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Report from the Commission to the Council and the European Parliament

**Progress Report on the implementation of the EU Strategy and Action Plan for customs
risk management**

{COM(2016) 476 final}

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ACRONYMS AND ABBREVIATIONS

The following acronyms are used in this document:

Abbreviation	Meaning
AAC	Administrative Assistance and Cooperation
AEO	Authorised Economic Operator
AEO-ICP	Authorised Economic Operator — Internal Compliance Programme
AES	Automated Export System
ATIS	Anti-fraud Transit Information System
CBRNE	Chemical, biological, radiological, nuclear, and explosives
CCC-CRM	Customs Code Committee-Control and Customs Risk Management (since 1.5.2016 the Customs Expert Group – Customs Control and Risk Management Section (CEG-CRM))
CDC	Customs Control Circuit
CDS	Security Customs Circuit
CEPOL	The European Police College
CFSP	Common Foreign and Security Policy
COI	Certificate of Organic Inspection
CORE	Consistently Optimised Resilient Ecosystem implementation
CCWP	(Council) Customs Cooperation Working Party
CCWP AP	Customs Cooperation Working Party's Action Plan
CISE	Common Information Sharing Environment
CN23	Customs declaration for postal parcels
CN codes	Goods coding of the Combined Nomenclature
CPG	Customs Policy Group
CRC	Common Risk Criteria
CRAI	Common Risk Analysis Initiative
CRM	Customs Risk Management

Abbreviation	Meaning
CRMF	Customs Risk Management Framework
CRMS	Customs Risk Management System
CSM	Container Status Message
CUP	Customs Union Performance
DA	Delegated Act (Regulation)
DDNTA	Design Document for the National Transit Applications
DTLF	Digital Transport and Logistics Forum
ECS	Export Control System
EMPACT	European Multidisciplinary Platform Against Criminal Threats
ENS	Entry Summary Declaration
EOS	Economic Operator System
EU MSS	EU Maritime Security Strategy
EUTR	The EU Timber Regulation
FoS	WCO Framework of Standards
FTSS	Functional Transit System Specifications
IA	Implemented Act (Regulation)
ICAO	International Civil Aviation Organisation
GNC	Globally Networked Customs
ICS	Import Control System
JRC	Joint Research Centre
JWGACI	Joint Working Group on Air Cargo Information
LFCG	Land Frontier Contact Group
MRA	Mutual Recognition Agreement
MSA	Market Surveillance Authorities
NCTS	New Computerised Transit System
NII	Non-Intrusive Inspection

Abbreviation	Meaning
OAP	Operational Action Plans
PARCS	Prohibitions and Restrictions project group
PCA	Priority Control Area
PG	Project Group
PLACI	Pre-Loading Advance Cargo Information
RASFF	Rapid Alert System for Food and Feed
RAPEX	Rapid Alert System for dangerous non-food products
REFIT	European Commission's Regulatory Fitness and Performance programme
RIF	Risk Information Form
RIMSCO	Risk Management Strategy Implementation Coordination Group
WCO SAFE FoS	Framework of Standards to Secure and Facilitate Global Trade
SIMEX	(Joint) Simulation Exercise
SSTL	Smart and Secure Trade Lanes
SWD	Staff Working Document
TRACES	Trade Control and Expert System
TRIP	Travel Information Point
TRQ	Tariff Rate Quota
UB	Utility Block (WCO)
UCC	Union Customs Code
UPU	Universal Postal Union
WCO	World Customs Organisation

1 INTRODUCTION

1.1 Overview

Following the conclusions of the Council of 4 December 2014, the Commission updated the Council on the implementation of the EU Strategy and Action Plan for customs risk management¹ (hereinafter referred to as ‘the Strategy’) in its report COM(2016) 476. This Commission staff working document (SWD) provides more detailed information on the implementation of the individual actions that were specified in the separate Action Plan annexed to the Strategy.

The overall aim of the Strategy is to achieve a high-quality, multi-layered approach to risk management. The Strategy identifies seven key priorities (objectives), for each of which a number of actions are identified, that will contribute to achieving more effective and efficient EU-wide customs risk management. The Action Plan includes 22 actions and 54 sub-actions. These actions are described in more detail in a separate roadmap produced by the Commission services in coordination with the Member States. The roadmap sets out how the objectives and actions, including the 64 deliverables, are to be implemented in practice.

The roadmap provides a comprehensive overview of the actions and projects currently being carried out and those planned for the future. The Commission and the Member States have been requested to report on the progress made in implementing the individual actions specified in the roadmap.

The main aim of the roadmap is to determine the priority actions and their timing. It also serves as a tool to monitor the work being carried out and to identify the possible unexpected effects, the synergies with other actions and the various parties concerned and, where necessary, to guide the revision of the schedules set for other related actions.

In order to ensure the full involvement of Member States in this complex process, the CPG launched the Risk Management Strategy Implementation Coordination Group (RIMSCO) in December 2014. This group meets regularly and assists the Commission services in setting priorities and identifying synergies in the implementation of the Strategy and also contributed to this report.

1.2 The role of the Strategy

The Strategy takes account of the variable nature and the broad range of the risks to be addressed. It recognises the primary responsibility that customs authorities have for the supervision of EU international trade in goods.

Customs authorities receive a large volume of information on the flows of goods into the EU, transiting and leaving the customs territory. This information is available at an early stage, when goods still have to be loaded in a non-EU country. Customs therefore have a pivotal function in controlling international flows of goods. Coordination with other border agencies is of utmost importance for working effectively together.

Modern customs services have a varied and challenging role to play. While ensuring the security and safety of citizens and the more traditional task of collecting duties and taxes remain priorities in their role as a controlling border authority, they also need to facilitate the flow of trade in support of trade policy and economic development.

¹ COM(2014) 527 final.

Multidisciplinary cooperation is essential at national, EU and international level. The Strategy therefore also refers to the international context and to the importance of international cooperation in risk management, both with the EU's neighbouring countries and, globally, with its main trading partners.

2 THE PROCESS OF DRAFTING THE REPORT

2.1 The survey reporting model

The Commission services used a survey model to consult all Member States² and the relevant Commission services on the progress achieved. This survey was distributed on 4 February 2016, to be completed by 29 February 2016. Reporting was required at the level of the 54 sub-actions (level 2 of the roadmap), on the following aspects:

- a. Progress made: information on actions and achievements, highlights and success stories.
- b. Actions planned, but not started: information on actions not yet being carried out.
- c. Completed actions and sub-actions: information on specific actions already completed.
- d. Comments and suggestions: this part provided an opportunity to make general comments on the progress made in implementing the actions and on challenges and conflicts that had arisen during implementation. Proposals for new actions or deletion of specific actions could also be included here.

2.2 Collecting the information

At the January meeting of the RIMSCO, Member States asked the Commission services to identify the specific actions for which they had to provide information on the progress of implementation at national level. Member States were only asked to report on developments on nine actions, relating, variously, to Objectives 4, 5 and 6. This should be kept in mind when reading the overall assessment given in the next chapter, as the contributions come, for the most part, from actions carried out by the Commission.

Several reports had not been received by the original deadline, and this was therefore extended to 7 March 2016. The reporting surveys were completed by all Member States.

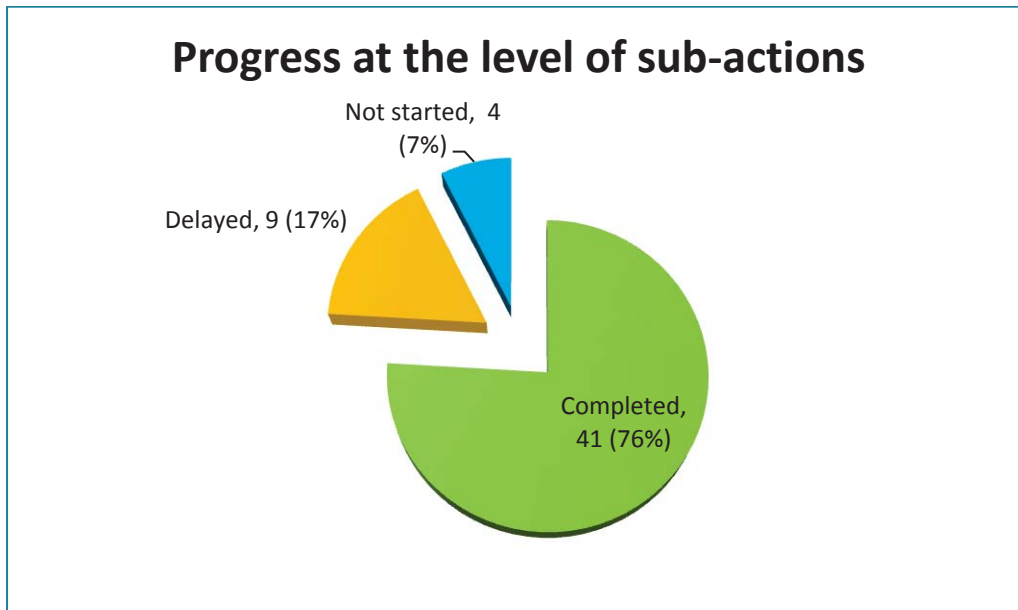
All responses were compiled and analysed, in order to provide an informative contribution to the report and to this SWD.

3 GENERAL RESULTS FROM THE PROGRESS REPORTING

It is important to note that no measurable indicators for implementation were agreed in the action plan at the outset. It has not therefore been possible to provide a precise quantitative assessment of the progress of implementation at this stage.

² Delegates of RIMSCO: the Risk Management Strategy Implementation Coordination Group. This group was set up by the Customs Policy Group (CPG) in December 2014. The group is mandated to assist the Commission in setting priorities and identifying synergies in the implementation of the Strategy.

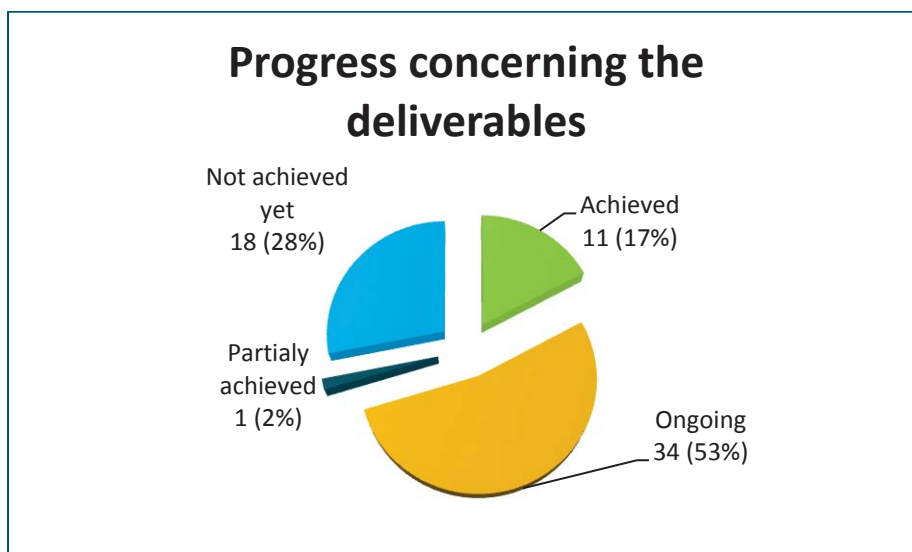
3.1 Progress at the level of sub-actions



Despite the lack of measurable indicators, some general statistics can be provided at the level of the 54 sub-actions:

- 41 sub-actions have been completed or are ongoing (marked green in the tables below), representing 76 % of the action plan;
- 9 sub-actions have been started but are only partly ongoing or have been delayed relative to the initial timing stipulated in the roadmap (marked orange in the tables below), representing 17 % of the action plan;
- 4 sub-actions have not yet been started (marked blue in the tables below), representing 7 % of the action plan.

3.2 Progress concerning the deliverables



Deliverables have been identified for the implementation of each action (level 1 in the roadmap). A total of 64 deliverables have been reported as being achieved (green), ongoing (orange) or not yet started (blue). In summary:

- 11 deliverables have been achieved (marked green): 17 % of all deliverables;
- action is ongoing for 34 deliverables (marked orange): 53 % of all deliverables;
- one deliverable has been partially achieved (marked green/blue): 2 % of all deliverables;
- no action has been launched or no results achieved for 18 deliverables (marked blue): 28 % of all deliverables.

4 PROGRESS REPORTING PER OBJECTIVE

4.1 Objective 1: Improving data quality and filing arrangements for effective risk management

Objective 1 is comprised of two actions. The first focuses on setting legal requirements to ensure that high-quality data on supply chain movements is available and is used effectively for risk management purposes by customs and other competent authorities. This action has been completed with the adoption and publication of Regulation (EU) No 952/2013 of 9 October 2013 (the Union Customs Code, UCC), Delegated Regulation (EU) No 2015/2446 of 28 July 2015 (the Transitional Delegated Act)³ and Implementing Regulation (EU) No 2015/2447 of 24 November 2015 (the Implementing Act). The legislation is applicable from 1 May 2016 and the development and upgrading of relevant IT systems will take place in accordance with the timeline laid down in the work programme for the Union Customs Code⁴.

Action 2 relates to the development and implementation of appropriate IT solutions to support increased capacity for the detection of security and safety risks at the point of entry of goods. The current Import Control System (ICS) includes provisions on the handling of pre-loading and pre-arrival declarations and the linking of these documents with the risk analysis. The ICS 2.0 project has been launched to manage the improved filing of supply chain data and ensure increased capacity to detect security and safety risks at the point of entry of goods. The legislation will be implemented through the deployment of ICS 2.0 in accordance with the UCC work programme⁵. Further development of ICS 2.0 is currently delayed as the project has not entered its formal elaboration phase.

³ Commission Delegated Regulation (EU) 2016/341 of 17 December 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards transitional rules for certain provisions of the Union Customs Code where the relevant electronic systems are not yet operational and amending Delegated Regulation (EU) 2015/2446 (OJ L 69, 15.3.2016, p. 1).

⁴ Commission Implementing Decision (EU) 2016/578 of 11 April 2016 establishing the Work Programme relating to the development and deployment of the electronic systems provided for in the Union Customs Code (OJ L 99, 15.4.2016, p. 6).

⁵ Commission Implementing Decision (EU) 2016/578 of 11 April 2016.

Action 1.1		Exercise the empowerment granted in the Union Customs Code (UCC) to adopt Commission (COM) acts
1.1.1	COMPLETED	For goods brought into the customs territory of the Union; conclude the analysis for necessary improvement of Entry Summary Declaration (ENS) data, taking into account different business models, the results of air cargo security pilot actions, and evaluation of the Import Control System (ICS)
1.1.2	COMPLETED	For goods brought into the customs territory of the Union; propose a harmonised solution for collection and integration of ENS data from trade sources, based on analysis of costs and benefits and associated implementation issues (including technical, financial and organisational aspects)
<p>The analyses have been carried out by the Customs 2020 Project Group supporting analysis of the implementation feasibility for Objectives 1-2 of the EU Risk Management Strategy. This group presented the results of its work to the Customs Policy Group in December 2014. The project group discussed the functional architecture, actual technologies as well as requirements for appropriately carrying out risk management on Entry Summary Declaration (ENS) data and the related functional and non-functional requirements.</p> <p>Finally the Project Group recommended the set-up of a Common Repository for mandatory use by all Member States; and to establish for interested Member States a Shared Trader Interface and a shared functionality for e-screening.</p> <p>Following the recommendations of the Project Group, the CPG approved the inception phase of what would be called later the ‘ICS 2.0’ project. The Commission, with support from the Customs 2020 Project Group, has drafted a business case and a vision document for ICS 2.0. These documents were presented to the CPG on 3/12/2015.</p>		
1.1.3	COMPLETED	Adopt provisions within legal acts
<p>This action is completed with the adoption of the UCC, Regulation (EU) No 952/2013 of 9 October 2013, the Delegated Regulation (EU) No 2015/2446 of 28 July 2015 (DA) and Implemented Regulation (EU) No 2015/2447 of 24 November 2015 (IA). The legislation is applied as of 1 May 2016. Implementation to support the improved data quality and filing arrangements will be implemented in accordance with the UCC Work Programme through the deployment of ICS 2.0.</p>		
DELIVERABLES: both deliverables have been concluded		
		Implementation study for Entry determining the IT requirements for the different filing options, including collection, integration and management of data from different trade sources to meet risk management needs
		Adopt provisions with legal acts: Annex B (UCC DA/IA) and Title 4 (UCC DA/IA)

Action 1.2		Develop and implement appropriate IT solutions
1.2.1	DELAYED	Adjust and further develop necessary IT systems for ENS data submission by economic operators, and its collection and integration for customs authorities
<p>As a conclusion of the inception phase TAXUD has, in close cooperation with a Customs 2020 Project Group comprised of experts from 15 Member States, finalised the business case and first version of the vision document for ICS 2.0. Both documents have been drafted and presented for go/no-go decision to the CPG in December 2015. The go-decision on the basis of the vision document for starting the elaboration phase of the project was not given by CPG. The CPG concluded that some clarifications are to be provided by the Commission before the specific project activities can be engaged, taking into account the financing of the project due to the unexpected changes on estimated costs, compared to outcomes of previous feasibility studies and cost-benefit analysis.</p> <p>In the meantime the finalisation of the BPMs Levels 2 and 3 is ongoing. The business requirements (L3 BPM) were available in 2015 but have been subject to a further alignment to the adopted UCC DA and IA. The update is published for external review in the second quarter of 2016 as part of the whole package of UCC business process models and is envisaged to be finalised in the third quarter of 2016. The Business modelling L4 BPM (functional requirements/specifications) activity is to be started when a go-decision for ICS 2.0 is provided.</p>		
1.2.2	NOT STARTED	Develop IT access by customs to the economic operators systems in the area of aviation security (Article 127 (8) UCC)
Start date and planning have not been decided for this action.		
DELIVERABLES: two out of six deliverables have been finalised (green), two are either pending or ongoing (orange) and for two deliverables no activities have been started yet (blue).		
		Business case document (pending update for the new implementation approach)
		BPM level 3 (alignment to the adopted UCC DA and IA is ongoing)
		Vision document (pending)
		Level 4 BPM (Functional specifications)
		Technical systems specifications
		IT systems adjusted and further developed at the MS and EU level

4.2 Objective 2: Ensuring availability of supply chain data and sharing of risk-relevant information and control results between customs authorities in order to analyse and mitigate risks and ensure equivalent treatment of economic operators

Modern customs services have a varied and challenging role to play. Their work involves both, on the one hand, the management of the free flow of trade in support of trade policy and economic development, and, on the other, responsibility for the security and safety of citizens and the more traditional task of collecting duties and taxes, which remain priorities. EU legislation that protects security, health, safety and the environment, or imposes sanctions under the Common Foreign and Security Policy, requires the intervention of customs where international trade is affected. A common repository of declaration data, as planned for ICS 2.0, is a crucial element for implementing improvements to risk analysis on a real-time basis, as the decentralised solution currently being used will not support the multi-filing arrangements and the significant increase in the volume of advance cargo information.

As part of setting up a legal framework for the UCC, as mentioned under Objective 1, the option of **re-using data** that have already been submitted and made available by trade for other formalities and processes is being discussed in relation to postal shipments subject to CN23 (customs declaration for postal parcels). The question is how the data elements of the CN23 could be made available for lodging a safety and security declaration (ENS) and be re-used for lodging a customs declaration. In the EU Postal Pilot Project, several meetings were organised with Member State customs authorities, postal operators, trade associations and international partners (the USA, Canada and China) in order to analyse the options available within the standards of the global postal model of the Universal Postal Union.

Moreover, the amendment⁶ of Council Regulation (EC) No 515/97 on **mutual assistance** provides a legal basis for a number of actions aiming to improve the cooperation between authorities and the Commission to ensure compliance with customs and agricultural legislation including amongst others the anti-fraud transit information system (ATIS) and extends the information to be exchanged between customs authorities and between the Commission services and the national authorities. A common directory of import, transit and export declaration data is now included. In addition to existing tools used to ensure the correct application of customs legislation, the amended Regulation provides for the creation of the **CSM directory**, which will be used in order to detect movements of goods that are potentially in breach of customs and agricultural legislation, and means of transport including containers. This database will be operational from 1 September 2016. Designated analysts in the Member States and at the Commission services will have access to this directory.

The **traceability of goods movements** along the supply chain is important for providing customs authorities with relevant data on the appropriate points at which to apply customs controls. Various initiatives are contributing to the development of possible solutions for customs that would avoid duplicating data, as mentioned under action 3

⁶ Regulation (EU) No 2015/1525 of the European Parliament and of the Council of 9 September 2015 amending Council Regulation (EC) No 515/97 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs and agriculture matters (OJ L 243, 18.9.2015, p. 1) will apply from 1 September 2016 as well as the Commission implementing acts: Regulation (EU) 2016/345 (OJ L 65, 11.3.2016, p. 38) and 2016/346 (OJ L 65, 11.3.2016, p. 40).

below: the **Digital Transport and Logistics Forum (DTLF)**, the development of a **Common Information Sharing Environment (CISE)** for the surveillance of the EU maritime domain⁷, and the **Tobacco traceability solution** required under Article 15 of the Tobacco Products Directive. The Commission departments are cooperating to ensure that there is customs input and advice on customs risk management needs, notably access to the data for CRM processes, and that the solution is applied at the relevant moment in the customs declarations (including pre-arrival/pre-departure and NCTS).

Action 2.1		Exercise the empowerment granted in the Union Customs Code (UCC) to adopt Commission (COM) acts
2.1.1	DELAYED	Identify options for availability and sharing among customs authorities of supply chain data for risk management purposes
2.1.2	DELAYED	Identify options for availability and sharing of risk-relevant information, including control results, among EU customs authorities to analyse and mitigate the risks on a real-time basis
<p>For <i>Entry</i> the analysis has been completed as mentioned under Objective 1 and laid down in the business case and vision document for ICS 2.0 as completed by TAXUD in close cooperation with a Customs 2020 Project Group comprised of experts from 15 Member States.</p> <p>For <i>Customs procedures after entry</i> and in particular concerning Surveillance 3, drafting of the L4 BPM (functional requirements/specifications) is completed. The business case has been updated and reviewed. The vision document has been approved by the ITSC and IT Board in 2015. The elaboration of specifications will be based on the revised Annex UCC-IA 21-01 with the list of 40 surveillance data elements referred to in UCC-IA Article 55 (1) and the foreseen transition strategy for the sending of the data elements.</p> <p>For <i>Transit</i> the amendment of the Council Regulation (EC) No 515/97 on mutual assistance offers an amended legal basis for ATIS and enlarges the information to be exchanged between customs authorities and between the Commission and the national authorities. The common directory with data of transit declarations under the mentioned Regulation offers a tool for more effective customs investigations related to financial fraud for goods in transit. The administrative arrangement between OLAF and TAXUD⁸ covers aspects of the ATIS system and is being reviewed. Further study would be needed in relation to the needs of customs risk management and risk-based controls in all risk areas relevant for goods in transit under the UCC and as part of the CRMF.</p> <p>For <i>Export (Exit)</i> of goods from the Union customs territory, the amended Regulation (EC) No 515/97 introduces a common directory with data of export declarations replicated from the sources operated by the Commission. This directory will cover certain categories of excise goods, such as alcohol and alcoholic beverages, mineral oils, tobacco and tobacco products. This will provide a basis for more effective customs investigations on financial fraud. Further study would be needed in relation to the needs of customs risk management and risk-based controls in all risk areas for goods exported besides the financial fraud, such as the export control regime of dual-use goods, export sanctions, waste, cultural goods, etc., with regard to the UCC and as part of the CRMF.</p>		
DELIVERABLES: two out of the three deliverables have been finalised (green) and		

⁷ http://ec.europa.eu/maritimeaffairs/policy/integrated_maritime_surveillance/index_en.htm.

⁸ OLAF/TAXUD/1403/2005 REV. 6.

for one deliverable no activities have been started yet (blue).	
	Implementation study determining the availability and possibilities for sharing, amongst customs, supply chain data and information relevant for risk management purposes (ongoing in respect of all procedures except for entry)
	Adopt provisions with legal acts: Annex B (UCC DA/IA) and Title 4 (UCC DA/IA)
	Common guidelines for customs authorities

Action 2.2	Develop and implement appropriate IT solutions	
	Adjust and further develop necessary IT systems for availability and sharing, among customs authorities, of supply chain data, availability and sharing of risk-relevant information, including control results, among EU customs authorities	
2.2.1	DELAYED	For Entry
<p>As a conclusion of the inception phase TAXUD has, in close cooperation with a Customs 2020 Project Group comprised of experts from 15 Member States, finalised the business case and first version of the vision document for ICS 2.0. Both documents have been drafted and presented for go/no-go decision to the CPG in December 2015. The go-decision for starting the elaboration phase of the project was not given by CPG. The CPG concluded that some further clarifications are to be provided by the Commission before the specific project activities can be engaged.</p> <p>In the meantime the finalisation of the BPMs Levels 2 and 3 is ongoing. The business requirements (L3 BPM) were available in 2015 but have been subject to a further alignment to the adopted UCC DA/IA. The update is published for external review in second quarter of 2016 as part of the whole package of UCC business process models and is envisaged to be finalised in the third quarter of 2016. The Business modelling L4 BPM (functional requirements/specifications) activity is to be started when a go-decision for ICS 2.0 is provided.</p> <p>Lithuania (member of the project group) emphasises in their report the need for creating a common or shared IT system for e-screening and risk analysis, which would communicate with common repository. Updates and requirements for national risk management IT system can only be defined when the functionalities of the common system are known. Therefore, there are no national actions to be done at this stage.</p> <p>Croatia (member of the project group) has organised, at national level, coordination meetings between relevant services and the Customs Administration to discuss the advantages and disadvantages of development of ICS 2.0 at national or EU level.</p>		
2.2.2	DELAYED	For Customs procedures following Entry
<p>Concerning Surveillance 3, drafting of the L4 BPM (functional requirements/specifications) is completed. The business case has been updated and reviewed. The vision document has been approved by the ITSC and IT Board in 2015. The elaboration of specifications will be based on the list of 40 surveillance data elements referred to in UCC-IA Article 55 (1) and the foreseen transition strategy for the sending of the data elements.</p> <p>The provisions on simplifications in the UCC were established in such way to allow an appropriate control of the operations and risk management to be carried out. For instance,</p>		

<p>the conditions to use entry in the declarant's records or self-assessment were regulated. On the IT side, centralised clearance will require the development of the appropriate exchange of messages to ensure appropriate supervision and management of the operations.</p>		
2.2.3	DELAYED	For Export and Exit
<p>In 2016, sessions have been launched of the ECS Project Group to elaborate in more detail the FSS, including the required export/exit specifications. This will impact the production of the Technical System Specifications. However, these IT developments do not address the needs for availability of data for export/exit. For the purpose of ensuring availability of supply chain data amongst customs authorities, action 2.1 has not been launched for export/exit, which would be necessary.</p> <p>As mentioned above under action 2.1.2 the amended Regulation (EC) No 515/97 introduces a common directory with data of export declarations replicated from sources operated by the Commission. This directory will cover certain categories of excise goods, such as alcohol and alcoholic beverages, mineral oils, tobacco and tobacco products. This will provide a basis for more effective customs investigations on financial fraud. Further study would be needed in relation to the needs of customs risk management and risk-based controls in all risk areas for goods exported besides the financial risks, such as the export control regime of dual-use goods, export sanctions, waste, cultural goods with regard to the UCC and as part of the CRMF.</p>		
2.2.4.	DELAYED	For Transit
<p>In 2016 sessions have been launched of the NCTS Project Group to elaborate in more detail the FTSS, including the phasing of the progress changes related to safety and security.</p> <p>As mentioned also for export/exit above under 3, the IT developments do not address the objective of supply chain data amongst customs authorities. Also for transit action 2.1 needs to be launched to achieve the objective.</p> <p>As mentioned under action 2.1.2 the amended Regulation (EC) No 515/97 on mutual assistance offers a wider legal basis for ATIS and enlarges the information to be exchanged between customs authorities and between the Commission and the national authorities. Further study would be needed in relation to the needs of customs risk management and risk-based controls in all risk areas relevant for goods in transit under the UCC and as part of the CRMF.</p>		
<p>DELIVERABLES: the first deliverable is completed (green), the second is only partly completed (orange) and for the last two deliverables no actions have been started yet (blue).</p>		
	Vision document is concluded for ICS 2.0 (Entry) and Surveillance 3 (Customs procedures following Entry)	
	<p>Business case document is finalised for ICS 2.0 (Entry) — but pending update in view of new implementation approach.</p> <p>Business case document is being reviewed for Surveillance 3 (Customs procedures following Entry).</p>	
	BPMs levels 3 and 4 are concluded for Surveillance 3 (Customs procedures following Entry).	

	<p>For ICS 2.0 drafting of BPM level 3 is ongoing and BPM Level 4 is to be started when a go-decision for the project is provided.</p> <p>BPMs levels 3 and 4 are being developed for transit and export/exit. The scope of the update to NCTS and ECS and the functional requirements are currently being discussed with a PG. Part of the discussion is the inclusion of the requirements for security and safety data. For the changes impacting the existing processes implemented in ECS and NCTS, the discussion focuses on the phasing of the work.</p>
	IT systems adjusted and further developed at the MS and EU level

Action 2.3		Propose solutions for traceability of goods movements during various customs control stages
2.3.1	ONGOING	<p>Identify options for traceability of goods movements in the various stages of supply chain movements involving more than one Member State and through data provided by economic operators; and identifying appropriate solutions of customs supervision from their entry into the Union customs territory to their final customs clearance, taking account of ongoing initiatives and/or by adjusting the existing customs transactions systems</p> <p>The Commission has launched a study (March 2016) in order to analyse risk assessment capacities within Coastguard functions including Customs in the area of maritime security. The study is expected to provide results on best practices and areas for improvement on risk assessment procedures. The results are expected to be delivered by spring 2017.</p> <p>The development of a Common Information Sharing Environment (CISE) that has been developed as a meta-project for enhanced cooperation and information exchange between civil and military authorities with a view to further enhance a common maritime situational awareness picture and data exchange. With the aim of improving supply chain security and supporting the risk-based surveillance of the movement of goods in the maritime domain. CISE promotes the exchange of information between the different authorities involved in the fight against terrorist and organised crime (e.g. smuggling of goods, trafficking of arms and narcotics and cross-border movements of the cash proceeds of illegal trade). In the context of CISE, relevant EU agencies (e.g. EMSA, EFCA, FRONTEX, EDA and EUROPOL) and other European agencies (e.g. ESA) are invited to reinforce inter-agency cooperation. Also, the Pre-Operational Validation project 'EUCISE2020' is to test CISE at large scale by 2017-18, followed by a step-by-step implementation until 2020.</p> <p>In 2015 the Commission launched the Digital Transport and Logistics Forum for the next three years. The Forum aims at the further digitalisation of freight transport and logistics. It brings together Member States and stakeholders from transport and logistics communities in order to identify areas where common action in the EU is needed, to provide recommendations and solutions, and to work on the implementation of these recommendations and solutions, where appropriate. Two subgroups were created as part of the DTLF:</p> <ul style="list-style-type: none"> • A subgroup addressing the definition and the acceptance of electronic transport documents. This subgroup looks into 1/ how to increase recognition of electronic

transport documents by EU MS authorities, 2/ whether similarities between the transport documents used in the various transport modes could be exploited with a view to advance towards ‘multimodal transport documents’, 3/ whether other types of documents used for freight transport (e.g. on vehicles) could also be digitalised.

- A subgroup addressing the optimisation of cargo flows along transport corridors. This subgroup looks in particular at possible solutions for enhancing traceability of goods along the supply chain, through incorporating data from different sources.

Early 2016, the Commission launched the eManifest and European Maritime Single Window initiative, which is a demonstration project developing functional and technical specifications for the collection of a harmonised electronic manifest (eManifest) and the sharing of the relevant data with relevant national authorities, including customs and maritime authorities, and between Member States, through the use of the European Maritime Single Window prototype. The project involves the shipping industry, ports and 14 volunteering customs and maritime administrations in the Member States. The first phase of the eManifest and European Maritime Single Window initiative will run until early 2017.

Regulation (EC) 2015/1525 of the European Parliament and of the Council of 9 September 2015 amending Council Regulation (EC) No 515/97 will apply on 1 September 2016 as well as the implementing acts⁹. The Container Status Messages directory is provided for in Article 18a paragraph 4 and shall be operational as from 1 September 2016. Designated analysts in the Member States and Commission will have access to this directory. A pilot project is completed with selected container carriers in order to verify the feasibility as well as technical problems with transfer of data. The aim of this directory under the mentioned Regulation is to improve capability of the customs investigation functions including better detection of goods movements in potential breach of customs and agricultural legislation. Further study would be needed in relation to the needs of customs risk management and risk-based controls in all risk areas connected to goods entry and exit (i.e. financial, security and safety, IPR, etc.) under the UCC and as part of the CRMF.

TRAdE Control and Expert System (TRACES) is the European Commission’s multilingual online management tool for all sanitary requirements on intra-EU trade and importation of animals, semen and embryo, food, feed and plants. Its main objective is to digitise the entire certification process and linked procedures and is in line with the declaration of the Digital Agenda for Europe. A project initiated by the Commission services aims at integrating in TRACES electronic COI certifying the organic status of agricultural products exported from third countries to the Union, as well as FLEGT licences. This project also provides an input to identify possible solutions on traceability of goods. The project is creating an interface including risk management information giving input in customs automated systems for import declarations.

2.3.2	NOT STARTED	Put forward the appropriate approach, taking into account relevant aspects
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Start date and further planning have not been decided for this action. The start of this action will depend on the outcome of projects as the ones mentioned above.

DELIVERABLES: for the two deliverables no actions have been started yet

	Analysis reports with options for traceability of goods movements
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⁹ Commission implementing Regulations (EU) 2016/345 (OJ L 65, 11.3.2016, p. 38) and 2016/346 (OJ L 65, 11.3.2016, p. 40).



Solutions allowing traceability to be implemented

4.3 Objective 3: Implementing the concept of ‘assess in advance — control where required’ to respond adequately to risks identified at EU and national level while maximising efficiency in the use of resources and the fluidity of the supply chain

As mentioned under Objective 2, Customs’ dual role of controlling the flow of goods on the one hand and facilitating compliant trade on the other requires customs controls to be well defined and implemented at the most appropriate moment in the logistic process. EU legislation that protects security, health, safety and the environment, or imposes sanctions under the Common Foreign and Security Policy, requires the intervention of customs where international trade is affected. In order to ensure a uniform and smooth enforcement of customs controls, while reducing the administrative burden, procedures laid down by other policies must be standardised and made to fit with customs laws and processes.

The Prohibition and Restrictions (PARCS) project group, which is composed of representatives of the European Commission and national experts on prohibitions and restrictions, has produced a list of prohibitions on import and export of goods and factsheets for a selection of laws that set prohibitions and restrictions at the EU border. Each factsheet gives a description of the legislative framework, the role of customs and the documentary and physical checks that have to be carried out in close cooperation with other authorities. These factsheets provide a basis on which to determine the timing of customs controls and whether further recommendations for customs and other agencies are needed. (For further details, see action 3.2.1).

It is important that the new procedures to be adopted are standardised and fit with existing customs laws and processes when legislative acts from other policy areas require customs controls. Commission services have therefore prepared guiding principles. It aims to ensure a uniform and smooth enforcement of non-customs legislation and reduce the administrative burden for customs and economic operators. (For further details, see action 3.2.2).

Action 3.1		Develop methodologies to implement the concept of ‘assess in advance — control where required’
3.1.1	ONGOING	Propose a methodology to determine the most appropriate place and time for the application of customs controls and risk mitigation measures based on the type/level of risk, control and supply chain constraints (availability of information, documentation, and control possibilities)
<p>In 2015 and 2016 most of the work on the ‘place of the control’ was done for financial controls, simplified procedures and the use of customs procedure 4200¹⁰. This is part of a bigger project on the development of common financial risk rules providing indications on the moments in the supply chain when customs controls should be carried out, either at moment of clearance or later in the post-clearance and audit. The first main findings are expected by the end of 2016.</p> <p>In the area of air cargo security two projects related to the appropriate place of risk mitigation are ongoing. Notably: development of CRC, risk indicators and risk mitigation protocols with the air industry. Both projects (CRC and risk mitigation protocols) are carried out through multi-agency efforts (customs, aviation security and home affairs), and involve also economic operators and international partners. Further details on the status of the CRC project are provided in Objective 4 — Action 4. Details concerning the project on the air cargo pre-loading risk mitigation protocols and international harmonisation of the PLACI scheme are in Objective 7 — Action 3.</p>		
DELIVERABLE: has not been concluded yet		
		Concept document

Action 3.2		Perform ‘proof of concept’ within the main policy areas and propose appropriate solutions
3.2.1	ONGOING	Identify the main policy areas and undertake operational actions to test solutions e.g. through Priority Control Area (PCA) actions in cooperation with relevant stakeholders
<p>As main policy areas are identified: Health safety (including public, animal and plant health), Financial, Intellectual Property Rights, and Product safety and compliance.</p> <p>In the sectors Health safety and Product safety and compliance the objective is to support and give practical tools to national customs authorities to improve their controls on prohibited or restricted goods. Commission services have established factsheets, in which the cooperation of customs and sanitary authorities for controls on SANTE-regulated goods are laid down. The factsheets were discussed with Member State representatives of sanitary services and distributed after their finalisation. This action is linked to actions 4.4.1 and 5.3.1. Each factsheet gives the description of the legislative framework, the role of customs, the documentary and physical checks to be applied, and other control-related aspects. Member States have to indicate the relevance for implementing the information of the factsheets in their controls.</p> <p>For product safety checklists for a selection of product categories have been drafted together with national customs and market surveillance authorities. This tool aims at</p>		

¹⁰ Import for free release of non-Community goods with exemption from payment of VAT and, where applicable, the excise duty suspension, is granted because the import is followed by an intra-Community supply or transfer of the goods to another Member State. In that case, the VAT and, where applicable, the excise duty will be due in the Member State of final destination.

guiding customs officers when they have to carry out product safety controls on goods.

In relation to the product list for product safety, Decision 2007/275/EC, Regulation (EU) No 669/2009 and other EU legislation is in place, which serves as a positive list for the animals and goods presented for sanitary import controls to border inspection posts.

For the product safety and compliance sector also numerous activities are undertaken on operational actions, already for years. This is done in the framework of Joint enforcement activities for market surveillance financed by GRANTS of the Consumer Policy Budget. Customs actively participate in these actions. PROSAFE¹¹ is the beneficiary of these grants. For 2015 the budget for the GRANTS agreement amounted to 2.5 million euros.

3.2.2	ONGOING	Taking into account outcomes of recommendations to provide guidance in the preparation or review of legislative acts which foresee customs controls, by describing how customs action can be envisaged in line with the Union customs legislation and international trade practices.
Commission services are preparing guidance to support the review or preparation of EU sectorial legislation (on health, safety, security, environment, cultural goods or imposing sanctions in the framework of the CFSP) on how customs involvement is to be envisaged including how customs risk management should be taken into account.		
DELIVERABLES: both deliverables are being elaborated (orange).		
	Proof of concept	
	COM proposal for updated customs control clauses for non-customs legislation, where appropriate	

¹¹ Product Safety Forum of Europe, a non-profit professional organisation for market surveillance authorities and officers in the EU and EEA.

4.4 Objective 4: Increasing capacity to ensure consistent and effective implementation of the Common Risk Management Framework (CRMF) and to increase responsiveness to newly identified risks

A range of actions were carried out in 2015 and early 2016 **to improve the use of the CRMS for the exchange of risk information**. Specific guidelines were distributed to national customs authorities to draw attention to recurrent problems relating to quality of information. A new version of CRMS was released to further improve the functioning of the database. Training sessions were held to educate users of the system and help ensure that the database is used correctly and consistently with business needs. The Commission services ensure that the database is closely monitored, in order to streamline and further improve the quality of information provided.

Risk information is shared at EU level via the CRMS and is then incorporated into national systems and databases. Inconsistencies and disparities between national systems and applications have been identified through projects initiated by Member States (Portugal and Hungary), e.g. the **ENS pilot (maritime)** and the **Common Risk Analysis Initiative** of the Land Frontier Contact Group (LFCG). These projects consider possible ways of overcoming weaknesses and inconsistencies in the protection of the borders of the EU customs union. (For further details, see action 4.1.1).

Availability of data collected under the amended Council Regulation (EC) No 515/97 by the Commission and the customs risk management services of Member States should be validated in time to support ConTraffic-ENS testing with operational data provided by trade during the second half of 2016 and early 2017. The Customs 2020 **ConTraffic-ENS Pilot Project Group** has tested the application of data analytics techniques in the combination of container status movement data, mainly using ENS data and also pre-arrival datasets. (For further details, see action 4.2.2).

The **business needs for CRMS 2** were agreed with Member State experts in 2015. These formed the basis of the business case, which was finalised in April 2016. A project delivery plan and cost estimation will also be provided together with the business case. (For further details, see action 4.2.3).

A CRMS analysis group (Commission services and Member States) has carried out a detailed analysis of the 2013-2015 data available in CRMS (action 4.3). The group has produced five specific **trend analysis** reports on counterfeit, financial risks, health and safety risks, security risks and illicit drugs.

The Security Risk Rules Project, designed to set specific risk rules for **Air cargo security common risk criteria**, is another important project through which customs authorities can contribute to EU security. (For further details, see action 4.4.1).

In 2015, the Commission services and the Member States began **drafting common rules on risks in the financial sector**. These relate mainly to the misclassification of goods, anti-dumping duties, undervaluation, origin, simplified procedures and use of the customs procedure 4200¹². (For further details, see action 4.4.1).

12 Simultaneous release for free circulation and home use of goods which are VAT-exempt when supplied to another Member State and, where applicable, benefit from an excise duty suspension. .

The systematic **CRMF evaluation cycle** concept is being developed in close consultation with the Member States. The joint work is dedicated to improving and further developing performance indicators in the field of control. (For further details, see action 4.5.2).

Action 4.1		Identify and address weaknesses and inappropriate variances in the current implementation of the CRMF at Member State level, where relevant through EU level support
4.1.1	ONGOING	Analyse, determine and put forward appropriate IT solutions, where relevant through EU level support
<p>At EU level risk information is shared via the CRMS and implemented in the national systems and databases. Through projects initiated by Member States: ENS pilot (Maritime — initiated by Portugal) and the Common Risk Analysis Initiative of the Land Frontier Contact Group (initiated by Hungary) capacity gaps and variances in the national systems and applications are being identified. Within the projects, possible solutions to overcome weaknesses and non-equivalence on the level of protecting the borders of the EU customs union are distinguished.</p> <p>Phase I for the ENS pilot (Maritime) concerning containerised traffic finalises its work mid-2016. Member States participating in the group are: EL, ES, FI, FR, IT, NL, PT. When the recommendations of the pilot are implemented by the Member States, this will reduce the variances in terms of risk analysis and provide solutions for gaps identified in the national systems.</p> <p>A subgroup of the LFCG created on initiative of Hungary has developed the Common Risk Analysis Initiative (CRAI): it is assessing implementation of the common risk criteria for road and rail transport and identifying gaps, needs and ideas for potential solutions. The interim report of the CRAI has been agreed, and communicated at risk expert level¹³. The group also recommended going further to develop a common capacity for CRC implementation for road and rail. The experience of CRAI has already had an influence at national level in relation to risk management IT systems (FI, HU, HR, and LT). The Participants of CRAI are: (BG, CZ, EE, FI, HU, HR, LT, LV, PL, RO (except for operational test) and SK). The LFCG-CRAI has also contributed to discussions related to Objective 1 concerning data requirements and time limits in road and rail transport. The group has also provided substantial input to a project group working on an update for NCTS.</p> <p>Member State customs authorities apply nationally developed risk management IT applications on a 24/7 basis, some examples are mentioned below.</p> <p>German customs is continuously analysing national and EU requirements required for more effective and efficient risk management. They continue to develop working methods and IT systems at national level, taking account of the developments at EU level for CRMF.</p> <p>Italy has implemented an automated internal customs control circuit (CDC), processing all customs declarations and an automated internal security customs circuit (CDS) for processing of ENS. COGNOS is an automated instrument of business intelligence that allows producing reports, and impacting analysis to establish and evaluate risk profiles at national level.</p>		

¹³ TAXUD/B2/82/2015 – RESTREINT EU

Since February 2015 the **Belgian** selection environment has been enlarged with the possibility to perform manual analysis on the risk rules. This made it possible that more risk rules could be treated. From mid-2016 until the end of 2017 an upgrade for the whole selection environment has already been planned. This project also foresees solutions to address shortcomings for analysing ENS and EXS.

Dutch customs is working on a tool called CLARISSA (Chain Logistics Aligned Representation of Information Services on Shipments and Contactors) together with a private partner. CLARISSA is a dashboard that can analyse additional data from external sources to be used in the risk assessment of manual declarations. External sources are companies that want to make data available for inspection by the supervisory authorities or public sources. Sharing information from various links in the chain has the advantages that companies provide information only once and receive faster the decision to control or release goods and that it ensures predictable and faster logistics and effective controls.

National risk management systems have been implemented to cover entry and export/exit operations in **Cyprus**. Common risk criteria have been fully implemented; however, some technical constraints have been located and a process has been launched in order to overcome those constraints. It should be noted that some functional requirements impose a big impact on daily work (high number of false hits). The relevant pilot project groups, particularly the ENS pilot (maritime), are expected to recommend some ideas for improvements.

Lithuania indicates that further updates and modifications to the national risk analysis system can only be done when the functionalities of ICS 2.0 are known. Until then no national actions are done. In the same context, **Estonia** mentions that the weaknesses and variances as mentioned in this action can be solved when ICS 2.0 becomes operational.

France ensures a coordinated implementation of ICS through monthly internal inter-bureaux meetings. These ICS steering meetings focus on ICS IT and organisational implementation, improvements, IT lots deliveries and strategic multiannual planning.

Slovenia has created a national comparative analysis of the implementation of the CRMF compared with the EU legal and strategic requirements. An application for automated retrieval from a dedicated http-address of BIC prefix registry¹⁴ has been established in the national risk management system for threat assessment profiling.

Slovakia reports implementation of in the National Risk Profiling IT Systems in the context of the UCC, i.e. a new electronic module for import data, introducing a new Analytics Platform to manage large, fast-growing volumes of data and provide very fast query performance that supports the early and effective analysis and evaluation of data, resulting in fast identification and determination of risk and the implementation of right measures on time.

Sweden is about to implement a new automated targeting system to enable handling of all electronic information flows as required in the UCC and introducing EU common risk rules. Further tools that can support and improve the risk management process are being explored.

Croatia has carried out a more in-depth analysis of their risk management engine. This has led to an upgrade of the engine with new functionalities covering safety and security risks. National specifications for CRC implementation are updated accordingly.

For **Luxembourg** the update of the national risk analysis system depends on availability

¹⁴ Registration of a container operator's prefix with the BIC (Bureau International des Containers et du Transport Intermodal), is a requirement under ISO-6346 and international customs conventions.

of the IT provider and budgetary constraints. In principle, updates are done on an annual basis. They report a weakness, namely that the national system cannot manage exit summary declarations and some CRC are not implemented fully electronically.

Finland has implemented all CRC through the risk analysis system project: RITU. They have planned 'back office' activities. One of the main activities will be the evaluation of CRCs, how they work and how to minimise false positives and on the other hand how to get relevant information for CRCs to identify safety and security risks.

Ireland has appropriate IT solutions in place to allow effective implementation of the Common Risk Management Framework (CRMF). The systems are flexible and scalable in order to meet strategic requirements stemming from CRMF. They also regularly review the performance of the CRCs from an IT perspective. For statistical reporting purposes a suite of reporting tools has been built.

Polish customs is in the process of phased implementation of a new nationwide risk management system called ZISAR. The system provides an enhanced module of operational control which helps in putting forward much more sophisticated risk management and targeting. Currently the system is tested on modules for operational systems (AIS and AES and on production module for NCTS-2). Temporary problems with the implementation of certain CRC have already been identified for the first phase, when the system becomes operational. Finally the new system should solve problems with technical capabilities and it should give more functionalities that are required for better and more effective automated risk profiling. Concerning the implementation of CRC at national level, a dedicated national CRC expert group was set up, which brought a significant improvement. In quarterly meetings the group monitors the implementation. The outcomes are reported to the regional customs chambers, and mistakes in control activities are discussed in order to be solved. The level of automated CRC implementation has increased from 55 % in 2014 to 95 % in 2016.

Malta also ensures a periodical revision of risk profiles for an effective use of the risk analysis system. Currently the national systems are upgraded in order to benefit from the latest risk assessing features available on the market. The upgraded systems will provide a certain level of flexibility that will allow maintaining risk profiles more easily, in particular the national ones.

Bulgaria has identified functional weaknesses in NCTS related to fulfilment of the obligation for carrying out safety and security risk analysis. A review of the BPM — level 4 in the context of UCC has been done. Gaps have been identified in relation to functional possibilities of the system for transfer of risk analysis results from a customs office of transit which is at the same time a first point of entry into EU. These gaps prevent the practical application of the principle of carrying out customs control at the most appropriate place and time. Another weakness are possible inappropriate variances in the interpretation of the schemes in relation to the stage of declaration processing at which risk analysis shall be carried out, as well as to the type of risk analysis to be carried out (safety and security or national). Both issues have been addressed to LFCG and Commission.

Security and safety risk criteria have been implemented in **Latvia** almost fully; because of a huge amount of false hits, IT solutions have been created to avoid an inefficient use of customs resources.

The **Czech Republic, Denmark and Austria** informed on periodical updates of the automated customs systems to bring them in accordance with legal requirements of the

UCC and ensure appropriate implementation of CRC.

4.1.2

ONGOING

Identify and address weaknesses and inappropriate variances by non-IT solutions

An important non-IT solution to address variances in a harmonised implementation of customs competencies throughout the EU is the EU-competency Framework¹⁵ (EU Customs CFW). A major goal of this CFW is to help harmonise and raise customs **performance standards** throughout the EU. The EU Customs CFW is the foundation which sets out a consensus view of knowledge, skills and behaviours required by customs professionals in the EU and further defines public and private Customs roles ('Job profiles') including in the area of customs controls and risk management.

Greece, Cyprus, Poland and Portugal informed on their efforts to implement the EU Customs CFW, including in the area of risk analysis. In **Cyprus** and **Ireland** annual evaluations are carried out to improve targeting. **Malta** does a periodical evaluation of risk profiles to improve targeting for controls. In addition, in **Cyprus** the Intelligence & Risk Analysis Section at customs headquarters provides daily assistance to local risk analysis officers helping them make the right decision as regards targeting and controlling.

In the **Netherlands** the master study Customs and Supply Chain Compliance has started, collaboration between universities, trade organisations and customs. Specific training programmes on risk analysis exist in **Austria, the Czech Republic, Cyprus, Estonia, Finland, France, Italy, Latvia, Lithuania, Poland, Spain** and **Sweden**.

The **LFCG - CRAI** (see action 4.1.1 above) identifies a number of core implementation issues where common practices should be further developed and refers also to training needs, in the EU Classified Interim Summary Report.

Belgium, Croatia, the Czech Republic, Denmark, Finland, Ireland, Latvia, Lithuania, Luxembourg, Poland, Slovakia, Spain and **Sweden** ensure 24/7 availability for risk analysis. **Greece** indicates 24/7 availability of risk analysis and targeting officials at land borders. In **Cyprus** 24/7 availability exists only for air cargo. **Estonia** has expanded 24/7 availability for risk analysis over the last years and updated their processes for sending and receiving of RIFs.

Italy is considering 24/7 availability at national level for other relevant customs offices which do not provide such service yet and which are located at main ports and airports. When the CRMS is reshaped they will implement instructions at regional level to strengthen a coordinated implementation of the system nationwide. In the effort to improve the use of the CRMS, a group in the 'safety and security at entry' sector has been created to deal exclusively with the coordination of RIF, related risk profiles and trend analysis, coordination of feedback and a helpdesk of CRMS analysts to assist local offices.

Malta is upgrading the national risk management systems in order to benefit from the latest risk assessing features available on the market. The upgraded systems will provide a certain level of flexibility that will allow maintaining risk profiles more easily, in

¹⁵ http://ec.europa.eu/taxation_customs/common/eu_training/competency/index_en.htm.

particular the national profiles.

Germany and **Croatia** take into account the weaknesses in their daily operational implementation of CRMF. In addition, **Germany** mentions how the ongoing reorganisation challenges the implementation of objectives for risk management.

In **Austria** a central risk analysis centre is implemented since 2004. Local risk management in customs offices is established; a network sharing risk information by special Anti -Fraud coordinators in all customs offices and all tax offices is established.

Belgium installed a non-automated workaround for mathematical checks demanded in particular CRCs. Negotiations with licensing authorities are ongoing to open real-time access to the denial database for all analysts who are dealing with CRCs.

Actions planned, but not started yet:

Bulgaria, Hungary, Estonia, Italy, Luxembourg, Malta, Slovakia and Slovenia are planning to organise training modules depending on currently ongoing developments such as the UCC, update CRC guidelines, new national IT modules etc.

Austria, Cyprus and Finland express the need for development of training modules at EU level.

Poland mentioned that an update of the national ‘CRC operational guidelines’ has been planned in regard of the forthcoming implementation of new operational customs systems (AIS — new Automated Import System, AES — new Automated Export System, NCTS2 — an updated version of New Computerised Transit System).

DELIVERABLES: Commission services and Member States are active in harmonising the implementation of CRC. Guidance on training and performance requirements is provided in the EU Customs Performance Competency Framework. However, activities on developing requirements for Member States’ risk management systems and the update of CRC guidelines still have to be started (blue).

	More harmonised implementation of CRC
	Functional requirements for MS Risk Management systems
	Technical requirements for MS Risk Management systems
	Updated CRC guidelines
	Practical training programme for national customs authorities containing operational modules

Action 4.2		Develop possible further capacities and enhance cooperation and coordination between customs authorities
4.2.1	ONGOING	Identify and determine — at Member State and EU level — possible further capacities that might be necessary to support more effective and efficient risk management, including increased responsiveness to newly identified risks

CRMS re-shape: a business case document is finalised. Together with this document, a project delivery planning and cost expectations are provided, as well as proposals for IT architecture. In the context of the re-shape of CRMS, **Slovakia** proposes a new organisation of information dissemination in the area of Crisis Management at the national level.

The Commission, in close cooperation with Member States, has improved the use of CRMS for exchange of risk information. Various actions have been carried out:

- specific guidelines have been distributed to underline recurrent problems of quality of information;
- a new release has been made to improve some functions of the system;
- attention was given to training on the use of the system to ensure it is in line with business needs and accurate;
- a close monitoring of the database is ongoing to streamline the quality of information provided in CRMS;
- the use of the system is regularly promoted in groups.

Various Member States underline the importance of the re-shape of CRMS as a collaborative platform for exchange of risk-relevant information. Nevertheless, **Finland** mentions performance issues with the CRMS system and **Romania** indicates that functions in CRMS should be more flexible. It is also mentioned (Finland and **Austria**) that information is not always of a high quality, that it should be better ensured and coordinated at national and EU level.

Also the work of projects initiated by Member States: **ENS pilot (Maritime) and LFCG-CRAI** (see action 4.1.1 above) has contributed to identifying capacity gaps, needs and possible solutions in the national systems and CRMS. The outcomes of the groups provide valuable input to possible solutions on how to overcome weaknesses and non-equivalence at EU level.

Germany mentions the ongoing evaluation for effective and efficient risk management at national and EU level. This evaluation will identify the necessary IT and non-IT requirements and the necessary resources. National and international cooperation between customs and other authorities are being intensified.

The Anti-fraud and Controls Central Directorate of the **Italian** Customs Agency has developed the internal coordination and strengthened the related practices already in place to identify new types of frauds, also in close cooperation with customs authorities of other Member States. Particular areas of investigations are the customs procedure 42 00, tobacco and tobacco products, mineral oils and alcoholic spirits.

Slovakia mentions bilateral agreements between the Visegrad countries (SK, CZ, PL, HU) on the exchange of data in order to eliminate fraud in connection with undervaluation of textile goods, as well as in the context of the fight against fraud in the application of the customs procedure 4200.

The Netherlands informed on explorations that they are carrying out on auto-detection of data. Information and analysis of data are the most important building blocks. These are bundled in the national intelligence function, which should be elevated. A team is created, comprised of customs officials and data analysts, to achieve the development of a risk for play-model and self-learning models. Also, research has started to explore improvements for manual selection (related to ICS) with the use of human intelligence.

France and Slovenia have defined at national level the actions required to be carried out in real time to identify risks in the CRMS platform and the requirements to address weaknesses and inappropriate variances in the current national implementation of the CRMF.

Croatia explains that data acquired from RIFs is cross-referenced with national public databases to find connections between subjects that do not seem interlinked. This is based on experience gained on interagency cooperation in the fight against counterfeited goods. In addition, a national database is developed to log all activities related to individual RIFs. In this context complexity of exporting of data from CRMS into a national database is mentioned.

Also the National Risk Analysis Centre in **Spain** analyses on a permanent basis risk-relevant information received from other Member States through CRMS. The information is disseminated to the relevant risk management units for national application.

Bulgaria mentions national efforts to improve risk management in the area of air passengers as well as enhancement of controls for rail transport and analysis of X-ray images for control decisions.

4.2.2	ONGOING	Analyse and identify options for further enhanced pro-active cooperation, coordination and better risk assessment of the supply chain on a real-time basis in cooperation with the Member States
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In regard of enhancing complementarity between customs risk-based controls and customs investigations, the amendment of the Regulation (EC) No 515/97 by Regulation (EU) 2015/1525 is very relevant. The CSM directory is provided for in Article 18a paragraph 4 and shall be operational as from 1 September 2016. Designated analysts in the Member States and Commission will have an access to this directory. For the input of data from CSM a pilot project is carried out with selected container carriers associated in the World Shipping Council. This pilot verifies the feasibility as well as technical problems with transfer of data.

Further study would be needed as to how the data can be applied both for customs investigations and risk management processes covering the full range of risks as defined in the Article 5 (7) UCC under the CRMF. The most appropriate option identified should be reflected in IT solutions to be developed.

This should include identification of the appropriate governance to ensure that development and administration of the existing and future IT systems are formally shared between the relevant Commission services in accordance with data protection rules.

The Customs 2020 **Contraffice-ENS Pilot Project Group** has tested, through the experimentation performed at the JRC and by using its ConTraffic system, the application of data analytics techniques in the combination of container status movement ConTraffic data primarily with ENS data as well as pre-arrival datasets. Over 2016-2018 the group will be supported by the JRC in the development of a preliminary solution design for effective integration of CSM collected in the common directory into real-time

pre-arrival risk analysis of ENS and in flexible analytics. This will determine capacity needs and describe technical and operational implementation requirements. This project is also linked to Objective 2. Commission services strongly support the work carried out by the JRC on this pilot.

The Customs 2020 **Data Mining Project Group**, launched by **Lithuania**, will also help improve the skills and knowledge of the Member States in the use of the relevant techniques in identification of customs risks. The group has exchanged experiences and identified relevant tools, capacity issues and practices in data analytics. The areas in which data mining can complement customs risk management will be further explored and tested in 2016-2017. For this purpose the mandate of the project group will be extended.

The **Horizon 2020 security research programme** call for the 2017 work programme will call for Research and Innovation Action on architectures and organisations, big data and data analytics for customs risk management of international goods supply chain trade movements. The scope will be to identify appropriate solutions of intelligent use and management of complex and large amount of data, exploiting unstructured data, supporting operational and situational awareness of customs authorities, adding intelligence (trends analysis, correlation analysis, etc.) by means of state-of-the-art technologies including in the fields of big data, data analytics, data mining, visualisation, and intelligent user interfaces.

4.2.3	ONGOING	Put forward and implement appropriate solutions (including IT) for developing necessary further risk management capacities at MS and EU level (considering also solutions proposed by EU-funded research projects) including enhanced cooperation and coordination between the customs authorities
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The development of ICS 2.0 with a common repository for ENS (see actions 1.2 and 2.2) is an important project to provide an appropriate IT solution to support the increased risk management capacities at EU and national level. In their progress reports many Member States indicate that they are urgently waiting for a proposed way forward of the project: **Croatia, Cyprus, Denmark, Estonia, Finland, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, and Slovenia.**

Another IT development is the **CRMS re-shape**, for which a business case document is finalised. Together with this document, a project delivery planning and cost expectations are provided, as well as proposals for IT architecture.

Also at national level, new IT developments are launched, for example in **France**: national systems in the direct ICS field are currently being modified. A new IT general architecture is already implemented in the national IT centre. New modules are being delivered and will also be constantly modified, National Base of Controls (BANACO Base Nationale des Contrôles), and screens for real-time treatment of risks.

Research and Innovation:

Member States actively participate in the following projects funded by Horizon 2020:

- 1) BES-09-2014 — supply chain security topic 2: Technologies for inspections of large volume freight — project called **C-BORD** (Container inspection at border control points). The aim is to develop innovative tools for customs controls which — combining the non-intrusive X-rays advanced type technologies for the diagnosis of customs risks — allow the detection of dangerous and illicit substances (such as explosives, chemical agents), radiological or nuclear risks, tobacco and illicit drugs (specifically through the sniffer technology), and other customs offences. **France, Italy, Hungary, the**

Netherlands and Poland.

2) BES-14-2014 — Ethical Societal Dimension topic 1: the Human factors in border control — project called **BODEGA**. The aim is to improve the approach to border control operations, developing methodologies, tools and practices to make controls more effective. Particular focus is placed on reducing the information gap between the border authorities, the development of control methods that analyse the behaviour of travellers, the simplification of the verification of travel documents, and the creation of a video surveillance system to monitor broader cross-border areas. **France, Greece, Italy** and private entities.

CORE project:¹⁶

The aim is to strengthen and extend the capabilities of the European Union to make the supply chain safer and more efficient. **Belgium, Italy, the Netherlands and the United Kingdom** participate in cooperation with private partners in so-called demonstrators: such as Work package (WP) 14: Demonstrator FALACUS: FAsTLANe through CUsToms, dedicated to the realisation of the pilot system for a ‘fast lane’ at European level to secure the supply chain logistics of ceramic products for export to the United States (Interport Bologna — Port of La Spezia — USA).

Dutch customs is participating in one of the WPs focusing on the port of Rotterdam. The objectives of this demonstrator are to integrate logistics and security requirements in the supply chain design and planning; to identify benefits of coordinated border management and to improve supply chain visibility for supervision in trade lanes.

The Netherlands indicates that innovation is also a topic in the **air passenger traffic**; i.e. to strengthen the intelligence function by getting access to TRIP (Travel Information Point). TRIP provides more opportunities for analysis and contributes to the development of a single window. In this context, Bulgaria mentions the availability of PNR data for the purposes of air passenger traffic risk analysis. Amendments to the legislation have been made adopting regulations on the provision of such data and its processing by the national agency for National Security.

Furthermore, **Bulgaria** is implementing new technologies, for example to enhance the effectiveness of customs controls of consignments transported by rail through a stationary X-ray system for inspection of trainsets and transported goods. Another project is to enhance efficiency in interpreting X-ray images in order to better prepare an appropriate control decision through creation of a centralised database for non-intrusive inspection images.

Such a centralised X-ray database of NII images exists in **Poland**, at the National X-ray Inspection Centre in Gdańsk. The central X-ray Image Data Base collects images and their descriptions, based on which specialised libraries of comparative materials are established. The centre in Gdańsk provides mechanisms as well as organisational and functional solutions supporting efficient and effective operation of the customs authorities and flexibility for responding to any needs arising from a changing customs environment. The centre also ensures complex coordination and efficiency monitoring of the use of the X-ray devices by customs.

Dutch customs is also exploring innovative technologies for auto-detection of goods. Regarding detection technology, the approach aims to challenge companies to develop new products that increasingly meet new demands and requirements. Applications should not only generate images, but interpret those images. In addition, a tool called

¹⁶ CORE is a consortium created under the umbrella of Horizon 2020.

CLARISSA is developed together with a commercial partner. The current development of CLARISSA is a dashboard that can be used as additional data from external sources and used in the risk assessment of paper-based declarations. JRC supports the CLARISSA project through the provision of data from its ConTraffic system.	
DELIVERABLES: all three deliverables are ongoing	
	Report of the analysis and/or evaluation of the outcomes of the pilot(s)
	At MS level further necessary IT and other relevant risk management capabilities are developed.
	At EU level further necessary IT risk management capabilities (e.g. enhanced CRMS) or other relevant capacities are developed.

Action 4.3		Develop further national and EU level customs threat and risk assessments for the full range of threats and risks
4.3.1	ONGOING	Work on a strategic analysis to identify trends of illicit trade crossing EU borders with a view to better identify common profiles of illicit trade within the CRMF
<p>A CRMS analysis group (Commission and Member States) has thoroughly analysed 2013-2015 data available in CRMS. The group has produced five specific trend analysis reports on 1) counterfeit, 2) financial risks, 3) health (including animal, public and plant health) and safety risks, 4) security risks and 5) illicit drugs. The information provides customs authorities with a better insight and situational awareness of trends and developments in illicit trade. The work of the group has contributed to the CRMS re-shape document in particular in the part dedicated to data analytics and reports. It enables customs to better identify common risk profiles and refinement of common risk criteria.</p> <p>The annual overview of the LFCG also provides an analysis of key trends based on data from detections made at each of the 171 commercial road and rail Customs Border Crossing Points and RIFs produced during a given year concerning road and rail traffic.</p>		
4.3.2	ONGOING	Develop customs threat and risk assessments <u>at national level</u> and ensure that their results are shared and deployed in the CRMF and used for development and refinement of the common risk criteria and standards, where appropriate
<p>Austria, Cyprus, the Czech Republic, Estonia, Germany, Ireland, Latvia, the Netherlands, Slovenia and Sweden mention that this action is part of daily operations.</p> <p>Italy, as a member of the CRMS analysis group, implements the outcomes of the group's analysis. The customs agency has also reached an agreement with the main international express couriers in order to directly access their handling systems to detect immediately new trends and threats in the risk field. In addition, Italy has developed an automated tool (SIDDA). This tool assists Italian customs in trend analysis for — amongst others — undervaluation, based on statistical analyses of data from customs declarations on the unit price of consignments.</p> <p>Poland has developed a similar IT tool (based on statistical measures) for preventing undervaluation of customs value in textiles and footwear for imports in Poland. This has contributed to an increase of the declared customs values for the above-mentioned goods.</p> <p>Dutch customs is participating in national meetings concerning the EU policy cycle and</p>		

national operational activities for EMPACT (Organised crime threat assessments). On a tactical level, senior customs officers and management meet with their colleagues to discuss and verify national threat analyses. In view of multi-agency cooperation (Objective 5) at a more operational level, customs intelligence officers liaise with their counterparts in various other law enforcement agencies. The aim is to ensure sharing of relevant targeting information.

Cyprus informs that the national Government Data Warehouse has been recently developed in order to collect, link and analyse information obtained from various databases, including ICS, ECS, customs declaration systems etc. Various reports can be produced including risk assessments and compliance measurement, through the results monitored by appropriate KPI's.

In **Lithuania**, the Customs Criminal Service prepares annually the list of priority directions for the coming year. Threat assessment and discussions between leading experts take place in preparing that list, which is approved by order of the director of the Customs Criminal Service. Hence, the list is made available for obligatory use to all officers of the Customs Criminal Service. The list of priority directions for 2016 contains: control of circulation of narcotics and precursors; control of illegal transportation and command of excise goods; focus on organised crime and most dangerous offences; further improvement of risk management and targeting; strengthening cooperation with other national control institutions and with institutions in other countries, as well as with international organisations.

Poland has structured Task Force Groups specialised in most of the strategic areas of functioning of the Customs Service such as tobacco products, mineral oils and illicit drugs. These groups coordinate and/or initiate actions at local as well as national level. They also coordinate the cooperation with other government agencies. The Strategic Centre of Analysis of Customs Service (NRAC) creates strategic analytical reports which are implemented in the Polish automated customs environment ZISAR.

4.3.3	ONGOING	Develop customs threat and risk assessments <u>at EU level</u> and ensure their results are shared and deployed in the CRMF and used for development and refinement of the common risk criteria and standards, where appropriate
See the work carried out by the CRMS analysis group as mentioned above for action 4.3.1. The group continues updating analysis of data for specific risks in 2016.		
DELIVERABLES: work is ongoing to contributing to all three deliverables		
	Structure for strategic analysis identifying trends of illicit trade	
	Improvements at national and EU level for assessment processes	
	More precise risk criteria and selection standards including for customs procedures following entry	

Action 4.4		Further develop EU common risk criteria and standards (CRC) for the full range of risks, in cooperation with the competent services
4.4.1	ONGOING	Develop further, under the CRMF, EU common risk criteria, where relevant, together with competent authorities for full range of risks associated with goods movements

This action occurs for 11 different policy areas and the involvement of all relevant Commission services: Aviation security; Product safety and compliance; Health and consumer protection; Animal, food, feed and plant health and safety; Intellectual Property Rights; Financial risks; Non-proliferation and conventional weapons; Environment (Waste, ODS, Wildlife trafficking, Chemical products); Drug precursors; Cash controls and Cultural goods.

Aviation security: development of the Air cargo security CRC and Risk Indicators commenced in 2015. As these criteria and risks are of multi-agency concern, the work has been carried out together by Commission services and the national customs, civil aviation, and counter-terrorism experts within an informal working group. A draft set of the CRC and risk indicators went through first consultation with all national civil aviation and home affairs authorities from the 28 EU Member States, Switzerland and Norway. The consultation was completed in December 2015, with substantial contribution from the civil aviation authorities and lack of input from the national authorities responsible for home affairs (i.e. security and intelligence agencies). An increased and more substantial input from the home affairs authorities is a challenge that should be addressed in the next phases of the project. The operational implementation of these criteria and risk indicators depends on the operational implementation of the Objective 1 and 2 (including the additional risk analysis capacity envisaged to be able to electronically implement risk rules for these criteria at EU level). An end-date for completing this project can therefore not be indicated yet.

Product safety and compliance: A document named ‘Cooperation between Customs and Market Surveillance Authorities (MSA) on risk management in the area of product safety and compliance controls on imported goods’ was finalised and shared with Member States in December 2015. The document provides a methodology for exchange of risk information between customs and MSA. Over the years, numerous operational activities have been undertaken in the product safety and compliance sector.

On a regular basis, Commission services selects RAPEX notifications, which are transformed in RIF and uploaded in CRMS.

Health and consumer protection: factsheets for a selection of legislations in the area of health and safety, setting prohibitions and restrictions at the border have been drafted in close cooperation with Member States and Commission services. Each factsheet gives the description of the legislative framework, the role of customs and the documentary and physical checks to be applied, and cooperation with other authorities. These factsheets (PARCS) provide a basis to evaluate the best place for customs to control and whether further recommendations for customs and other agencies need to be formulated.

Animal, food, feed, plant safety: for this area Commission services have worked together on the establishment of the factsheets (PARCS) as mentioned above. The factsheets were discussed with Member States and distributed after finalisation.

A workshop with customs and veterinary authorities was held in March 2016. Issues of common interest for both authorities were discussed, such as scenarios of import

controls, cooperation between authorities, transit, and the EU Single Window (CVED).

To handle requests for cross-border cooperation in cases of non-compliance in the food and feed chain, each Member State has appointed a contact point within the EU Food Fraud Network. The network has been operational since July 2013.

Intellectual Property Rights: due to lack of resources no concrete development of CRCs has been done.

Financial risks: this concerns mainly misclassification of goods, Anti-Dumping Duties, undervaluation, origin, simplified procedures and use of the customs procedure 4200. A first proposal for common risk criteria will be submitted for endorsement to the Customs Code Committee — Section Controls and Risk Management by the end of 2016.

Non-proliferation and conventional weapons: concerning **dual-use goods**, a joint simulation exercise (SIMEX) with involvement of customs authorities as well as licensing authorities was organised in 2015. Priority Control Action (PCA) COSMO was carried out in 2015 to support and complement a joint action initiated by the WCO. The objective was to streamline the information from EU customs and to underline the complementarity of actions.

In December 2015 the Commission published a Communication on an EU action plan against **illicit trafficking in and use of firearms and explosives**. Recommendations from this report include the setting up of a PCA with Member States on the illicit trafficking of firearms and — as far as possible — explosives, at the external borders and developing potential CRC.

Environment (Waste, Wildlife trafficking, Chemical products): an EU risk profile following the Tianjin blast has been set; updated general risk information is shared with the Member State customs authorities. An EU RIF has also been issued on the illegal exports of Anguilla Anguilla fish (CITES-product).

Drug Precursors: an EU Drug Precursor Project Group meeting on ‘Risk analysis/management in the field of drug precursors’ was organised in 2015 in Sofia. The event gathered members of the ‘Customs 2020 Drug Precursor Project Group’, EU Member State experts on drug precursor legislation and risk analysis/management, third country experts from Colombia and Peru, and experts from the International Narcotics Control Board (INCB) and the US Drug Enforcement Administration (DEA).

The EU Drug Precursor Project Group intends to meet in subgroups (sea traffic, air traffic, land traffic and express services) in order to discuss specific risk management related topics.

On a regular basis, RIF-messages concerning drug precursors are uploaded in CRMS. EU Member States are also frequent contributors to the Precursor Incident Communications System (PICS) of the International Narcotics Control Board.

Cash controls: development of CRC for cash movements is ongoing.

Cultural goods: This concerns mainly the restrictions on the import of cultural goods from Iraq and Syria. An EU risk profile for imports has been created. In order to identify the parameters of this problem and establish an appropriate risk management approach in this area, we need more expertise from various sources in the field, including the expert group that was created on Customs and Cultural goods.

4.4.2	COMPLETED	Propose and adopt adequate legal acts for the new EU common risk criteria
<p>To ensure continuous harmonised application of risk analysis and controls in the area of security and safety based on established common risk criteria and standards, it is necessary under the UCC to review the Commission Decision No C (2009) 2601 of 15 April 2009, since its legal basis expired on 1 May 2016 following the entry into application of the UCC. The amendment contains the minimum necessary changes, as the substantial review of the existing common risk criteria, the establishment of the new ones (e.g. air cargo security) and any other relevant aspects, such as the ones stemming from the implementation of the Objectives 1 and 2 of the Strategy, will need to be addressed at a later stage as appropriate.</p> <p>The favourable vote on the draft proposal for a Commission Implementing Decision on common security risk criteria and standards (entry and exit) took place in the Customs Code Committee on 18 March 2016.</p>		
<p>DELIVERABLES: the legal act is adopted. CRCs are implemented in PCA where necessary and ongoing. CRCs currently being developed in areas such as air cargo security, financial risks and others will be integrated in the future Commission Decision (see also the next action 4.5.1)</p>		
	COM acts in the framework of the current CCC and UCC establishing CRC	
	CRC implemented via Priority Control Actions	

Action 4.5	Systematically monitor, evaluate and improve implementation of the EU risk management by the MS and measure performance of the CRMF
4.5.1	<p>ONGOING</p> <p>Continue to evaluate and improve the effectiveness and efficiency of the existing CRC; improve the arrangements for CRC review</p>
<p>As regards the air cargo security CRC and risk indicators, any move towards legal adoption is pending the evolution of the project of developing these criteria, which effectively depends on the target date of Implementation of Objective 1 and 2, together with the appropriate additional risk analysis capacity to support the implementation of CRC/risk indicators by the MSs (i.e. risk engine for execution of risk rules/ algorithms).</p>	
4.5.2	<p>ONGOING</p> <p>Develop a structured approach (evaluation cycle) for systematically monitoring, evaluating and improving implementation of EU risk management by the MS and measuring the performance of the CRMF, to ensure harmonised, effective and efficient implementation</p>
<p>The systematic CRMF evaluation cycle concept is in development in close consultation with the Member States. The overall concept and the specific areas for the CRMF evaluation cycle and Customs Union Performance (CUP) are mutually supportive. Coordination is ensured between the Customs Code Committee — Section Controls and Risk Management and the CUP Project Subgroup on controls. The work of that subgroup is dedicated to improvement and further development of performance indicators in the field of control.</p> <p>There exists a separate set of indicators for post-clearance controls. A summary of key</p>	

figures and trends on control indicators is regularly prepared in CUP Analytical and Annual Reports. Cooperation of the CUP project and the risk management area has been established. The cooperation covers several aspects: exchange of information on the current state of play and further plans, consultation on summary reports and definitions of performance indicators, creation of a structured list of areas for further development of performance indicators on customs controls.

The following activities are planned to be carried out:

- Joint meetings of the CUP Steering Group with risk management experts.
- Detailed analysis of CUP 2015 data. 2015 Analytical and Annual Reports will be prepared in the first half of 2016 in cooperation/consultation with the control and risk management area.
- A survey on three areas: border management/passenger traffic, mobile controls and non-intrusive inspections. The outcome of the survey will create a basis for considering the approach and identifying potential candidates for further performance indicators in the control area in cooperation between the CUP and CRMF. This is planned for 2016/2017.
- An amended version of definitions for the current CUP performance indicators on controls will be prepared aligning them with the UCC and DA/IA, by end of 2016.

DELIVERABLE: work is ongoing to contributing to the deliverable

CRMF performance measurement implemented (CRMF evaluation cycle)

4.5 Objective 5: Promoting interagency cooperation and improving information sharing between customs and other authorities at Member State and EU level, in order to ensure effective risk management

Interagency cooperation means cooperation between customs and other authorities.

Ensuring border-crossing for persons and goods that is both secure and smooth and fast, while also applying the rules on border checks and customs control has become a challenge at many border-crossing points, with the overall flow of goods and persons increasing. Interagency cooperation between the authorities responsible for checks on persons and control of goods could facilitate this task. Customs services' ability to carry out effective risk assessment depends on information and intelligence received from other agencies. Some examples of such cooperation are mentioned in the following paragraphs, and more specific details are given in the description of the actions.

The guidelines on cooperation between **customs and border guards** working at the external borders issued in 2013 are a practical tool that supports cooperation in a structured way (i.e. by synchronising both the timing and location of checks). The guidelines provide informal and non-binding guidance for Member States in eight areas of cooperation, depending on the specific national circumstances (e.g. the organisational structures in place and the local situation). The eight areas include: synchronised checks, joint planning of infrastructure and procurement, information exchange, risk analysis, equipment, investigations, joint operations and training.

A document on cooperation between customs and **market surveillance authorities** (MSA) on risk management in the area of product safety and compliance controls on imported goods was finalised in December 2015. It provides a methodology for the exchange of risk information between customs and MSA. A large number of operational activities have been undertaken in the product safety and compliance sector in recent years, mainly as part of joint enforcement activities for MSA and customs financed by grants from the consumer policy budget. The increased value of goods sold via the internet (e-commerce) being imported into the EU, which take the form of a high volume of small parcels, presents a new challenge for enforcement authorities, including customs, who need to enforce prohibitions and restrictions through effective risk management and controls.

At **national level**, customs authorities cooperate with other border and law enforcement authorities, either through customs representatives in ministerial councils or on the basis of cooperation agreements or memoranda of understanding with other authorities. Some examples from Member States include the following:

- In the Netherlands, the control of goods by different authorities is coordinated by a state inspectorate terminal at the port of Rotterdam and a joint inspection centre at Schiphol airport.
- Croatian and Spanish customs authorities have signed cooperation agreements for integrated border management with relevant authorities from the ministries of Agriculture, Health, Maritime Affairs and others.
- Finnish customs has a cooperation framework with the national transport agency set up through Portnet, in which notifications of the arrival and departure of

vessels are centrally collected and can be used for risk analysis of Entry Summary Declarations (ENS).

- The Italian customs agency is the coordinating body for the Italian Single Window system. (For further details, see action 5.1.4).

Customs' contribution to the fight against organised crime and the related **police-customs cooperation** is described in more detail under action 5.3.

Action 5.1		Develop further cross-sectoral cooperation arrangements, improve sharing and accessibility of (risk) information and customs involvement in risk and threat assessments
5.1.1	ONGOING	Develop further the cooperation arrangements between customs and other competent authorities, with a view to ensuring complementarity of roles in supply chain risk management
<p>For the development of multi-agency cooperation 10 main areas of cooperation have been identified: Law Enforcement; Intellectual Property Rights; Transport (maritime and aviation security); Animal, food, feed and plant health and safety; Product safety and compliance; Health protection; Environment; Tax; Non-proliferation and conventional weapons; and Cultural goods. Outcomes from actions ongoing under the objectives 3 and 4 deliver an important input in establishing cooperation arrangements between customs and other authorities.</p> <p>Law Enforcement:</p> <p>A Customs 2020 High-Level Seminar on cooperation between border authorities was organised by the Latvian Council presidency in Riga (May 2015). This seminar on passenger controls identified an agenda for further work and cooperation between customs and other border authorities, e.g. to ensure that advance passenger data are also available for customs use.</p> <p>For cash movements controls an analysis and evaluation of current information sharing mechanisms is being conducted against the backdrop of the ongoing revision of Regulation (EC) 1889/2005.</p> <p>Intellectual Property Rights:</p> <p>A High-Level Conference on cooperation between the authorities in the fight against infringements of IPR took place in February 2016 and highlighted the difficulties in the area of systematic exchange of information between all law enforcement authorities, prosecutors and judicial authorities.</p> <p>For the linking of COPIS with AFIS the inception activities are ongoing. The date for launching the production is estimated for Q2 2017.</p> <p>Transport (maritime and aviation security):</p> <p>Concerning aviation security see the details on development of common risk criteria outlined under action 4.4.1.</p> <p>For the maritime domain, the Commission launched a study (March 2016) in order to analyse risk assessment capacities within Coastguard functions including Customs in the area of maritime security. The study is expected to contribute to a better overview of multi-agency cooperation in conducting risk assessment tasks of individual authorities,</p>		

and to provide recommendations in this area. The results are expected for spring 2017.

In the area of maritime transport the Commission has launched the **DTLF** in 2015. This Forum aims at the further digitalisation of freight transport and logistics. It brings together Member States and stakeholders from transport and logistics communities in order to identify areas where common action in the EU is needed. (Further details are mentioned under Objective 2, Action 3).

Within the framework of the **EU Maritime Security Strategy** various initiatives are ongoing in the area of improving multi-agency cooperation and exchange of information. At EU and national level customs actively contributes to improving supply chain security and supports risk-based surveillance of goods movements in the maritime domain in the fight against terrorist and organised crime activities such as the smuggling of goods and the trafficking of arms and narcotics, along with cross-border movements of cash as proceeds of this illegal trade. The development of a Common Information Sharing Environment (CISE) promotes the exchange of relevant information among the different authorities involved in the maritime area. CISE has been developed as a meta-project for enhanced cooperation and information exchange between civil and military authorities with a view to further enhance a common maritime situational awareness picture and data exchange. With the aim of improving supply chain security and supporting the risk-based surveillance of the movement of goods in the maritime domain, CISE promotes the exchange of information between the different authorities involved in the fight against terrorist and organised crime (e.g. smuggling of goods, trafficking of arms and narcotics and cross-border movements of the cash proceeds of illegal trade). In the context of CISE, relevant EU agencies (e.g. EMSA, EFCA, FRONTEX, EDA and EUROPOL) and other European agencies (e.g. ESA) are invited to reinforce cooperation between those agencies. Also, the Pre-Operational Validation project 'EUCISE2020' is to test CISE at large scale by 2017-2018, followed by a step-by-step implementation until 2020.

Animal, food, feed and plant health and safety:

A workshop with **customs and veterinary authorities** was held in March 2016, further workshops should be planned with other sanitary import control authorities. See further details under action 4.4.1.

To handle requests for cross-border cooperation in cases of non-compliance in the food and feed chain, each Member State has appointed a contact point within **the EU Food Fraud Network (FFN)**. The network has been operational since July 2013; and since its creation the Commission has observed a marked increase in the number of exchanges from 30 in 2013 to more than 100 in 2015, adding up to more than 200 cases in total since the creation of the network.

A dedicated IT tool, the **Administrative Assistance and Cooperation (AAC) system**, was launched on 18 November 2015 to facilitate the exchange of administrative information between national authorities. At a later stage, it will be made available also to the liaison bodies working on cases of Administrative Assistance and Cooperation not related to fraudulent practices. Only Member State Authorities can introduce information on fraud cases into the AAC system, not the Commission.

A project initiated by the Commission integrating electronic Certificates of Inspection (COI) certifying the organic status of agricultural products exported from third countries to the Union in the **TRACES** is ongoing. The pilot creates an interface including risk management information giving input to customs' automated systems for import declarations.

EU Single Window CVED: Synchronised communication with TRACES is already

working with the national customs authorities in the **Czech Republic, Ireland, Slovenia, Latvia** and partly in **Poland**. With other Member States (AT, CY, NL and LT) conformance testing is planned.

Notifications from the **RASFF data base** are regularly transformed in RIFs.

Product safety and compliance:

In the framework of the support to Member States for the implementation of common guidelines for customs and market surveillance authorities, 25 visits took place from 2012 until October 2015. Two more visits will be carried out in 2016. These visits provide customs authorities with a better view on the objectives of market surveillance authorities and other organisations at national level as well as EU level. There is a specific reference to the treatment of Small- and Medium-sized Enterprises.

With the use of **RAPEX** relevant notifications are selected which are then transformed in a RIF and uploaded in CRMS on a regular basis. However, specific information requested by customs related to routing, means of transport, goods description is not always available to market surveillance authorities' (MSA) activities. This is understandable where MSA take measures within the EU and customs enforces controls at the external border at the moment of entry and import of goods.

See also details mentioned under action 4.4.1.

Health protection:

Commission services are closely working together on the **draft official control regulation** which should repeal Regulation (EC) No 822/2004 to ensure appropriate cooperation structures between customs and sanitary import control authorities. The new draft regulation is still in discussion at the Council in the frame of the co-decision procedure. It is expected that the new regulation will be adopted at the end of 2016.

The development of the **tobacco traceability solution** required under Article 15 of the Tobacco Products Directive is important. Commission services cooperate to make certain that there is customs input and advice on customs risk management needs: notably access to the data for CRM processes, and referencing of the solution at the relevant moment in the customs declarations (including pre-arrival/pre-departure and NCTS).

Environment:

In response to the problem of illegal logging and related trade, the European Commission launched an Action Plan on **Forest Law Enforcement, Governance and Trade (FLEGT)**, setting a range of measures for tackling illegal logging in the world's forest. Within the framework of FLEGT Regulation, the cooperation and communication between customs and other competent authorities is a key element of the implementation of border controls. For the support of customs in effectively carrying out their tasks, the European Commission Notice: Customs and FLEGT Implementation Guidelines - Public Summary, was published in 2014. Furthermore, FLEGIT (IT system) has been developed by Commission services for the electronic management of FLEGT licences by Member States competent authorities and customs authorities. Those authorities have also received training on FLEGIT in Brussels in the first half of 2016, while onsite training sessions have been scheduled for the second half of 2016 in interested Member States

The EU Timber Regulation (EUTR) is the key instrument for the implementation of the FLEGT Action Plan, to address the problem from the demand side. EUTR prohibits the placing by operators (i.e. any (natural or legal) person first placing timber on the EU market) of illegally harvested timber on the EU market. Although the regulation does not stipulate measures for border control measures, a better access to customs data, regarding

the identification of operators and relevant import data from competent authorities is essential. This information exchange will facilitate checks using a - risk based approach-supporting more effective enforcement of EUTR.

For 2017 a joint workshop is considered to be organised for customs and competent environmental authorities on **Invasive Alien Species**.¹⁷ This concerns enforcement to prevent such species, for example exotic algae or insects that can damage the environment, entering the EU.

For the control of cross-border controls on **shipments of waste** between the EU and China, a set of recommendations has been endorsed by a mixed group of customs and environmental authorities (EU and China), including a recurrent data collection and analysis exercise to support risk management activities (first exercise to be completed by end 2017).

Tax:

Fiscalis 2020 Group No 10 issued its report at the end of 2015. The group provided recommendations on how to **enhance the cooperation between customs and tax** administrations. The multiple connection points between the two types of administration were identified as well as the specification of information to be exchanged. The group identified points for attention in the following areas of interest: Customs Procedure 42/63; Valuation of goods in customs procedures; Excise products and Tax collection. The proposals will be used as a starting point for further elaboration to improve tax and customs cooperation.

Non-proliferation and conventional weapons:

A joint **simulation exercise** (SIMEX) with involvement of customs authorities as well as licensing authorities was organised in 2015. Also a Priority Control Action (PCA) was carried out in 2015 to support and complement a joint action initiated by the WCO. The objective was to streamline the information from EU customs and to underline the complementarity of actions.

Cultural goods:

It has been widely reported that **illicit trafficking of cultural goods** is a source of terrorist financing. To enforce restrictions on the import of cultural goods from Iraq and Syria, a RIF for imports has been created. To further identify the parameters of the problems related to the import of cultural goods and determine an appropriate risk management approach, the Commission has launched a study to map the situation in the EU, the conclusions of which are expected by the end of September 2016. The study should also suggest solutions (binding measures, coupled perhaps by 'soft-law') on how the problems can be best tackled. A Commission proposal for a legal instrument regulating the import of cultural goods is expected by mid-2017.

¹⁷ Regulation (EU) No 1143/2014 of the European Parliament and of the Council of 22 October 2014 on the prevention and management of the introduction and spread of invasive alien species.

5.1.2	ONGOING	Ensure customs participation in relevant supply chain security threat and risk assessments done at national and EU levels and ensure the integration of this work in customs risk management of the supply chain
<p>At EU level most details related to this action are given in the reporting above on the actions 4.4.1 and 5.1.1.</p> <p>Belgium, Greece, Ireland, Italy, Poland, Portugal, Slovakia, Slovenia and Spain report that their customs authorities are part of a national structure in which competent authorities participate, mostly at ministerial level, to ensure national threat and risk assessments in various policy areas, e.g. on firearms and dual-use goods.</p> <p>Belgium mentions cooperation between the national market surveillance authority and customs in the area of product safety, ensuring an appropriate exchange of control and risk information.</p> <p>The Netherlands mentions a Joint Data Analysis for analysing risks for air passenger controls jointly between customs and the border guard authority.¹⁸ A maritime operations centre is planned to be developed by the national coast guard, in which customs also participates. Concerning cooperation with the coast guard, Latvia refers to the use by customs of SafeSeaNet¹⁹ operated by the European Maritime Security Agency.</p> <p>Croatia informs on agreements that customs signed regarding mutual cooperation and information sharing with other authorities, such as the police and the tax service. An agreement for integrated border management was also signed between customs and Ministry of Interior, Ministry of Finance, Ministry of Agriculture, Ministry of Health, Ministry of Foreign Affairs, Ministry of Maritime Affairs, Transport and Infrastructure, Ministry of Tourism and Croatian Personal Data Protection Agency. Cooperation and information sharing structures not based on formal agreements exist also with other authorities in the area of product safety and dual-use goods. Also Slovenia points out improved cooperation with the Ministry of Economy at national level on the licensing of dual-use goods in order to avoid diversion of export of goods for which an export licence has been denied.</p> <p>In the area of risk and threat assessments on fiscal fraud, Lithuania established a risk analysis centre in 2014 by joint order of the Customs Department, State Tax Inspectorate and Financial Crime Investigation Service. It is run by a group of representatives from each of the institutions ensuring a continuous exchange of information.</p> <p>In Estonia strategic comprehensive risk analysis (Base analysis) is established by customs annually. This covers all known risk areas and is used, among others, as a base document for creating new risk profiles. Customs shares these analyses with the police authorities and border guards.</p> <p>An agreement on mutual cooperation in the area of waste management between the Financial Administration and the Slovak Environmental Inspectorate is currently being discussed. The agreement foresees joint controls of cross-border movements of waste and exchange of information between the relevant authorities. Also, regular meetings are organised to ensure cooperation and exchange of information between customs and other authorities on the implementation of FLEGT and IPR.</p> <p>In Spain cooperation between customs and other authorities is operating in national</p>		

¹⁸ De KMAR: de Koninklijke Marechaussee (Royal Military Police).

¹⁹ SafeSeaNet is a vessel traffic monitoring and information system.

structures for exchange of information between the relevant authorities and customs, concerning denials for licences of dual-use goods, from TRACES, and from MSA. Customs uses this information in their risk analysis processes.

Sweden emphasises cooperation mechanisms between customs and other law enforcement authorities to coordinate and combat organised crime.

Luxembourg indicates that their customs authority can interact at any given time in the supply chain based on transport and commercial related data which is not yet declared to customs. These data can be required by means of memoranda of understanding (MOU). Multi-agency cooperation is partly done under an ongoing project for establishing a national single window.

Since June 2015, **Portuguese customs** is part of the National Superior Council for Internal Security. This Council is responsible for threat assessment in all issues related to security and advises the Prime Minister in such matters. In matters of security, also **Denmark** indicates that there is a structure in place at national level for cooperation between relevant services, including customs.

In the area of cooperation with aviation security services, **Croatia, Cyprus, Finland and Latvia** mention planned activities in the near future.

5.1.3	ONGOING	Develop together with the competent authorities the EU common risk criteria and standards and mechanisms for their regular evaluation and review, where appropriate
<p>Concerning the development of CRC see the details on ongoing activities given under Objective 4, actions 3 and 4.</p> <p>The development of mechanisms for regular evaluation and review is described in detail under Objective 4, action 5.</p> <p>Concerning financial risks the issue of exports of out-of-quota sugar under Regulation (EU) No 951/2006 remains, which requires physical customs checks by reference to Regulation (EU) No 1276/2008. Regulation (EU) No 951/2006 is expected to expire when the sugar quota system expires at the end of September 2017.</p> <p>Agricultural import and export licences entail the personal obligation of the licence titular holder to have products released for free circulation or export. In order to enable customs and licence authorities to check this obligation, the Commission introduced the mandatory use of the EORI number in the licences. The customs procedure may, however, be carried out by a customs representative based on Article 18 of Regulation (EU) No 952/2013. The problem is that in certain complex representation formats the EORI number of the ‘importer’ or ‘exporter’ mentioned in the customs declaration is not necessarily the EORI number of the licence titular holder. In the framework of the AGRI CMO Committee, Commission services and Member States are in connection to come to solutions covering this problem.</p> <p>In the review of agricultural licence legislation, about to be finalised, the number of products for which an import or export licence is required has been drastically reduced in cases where the licence only serves as a means of market monitoring. This simplification could be achieved because the customs surveillance system has been significantly improved in terms of information generation and performance. In the meantime, using customs surveillance for agricultural market monitoring has been introduced as a standard for use of market monitoring by Commission services.</p>		

A system for local control coordination in concrete cases between customs, paying agencies, and licence-issuing authorities should continue for at least preferential and TRQ imports.²⁰ TRQs with a high quota rent (= profit) are sensitive for abuse on issues like origin or classification, e.g. garlic. Customs surveillance over time shows shifts in imports under certain CN codes or in origins per CN code. Such patterns can be normal, but could also identify an abuse interesting for further analysis.

5.1.4	ONGOING	Improve accessibility, sharing and utilisation of risk information from other authorities and ensure its timely integration into the risk management of the supply chains, including in ad hoc / crisis situations
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Sharing of risk information between customs and other authorities is done at a daily basis in **Austria, the Czech Republic, Denmark, Estonia, Finland, Greece, Germany, Ireland, Italy, Latvia, Luxembourg, Poland and Slovenia.**

Belgium indicates in the area of environmental issues an extensive collaboration between customs and the competent national authority, which has led to an integrated common risk management; including control results from the national authority being communicated to customs, on the basis of which customs risk profiles are updated. The cooperation also ensures risk evaluation and targeting. In addition, Belgian customs is developing automated data-mining tools in order to improve the targeting of risky consignments, and the development of a single window for import release is being considered with other authorities.

In 2016 a single information exchange system between the **Bulgarian customs** and the national Agency for Food Safety will be deployed in order to ensure that specific products of animal origin can only be released when authorised by the food safety authority.

In **Cyprus**, customs is a co-competent authority for the implementation of the National Action Plan for crisis situations regarding emergency response to radiological and nuclear incidents. The roles and competencies of the different authorities, including customs, are defined in the national plans. For customs there is a specific reference to exercising controls based on common risk criteria and information exchange through CRMS. **Swedish customs** also actively participates in national response plans for CBRNE.

In **France** an internal framework note has been concluded, defining and describing the actions to be done in real time to implementing newly identified risks in the CRMS platform.

Finland refers to the Portnet portal²¹ used nationally, supporting a single window approach in the maritime environment. Finnish Customs has developed the notification procedure for vessel traffic together with the Finnish Transport Agency, ship agents, shipping companies, other government agencies, harbours and other maritime operators. The electronic Portnet system provides for electronic submission to customs of notifications related to arrival and departure of vessels.

Integrated control of goods (one-stop-shop) is a reality in **the Netherlands** through the state inspectorate terminal (Rijksinspectie Terminal, RIT) Rotterdam and the joint

²⁰ Tariff Rate Quota is an agricultural term in the WTO agreement; used for agricultural products.

²¹ www.portnet.fi

inspection centre (JIC) at Schiphol Airport. Information is exchanged between customs and other authorities in many areas. For example, the programme NLIP (Neutral Logistics Information Platform) gradually develops facilities for the joint use of data. Customs is working with other governmental agencies and in consultation with industry players through the NLIP provision for one-time delivery, re-use and rendering of information. The Maritime Single Window, which will be phased in from the end of 2015, is a basic provision. Dutch Customs is also participating in the CORE project, of which one of the working packages is focusing on the Amsterdam Airport Schiphol. The objectives of this demonstrator are to demonstrate benefits of data sharing between value chain partners and between the different control agencies, including customs and phytosanitary control.

Since 2011 in **Italy** the Customs Agency has implemented the Italian Single Window system, where the customs administration acts as a coordinating and monitoring body. It collects all information and data required for clearance and exchanges them with economic operators and the other administrations (Health, Foreign Affairs, Transport, economic development, Agriculture, food and forestry policies etc.) involved through the electronic dialogue. Important is the one-stop-shop, which implies that controls by customs and other public administrations are carried out jointly and risk-relevant information is shared.

Lithuanian customs receives information on unsafe products from the responsible national institution on a daily basis and transfers this into risk profiles. They have only limited access to some police data and data from the State Border Guard Service. Furthermore, the actual exchange of information with other services is rather limited although mutual agreements are in place.

Portugal considers organising in 2016 a seminar for other authorities to explain the role and responsibilities of the customs authorities.

Slovakia will establish a joint analytic centre of **Police and Customs** with the aim to apply a common methodology of data evaluation (this activity resulted from the National Action Plan of the fight against tax fraud). It is being considered to introduce string matching technologies into the National Risk Profiling System based on the experiences from the Customs 2020 Project Group on Data Mining. There are also various projects planned at national level covering exchange of information with other national authorities such as the Nuclear Regulatory Authority, police and the civil aviation authority for PNR data and cooperation with control authorities for waste, FLEGT and dual-use goods.

Slovenia is also planning to develop an IT application for daily updates on denials for export of **dual-use goods**, issued by other Member States in cooperation with the Ministry of the Economy responsible for licensing exports of dual-use goods

For entry and exchange of information between customs and, for example, aviation security authorities, the further **developments and the final deployment of the system ICS 2.0** are important. A common repository is the core and fundamental prerequisite for the required improvements in data quality and availability (See objectives 1 and 2). **Germany and Italy** indicate that they are awaiting these developments in order to make the necessary changes at national level. Italy refers specifically to the targeted activities requiring cooperation with other national law enforcement agencies that can only be planned when the common repository and additional functionalities such as e-screening and risk analysis on pre-loading data for security purposes will be in place. The willingness of such national administrations in sharing info is a crucial turning point for such cooperation and the only way to get effective and efficient security risk analysis.

5.1.5	ONGOING	<p>Promote complementarity and coherency of initiatives from other authorities aimed to improve security of the supply chain to avoid undue disruption or burden to trade</p>
<p>Commission services are cooperating in order to ensure coordinated contributions and consistency to the development of various initiatives and finding synergies.</p> <p>European Agenda on security:</p> <p>Through various actions, customs contributes to the protection of European citizens with regard to ongoing increase of threats, in particular posed by terrorism and serious and organised crime: EU Maritime Security Strategy, Air cargo security, EU action plan against illicit trafficking in and use of firearms and explosives, EU action plan for strengthening the fight against terrorist financing, EU action plan against wildlife trafficking and the initiative on smarter and stronger information systems for EU borders and security (COM(2016)205).</p> <p>Maritime Safety and Security:</p> <p>Several actions from the customs Strategy also support the EU MSS as the two strategies share several objectives, in particular in the area of improving multi-agency cooperation and exchange of information. (See action 5.1.1). Furthermore, there is a Commission initiative to create a Contact Group developing common views on how to further enhance EU Coastguard capacities including information sharing, multipurpose operations and common practices; including the relevant actors such as customs.</p> <p>In 2015 the Commission launched the DTLF for the next three years. For details see action 5.1.1.</p> <p>Air cargo security:</p> <p>The Security Risk Rules Project for the establishment of specific risk rules for Air cargo security common risk criteria is another crucial project for customs authorities to contribute to the EU Security. See the details on the development of common risk criteria outlined under action 4.4.1.</p> <p>Non-proliferation and conventional weapons:</p> <p>A joint simulation exercise (SIMEX) with involvement of customs authorities as well as licensing authorities was organised in 2015. For further details see action 5.1.1.</p> <p>Product, animal, food and feed safety, protection of environment:</p> <p>CITES: The Commission has presented an Action Plan against Wildlife trafficking.²² Further implementation of customs-related actions is supported in the framework of the PARCS activities (See Objective 3).</p> <p>WASTE: For mid-2016, the adoption of Commission Implementing Regulation on the correlation of waste codes with customs tariff codes is foreseen. The Implementing Regulation intends to support customs in a more targeted selection of high-risk shipments of waste.</p> <p>FLEGT: Commission services have been consulted the customs aspects related to the implementation of the FLEGT Regulation.</p> <p>EUTR: the implementation of the EUTR to the product scope of the regulation is done with reference to CN codes.</p>		

²² COM(2016) 87 + SWD(2016) 38 final.

Intellectual Property Rights:

Within the framework of the EU Customs Action Plan to combat IPR infringements action 2.2.1 aims to improve customs' capabilities to detect IPR infringing goods in different kinds of consignments. Activities are ongoing involving cooperation between IPR specialists and customs risk analysis experts in order to improve the targeting of customs controls.

The impact assessment for the 'review of export control policy' is ongoing.

DELIVERABLES: work is ongoing contributing to all four foreseen deliverables

	Cross-sectoral cooperation arrangements
	Customs involvement in risk and threat assessment including crisis situations
	CRC for risk and threat assessment
	Procedures for sharing of information in crisis situation

Action 5.2		Strengthen the EU Authorised Economic Operator (AEO) concept through broader recognition and promotion by other authorities
5.2.1	ONGOING	Strengthen the EU Authorised Economic Operator (AEO) concept through its broader recognition by other authorities in the relevant existing or future partnership programmes or in the control regimes stemming from other policies
<p>Cooperation with other government authorities remains one of the core priorities in the context of the EU AEO concept.</p> <p>Aviation security: Regulation (EC) 687/2014 for regulated agents referring to AEO standards is implemented and continuously monitored by the responsible Commission services.</p> <p>Dual-use goods: In 2015, work was launched on the identification of synergies and possible strengthened cooperation between the EU AEO concept and a (future) market surveillance scheme. Besides, the work of the Joint Working Group on AEO-ICP Convergence resulted in final recommendations that were adopted by the AEO network and the Dual Use Coordination Group. A roadmap defining next steps regarding AEO-ICP Convergence has been drafted. Further increase of capacity building in the area of dual-use items is considered. Amendment of the AEO guidelines containing a reference to ICP has been completed.</p> <p>In the area of market surveillance and in other policy areas, possible cooperation will be further investigated.</p> <p>Concerning maritime security and product safety: discussions at national and EU level are ongoing in order to improve the mutual understanding of the different security schemes and explore possibilities for future cooperation between customs and other authorities.</p> <p>In the area of product safety and compliance, statistics have been collected on customs controls, based on visits at points of entry in Member States. The outcomes will be used for further elaboration of different compliance schemes.</p>		

DELIVERABLES: work is ongoing to contribute to both foreseen deliverables	
	Feasibility study
	Where appropriate, proposals for broader recognition of the AEO status in control regimes of other competent authorities

Action 5.3	Promote use of good practices and cooperation methods between customs and other national authorities	
5.3.1	ONGOING	Encourage the exchange of good working practices and cooperation methods between Member State customs and other national authorities (Customs 2020, CCWP)

PARCS Factsheets

Factsheets for a selection of legislations in the area of health and safety, setting prohibitions and restrictions at the border have been drafted in close cooperation with Member States and Commission services. Each factsheet gives the description of the legislative framework, the role of customs and the documentary and physical checks to be applied and cooperation with other authorities. These factsheets provide a basis to evaluate the best place for customs to control and whether further recommendations for customs and other authorities need to be formulated.

The cooperation of customs and sanitary authorities for controls on SANTE-regulated goods is laid down in these factsheets. In addition, there is a so-called positive list, Decision 2007/275/EC as amended by Decision 2012/31/EC, specifying all animals and products of animal origin which need to go for mandatory import controls to border inspection posts. A first joint workshop for customs and veterinary authorities regarding import controls on live animals and products of animal origin from third countries took place in March 2016 to exchange best practices and cooperation methods between Member State customs and veterinary authorities during import controls.

In July 2015 the Commission launched the **DTLF**. The forum will continue its work until 2018.

In accordance with Directive 2010/65 on reporting formalities for ships that arrive in or depart from EU ports, Member States needed to establish by 1 June 2015 National Single Windows for the electronic reporting of port call notifications. Information, submitted in electronic format and ‘only once’, should be shared at national level with all authorities involved in ship clearance (e.g. authorities dealing with transport, maritime safety and security, pollution and waste control, border control, customs, health, phytosanitary and veterinary control). This covers information such as ship details, voyage information, crew and passengers lists, cargo, security, safety and health information. Relevant information also has to be shared between Member States via the SafeSeaNet system, the vessel traffic monitoring and information system established in accordance with Directive 2002/59. An expert group was established with representatives from all authorities concerned, including customs, and industry stakeholders with the aim to ensure harmonised implementation of the Directive.

OLAF provides lecturers to CEPOL on excise fraud (cigarettes) and VAT, actively involves Europol in the Joint Customs Operations and supports the actions initiated by Europol where OLAF has a mandate.

Commission services actively participate and assist Member States within the framework of the Customs Cooperation Council Working Party (CCWP) on the realisation of the

eighth Action Plan adopted by the CCWP and the **EMPACT Operational Action Plans (OAP) 2016**. Participation of customs authorities in these actions, coordinated by police authorities, is increasing.

Europol presented to Council working parties its views on how to further develop the police and customs cooperation in the ‘**Strategic Review: Europol and customs**’ and also organised a first meeting of Directors of customs agencies in the framework of the European Police Chiefs Convention, in 2015. In order to further strengthen the links and cooperation between Commission services and Europol, a study visit was organised in the beginning of 2016. On this visit, further cooperation possibilities in the area of risk analysis and information exchange were discussed. The Commission also supports the effort of systematic involvement of customs authorities in the preparation of the EU Serious and Organised Crime Threat Analysis (SOCTA).

As regards **the cooperation between customs and police**, close cooperation exists in many Police and Customs Cooperation Centres (PCCCs). Among the 46 existing multinational cooperation centres involving Member States, 25 include the presence of national customs representatives. The same holds for the Single Points of Contact (SPOCs) located in international police cooperation units serving as unique contact point for all international police cooperation requests. Also there, the presence of customs officials is very appreciated by Member States applying this practice. Both SPOCs and PCCCs have as main task to ensure information exchange on cross-border crime.

Commission services launched a project to evaluate the cooperation between **Customs and Border guards** working at the external border in February 2015. The evaluation is based on eight working areas described in the Guidelines for cooperation between Customs and Border Guards issued in 2013. The areas are: 1/ synchronised checks; 2/joint planning of infra-structure and procurement; 3/information exchange; 4/risk analysis; 5/equipment; 6/ investigations; 7/ joint operations and 8/ training. For each area three modules representing different levels (low, middle and high) of co-operation have been developed. The Guidelines outline a practical approach for strengthening the co-operation between the Customs authorities and Border Guards, taken into account the differences in organisational structures and competencies at national level.

The evaluation started by sending a questionnaire to Member States. The replies to the questionnaires are made available on a shared information platform providing examples of existing cooperation practices to both authorities in all Member States. The questionnaire is follow-up by on-the-spots visits that are currently carried out in some countries. The evaluation teams are always composed of Commission officials for different services and Member States experts from Customs and Border Guards. The general objective of the evaluation is to strengthen the co-operation through the information gained and update of the Guidelines by the end of 2017.

Best working practices have already been identified for example streamlining of information exchange either through national coordination centres or appointing liaison-officers. Sharing of information and risk profiles related to illegal movements of persons and the related goods and cash will reinforce the capacity to detect all types of risks and analysis of trends of mutual interest for both authorities. Shared access to the different databases and systems of the authorities as well as mutual use of equipment is already daily practice in several Member States. Officials from both Customs and Border Guard also participate in each other's training programmes. Through the evaluation project those positive experiences and working practices have been seen and are promoted for use in other Member States. Also the issues eventually identified as difficulties require more

detailed analysis to find out whether and how these challenges can be addressed. It will also be necessary to consider practical experience from the perspective of the different type of borders (land, sea, air).

The Customs services of **Lithuania, Latvia and Estonia** are going to implement the joint project 'Development of joint data exchange network between X-ray scanners used by customs services of Baltic States' (BAXE). The project will create a possibility to exchange X-ray images and search them according various criteria, thus increasing the abilities for risk analysis. The authorities of the three Member States are also connecting their Automated Licence Plate Recognition systems at the border for profiling, analysis, investigation and control purposes.

Such a centralised X-ray database of NII images exists in **Poland** as well, employed by the National X-ray Inspection Centre in Gdańsk (See Action 4.2.3). The national centre provides training on recognition of X-ray images also to customs authorities from other countries (Ukraine, Moldova, Georgia, Germany and Finland).

DELIVERABLE: various activities are ongoing, from which the outcomes will contribute to the foreseen deliverable

Recommendations for best practices for cooperation between customs and other competent control authorities

4.6 Objective 6: Developing cooperation with trade to secure and facilitate legitimate trade

Major achievements have been made in this area in respect of **strengthening the AEO programme**.

The main changes needed to be made to the AEO in the context of the UCC and its Delegated and Implementing acts are related to the overall changes in policies and structure under the UCC and also to the lessons learned over more than five years of practical implementation of the EU AEO programme. The AEO guidelines have been updated.²³

The AEO network group was created in 2007 as the main way of monitoring the implementation of the programme. The results of the second monitoring exercise, launched in 2013, confirmed that the EU had established a sound and reliable AEO programme. Member States have developed robust procedures for applying the AEO legislative requirements, guaranteeing high quality and efficient management of the programme in a consistent and highly uniform way, as can be shown, for example, by the number of suspensions and revocations of certificates.

The structures currently in place within the AEO programme and the other Compliance Programmes are further analysed in cooperation with competent authorities (Objective 5) at EU and national level, with a view to identifying areas where the same best practices can be applied, in order to avoid duplications and needless administrative burdens both for operators and competent authorities. In the area of **maritime security and market surveillance**, discussions are being held at EU and Member State level, thus improving the mutual understanding of the different security schemes.

Commission Implementing Regulation (EU) No 687/2014²⁴ refers to the AEO standards to define the concept of **regulated agents**. Reciprocal customs legislation does the same for the recognition of regulated agents and non-consignors. Implementation of the legislation is continuously monitored by the Commission.

A number of indicators have been implemented within the CUP reporting to measure the impact of the AEO concept. The CUP contributes to achieving the strategic objectives of the EU customs union including the AEO concept. Under the main area relating to facilitation/competitiveness in particular, the AEO concept is analysed on the basis of general aspects such as the number of certificates and applications at EU level, the involvement of AEOs in the supply chain and the control rates for AEOs in comparison with economic operators not certified as AEO.

Two specific target groups were created within CRMS for the exchange of risk information concerning the AEO process and procedures (For further details, see action 6.1.1). In other areas covered by this objective, such as improving the knowledge of supply chains, progress has been slower.

²³ http://ec.europa.eu/taxation_customs/resources/documents/customs/policy_issues/customs_security/aeo_guidelines_en.pdf.

²⁴ Commission Implementing Regulation (EU) No 687/2014 of 20 June 2014 amending Regulation (EU) No 185/2010 as regards clarification, harmonisation and simplification of aviation security measures, equivalence of security standards and cargo and mail security measures (OJ L 182, 21.6.2014, p. 31).

Action 6.1	Continue to strengthen and promote the AEO concept, by addressing any relevant weaknesses identified and providing further benefits
6.1.1	ONGOING Continue to strengthen the AEO concept by addressing any relevant weaknesses identified through the monitoring and evaluation of the implementation of the programme and by ensuring its harmonised implementation throughout the EU

The CUP (see 4.5.2) supports achieving strategic objectives of the AEO concept. In particular under the main area relating to facilitation/competitiveness, the AEO programme is analysed. A basic set of CUP performance indicators was established already in 2014. This set covers three main elements: AEO involvement in the supply chain in terms of declarations; rate of controls of AEOs, and electronic risk-based element for AEO (rate of cases where irregularities were found based on direct electronic selection). Quality Assurance Initiative activities were carried out on all AEO-related CUP indicators.

In 2015, two specific target groups were created within CRMS for the exchange of risk information specifically related to AEO processes and procedures. Both target groups will be used by the Commission and Member State customs authorities. The target group ‘EU AEO process’ deals with the exchange of any relevant information related to all stages in the AEO process that due to its sensitive nature and/or format cannot be exchanged via the EOS/AEO system. The target group ‘MRA AEO’ focuses on the exchange of information about irregularities involving partner country AEOs.

Belgium, Greece, Ireland, Slovenia, Spain, Sweden ensure systematic and continuous analyses of cases recorded by the AEO helpdesk and through the monitoring process of the AEO network.²⁵

Austria has developed a concept for monitoring of the AEO programme in coordination with the Central Anti-Fraud Department. AEOs are monitored every six months taking into consideration any detected or suspected irregularities.

Greece further develops the concept of pre-audits in order for customs to have information to decide where and when to control; to identify and determine with other competent authorities relevant weaknesses or difficulties encountered in practical implementation, in particular the fulfilment of criteria of security and safety standards.

Over the last 2 years, **Germany** has shared practical experiences on the implementation, derived from monitoring and expert analysis in seminars at national level. There is cooperation on implementation of the AEO standards for regulated agents (See 5.2.1). Also a regular exchange of information between customs and the national aviation security authority is implemented since March 2015 and continuously evaluated. Since June 2015 such regular exchange is also done in **Poland**.

Slovakia refers to the national implementation of AEO standards for regulated agents.

Belgium monitors the granting process of AEO with an IT tool (RAM — risk analysis management) to ensure that the requirements stipulated in the AEO guidelines and annexes are met. Based on risk analysis for each AEO, an individual control and

²⁵ The AEO Network Group was established in 2007 in order to ensure a uniform application of the AEO EU rules. The network has regular meetings between national AEO contact points and the Commission. The group exchanges information and communications on AEO issues, explores common solutions, contributes to updates of the Guidelines and amendments of EU customs legislation.

assistance plan is defined and integrated in the IT automated selection tool for transactions. As regards licensing for dual-use goods, customs and the licensing authorities are cooperating in a common audit procedure of AEO.

Also **Italy** uses an automated tool (AIDA) to implement AEO benefits in customs controls with regard to pre-audit, goods release and post-audit. Italy indicates concerns about providing benefits to AEO intermediaries. These enterprises should guarantee also for their clients in terms of customs infringements committed. Violations committed by the clients of intermediaries need to be also considered in the decision of releasing, revocating or suspending an AEO authorisation for intermediary economic operators not being owner of the goods.

Lithuania reports that AEOs are periodically excluded from the application of risk profiles and control. Profiling of AEOs is based on results of the trader's assessments completed before the issuing of AEO authorisations.

France indicates that reduction of controls for AEO is not applied for security controls. **Luxembourg** provides lesser controls only in the area of financial risks. In **Finland** a new automated risk analysis system is deployed for implementing better AEO benefits.

Estonia, Poland and **Portugal** announce re-assessment of AEO authorisations as soon as the updated AEO guidelines are published.

Part of the implementation of the enforcement vision of the **Dutch customs** focuses on the Green Lane: the known traders. Apart from data of the declaration and customs knowledge of goods, the knowledge of AEOs is incorporated as well. In particular, the involvement of more than one 'known trader' in a particular supply chain leads to adjustment of the control level (downwards) and the level of service (upwards).

6.1.2	ONGOING	Identify and develop enhanced benefits for AEOs to be given by customs, propose and adopt adequate legal acts
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Spain mentions that they are exploring new benefits for AEOs certified within the EU as well as by third countries with Mutual Recognition Agreements.

Cyprus and **Greece** examine possibilities for lower guarantees for AEOs in the application of specific customs procedures such as temporary storage and warehousing.

Italy informs on application of further benefits such as fast corridors to compliant traders, in general when quality data and required information are provided beforehand to customs in order to perform risk analysis and appropriate control.

Belgium customs meets regularly with AEO certified traders to discuss new benefits in addition to already existing national AEO benefits. Decisions on additional benefits are communicated to the AEO.

The Netherlands has developed for AEOs an instruction for the implementation of benefits (so called AEO staalkaart). This document elaborates on the benefits related to traders and their specific role in the supply chain. AEOs have a dedicated 'Trader contact point' with specific customs officers who will act as their point of contact. Regular meetings with AEOs are hosted as well by customs.

Poland lists benefits that have been introduced at national level for AEOs:

- Shifting VAT payments to the day of a monthly VAT settlement.
- Introduction of the programme 'Ports 24h', on the basis of which the required formalities related to the clearance of goods imported by sea to Poland shall take no more than 24 hours. In this programme, Customs has a coordinating role for control

<p>activities of all services operating in the Polish sea ports.</p> <p>Planned projects are reported by several Member States:</p> <p>Belgium: Adaptation of an IT transaction selection tool — Dataflux — in order to integrate the AEO’s individual control plan.</p> <p>Greece will launch the possibility for applying electronically for AEO status.</p> <p>The Netherlands: The next step for implementation of the Green Lane will consist of more detailed knowledge on the size and complexity of the Green Lane in the different customs processes. Subsequently, steps will be taken to enlarge the Green Lane by increasing insight in supply chains and the role of known traders (potentially by using different databases or make available the option to submit additional data to link databases).</p>	
<p>DELIVERABLES are completed.</p>	
	<p>Adopt COM acts in the framework of the UCC, where appropriate</p>
	<p>Update AEO common guidelines</p>

Action 6.2		Improve the knowledge of supply chains, raise trade awareness and exploit valuable data available to trade
6.2.1	ONGOING	Increase supply chain visibility by ensuring that valuable additional data (not required by customs legislation), available to traders and made available to customs, is exploited for risk management purposes by getting access to economic operators’ knowledge and information
<p>The Customs 2020 ConTraffic-ENS Pilot Project Group tested, through the experimentation performed at the JRC and by using its ConTraffic system, the application of data analytics techniques in the combination of container status movement (ConTraffic) data primarily with Entry Summary Declaration (ENS) data as well as pre-arrival datasets. The group confirmed the business value on several dimensions and provided a preliminary view of capacity needs for effective integration of CSM-based risk indicators in real-time risk analysis and of flexible data analytics approaches (EU Classified given the operational relevance to CRC).</p> <p>The ConTraffic-ENS Project Group will be supported by the JRC over 2016-2018 in the development of a preliminary solution design for effective integration of CSM in real-time pre-arrival risk analysis and in flexible analytics. Commission services strongly support the work of the JRC on this project as it is regarded beneficial to improving customs risk management in particular on entry of goods.</p> <p>The Horizon 2020 security research programme finances Research and Innovation Actions on architectures and organisations, large data and data analytics for customs risk management of the international goods supply chain. CORE is a consortium created under the umbrella of Horizon 2020 and aims to enhance the speed, reliability and efficiency of legitimate trade and logistics whilst enhancing effectiveness in supervising global trade and safeguarding supply chain security. CORE demonstrators are currently being prepared or carried out and first results can be expected in the beginning of 2017. Member States actively participate in these initiatives aiming to identify possible further risk management capabilities at national and EU level in line with the objectives laid down in the Strategy. A project, financed by Horizon 2020, will test and demonstrate the</p>		

use of data pipeline concepts and container security technologies to introduce a more efficient exchange and re-use of data along the supply chain.

The Commission has created a **network of maritime R&D** to create a clear vision and to propose a cross-sectoral agenda for maritime security research. The initiative will promote dual-use R&T and R&D. The network was established late in 2015 and will gradually pick up work during 2016 and onwards.

The development of a **CISE** in the maritime domain is promoting exchange of relevant information amongst the different authorities involved. The creation of common technical solutions, interoperability in procedures, operation aspects will also enhance performance in this area. CISE is expected to deliver a platform by 2017-2018 ready for actors to use and where all sectors and agencies can exchange information.

In 2015 the Commission launched the **DTLF** for the next three years. The Forum aims at the further digitalisation of freight transport and logistics. It brings together Member States and stakeholders from transport and logistics communities in order to identify areas where common action in the EU is needed, to provide recommendations and solutions, and to work on the implementation of these recommendations and solutions, where appropriate. Two subgroups were created as part of the DTLF:

- A subgroup addressing the definition and the acceptance of electronic transport documents. This subgroup looks into 1/ how to increase recognition of electronic transport documents by EU MS authorities, 2/ whether similarities between the transport documents used in the various transport modes could be exploited with a view to advance towards ‘multimodal transport documents’, 3/ whether other types of documents used for freight transport (e.g. on vehicles) could also be digitalised.
- A subgroup addressing the optimisation of cargo flows along transport corridors. This subgroup looks in particular at possible solutions for enhancing traceability of goods along the supply chain, through incorporating data from different sources.

6.2.2	PARTLY ONGOING	Improve data quality and knowledge on Supply Chain vulnerabilities through close engagement with trade organisations at EU and MS level
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The outcomes of the two projects as mentioned above under action 6.2.1 will contribute to this action.

The improvement of data quality and filing arrangements as described under Objective 1 is also closely linked to the development of this action.

6.2.3	PARTLY ONGOING	Identify existing solutions and, where necessary, put forward appropriate solutions
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The development of **CISE** is promoting exchange of relevant information among the different authorities involved in the maritime domain (see action 6.2.1). This platform will have to be further implemented and used as widely as possible in order to obtain the best operational results possible. This will be a challenge from 2018 and onwards.

An administrative arrangement initiated by the Commission will be implemented over 2016-2017 to provide a preliminary solution design for the operational integration of Container Status Messages in real-time customs risk management and in flexible data analytics.

Contributing to this action are also the development of the tobacco traceability solution required under Article 15 of the Tobacco Products Directive, advice on customs risk

management needs, access to the data for CRM processes, and referencing of the solution at the relevant movement in the customs declarations.		
6.2.4	NOT STARTED	Implement the appropriate IT solution(s), if necessary, to ensure that valuable data available to operators is exploited by authorities for risk management purposes
No developments in regards of implementing an appropriate IT solution.		
DELIVERABLES: The five last deliverables related to development of an appropriate IT solution have not yet been launched.		
		CSM collected and exploited for risk management purposes
		Analysis report in relation to commercial databases and research projects
		At MS and EU level outreach and awareness-raising campaigns organised with the trade
		Business case document
		Vision document
		BPMs levels 3 and 4
		Technical systems specifications
		IT systems adjusted and further developed

Action 6.3		Promote compliance management by customs administrations in close cooperation with trade
6.3.1	COMPLETED	Identify best practices in the implementation of compliance management by comparing national programmes and continue raising awareness among economic operators of the importance of managing their own compliance with customs regulations
<p>The Customs 2020 Compliance Project Group mapped current practices on key themes (including client segmentation) in seven Member States already using the concept of client segmentation.</p> <p>The results of the project group are only based on experiences of seven Member States, and the purpose and approach of client segmentation varies between those Member States. Nevertheless, the main conclusions are:</p> <p>The objectives of client segmentation are in general:</p> <ul style="list-style-type: none"> • Decision-making process on controls — help to balance controls and facilitation; • Pro-active customer relationship management — marketing and communication; • National planning and resource allocation. <p>Typical segments of traders include:</p>		

- Known or not known;
- Scale/size of the company (not only from a customs perspective);
- Subjective risks of the economic operator (based in part on compliance history, sometimes taking into account type of industry, goods, authorisation, etc.).

The segmentation process and management varies as well (range of data sources, degree of ‘automation’, frequency/flexibility of change of segmentation).

Some Member States directly integrate information about clients in automated risk-scoring systems.

The main challenges identified are: lack of good data for automated use, recourse to manual analysis and complex system structures.

The result shows that client segmentation is an evolving working practice in which customs categorise economic operators into distinct groups with common characteristics and/or needs that may require similar treatments. Client segmentation enables customs to develop and improve targeted controls and services related to customers’ needs; thereby enhancing the efficiency and effectiveness of its operations and deployment of resources. It can be used for compliance management but has been implemented for many other purposes as well.

In addition, **Poland** mentions a special team comprised of tax and customs officials that has been established to implement in both administrations statistical methods for the purpose of risk analysis and prepare statistical models for the purpose of client segmentation.

6.3.2	ONGOING	Explore possibilities for establishing a harmonised approach to client segmentation, as an element of the overall concept; complementing the AEO programme and supporting more effective and efficient risk management
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The outcomes of the Customs 2020 Compliance Project Group (see action 6.3.1) will provide an important input for taking forward this action to explore possibilities for a more harmonised approach to client segmentation. In 2016 work will proceed with those Member States that have expressed an interest in this action within the CCC-CRM.

6.3.3	NOT STARTED	Subject to the feasibility of harmonised standards in the area of client segmentation and their possible incorporation into the customs risk management, put forward the appropriate approach, supported by the business case
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The outcomes of action 6.3.2 will provide the input for the development of harmonised standards in the area of client segmentation and the integration of the approach in the customs risk management processes.

DELIVERABLE: the analysis as foreseen is ongoing.

	Best practices and feasibility analysis
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Action 6.4	Promote the re-use of customs data submitted electronically by economic operators to streamline customs procedures, reduce costs and improve efficiency
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6.4.1	ONGOING	Identify, in cooperation with trade, formalities and processes where already submitted and available data can be re-used without legal obstacles or additional risks.
<p>The UCC legislation as detailed described under Objective 1, established a legal framework that guarantees stability and clarity for postal and express carriers. Nevertheless, further work is needed as at this point there is no unanimous view in Member States on data re-use and how this would function.</p> <p>As regards the establishment of the legal framework, the option of re-using data already submitted and made available by trade for other formalities and processes is being discussed in the context of the CN23. The question is how the data elements of the CN23 could be made available and re-used for lodging a safety and security declaration (ENS) as well as for lodging a customs declaration. Several meetings were organised with Member States and trade participation in order to analyse the options in the context of so-called ‘pilots’.</p> <p>While there is general agreement on the benefits of re-using data, sometimes difficulties emerge in view of data protection, but also practical issues such as: at which time is the data available, who disposes of the data, for which purpose is the data needed, etc.</p>		
6.4.2	COMPLETED	Analyse, in cooperation with trade, whether re-use of data will increase efficiency of identified procedures for economic operators and customs administrations
<p>The data requirements as defined in the UCC legislative package (see Objective 1) have been aligned with the WCO data model. The analysis was carried out with the support of DIH experts and in close cooperation with relevant stakeholders, resulting in the preparation of new legal provisions (data annexes to the UCC DA/IA). The analysis and consultation on the UCC DA/IA data requirements have been finished and agreed with Member States and trade stakeholders at the end of 2015.</p>		
6.4.3	COMPLETED	Put forward appropriate proposals to agree with MS and economic operators
<p>The EU Customs Data Model (result of action 6.4.2) can be seen as a supporting instrument for Member States and trade. This data model provides also for specific views such as the so-called ‘consignment view’, which allows for the mapping of the EU safety and security data against the WCO data model. A final publication of the EU Customs Data Model is done in May 2016. Data maintenance requests (DMR) were submitted to the WCO and approved in January 2016. These requests are implemented in the new version 3.6 of the WCO data model in April 2016.</p> <p>Finding the balance between what customs needs and what trade can provide is not always very easy, in particular when it concerns new legal obligations (e.g. post) or additional/new data elements. In order to allow traders to prepare their environments for these new obligations, a substantial period for transition is foreseen in the UCC related acts.</p>		
6.4.4	COMPLETED	Draft adequate legal basis to enable and support implementation in practice
<p>The analysis of the UCC DA/IA data requirements has been finished and agreed with Member States and trade stakeholders. This work was delivered in the form of the UCC</p>		

DA/IA annex B as published in the Official Journal on 29 December 2015.²⁶ Annex B was drafted a way that enables the seamless exchange of data defined throughout the data chain and the implementation of the customs processes. The data matrix in title I of annex B illustrates the extent to which the legal data requirements can be re-used.

DELIVERABLE: ongoing in view of the outcomes of the pilots as mentioned under action 6.4.1

Feasibility analysis

²⁶ Delegated Regulation (EU) No 2015/2446 of 28 July 2015 (DA) and Implemented Regulation (EU) No 2015/2447 of 24 November 2015 (IA) and the Union Customs Code, Regulation (EU) No 952/2013 of 9 October 2013 (UCC).

4.7 Objective 7: Tapping the potential offered by international cooperation to improve risk management of the supply chain, for better identification of risks, more effective risk mitigation and cost reduction for operators and authorities

Mutual recognition of trade partnership programmes is an important tool for improving supply chain security and, at the same time, helping legitimate and secure economic operators by granting substantial, equal and reciprocal benefits to AEOs under compatible programmes. This is especially relevant with regard to cooperation with the EU's neighbouring countries and main trading partners.

At global level, cooperation with other competent authorities and the alignment of programmes has been recognised as an essential factor for developing a robust AEO programme. In order to ensure global supply chain security and to avoid duplication of efforts and costs for economic operators and authorities, the EU AEO concept has been incorporated into the WCO SAFE Framework of Standards (WCO SAFE FoS).

The Smart and Secure Trade Lanes (SSTL) pilot was launched by the EU and the People's Republic of China in 2006. The aim of the pilot is to test specific safety- and security-related recommendations issued by the WCO SAFE FoS. When it became clear that it would be impossible to achieve meaningful volumes without a stable automated solution, the SSTL IT expert group started to develop the conceptual design for automated SSTL data exchange in 2014 (the second phase of the pilot). This design was intended to serve as a proof of the concept and is in line with the Utility Block 2, proposed by the EU as part of the global standards WCO GNC initiative. (For further details, see action 7.1.2).

The EU is a member of various fora, through which it contributes to the development of global standards for improving risk management of the supply chain, i.e. the development of WCO GNC Utility Blocks and the Joint WCO-ICAO working group for developing global standards for pre-loading air cargo information. (For further details, see action 7.3).

Another example of EU input on global customs-related issues is the Priority Control Action (PCA) COSMO on dual-use goods carried out in 2015. The PCA supported and complemented a joint action launched by the WCO. The aim was to streamline the information from EU customs authorities and to highlight the complementarity of the actions. The WCO final report refers to the fruitful cooperation with the Commission and Member States.

Action 7.1		Develop international cooperation through multilateral and bilateral initiatives
7.1.1	ONGOING	On the basis of the objectives and priorities of the overall strategy, develop international cooperation models in the area of risk management and supply chain security, including AEO mutual recognition schemes, development of trusted and fluid trade lanes and necessary exchanges of information
<p>The EU has concluded agreements on customs security measures with Norway, Switzerland, Andorra, the United States of America, Japan and China. The benefits in each case depend on the provisions defined in the agreement. AEO MRA negotiations are underway with Canada. An automated data exchange solution has already been deployed for exchange of data between the EU and China, Japan, Switzerland and the USA.</p> <p>Some progress has been made in the development of an AEO concept in line with the EU legislation in the Republic of Moldova and in Ukraine. A comparative analysis of the respective AEO legislations was conducted by Commission and Member States experts. Ukraine participated in the AEO network meeting and in three study visits to Member States, which took place in 2015. The overall assessment of legislative approximation is positive. Based on the EU recommendations, Ukraine has launched the legal process in order to adopt new AEO-related legislation. Moldova will participate in the forthcoming AEO network meeting.</p> <p>A pilot project on recognition of EU AEOs at one of the border-crossing points (BCP) on the Moldovan-Romanian border was launched on 1 July 2015 for an initial period of 6 months; the pilot project aims at providing additional benefits for the EU AEOs at the Leuseni BCP (reducing processing time, improving risk targeting, fewer physical and documentary based controls). The pilot project was prolonged until 1 July 2016 and will be evaluated in 2016.</p> <p>A regional workshop concerning AEO will take place in May 2016 with representatives from Ukraine, Moldova and Georgia.</p> <p>In order to improve risk management and facilitate trade between the EU and its eastern neighbours, the Project Group on Exchanges of Information decided to launch a pilot project with Moldova and Ukraine on transmission of TIR Carnet data. The ultimate objective of the advance exchanges of information is to allow the authorities to carry out risk analysis at central level in advance, to facilitate and to accelerate the border-crossing of goods consignments from the EU. The Terms of Reference documents for the pilot projects with Moldova and Ukraine were endorsed in 2015. The Commission prepared the business case (subject to approval by ITSC and IT Board) with the aim of implementing the project in the second half of 2016.</p> <p>Some progress was achieved in cooperation on AEO and risk management with Russia. This covers two areas, i.e. cooperation in the area of authorised economic operators/reliable traders, including the establishment of a fast lane ('green corridor'), and exploring ways to cooperate in the area of risk management. Discussions on this issue took place in the expert group on AEO and risk management meetings on February and September 2015.</p> <p>Enlargement countries must align their customs legislation to the EU <i>acquis</i>. This includes implementing the AEO concept, which is now a key tool in the EU customs risk management and trade facilitation policy. The Commission has drafted an action plan on</p>		

AEO in the Western Balkan Enlargement Countries. The action plan provides for a set of actions to be undertaken in the next three years to facilitate the implementation by all countries in the Western Balkans of this essential element of the EU customs *acquis*. The Secretariat of CEFTA (the Central European Free Trade Agreement) will be involved in this work since it plays a leading role in matters of trade facilitation in the Western Balkans.

As a first action, a regional workshop is planned in June 2016, which will bring together experts on security, trade facilitation and AEO from the Western Balkan Enlargement countries as well as Member State and Commission experts. In this workshop, the objectives, the legal foundation and the practical arrangements of AEO will be outlined by the EU representatives, in particular the main changes resulting from the adoption of the UCC.

7.1.2	ONGOING	Pursue the existing bilateral cooperation including piloting with third countries, with a view to reaching a stable operational and legal basis for full implementation
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For exchanging information from customs transaction systems for the purpose of **Smart and Secure Trade Lanes (SSTL)** between EU and China, the user requirements are being drafted. So far, an in-depth analysis of the business processes for maritime transport, an analysis of the data availability in the national systems, data mapping, and message specification have been completed as well as defining the user requirements (international component) with the Member States for the automated SSTL data exchange for phase 3. Discussions on the business process modelling for the EU internal component of the data exchange, the SSTL risk management process at Member State level, the data analysis, data mapping and message specifications are ongoing.

Co-financing of a project called ‘**Joint Action China 2**’ to strengthen cooperation between EU and Chinese authorities to ensure that products placed on the EU market are safe and meet the requirements of EU applicable legislation and to support already existing agreements between the EU and China regarding product safety cooperation. The project is at the stage of starting a pilot activity between China and the Netherlands that grants facilitation of trade in toys of authorised manufacturers from China to Europe (Authorised Toy Manufacturing scheme). First results of the pilot should be available mid-2016 and could lead to extension to other EU countries and/or other product sectors in the future.

Recommendations related to controls on trans-boundary **shipments of waste EU-China**: have been endorsed by a mixed group of customs and environmental authorities (EU and China), including a recurrent data collection and analysis exercise to support risk management activities (first exercise to be completed by end 2017).

IPR Enforcement:

Regulation [608/2013](#) foresees in Article 22 that the Commission shall adopt implementing acts defining the elements of the practical arrangements concerning the exchange of data and information with third countries customs authorities regarding IPR.

Following the IPR Action Plan:

- EU-Hong Kong: pilot to test exchange of risk information and detentions related to actual seizures ended on 31 March 2016;
- EU-China: pilot on the exchange of detention statistics for threat assessment has been run; conclusions are under finalisation (by mid-2016).

A number of **enlargement countries** have adopted primary legislation which

<p>‘transposes’ the relevant EU <i>acquis</i> in the area of AEO. As a rule, either implementing legislation is still needed or, where that exists, none or very few national operators have applied or been granted the AEO status.</p>		
7.1.3	ONGOING	Develop international cooperation through multilateral and bilateral initiatives
<p>The WCO GNC initiative is continuing in a ‘Proof of Concept’ phase, where members are encouraged to make use of the five existing UBs (See action 7.2) and to identify any areas where the UBs could be improved.</p> <p>In 2015 the Commission published a revised version of the Customs Blueprints. One of these blueprints concerns ‘Supply Chain Security’, a second ‘Risk Management’. Customs officials from enlargement countries participated in the Customs 2020 group which drafted the review. Enlargement countries are primary recipients of this publication.</p> <p>The EU participated actively in the three-year review cycle leading up to publication of the 2015 version of the WCO SAFE FoS, which is completed and published. The next three-year review cycle of WCO SAFE FoS culminating in a 2018 version has been launched. Member States have been invited to provide input for additional areas of SAFE to be reviewed, beyond those already discussed at Council. One additional area on Customs sealing has been proposed and communicated to the WCO secretariat.</p>		
DELIVERABLES: all deliverables are ongoing		
	Elaborated international cooperation models	
	EU standards for exchange of customs information with third countries	
	Appropriate provisions in the international customs cooperation agreements	
	Reports under the supply chain security research project CORE (FP7)	

Action 7.2		Implement appropriate cost-effective IT solutions to enable international cooperation
7.2.1	ONGOING	Implement necessary cost-effective IT solutions enabling international cooperation to support EU customs authorities in detecting risks with the use of Utility Blocks (UB 1 exchange of AEO MR data and information from customs transaction systems and UB 2 relevant risk information)
<p>The EU has concluded agreements on customs security measures with Norway, Switzerland, Andorra, the United States of America, Japan and China. An automated data exchange solution has already been deployed for exchange of data between the EU and China, Japan, Switzerland and the USA.</p> <p>The negotiations with Canada are still ongoing. The IT discussions will start before the signature of the MRA at the request of the Canadian customs. The implementation of the agreement with Canada takes normally 9 months after the acceptance of the external specifications by the Commission and Canada.</p> <p>Development of WCO GNC Utility Blocks</p>		

<p>The EU input has contributed to the development of international standards, so-called Utility Blocks, that are either approved or still under development. There are two Utility Blocks: UB1 Exchange of AEO MR data, and UB2 Exchange of information from customs transaction systems. UB3 Exchange of risk-relevant information is being developed.</p>	
<p>DELIVERABLES: the foreseen deliverables concern the necessary steps for launching a project for development of an IT system as defined in the MASP.</p>	
	<p><u>Business case document</u> For UB1 — agreed in 2012 For UB2 — agreement in principle in 2012 — to be developed for each specific pilot project/agreement</p>
	<p><u>Vision document</u> For UB1– non applicable For UB2 — to be developed for each specific pilot project/agreement</p>
	<p>BPMs levels 3 and 4</p>
	<p><u>Technical systems specifications</u> For UB1 — decision made for each different mutual recognition agreement</p>
	<p><u>IT systems adjusted and further developed</u> For UB1 — decision made for each different mutual recognition agreement</p>

Action 7.3		Ensure that the EU and its Member States play a pro-active role in the development of global standards in the relevant multilateral fora
7.3.1	ONGOING	Continue ensuring the EU input and leading role in establishment of the international standards
<p>Development of WCO GNC Utility Blocks: see action 7.2.1 above.</p> <p>Review of WCO SAFE FoS (see action 7.1.3)</p> <p>The WCO SAFE review cycle was endorsed by the WCO Council in June 2015. During the SAFE review cycle amendments to the WCO FoS, including pre-loading cargo information for air security purposes, were introduced. This information includes data elements, time lines, persons submitting the data and risk mitigation measures.</p> <p>ICAO</p> <p>In addition to the amendment of the WCO FoS, the EU is, together with the USA and Canada, the main driver within the Joint WCO-ICAO working group on Air Cargo Information (JWGACI). The group is comprised of ICAO member states, WCO member states, trade representatives and UPU. The JWGACI aims to set up global harmonised standards for the application of the pre-loading air cargo information (PLACI) scheme by those regulators who would opt for it, i.e. harmonised PLACI data sets and risk mitigation protocols. Following completion of the first phase, the second phase was finalised in December 2015, bringing forward a concept for the use of PLACI as a</p>		

complement to the existing civil aviation security tools.		
7.3.2	ONGOING	Ensure that the international norms and standards are respected and implemented in the EU
This is a permanently ongoing action; examples of recent implementation of international standards are the UCC DA/IA data requirements (UCC DA/IA annex B) based upon the the WCO Data Model and the EU contributions to the review of the WCO SAFE FoS (see action 7.3.1 and 7.1.3).		
DELIVERABLE: continues work ongoing to achieve results for this deliverable		
		International standards developed with pro-active input by the EU