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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
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Subject:	Draft Council Conclusions on the Way forward to Developing Customs IT Systems

Delegations will find in the Annex the above draft Council Conclusions, as approved by the Working Party on Customs Union at its meeting on 24 October 2017.

Draft Council Conclusions on the Way forward of Developing Customs IT Systems

The Council,

RECALLING

- the Council Conclusions of 17 June 2016 on the follow-up of the Union Customs Code¹, in which the Council acknowledged that the Union Customs Code (UCC) and related legislation² had become applicable from 1 May 2016 and stressed the importance that the work to be completed in the transitional period until 2020, in particular on IT-systems, should be based on realistic costs and time planning, and should explore ways to keep costs for customs and trade at a minimum, e.g. by adopting common IT solutions;

- the Council Conclusions on Developing the EU Customs Union and its Governance³, in which the Council invited Member States and the Commission to implement the UCC as a top-priority and to develop a comprehensive mid- and long-term strategy for customs IT systems, considering *inter alia* the use of a permanent structure to manage the IT infrastructure, while taking into consideration the already developed or deployed IT systems;

¹ OJ C 357, 29.9.2016, p. 2

² Regulation (EU) No 952/2013 of the European Parliament and the Council of 9 October 2013, Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015, Commission Delegated Regulation (EU) 2016/341 of 17 December 2015, Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 and Commission Implementing Decision (EU) 2016/578 of 11 April 2016.

³ Doc. 7585/1/17 REV 1

- the Council Conclusions on the way forward to improve information exchange and ensure the interoperability of EU information systems⁴, in which the highest political priority has been given to interoperability of the security and border management systems with the customs systems;
- the Council Conclusions on Customs Funding⁵ in which the Council underlined the need to promote the consistent and coherent application of the Customs legislation and modern approaches to Customs controls while allowing, where appropriate, common Customs IT infrastructure and invited the Commission by the end of 2017 to develop a strategy for the architecture, development, management and funding of Customs IT systems, taking into account responsibilities between the Commission and the Member States for the development of IT systems required for the implementation of the EU legislation;
- the Commission Communication on Developing the EU Customs Union and Its Governance where the Commission notices the divergence of views among Member States on the services which need to be developed and maintained at EU level;

ACKNOWLEDGING

- the effort and progress that is being made by the Member States and the Commission in the preparation of IT systems to implement UCC;
- the need for a long-term IT strategy on development of customs IT systems.

⁴ Doc. 10151/17

⁵ Doc. 7586/2017

NOTING THAT

- as the role of customs has enhanced from the collection of customs duties to safety and security of the Union, and in some Member States to collection of VAT and excise duties, it is essential that the Customs Union better uses its potential and resources, achieves a higher level of cooperation and builds more efficient and cost-effective processes;
- today's society requires speed and response capabilities of customs services, which calls for a timely implementation of the customs legislation and related IT systems.
- businesses have expressed favourable views about a need for more coherent approach to customs IT in order to reduce costs and workload⁶;
- future generation of Customs IT systems should further improve the uniform application of the EU customs legislation and risk management, inter-agency cooperation between customs and border guard, and cooperation with other agencies and third countries, and ensure that IT systems adapt to rapidly changing IT technology;

UNDERLINING THE NEED

- to explore and agree on how and when to use EU-wide pooling of resources or pooling of resources between Member States for developing future Customs IT systems taking into account the purpose and functionality of each system, enabling the Customs Union to reach its full potential and fully exploit its resources, in order to achieve a higher level of cooperation and build more efficient and cost-effective processes for the development and maintenance of customs IT systems;

⁶ 2013 external study, with participation of over 1000 businesses: Study on the Evaluation of the EU Customs Union (Specific Contract No. 13 implementing Framework Contract No. TAXUD/2010/CC/101); ISBN 978-92-79-33136-7

- to identify, where required, appropriate funding streams to finance new approaches to develop and operate future Customs IT systems;
- to find a balanced approach for amending or replacing the current development model, taking into account the significant investments made by Member States and the Commission, and the lifespan of existing customs IT systems as well as their functionalities, such as the interoperability with other national IT systems;
- to evaluate the legal framework needed to pave the way for new approaches to the development of future Customs IT systems, while respecting the division of competencies between the Member States and the EU;

WELCOMES

- the priority given to a step by step approach which should provide an effective and cost-efficient solution for next generation of Customs IT systems from 2025 onwards, based on an architecture agreed upon by the stakeholders;
- the commitment of interested Member States and the Commission to study new approaches to develop and operate Customs IT systems more thoroughly, including through the launch of a pilot project;

INVITES THE COMMISSION AND THE MEMBER STATES

- to implement the UCC IT Work Programme as a top priority, and where appropriate to develop these IT systems in cooperation in order to ensure the full implementation of the UCC;
- in cooperation with the relevant stakeholders, to explore new approaches to develop and operate future Customs IT systems bearing in mind that any consideration of new approaches should be preceded by a more thorough study of the idea, including, *inter alia*, the scope of a pilot, stakeholders, financing and possible involvement of a permanent structure or shared supplier for IT, in line with the Tallinn Declaration, laid down in the Annex.
- to carry out cost-benefit analyses, including a specific analysis of the cost-efficiency of new approaches towards future Customs IT systems and their impact on authorities, trade, and businesses.

**TALLINN DECLARATION ON THE DEVELOPMENT
OF THE FUTURE CUSTOMS IT SYSTEMS**

The Participants of the High-Level Customs IT Seminar for the Heads of Customs Administrations from the EU Member States, Participating Candidate Countries, and the European Commission

at the Seminar held on 28-29 September 2017 in Tallinn

ACKNOWLEDGING THE NEED TO:

- develop necessary IT systems based on a long-term Customs IT strategy that meets the needs of economic operators, Customs authorities and other stakeholders, and will accompany further harmonisation of the Customs processes;
- look for timely, modern and cost-effective development and operation of the Customs IT systems in the future, and to avoid unnecessary multiplication of efforts by MSs and the Commission;

DECLARE THAT:

- it is necessary to continue work on a long-term Customs IT strategy based on a clear vision of future needs, and addressing issues beyond the constraints of current approaches while at the same time maintaining priority for implementation of the UCC;
- the potential of a more centralised or a collaborative development and maintenance of future Customs IT systems should be further explored as a means to increase efficiency and effectiveness, taking note of the lessons of former collaboration initiatives, and of current initiatives which should be continued to identify the full potential of the collaboration model;

- cost savings and efficiency may be achieved by a greater pooling of resources (EU-wide or between Member States);
- any pooling of resources should be based on clear business cases, cost-benefit analyses and supported by an appropriate legal framework;
- it is necessary to define how new approaches of IT system development and operation should be funded keeping in mind objectives of cost-saving and efficiency;
- customs IT-systems should be developed with a view to deliver the best service to the stakeholders, exploiting the potential of new technologies;
- experience of common procurement, development and operations in other policy areas should be further explored and taken into account;
- further consideration of new approaches to develop and operate Customs IT systems should be preceded by a more thorough study of the idea (including the scope of a pilot, stakeholders, financing, possibly involving a permanent structure for IT, etc); this can be taken forward by a working group consisting of interested Member States and the Commission taking into account the need to identify future operating models.
