOs were approved at the ECG L&IT on 02-03/10/2013. The ECG L&IT and TCG members verified the APOs implementation in November 2013. The updated MASP 2013 was published for acceptance on 19/11/2013 and was accepted at the ECG L&IT on 02-03/12/2013. Finally, MASP revision 12 was endorsed by CPG Full Members on 12-13/12/2013 and published on EUROPA site for access to Trade and citizens.

⁴ Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code; *OJ L 302, 19.10.1992, p.1*

⁵ Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (recast); *OJ L 269, 10/10/2013, p. 1–101*. Regulation (EEC) No 2913/92 will be repealed from 1 June 2016

⁶ Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008, laying down the Community Customs Code (Modernised Customs Code), repealed by Regulation (EU) No 952/2013; *End of validity date: 29/10/2013*

3.2.2 *European Union and Member States tasks*

In general, the Commission is responsible for the preparation of the common documents, products and services for each project. DG TAXUD is consequently responsible for the preparation of common user requirements, the common domain functional and technical specifications and for the preparation of systems conformance tests.

DG TAXUD also has a coordination role to play in respect of:

- The development of European Union and national components with a view to a synchronised implementation of projects;
- The systems and services provided in the e-Customs decision with other relevant e-Government projects at the European Union level;
- The promotion and implementation of electronic Customs and Single Window services at national level;
- The training needs of involved stakeholders to support the implementation of the e-Customs decision, such as trainings on the applicable Safety and Security legislation, on the developed European Union components or on the 'ARIS' modelling tool.

4 COMMISSION ANNUAL PROGRESS REPORT

The e-Customs decision defines the tasks and responsibilities of the Commission (DG TAXUD). The Commission has to implement the e-Customs decision in close cooperation with Member States and economic operators. DG TAXUD has undertaken all the tasks specified in the e-Customs decision and the MASP (revision 12) for the year 2013.

DG TAXUD has organised regular meetings with Member States and other parties such as the TCG, ECG L&IT and CCC to promote and ensure the implementation of the e-Customs objectives.

During the year 2013, DG TAXUD organised 77 meetings, steering groups, workshops, seminars, trainings, etc. These events were visited by 1370 participants. There were 34 IT trainings which were visited by 191 persons. In particular, DG TAXUD organised 16 meetings of the ECG L&IT group and respective sub-groups, both plenary and dedicated to specific subjects, which were attended by 815 persons. An ECG L&IT meeting was held partially using web conferencing facilities, which helped to reduce the meeting duration from two days to one day. Overall excellent feedback was received from Member States despite the fact that some of them had to overcome minor infrastructure issues at their side.

With the aim to modernise, harmonise and streamline customs procedures and systems, and to illustrate in an understandable manner the business domains and processes foreseen in the customs and customs related legislation, DG TAXUD has been successfully using Business Process Modelling (BPM)⁷, which has been evaluated as an important instrument. The purpose of BPM is to enhance common understanding of the customs process flows and practical implications of their implementation. BPM was initially requested by Member States in order to better understand and agree on the customs processes and procedures. In 2010, DG TAXUD deployed the 'ARIS' BPM suite to facilitate the review

⁷ Business Process Modelling (BPM) in software engineering is the activity of representing processes of an enterprise, so that the current process may be analyzed and improved. BPM is typically performed by business analysts and managers who are seeking to improve process efficiency and quality.

process for Member States (and the modelling process for modellers). In 2013, the modelling and review activities have been progressing and covering the customs processes (e.g. EU Customs Level 1 Global BPM, Level 3 BPM to support the preparation for the new customs legal provisions and the strategic discussions on Air Cargo security and maritime Blue Belt environment, Level 4 Functional Requirements BPMs have been created).

The Common Communication Network (CCN) continued to grow in 2013. The CCN applications exchanged 2.53 billion messages nominating a significant 35.9% increase in relation to 2012 when 1.86 billion messages were exchanged. This growth reflected by the increase in message quantity was also reflected by the increase in message volume, which has raised by 36.9% in 2013 (3.86 TBs) compared to the messages volume in 2012 (2.82 TBs).

Figure 1 presents the respective evolution of messages quantity and volume exchanged in the CCN Application since 2008.

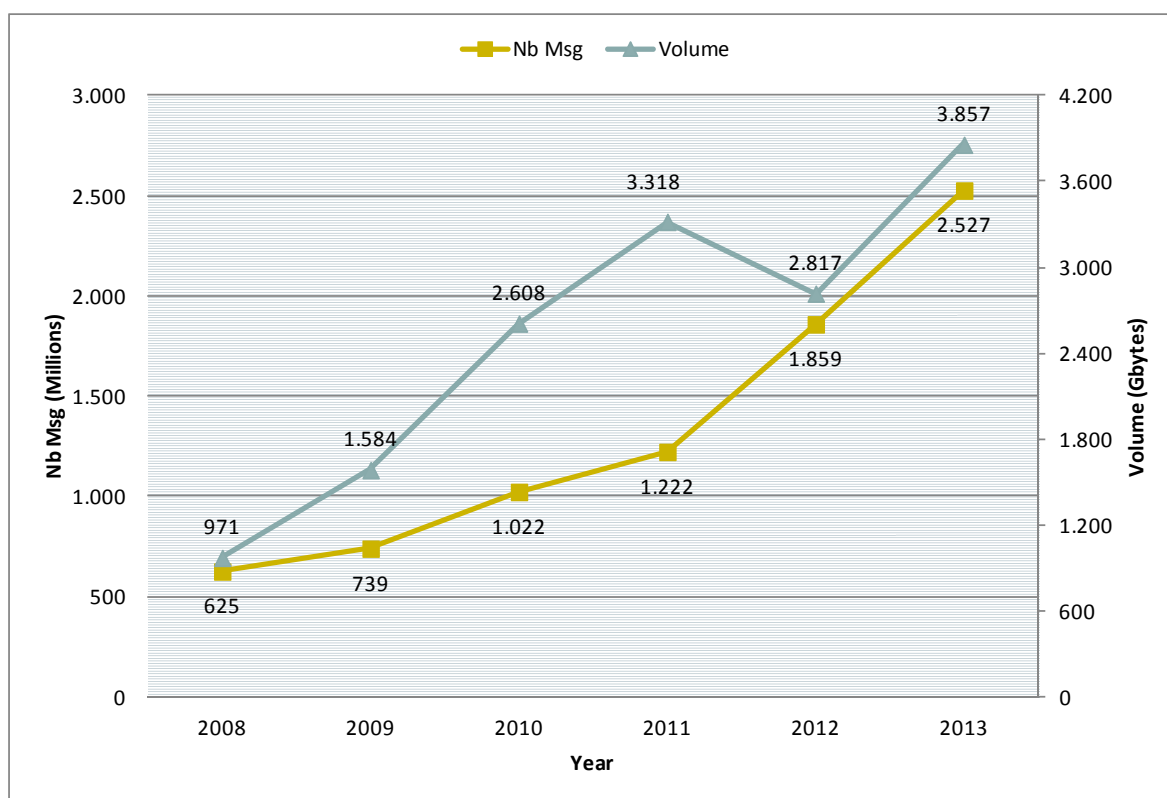


Figure 1: Evolution of CCN messages quantities and volumes

In this figure, it is observed that the growth⁸ of the number of the exchanged messages is generally increasing throughout the years whereas the growth⁹ of the volume is generally decreasing if the trough on 2012 is excluded.

⁸ This refers to the rising tendency of the year to year percentage growth of the increasing number of messages. For example in 2009 the number of messages increased by 18,27% and in 2010 by 38,31% thus the growth is rising.

⁹ This refers to the diminishing tendency of the year to year percentage growth of the increasing volume of messages. For example in 2010 the volume of messages increased by 64,65% and in 2011 by 27,25% thus the growth is decreasing.

Figure 2 represents the evolution of the number of messages exchanged through the years for NCTS, ECS, ICS, EOS, EBTI, SURVEILLANCE and SMS which is much lower than the evolution of CCN.

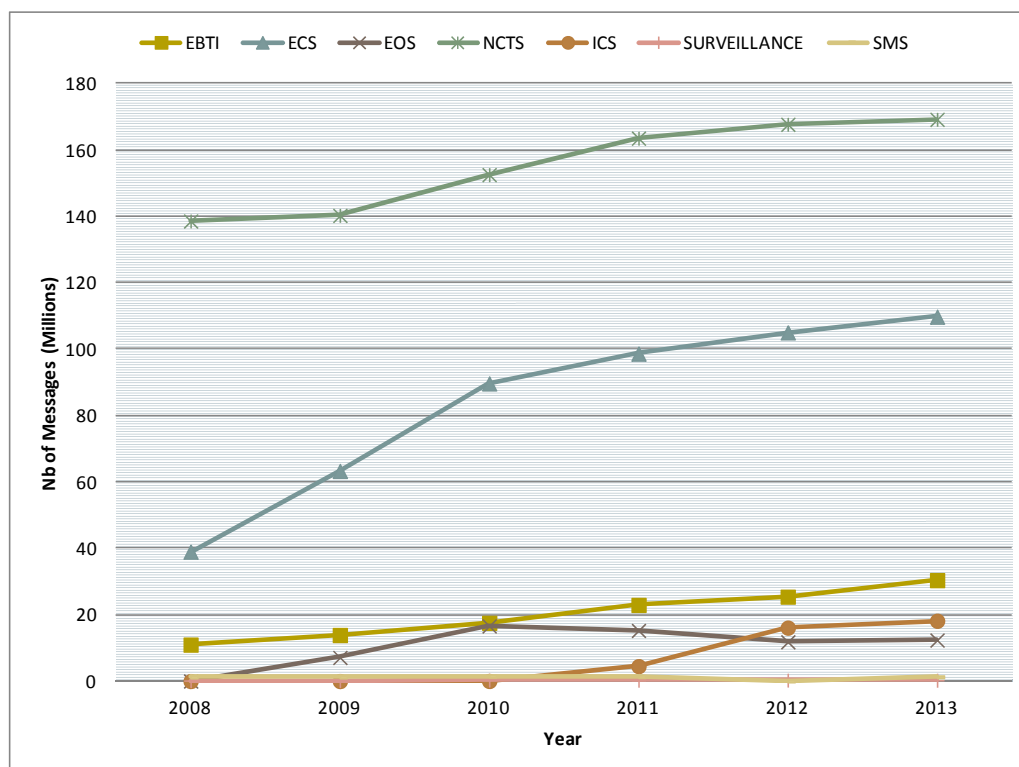


Figure 2: Systems Messages Evolution

Between 2009 and 2011 the number of messages exchanged by the systems expanded highly. This growth peak in 2010 is mainly due to the introduction of EOS and ICS Phase 1, the respective enlargement of ECS and NCTS from Phase 1 to Phase 2 and Phase 3.2 to Phase 4.

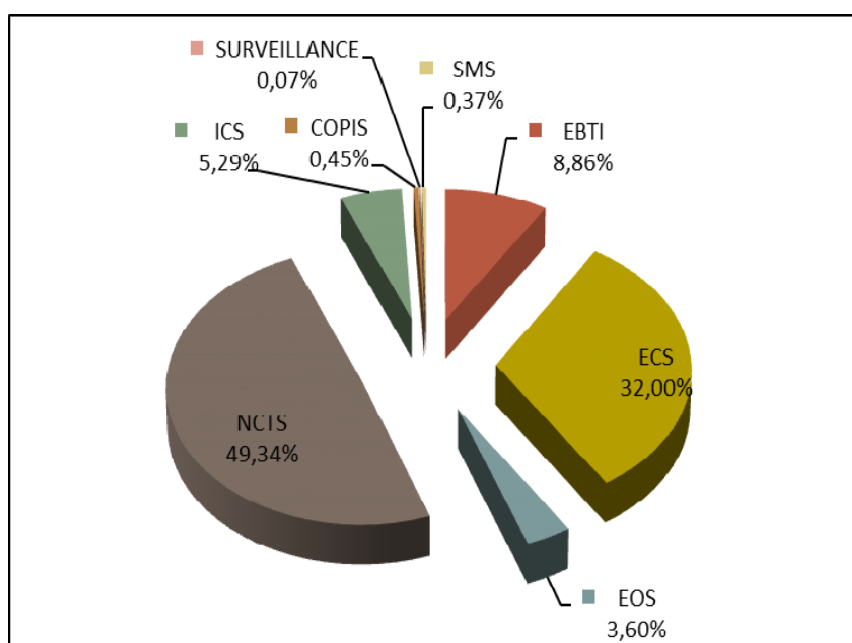


Figure 3: CCN Messages split per application

In Figure 3 the messages exchanged per system – NCTS, ECS, ICS, EOS, EBTI, SURVEILLANCE, COPIS, and SMS are presented.

The number of messages exchanged by the movement systems – NCTS, ECS, and ICS – constitutes 85.3% of the total messages exchanged by all systems depicted in Figure 3.

4.1 IT systems annual progress report

One major highlight of 2013 was the accession of the Republic of Croatia to the European Union on 01/07/2013. Since that date, Croatia has been using all Customs IT applications and systems as any other Member State. The transition took place without major issues.

During 2013, the European Commission made steps to further develop the existing CCN/Common Systems Interface (CCN/CSI) interoperability framework and to establish the next generation of CCN-CCN2, which is planned as a specific project in MASP revision 12. The CCN/CSI operational infrastructure consists of a closed and secured network infrastructure that is provided by the European Commission to facilitate the exchange of information between the National Administrations (NA) of the Customs and Taxation area.

The installation of two new Data Centres (DC) of DG TAXUD in Luxembourg has been finalised. The overall DC consolidation project progressed considerably and is on schedule, achieving approximately 70% of move of the infrastructure and applications from the ITSM contractor's DC to the new DC.

The Commission will further automate the administration of its infrastructure, minimizing the exposure to human errors.

4.1.1 AEO Mutual Recognition (1.1)

The AEO Mutual Recognition (MR) project aims to ensure the exchange of AEO data among Member States, DG TAXUD and third countries in a uniform way to increase security and facilitation. The economic operator benefits from reduced physical and document based controls and priority treatment.

The implementation of the AEO MR Agreement with the USA is considered as the major achievement. Phase 1 became operational on 31/07/2012 and Phase 2 on 30/01/2013. The data exchange framework jointly developed by the USA and DG TAXUD has been proposed as a global standard for Mutual Recognition within the WCO. The IT implementation activities of the Agreement with Switzerland are still ongoing. The target Production date is set in 2014. The IT implementation of the Agreement with China is still in the negotiation phase.

4.1.2 UCC Customs Decisions (1.2)

The Customs Decisions project aims to introduce paperless environment for customs and trade. This project sets the basic framework and major deadlines for the electronic Customs projects. DG TAXUD continued to maintain close collaboration with Member States. An agreement on the vision document was reached at the high level committee for IT and the ECG L&IT. The production of the application and services specifications has been progressing according to schedule. In 2013, 3 workshops with 22 delegates from 12 Member States have been organised.

4.1.3 UCC BTI (1.4)

The UCC BTI project will implement the changes introduced by the UCC, namely the validity period of a BTI will be reduced from 6 to 3 years; the processes will be aligned to the standard decision processes; and the BTI will be binding on the holder as well. As a result BTI holders will be obliged to include the BTI reference in their customs declaration and the customs authorities will have to control this obligation. It will be carried out via central monitoring of the BTI usage (through the Surveillance system covering all customs declarations).

The BTI Business Case document was created and the external review cycle ended in November 2013, resulting in 30 comments received from 6 Member States. It is planned that the final document will be accepted by Member States in 2014.

4.1.4 Blue Belt Initiative and eManifest (1.9)

Blue Belt is a package of both legislative and non-legislative initiatives that the Commission has tabled to achieve the aim set out in the Single Market Act II. The aim of the project is the enhancement of RSS and facilitation within Blue Belt environment for vessels also calling at non-EU ports, including the eManifest.

In January 2013, a workshop was held in The Hague where several scenarios of creating a true Single Market for maritime transport were discussed. The eManifest has been initially discussed in the ECG L&IT on 31/05/2013 and continued in more detail in a dedicated workshop on 24-25/06/2013. A Communication from the Commission “Blue Belt, a Single Transport Area for shipping” was published on 08/07/2013 and accompanied by a press event of the Commissioner Mr A. Šemeta (Taxation, Customs, Statistics, Audit and Anti-Fraud) and Vice-President Mr S. Kallas (Mobility and Transport), resulting in a number of headlines in the EU media. An eManifest working document presenting the Commission’s proposal was prepared at the end of 2013. The proposal comprises the implementation of the eManifest in 2 Phases. The draft legal proposals with regard to procedural aspects were discussed with the Transit Committee on 09/12/2013. Finally, a single vote is planned by July 2014 on the draft legal CCIP provisions for Blue Belt including third country ports/eManifest.

The RSS forming part of the Blue Belt package was voted at the Transit Committee on 25/09/2013. On 05/11/2013, the Commission adopted a modification to the Implementing Regulation of the Customs Code in order to facilitate the RSS scheme. The modification concerns a reduction of consultation period from 45 to 15 days and an addition of capabilities for a potentially involved Member State. The new version of the RSS application incorporating the aforementioned changes is planned to be put in Production in 2014.

4.1.5 Registered Exporters (1.11)

The REX project aims to implement a system to make available up-to-date and complete information on Registered Exporters established in non-European Union countries (GSP beneficiary countries) with the export of goods to the EU benefiting from the GSP regime. In 2013 the REX Project Group continued its work. The REX business case document was completed and reviewed by Member States. The L3-L4 BPMs were submitted for review to ECG L&IT and the vision document has been under preparation for review by 2014.

The EU collaborates with Switzerland and Norway on the GSP procedures and is considering on how to collaborate at the system level with the aforementioned countries. So far, DG TAXUD has launched a Feasibility Study with an assessment of the impact of

the proposed REX registration and self-certification on the collaboration with regards to the proof of origin of goods. The REX EU/CH/NO Feasibility Study defines some options that need to be considered when evolving to the to-be REX situation.

4.1.6 *COPIS (1.12)*

The COPIS system is an EU-wide information exchange system for all customs operations and is addressing inter alia counterfeiting and piracy by facilitating the information exchange. The development of the new release took place throughout 2013 with the aim to deploy COPIS Central System in Production in 2014. Specifically, COPIS was made available in Production for beta testing of the user interface for Member States on 17/06/2013. Conformance tests have been performed for the system-to-system connections.

The new versions of the COPIS documentation were created in the context of the development of the new release and all Member States were requested to perform a limited set of test cases during the months of November and December 2013. The Conformance Test documentation was published in July 2013. The System Process Model (SPM), the requirements document, the Design Document for National Applications Addendum (DDNA) and the Functional Specification (FS) were published in November 2013.

4.1.7 *EU Single Window program (1.13)*

The European Union Single Window – Common Veterinary Entry Document (EU SW-CVED) is the first project of the EU Single Window Programme. The EU Single Window Programme aims at facilitating clearance of goods at customs by providing an IT back office tool for a single IT entry point through which economic operators provide (underlying) documents required for customs clearance. As such, the need to present the supporting paper documents to the Customs Declaration could be reduced and this would speed up the customs clearance process with higher quality. The concept requires the supporting Customs Declaration documents to be made available electronically, which already is the case for the Common Veterinary Entry Document (CVED).

During 2013, the updated vision document and BPMs were published on CIRCABC. The design, building and testing of Phase 1 were finished as planned on 15/08/2013. The deployment ended in October 2013 and the new service was installed in Production in December 2013. The common parts (e.g. Technical specifications, Service Level Agreement (SLA), Conformance Testing Organisation Document (CTOD)) were approved and have been available to Member States since October 2013. In parallel, the SW-CVED SLA and Terms of Collaboration (TOC) documents were submitted for review on 20/11/2013 as part of the annual revision for which Member States provided their comments.

The SW-CVED Phase 1 service will be put for conformance testing to Member States by the end of 2014.

4.1.8 *Surveillance2 – UCC Surveillance3 (2.7)*

The main purpose of Surveillance 2 is to ensure the collection of data in the framework of import-export monitoring (Surveillance). Surveillance 2 has undergone a number of maintenance actions in order to resolve performance and stability issues all along 2013. Positive results have already been obtained, and the third step of the performance improvement plan is foreseen to be implemented in January 2014.

The UCC Surveillance 3 project aims to allow the collection of additional data elements from the declarations (e.g. collected duties) for the fight against fraud, market analysis, post controls, and statistical purposes. The work is on-going in drafting the Business Case document.

4.1.9 Single Point for Entry or Exit of Data – SPEED 2 (4.2)

It is a key objective of the EU to facilitate trade with third countries and/or exchanges with non-Customs systems. To support this initiative, it has been agreed to develop a generic technical solution which will permit each partner (e.g. third country) to connect to a system developed centrally by DG TAXUD. This project consists of the second phase of the SPEED initiative. SPEED2 is a major evolution of SPEED, aimed at enhancing the IT security at message level and at providing flexible IT protocol and IT data format conversion features. The SPEED2 infrastructure was put in Production at the end of 2013.

4.1.10 Direct trader access to EIS – Uniform user management & digital signature (4.6)

The Uniform User Management and Digital Signature (UUM&DS) project aims to implement a direct unified trader access (Customs traders with a possible future extension) to a number of new EU-wide central services.

In the scope of the UUM&DS project, the requirements analysis document was finalised and approved. The document has been prepared by the UUM&DS Collaboration Workgroup, which consists of 11 Member States (AT, CY, CZ, FR, GR, IT, LT, NL, PL, SE, and UK) and the European Commission (DG TAXUD, DIGIT, and CNECT). The UUM&DS Collaboration Workgroup finalized the UUM&DS Feasibility Study document at the end of 2013. In addition, the report on "Identity and Access Management and Digital Signatures for Traders in Customs across EU" was finalized and approved. The participants to the Survey were 27 Member States and 90 Traders.

The Business Case and Vision document are planned to be prepared, reviewed and approved in 2014.

4.2 Costs incurred by DG TAXUD on IT systems development in 2013

Figure 4 summarises the costs of DG TAXUD for IT system development and Customs coordination. The figure depicts the costs of the Commission in 2013 for the evolution and maintenance of the respective systems.

The common costs of the Customs 2013 joint actions relate to the participation costs in the programme events – more specifically, the ECG L&IT plenary meetings as well as the technical sub-group meetings. The costs for workshops, seminars and similar activities are also included in this category. The costs of other joint actions under Customs 2013 programme cover IT training sessions. Finally, the costs for the eLearning on EOS, SP/SASP, CRMS and BPM activities are also included in this category.

System/Activity			Commission Committed budget for 2013 (EUR)
Development incl. evolutive maintenance	Movement systems	NCTS, NCTS-TIR and NCTS-ATIS	30.000
		ECS	30.000
		ICS	30.000
	Total:		90.000
	Central Applications	CN	70.000
		COPIS	250.000
		CRMS	100.000
		CS/RD	200.000
		CS/MIS	250.000
		DDS2	400.000
		EBTI3	100.000
		ECICS2	70.000
		EOS	100.000
		QUOTA2	70.000
		SMS	30.000
		STTA/TTA	200.000
		SURVEILLANCE2+3	100.000
		SUSPENSIONS	250.000
		TARIC3	70.000
		CC MCC UCC	1.521.900
		DIH	253.650
		eCustoms architecture & miscellaneous studies (including support to BPM)	760.950
Business Process Modelling Tool	98.172		
Total:		4.894.672	
Other systems	AEO MR	400.000	
	Global Network Customs support	370.000	
Total:		770.000	
Development incl. evolutive maintenance and studies total			5.754.672
Corrective maintenance			6.794.124
Operations and support			17.925.850
Communication network		CCN/CSI	8.335.447
Quality and methodology		TEMPO	5.400.000
Common costs		E-customs joint actions - ECG meetings	643.870
		E-customs joint actions - Trainings	153.308
		E-customs joint actions - Other	348.227
		eLearning (EOS, SP/SASP, CRMS)	309.472
		eLearning (BPM)	400.000
GRAND TOTAL			46.064.970

Figure 4: Commission costs in year 2013 (expressed in €)

As detailed in Figure 4, the Commission's committed budget for year 2013 on e-Customs has reached **46,064,970 €**

In Figure 5 the Commission costs as expressed in Figure 4 are presented in a bar graph per major category. As can be seen most of the Commission costs have been absorbed by the operations and support of the systems. This category together with the category "Corrective maintenance" formulates 54% of the total budget spent.

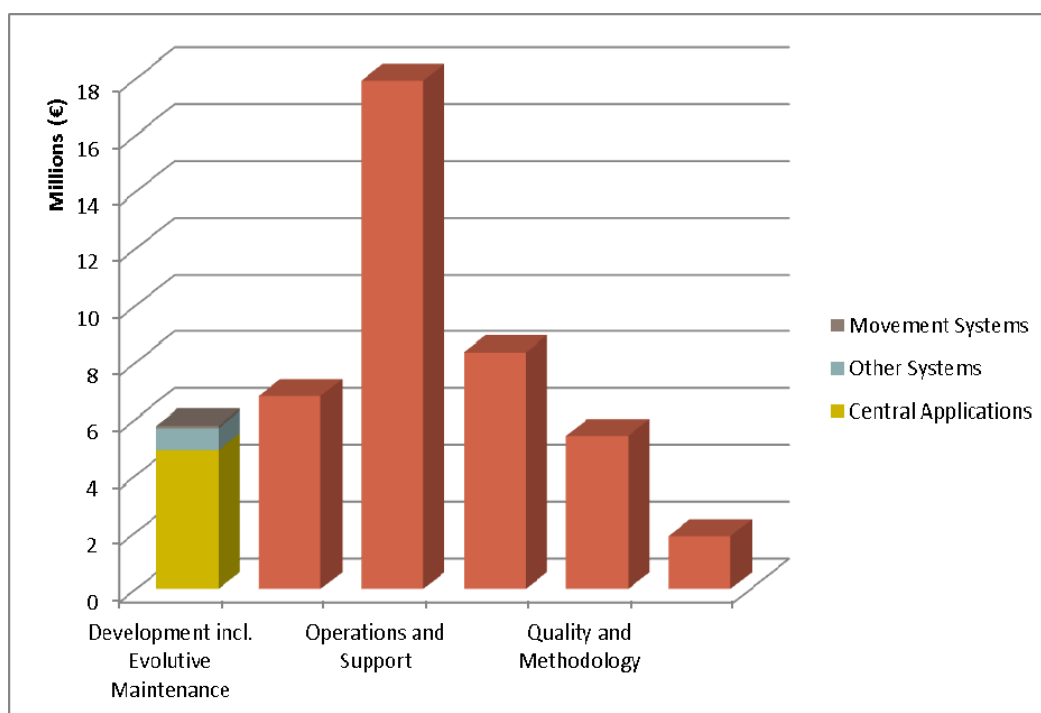


Figure 5: Commission Costs per group of categories in year 2013

5 NATIONAL ANNUAL PROGRESS REPORTS

This section of the 2013 e-Customs Report is a consolidation of the Member States' 2013 Annual Reports. It reports the annual progress of Member States towards the e-Customs initiative and more specifically the:

- MASP projects (e-Customs systems) and corresponding budgetary resources;
- Coordination of e-Customs systems with other e-Government systems;
- Promotion and implementation of e-Customs services and Single Window;
- Trainings in respect of e-Customs systems;
- Consultation with Economic Operators for various aspects of the e-Customs systems and services.

5.1 E-Customs Systems

5.1.1 MASP Group 1 Projects

5.1.1.1 AEO Mutual Recognition (1.1)

Supplementary to the updates presented in section 4.1.1 of this report, Member States reported their own progress on the implementation of the Mutual Recognition (MR) of AEOs into their national AEO, EORI and/or declarative systems during the year 2013.

To ensure the recognition of AEOs from third countries, 7 Member States (BE, DE, ES, EE, HR, LV and SI) adapted their national replication systems. HU successfully finished the international conformance testing for the MR functionality. LV successfully finished its national acceptance testing in May 2013 and NL informed that the project is considered as regular maintenance to them. HR created the interface with national ECS, NCTS, and ICS applications.

5.1.1.2 UCC Customs Decisions (1.2)

In conjunction with the status of Customs Decisions provided in section 4.1.2 of the report, several Member States (AT, BE, CZ, ES, IE, LT, SE and SI) informed about their individual progress.

More specifically, AT reported an upgrade of their systems within the period in scope. Participation in Member States Collaboration working group in order to review documents and to define the user requirements was reported by 3 Member States (BE, EE and IE). CZ reported that the system of authorisations for import, export and transit procedures is running and that the implementation of the national legislative requirements has started. ES reported that the process of studying the necessary documentation to define the national user requirement and functional specifications is ongoing. LT reported that the implementation of the UCC Customs Decisions project has been performed within the Single Window project. Additionally, LT procured project technical supervision services, finished preliminary analysis of the business processes and participated in the meetings with the project partners. SE reported that they were in the process of managing and coordinating their national projects, which were launched to implement the Electronic Customs. Finally, SI reported follow-up activities on the work of the Collaboration working group. The development of a national solution has not started yet as SI decided to use the central approach instead of the hybrid approach.

5.1.1.3 UCC PoUS (1.3)

The Proof of Union Status (PoUS) project aims to provide an electronic means to issue Proofs of Union Status of goods and to allow validation of the status of the goods when goods re-enter the customs territory of the Union.

In 2013, 2 Member States (EE and SI) reported that they were in the progress of reviewing and analysing the BPM documentation. ES reported its participation in different meetings related to PoUS.

5.1.1.4 UCC BTI (1.4)

Additionally to the status of BTI, as indicated in section 4.1.3 of the report, CY informed that the project has been progressing according to the milestones and deadlines of MASP. Moreover, 2 Member States (EE and SI) reported that they were reviewing and analysing the BPMS and Business Case documents.

5.1.1.5 UCC AEO updates (1.5)

The UCC AEO updates project aims to improve the business processes of AEO applications and certificates taking into account the changes of the legal provisions and the harmonisation of the customs decision taking procedures.

In this regard, 3 Member States (EE, ES and SI) reported that they were in the process of reviewing and preparing the necessary documentation to start the project.

5.1.1.6 UCC Automated Export System (AES) (1.6)

The aim of this project is to further develop the ECS Phase 2 in order to implement full AES that would cover the business requirements for processes and data brought about by the UCC, interfaces with supporting systems, EMCS and Centralised clearance for export.

BE reported ongoing activities on the UCC Automated Export System project during 2013 and informed that the analysis would be finished by the end of June 2014. Furthermore, 3 Member States (EE, ES, and SI) reported activities on reviewing and analysing the BPMs.

5.1.1.7 UCC Common and Community Transit System (NCTS) (1.7)

The aim of the UCC NCTS project is to further develop the NCTS Phase 4 system in order to align the existing system to the new UCC requirements.

In 2013, 2 Member States (ES and LT) reported supervision activities of their national systems related to UCC. LT reported analysis of their national transit system and its interfaces with the interacting subsystems of the integrated Customs Information System. In addition, LT prepared an architectural solution of their national future system. During 2013 ES continued improving the national system and studied relevant documents related to UCC NCTS.

5.1.1.8 UCC Information Sheets (INF) for Special Procedures (1.8)

The aim of the UCC INF for special procedures project is to develop a new EU centralised system to support the INF related processes and the electronic handling of INF data. The UCC INF ensures the administrative cooperation and the standardised exchange of information between customs authorities across Member States.

In this regard, ES reported their progress in studying necessary BPM documentation in order to start the project. SI reported their administrative and organisational work to prepare the necessary documentation.

5.1.1.9 Blue Belt Initiative and eManifest (1.9)

Supplementary to the updates presented in section 4.1.4 of this report, 7 Member States (BE, CY, EE, ES, MT, SE and SI) reported activities on the Blue Belt Initiative and eManifest project. Specifically, 3 Member States (BE, CY, and SE) reported follow-up activities. SI appointed persons from the business and IT sectors in order to follow the developments on the Commission site and to prepare the necessary documentation to start the project. MT formed a local working group with all main stakeholders, namely the Port Authority, Customs, and Police in order to follow-up the project. Finally, ES reported its progress in studying the necessary documentation for the project.

5.1.1.10 Adaption of the movement systems (1.10)

The adaption of the movement systems project aims to handle the impact of the rest of the MASP projects in the movement systems. In the latest MASP revision the impact is focused in relation to the identification of the third country AEOs in the movement and risk assessment systems enhancing the security of the international supply chain. At the same

time, the MRA allows the EU AEOs to receive benefits similar to those conferred to economic operators participating in partner country's AEO programme and vice versa.

Several Member States (BG, ES, FI, PT and SI) reported their activity on the adaptation of the movement systems project. BG reported that some errors have been resolved and that implementation of Mutual Recognition of AEO status with USA and Japan has been finished. SI appointed persons from the business and IT sectors to follow the developments on the Commission site and to prepare necessary documentation to start the project.

5.1.1.11 Registered Exporters (1.11)

Further to the information, given in section 4.1.5 of this report, 5 Member States (BE, CY, EE, ES and SI) reported activities on the REX project. Specifically, 2 Member States (BE and ES) participated in the REX project group for the definition of the user requirements. Finally, 3 Member States (CY, EE and SI) reported project phase activities related to the REX Business Case analysis.

5.1.1.12 COPIS (1.12)

Apart from what has been mentioned in section 4.1.6, several Member States (AT, BE, CY, CZ, EE, ES, FR, IE, HR, SI and UK) have finalised the necessary preparation to be able to exchange information with the system. Activities on the deployment stage of the implementation of COPIS were reported by 2 Member States (MT and FI). NL informed about their decision to choose the Light Client Development to satisfy legal requirements at first and then to develop a system-to-system connection between the national application and the common system COPIS. IT chose a system-to-system connection. IT also informed about its conformance test status: the final software version was released in the testing environment and conformance tests were performed with the EC Technical Team. Additionally, HR informed about the use of centrally developed COPIS v1.2.0.

5.1.1.13 EU Single Window program (1.13)

In addition to the information, given in section 4.1.7 of this report, 7 Member States (BE, EE, ES, FR, IT, LT and SI) reported activities on the EU Single Window program during the year 2013. Specifically, 2 Member States (BE and LT) worked on their national user requirements. BPM review and internal analysis were carried out by 2 Member States (EE and ES). LT carried out actions such as preliminary analysis of the business processes related to their national project partners, evaluation report on the reusability of their existing services, meetings, public procurement procedures of the development and implementation services. SI started the review of their functional and technical specifications and FR started network and architectural works to prepare technical inter-connection between Customs Single Window infrastructures and partners' information systems. IT informed about the development of two models that ensure: 1) The electronic validation of the documents supporting the customs declaration (e.g. AGRIM/AGREX licenses); 2) The coordination of the physical inspection performed by two competent authorities through a unified control (e.g. contextual documents that may be released after physical inspection of goods – CVED).

5.1.2 MASP Group 2 Projects

5.1.2.1 UCC Notification of arrival, Presentation Notification and Temporary Storage (2.1)

The scope of this project is the harmonisation across Member States as regards the data exchange between trade and customs for the Notification of Arrival, the content of the Presentation Notification and the content of the Temporary Storage. The project has not started yet.

Several Member States (BE, ES, LT, LV, SE and SI) reported activities on this initiative. BE carried out follow-up activities. LT carried out national functional specifications analysis, design of their national system, upgrade and operation of the temporary storage functionality within the scope of the development of their national system. LV completed the development of the second phase of their national system for temporary storage and continued the design of their national system. SE analysed their user requirements for the implementation of the operational and IT changes connected to arrival and presentation notifications regarding sea transport. SI worked on administrative and organisational actions for the start of the project and reported initiating phase activities, such as study and review of the BPMs.

5.1.2.2 UCC Centralised Clearance for import (CCI) (2.2)

The UCC Centralised Clearance project will introduce the possibility to place goods under a customs procedure using Centralised Clearance. This will allow the decoupling of the place, where the customs declaration is lodged, where customs formalities can be centralised, and the place where the goods are presented and can be moved once released for a customs procedure. The objective of using Centralised Clearance is in fact to allow economic operators to declare goods electronically and pay customs duties at the place where they are established, irrespective of where the goods actually entered or exited the EU. The project inception activities will be started once the UCC DA/IA review is completed.

In 2013, 3 Member States (BE, ES and SI) reported activities on the UCC Centralised Clearance for import. BE reported its actions and cooperation with other Member States. SI worked on administrative and organisational actions and ES reported activities on BPM analysis.

5.1.2.3 UCC Harmonisation of the Customs declaration (2.3)

The UCC Harmonisation of the Customs declaration is a placeholder project. In general, the full-scale planning of this project should be completed in the next revisions of MASP. In 2013, 2 Member States (ES and SI) worked on administrative and organisational issues for the preparation of the project.

5.1.2.4 UCC Self-Assessment (2.4)

This procedure would be a simplified regime allowing economic operators to make import/export entries in their records as opposed to submitting full import/export declarations. The Self-Assessment would also permit an economic operator to carry out certain customs formalities and customs controls by himself, which should in principle be carried out by the authorities. The UCC Self-Assessment is for the moment a placeholder

project. In general, the full-scale planning of this project should be completed in the next versions of MASP.

In 2013, 2 Member States (ES and SI) reported their administrative and organisational work for the UCC Self-Assessment project.

5.1.2.5 UCC Guarantee Management (GUM) (2.5)

The UCC Guarantee Management will require the possibility of a guarantee that is valid throughout the customs territory of the Union. The objective of the project is to ensure that the data of guarantees used for import and export affecting more than 1 Member State must be made accessible electronically to Member States where the customs declaration is lodged and accepted. The project will start in 2016.

In 2013, 3 Member States (ES, LT and SI) reported activities on the UCC Guarantee Management. LT carried out national requirements analysis, upgrade, operation and maintenance within the scope of the development of its National Tax Accounting and Control System. SI worked on administrative and organisational actions to get ready for the start of the project.

5.1.2.6 UCC Special Procedures (2.6)

The UCC Special Procedures project will aim to implement all changes required by the UCC, UCC DA and/or UCC IA for Customs Warehousing, End-Use, Temporary Admission, Inward and Outward processing. The scope will be finalised on the basis of the BPMs under production. The project will start in 2014.

In 2013, 2 Member States (ES and SI) worked on the review of the UCC special procedures and reported their administrative and organisational work.

5.1.2.7 UCC Surveillance 3 (2.7)

Supplementary to the updates presented in section 4.1.8 of this report, 3 Member States (BE, ES and SI) reported activities on this project. BE studied possible impact of the UCC Surveillance 3 on their national systems. SI reported its administrative and organisational work for the start of the project and ES reported BPMs analysis activities.

5.1.2.8 UCC Strengthening the security of supply chain at entry and customs risk management in the EU (2.8)

The aim of this Customs European initiative is to strengthen the security of the supply chain by optimising the exchange of advanced cargo information and by addressing the weaknesses identified in the area of safety and security processes and/or data quality in order to improve the risk analysis efficiency and the effectiveness.

In general, the full-scale planning of this project should be completed in the next version of MASP in line with the strategy and action plan, which has been under preparation and expected to be finalised and agreed/adopted during the first semester of 2014.

Concerning this initiative, 4 Member States (ES, HR, LT and SI) reported activities. ES informed that project was in an early phase without use of technical resources. LT carried out maintenance, development and testing tasks of respective sections of their National Evaluation and Control System. SI worked on administrative and organisational actions to

get ready for the start of the project. HR upgraded their CRMS by creating interfaces with national applications.

5.1.2.9 Classification Information System – CLASS (2.9)

The implementation of CLASS is based on a need to create a system that would ensure the transparency of all classification-related information on a single platform. At EU level the preparation procedure of Business Case has been on-going. Additionally, SI reported organisational activities for the start of the project dedicated to CLASS

5.1.3 MASP Group 3 Projects

The group of Customs International Information Systems concerns the projects managed by international organizations. Two projects are included into this group: ‘EU implementation of UNECE3 eTIR systems’ and ‘EU implementation of World Customs Organisation (WCO) eATA Carnet project’.

The aim of -‘EU implementation of UNECE3 eTIR systems’ is to enable Member States to exchange the information on TIR transport according to the provisions of the TIR Convention between the contracting parties, guarantee chain and the holders of the TIR procedure via eTIR international system.

The aim of ‘EU implementation of WCO eATA Carnet project’ is to replace the existing paper based ATA Carnet system with a global electronic ATA Carnet system.

SI reported organisational activities to follow the developments. ES informed that no developments have been made at national level as the EU specifications have not yet been approved.

5.1.4 MASP Group 4 Projects

5.1.4.1 Customs cooperation initiatives and technological developments to facilitate Customs EIS

This group of projects concerns efforts to strengthen cooperation among Member States and to make progress in the field of technology in order to create new functions in the Customs EIS. The group covers such projects as ‘National Core Systems Implementation by Collaborating Projects’, ‘Master Data Consolidation’, ‘Single Electronic Access Point (SEAP)’, ‘CCN2’, ‘Direct trader access to EIS (Uniform user management & digital signature)’, etc.

The progress status of projects ‘National Core Systems implementation by Collaborating projects’ and ‘Uniform User Management and Digital Signature’ is on time and there were no changes in the planning.

No project activities have been planned for ‘Single Electronic Access Point (SEAP)’. The project is realised in the course of various other projects (CD, BTI, COPIS, etc.).

Concerning the progress of the aforementioned projects in Member States, SI reported organisational preparation for ‘Master Data Consolidation’ and ‘CCN2’. EU Commission’s progress on CCN2 has been stated earlier in section 4.1.

As regards the ‘National Core Systems Implementation by Collaborating Projects’, 2 Member States (ES and SI) informed about the attendance of seminars/workshops, participation in the Collaboration Study Group and the respective organisational activities.

On top of the information indicated in section 4.1.10 regarding ‘Direct trader access to EIS’, 5 Member States (CY, EE, ES, FR and SI) reported project initiating phase activities, such as the preparation of business case, organisational matters, analysis, trader access study, etc. CY informed that the project has been progressing according to the milestones and deadlines of MASP. Additionally, HR informed about its use of digital signature for all e-Customs systems.

5.1.4.2 Maintenance and updates of operational IT systems (4.8)

The objective of this activity is the allocation of necessary resources for the maintenance and update of currently operational IT systems. The portfolio of customs IT systems and applications counts for 39 applications. The development and maintenance of these applications generated a total of 79 releases including full releases, patches and hot fixes between 01/01/2013 and 06/12/2013.

Member States informed about their progress concerning the aforementioned activity.

5.1.4.2.1 ICS

The ICS system Phase 1 is fully operational since 01/01/2011 in all Member States and, within 2013, the error rate was stabilised around 0.12%. Fixing few remaining issues will push the error rate below 0.05% securing excellent and stable quality of operations.

On 01/07/2013, Croatia joined the EU and entered ICS operations. Member States have implemented in their national ICS systems the enhancements and corrections that were centrally (DG TAXUD and EU Member States) scheduled for implementation in 2013. The KEL v0.25 and v0.25a were implemented. Next to these common developments, most Member States have put significant effort to maintenance and enhancement activities in their national systems (CY, CZ, DE, ES, FR, IT, PL and SI).

5.1.4.2.2 ECS

The ECS system Phase 2 started on 01/07/2009. The quality of operations has met high standards with a very low error rate stabilized to 0.29%. In July 2013, Croatia joined EU and entered ECS operations. The KELs v0.25 and v0.25a were implemented. Next to these common developments, most Member States have put significant effort to maintenance and enhancement activities in their national systems (BE, BG, CZ, DE, ES, FI, FR, HR, HU, IE, IT, LT, LV, PL, SI, SK and UK).

5.1.4.2.3 NCTS

The quality of operations was stable during the whole year, with the error rate fluctuating between 0.10% and 0.18% thanks to the continuous efforts from the National and Central Project Teams. During the year 2013, an increase of transit movements of 0.82% compared to 2012 was noted. This progressive and continuous increase is explained by the accession of Turkey in Common Transit (01/12/2012) and the joining of Croatia as a new EU Member State (01/07/2013).

Member States are aligned with KEL v0.25a, except Cyprus, as agreed with the Commission (the potential business impact was considered as very limited). Next to these common developments, several Member States have put significant effort to maintenance and enhancement activities in their national systems (BE, BG, CZ, DE, EE, ES, FI, FR, HR, HU, IE, IT, LV, MT, PL, PT, RO, SI, SK and UK).

5.1.4.2.4 EOS

The national EOS systems (AEO & EORI) were in stable operational mode in the reporting Member States (BE, BG, CZ, DE, IE, EE, FR, LV, PL, PT, RO, SE and SK). Member States have put significant effort into maintenance and enhancement activities. Specifically, 8 Member States reported activities on the EOS-EORI subsystem (BG, DE, FR, LV, PL, PT, RO and SK) and 8 Member States reported their alignment with the implementation of AEO mutual recognition with 3rd countries (KEL 0.24a) (BG, CZ, EE, PT, PL, SK, DE and RO).

5.1.4.2.5 Risk Management Framework

Improvement and stabilisation of Customs Risk Management Framework has been noted in terms of performance level since March 2013. In total, 6 Member States (BG, CY, LV, RO, SE and SK) have reported activities within 2013 related to the development or enhancement of their national risk analysis systems and integration in their national declaration systems (NCTS, ECS, ICS, etc.).

5.1.4.2.6 Other systems

DE reported activities in the context of the Single Point for Entry and Exit Data Project (SPEED Phase 1). CZ and LT reported activities related to the upgrade and enhancement of their national guarantee management system and integration in their national declaration systems (NCTS, etc.).

5.1.5 Integrated Tariff Environment (ITE)

The Integrated Tariff Environment (ITE) comprises the Tariff systems Surveillance2 (SURV2), TARIC3, Quota2, European Binding Tariff Information (EBTI3) and the European Customs Inventory of Chemical Substances (ECICS2).

Some Member States (BG, CZ, EE, FR, HU and IE) reported on national TARIC3 activities related to the maintenance and enhancement of the national systems.

A few Member States (BG, FR, PT and RO) reported regular maintenance activities on national QUOTA2. In addition, 3 Member States (EE, FR and PL) also performed some upgrades on their systems to add new features according to national requirements.

Supplementary to the updates presented in section 4.1.8 'Surveillance' of this report, 4 Member States (BG, CZ, EE and PT) focused on maintaining and enhancing their national Surveillance2 systems (SURV2).

BG reported actions on EBTI3 system, performed maintenance to its national system and reported they are using the DDS2 web application ECICS2.

5.2 Coordination of e-Customs systems with other e-Government systems/activities

Member States have established various means in order to achieve coordination between the e-Customs systems and other e-government activities. In this direction, Member States organised national forums, working groups and meetings in order to interoperate with the following e-government services:

- Veterinary and Agricultural Services, Ministries of Defence, Environment and Culture, and Centres of Registers with regard to the creation of Single Window;

- Departments of Electronic Communication and Trade to promote uniform user management and digital signature;
- Maritime and Port Authorities in relation to the Blue Belt Project and New Manifest System;
- Social Welfare and Asylum Services in connection with Economic Registration and Identification System;
- VAT and Revenue Departments, Social Insurance Services, Treasury and Statistical Services for establishment of Data Warehouse;
- Tax Administrations to create interface with Automated Export System and to exchange data on excise goods;
- Ministry of Transport with regard to the data exchange between SafeSeaNet and customs systems;
- Regional Development Agencies to develop e-services and introduce customs payments online;
- National Information Portal Management Authorities;
- Commerce and industry organisations;
- Other government agencies.

5.3 Promotion and implementation of e-Customs services and Single Window

In order to promote e-Customs and Single Window services and to encourage their implementation, Member States established national working groups, a National Forum, collaboration projects, Trader Contact Groups, updated web-sites and information portals, published articles and instructions in monthly professional journals, newsletters and online, prepared evaluation reports and Feasibility Studies, organised meetings with project partners, disseminated information via local liaison officers, established collaboration protocols, organised 'Customs days', workshops, information events and public meetings.

Member States have reported that the aforementioned means were used in relation with the following subjects or facilities:

- Electronic Customs Data Processing System;
- Maritime IT System;
- Single Window System;
- Core applications for Import, Export and National Manifest System;
- Information portal incorporating a number of electronic services;
- Maritime Single Window project;
- Customs Declaration Processing Framework;
- Economic Operators Registration and Identification subsystem;
- Calculation of customs debt based on actual TARIC3 version data and national regulations.

5.4 Training

Member States organised internal and external trainings in the forms of instruction material, hand-outs, information events, workshops, meetings, e-learning modules,

functional improvement training sessions, etc. Internal trainings were given to customs officials at the customs offices, whilst external trainings were dedicated to economic operators, such as, customs agents, freight forwarders and carriers. Member States informed that the newcomers received an intensive training, which included operational ICT systems as well. Some training to customs officers have been given on regular basis.

The trainings were devoted to a variety of IT systems and topics, such as:

- UCC Customs Decisions;
- UCC Authorised Economic Operator (AEO);
- Operational and new customs ICT systems;
- NCTS Common and Community Transit System;
- Export Control System (ECS);
- Excise Movement and Control System (EMCS);
- CS/RD and CS/MIS for Import;
- TARIC system;
- COPIS – System for Protection of Intellectual Property Rights (COunterfeiting and PIracy);
- New functionality of the information systems developed/upgraded within MASP;
- Transit declarations and TIR carnets;
- Postal bills and oral declarations;
- New import declaration functionality;
- Transit Test Application – test application use for CT (TTA);
- Nationally developed functionalities of the customs applications;
- Economic Operators' System (EOS);
- Safety and Security;
- Digital Signature (DS);
- Amendments of Customs legislation.

5.5 Consultations with economic operators

In 2013, Member States were very active in the field of consultations with economic operators. The consultations were organised in different formats depending on the choice of Member States.

In AT, a National Contact group was established to inform the trade community and software developing companies about information concerning COPIS.

In BE, an active “National Forum” with representatives of all stakeholders has been operational. For implementation of new systems and the maintenance of existing systems, meetings with software and communication companies were held on a regular basis.

In CY, a Regular Consultation Mechanism has been established to inform trade representatives on legal changes and operations of new systems.

With regard to UCC Customs Decisions, COPIS, EOS, ICS, NCTS, and TARIC systems, CZ organised regular and semi-regular joint committee meetings assembling customs and

trade representatives. They also offered trainings and bilateral meetings with companies, as well as informal meetings with software developers and trade representatives.

Multiple DE trade associations have been regularly informed about changes on legal and procedural level, as well as about project related consequences, especially with regard to the potential impact of the Union Customs Code in the context of national IT application. Port and terminal operators and express carriers have been informed in working groups and meetings scheduled on an ad-hoc basis.

In EE, bilateral consultations with trade were held on a daily basis.

With regard to ICS, AEO/EORI, ECS and NCTS, ES maintained continuous contact with economic operators and offered periodic meetings with representative associations.

FI organised several one-day training sessions for users of COPIS.

FR organized several seminars with various stakeholders, particularly with Cargo Community Systems, in order to improve the efficiency of communication between economic operators and the French Customs.

HR organised different training sessions on TARIC, ECS, ICS, EOS, CRMS, Digital Signature, etc.

In HU, a monthly professional journal of the National Tax and Customs Administration has been published. Information on the latest national and international aspects of e-Customs has been available on a dedicated website. The Hungarian Customs Consultative Group had meetings with the interested trade associations. The National Tax and Customs Administration and Ministry for National Economy participated in conferences organised by a customs association where an update was given on the legal, administrative and IT changes in the field of customs.

IT organised periodical meetings with several national trade organisations.

In LT, the information has been constantly updated on the Lithuanian Customs website. Trader interface and Trader software related specifications were made available online. A testing environment for software providers developing applications for customs brokers and declarants has been provided in order to test their applications and interfaces for message exchange with the National customs system. A survey was disseminated to the trade representatives in order to collect their opinion on the quality of customs services. A seminar on intellectual proprietary rights was organised where methods of fight against movement and distribution of counterfeit goods were discussed. A meeting with traders regarding application of simplified procedures was organised. A high level seminar 'Customs Cooperation at the Eastern Boarder of the EU', organised by the Lithuanian Customs authorities together with the European Commission, took place. An e-Government exhibition was organised where Lithuanian Customs presented the Transport Means Number Plate Recognition System.

LV held a number of meetings with trade representatives in order to clarify the existing business processes for temporary storage. LV also organized informative seminars for traders about the new Import Declaration System as well as presentations on 'How to complete and submit customs declarations electronically'.

In MT, all major new initiatives have been communicated and discussed in good time with trader associations before the implementation. The trade has been informed about developments through the Customs portal as well as through periodical electronic newsletters and press releases.

In PL, local trainers were in charge of keeping the local trade up to date on functional improvements by organising briefings or training events.

SE Customs established 3 Joint Customs Committees with representatives from public authorities and business community where they focused on strategic, development, production and legal issues. SE has also established a network with participants from suppliers of customs IT-systems. There were several workshops organised within the project 'Electronic Customs' where economic operators participated.

SI has organised meetings with their biggest forwarding agents and their National railway company.

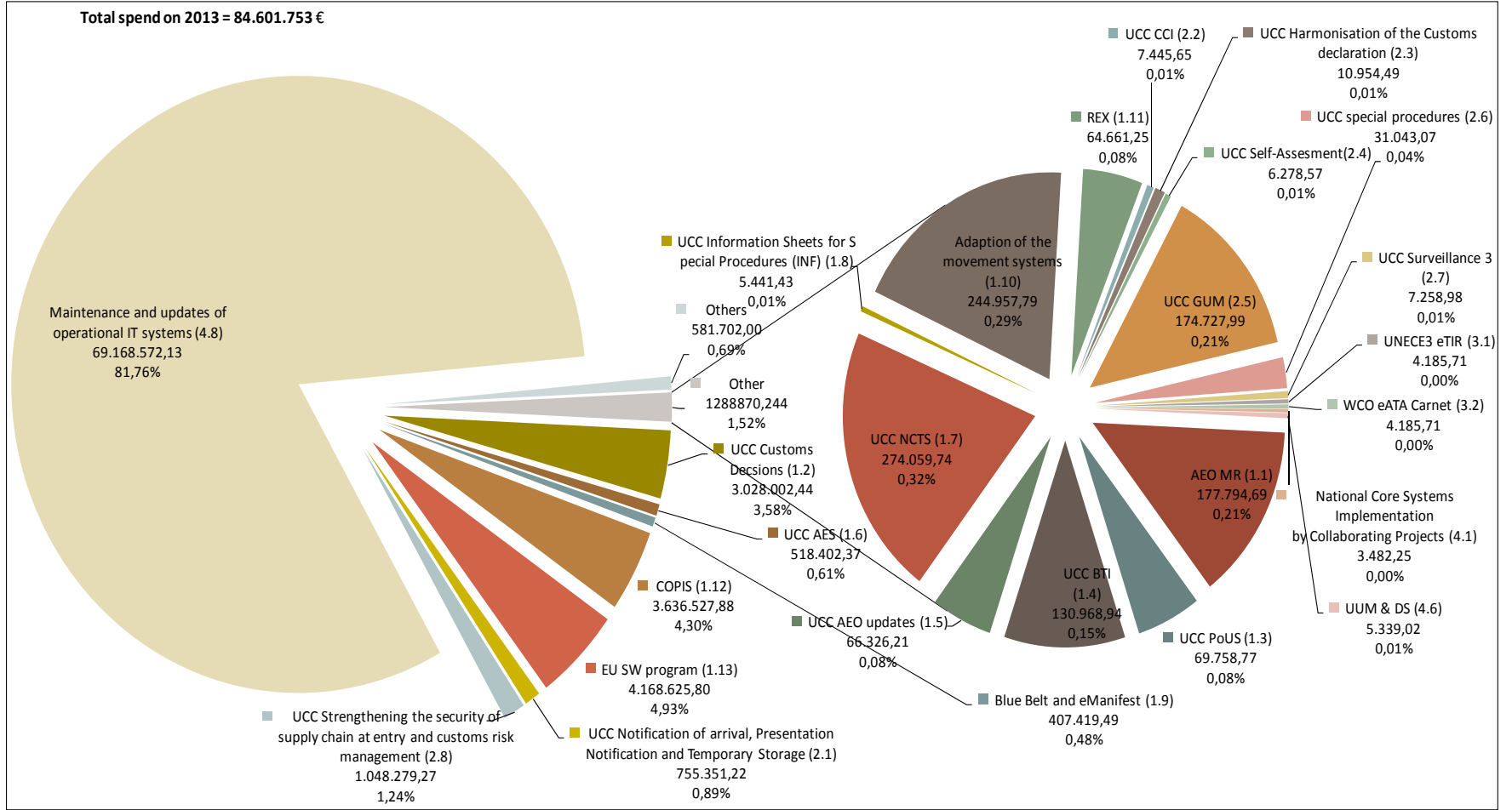
SK Custom Directorate has organized several meeting with trade representatives.

5.6 Costs incurred by Member States in 2013

The following Figure 6 presents Member States' expenditure on each project of MASP revision 12, as reported in the national annual reports.

¹⁰ All amounts are presented in Euro (€)

Figure 6: Member States costs of Customs IT systems in 2013¹⁰



In total, Member States have reported over 26 projects of MASP in comparison to only 17 reported in 2012. Furthermore, it needs to be noted that in 2012 e-Customs report the operational IT systems (MASP section 4.8) expenditure was not grouped in one project as it is the case in 2013. This means that 11 out of 17 projects of 2012 are grouped in one project in 2013. Therefore, the overall reported projects have significantly increased (more than doubled) in 2013. This is also noticeable from the fact that the greatest share of Member States budget was consumed for the maintenance and updates of the operational IT systems in 2013 which constitutes almost 82% of the total expenditure. Apart from this, EU Single Window program (1.13), COPIS (1.12) and UCC Customs Decisions (1.2) absorbed more than 3% of the overall expenditure by consuming 4,93%, 4,30% and 3,58% respectively. In Figure 7, the expenditure comparison between the Operational and non-Operational IT systems is presented absorbing respectively 82% and 18% of overall costs of all systems reported in 2013.

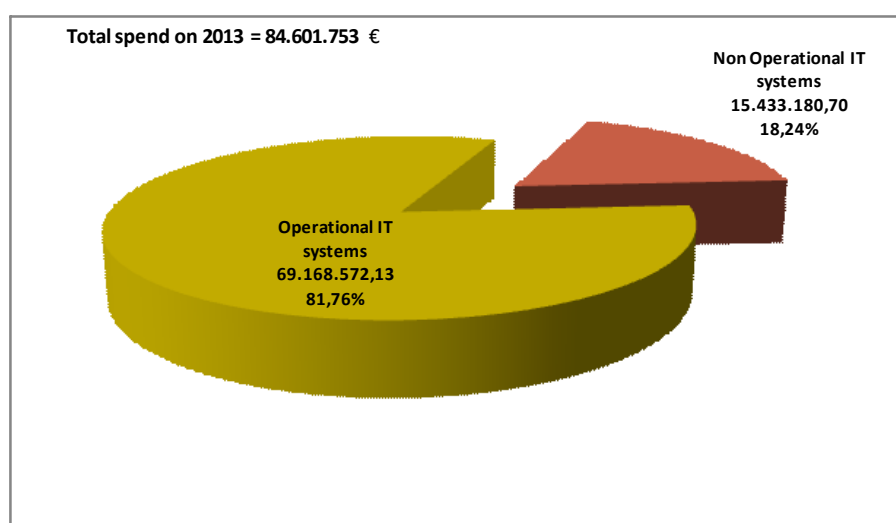


Figure 7: Member States Costs on Operational IT systems and non-Operational IT systems as part of all systems in 2013

In Figure 8, the accumulated cost per MASP revision 12 project groups is presented. Group 1 is Customs European Information Systems (EIS), Group 2 relates to Customs European initiatives needing further study and agreement, Group 3 is about Customs International Information Systems and finally Group 4 is Customs cooperation initiatives and technological developments to facilitate Customs EIS. Most of the budget, specifically 81,77%, was engrossed by Group 4. This is normal considering that operational IT systems (4.8) project, which comprises 81,76% of the total cost, pertains to Group 4 of MASP. Group 1 consumed 15,12% of the total budget followed by Group 2 which absorbed 2,41%. Finally, Group 3 absorbed the least budget of all Groups at 0,01%.

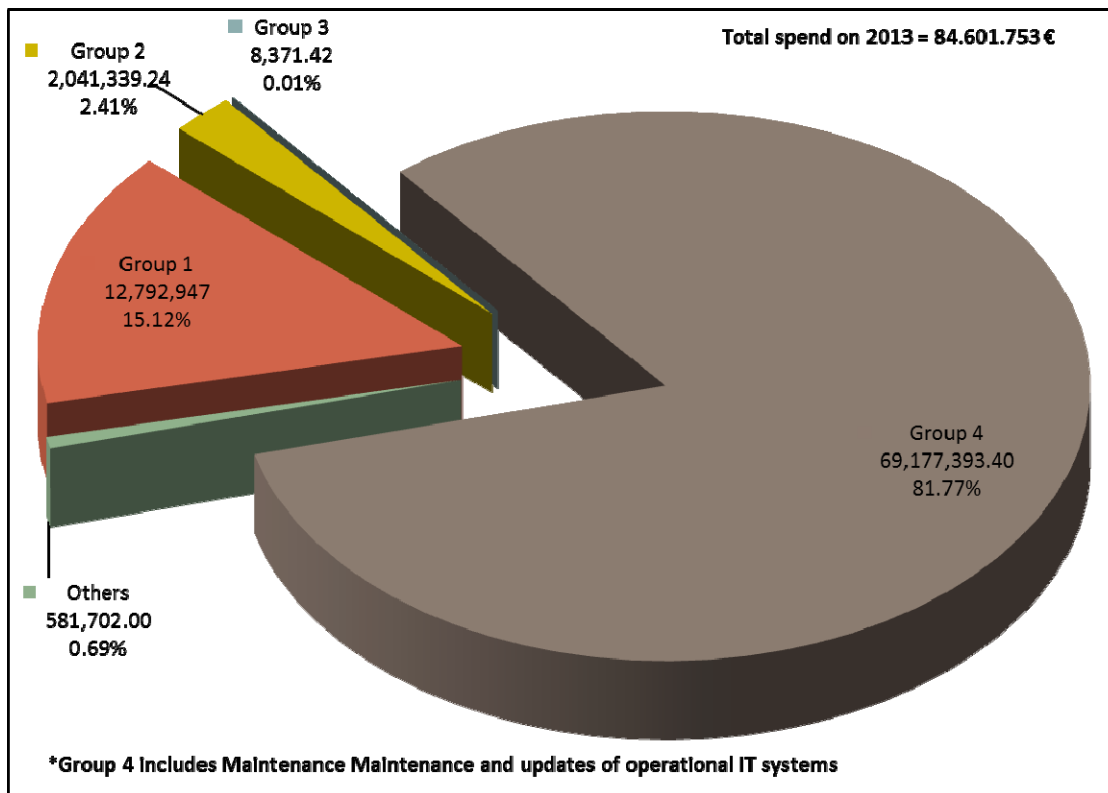


Figure 8: Cost spent per MASP revision 12 Project Groups

In relation to the cost figures produced from Member States annual reports the following should be noted:

- The number of Member States that provided budgetary information in their annual reports is not the same over the years. Specifically, 22 Member States reported in year 2008, 25 in year 2009, 23 in year 2010, 12 in year 2011, 25 in year 2012 and 24 in year 2013;
- Different methodologies are followed in Member States resulting in different reporting for the phases of the projects and/or costs (e.g. project management and hardware costs). This cost is accumulated under the respective project as reported;
- Member States systems might be built on common platforms and costs of various systems is reported only to one reference baseline. This results in the distortion of the data.

Figure 9 compares the total spending of Member States in Customs IT systems for the years 2008-2013. It should be noted that the quoted figures are not immediately comparable since the number of reporting Member States is not the same over the years. The number of Member State that reported each year is presented at the top of each bar.

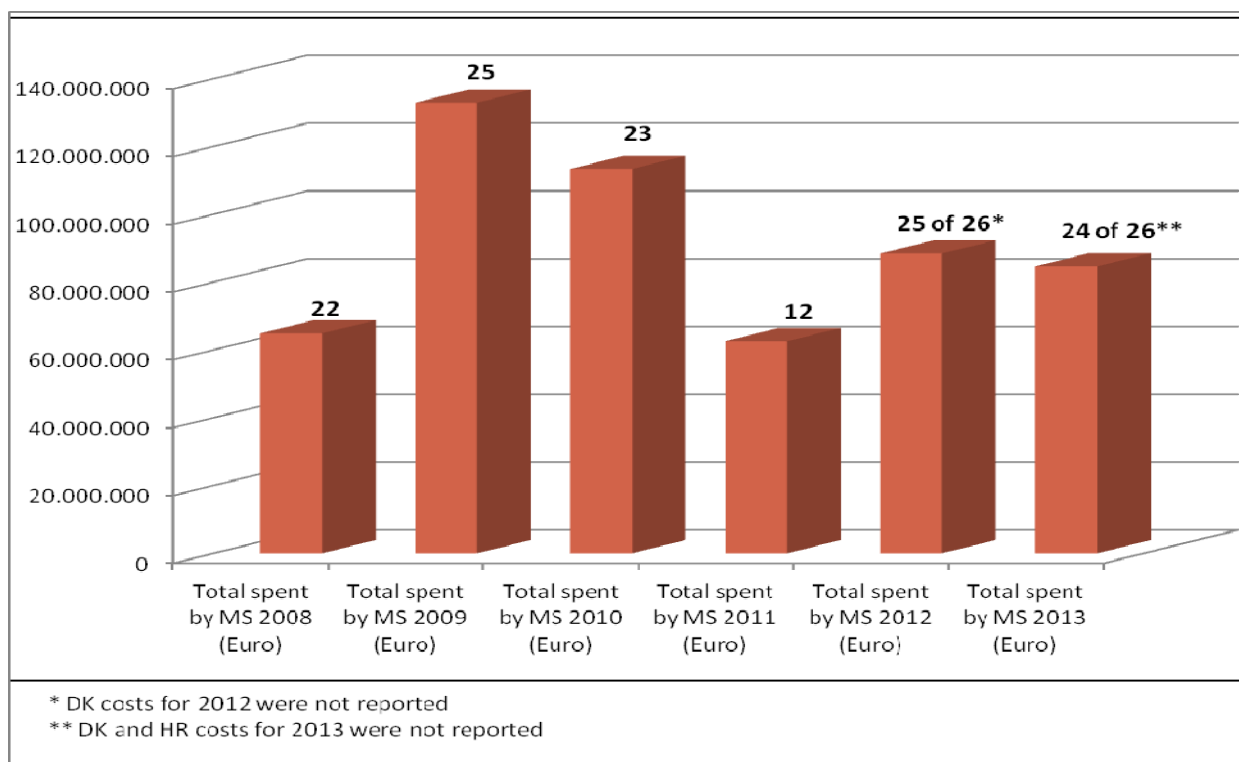


Figure 9: Member States costs in years 2008-2013

In Figure 10, the average cost per Member State is presented for the years 2008-2013, meaning that the total sum spent by Member States for each year is divided by the number of Member States that reported in the specific year.

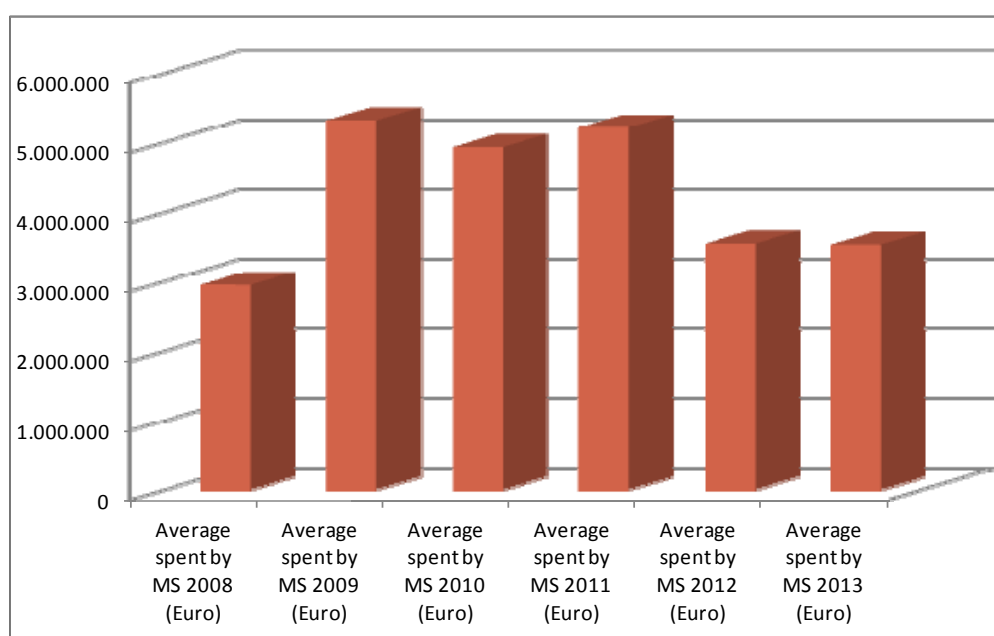


Figure 10: Average Member States costs in years 2008-2013

Although in Figure 10 a trend is starting to fade in, this becomes clearer if we consider the total spent by Member States for Member States that reported throughout all years. In this case the accumulated costs of FI, HU, LT, NL, PL, PT, SE, and UK for years 2008-2013 are depicted in Figure 11.

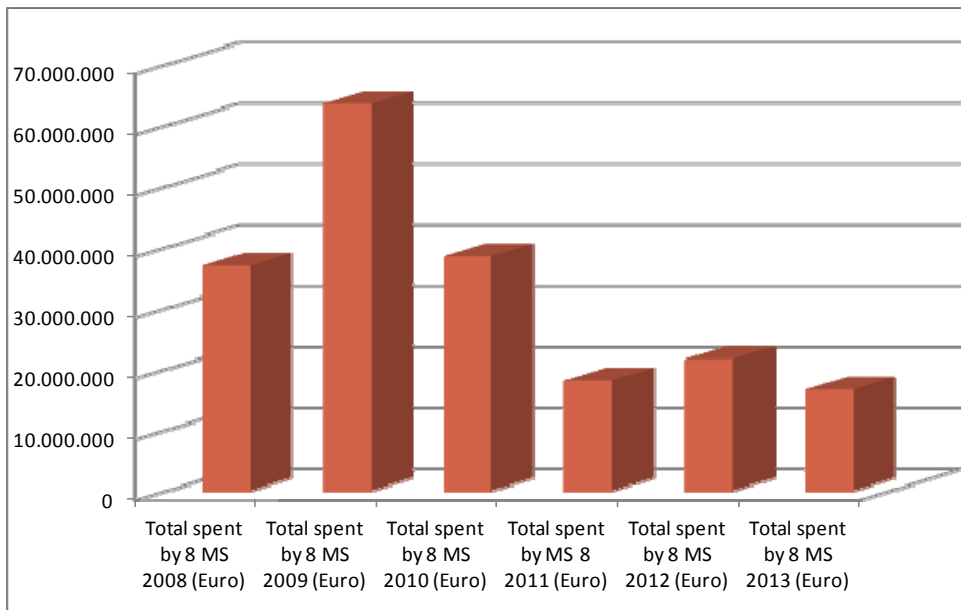


Figure 11: Total spent by FI, HU, LT, NL, PL, PT, SE and UK in years 2008-2013

It can be deduced that there is a tendency for decreased spending in customs IT systems. The highest peak in Member State spending occurred in 2009 and is associated with the development and deployment of the Safety and Security systems (NCTS, ECS, ICS, EOS, and CRMS) that were put in Production until 2010.

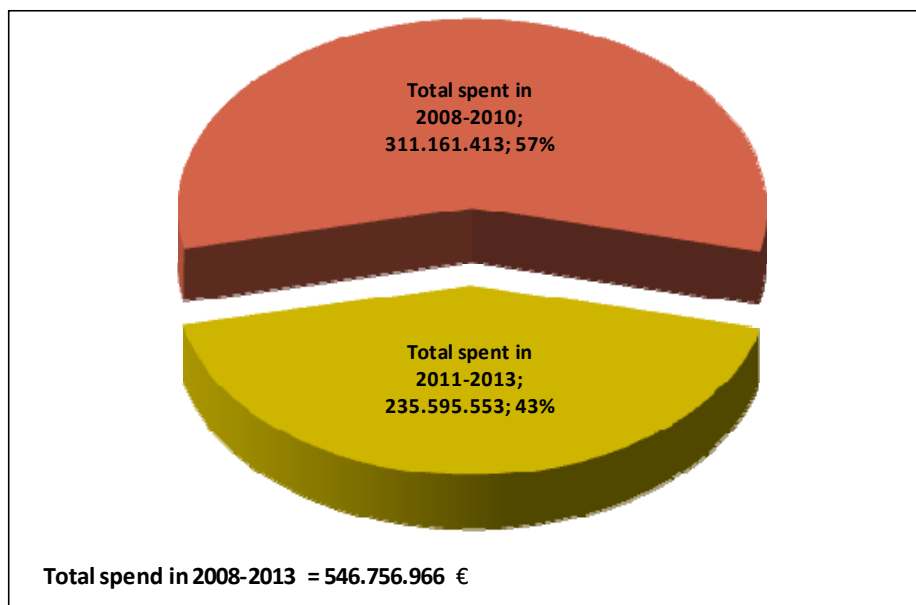


Figure 12: Cost for 2008-2010 vs. 2011-2013

Finally in Figure 12, the total budget allocated for Customs IT systems between 2008-2010 and 2011-2013 is presented. The cost reduction trend is illustrated in this figure as well, as the total cost for the years 2008-2010 is 14% more than the total cost for the years 2011-2013.

6 CONCLUSIONS

The main conclusion drawn from the report is that, despite of the financial situation in 2013, Members States continued to invest in maturing and enhancing their Customs IT systems and mainly operational systems although the general tendency is to reduce costs.

The electronic Customs Multi-Annual Strategic Plan (MASP) under revision in 2013 lays down a promising set of activities to be achieved in the area of electronic Customs for the EU, via a series of ambitious projects and the implementation of the Union Customs Code (UCC) up to the year 2020. This will allow further automation and harmonisation of customs processes for the benefits of the EU trade and citizens.

In conclusion, during the year 2013 the Commission together with Member States has been actively working on the progress of the IT projects at legal, business, functional and technical level.

In this respect, an eManifest working document, presenting the Commission's proposal on the implementation of the eManifest, was prepared and discussed. Moreover, a modification to the Implementing Regulation of the Customs Code in order to facilitate the RSS scheme was adopted.

The Commission has launched Feasibility Studies for the REX registration and self-certification for the proof of origin of goods, and for the UUM&DS. Regarding the UUM&DS, the Feasibility Study was further elaborated in a requirement analysis document. In addition, the Vision Documents for EU SW-CVED and Customs Decision were finalised and the Vision Document for REX was prepared. At last, the Business Case Documents for UCC BTI and REX were produced and the preparation of the Business Case document for Surveillance has been started.

Finally, AEO MR Phase 2 became operational in 2013 and a new set of documentation has been produced for COPIS and EU SW-CVED in the view of the COPIS central application release and the EU SW-CVED deployment.