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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the IT strategy for customs

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1. INTRODUCTION

In its communication of 21 December 2016 (the Governance Communication)[1] the Commission recalled the fundamental objective of the Union Customs Code (UCC)[2] **to create seamless and efficient customs processes across the Union based on harnessing the power of digital tools.** Customs is to become fully paperless. The aim is to facilitate legitimate trade, and at the same time to enable customs administrations to ensure compliance.

In the Governance Communication, the Commission also outlined the **challenges facing the Commission and Member States in providing cost effective IT solutions across the EU in support of the Union's customs legislation**. In response to those challenges the Commission suggested a review of the architecture, management and funding of IT customs networks and databases and their relationship with other EU networks. It also proposed **assessing the value added and possible long-term benefits of establishing a permanent structure to manage IT infrastructure** including possible synergies with existing agencies in the context of preparing the next Multiannual Financial Framework.

This was taken up in the Council during 2017 and discussions have led to further Council conclusions on 7 November 2017 in which the Commission and Member States were invited to implement the UCC IT Work Programme as a top priority and to explore more thoroughly new approaches to develop and operate Customs IT systems.

In May 2017 however the Council had already invited the Commission to report[3] by the end of 2017 on progress made in assessing the permanent structure issue. This specific invitation has to be seen in the context of the Council's other invitations[4] to the Commission and Member States to develop together a comprehensive strategy for customs IT. The relevant Council invitations are:

  – *"to develop a strategy for the architecture, development and funding of Customs IT-Systems taking into account the responsibilities between the Commission and the Member States for the development of IT systems required for the implementation of the EU legislation." (by end 2017)*

  – *"to develop a comprehensive mid and long-term strategy for customs IT systems to enable effective implementation of the UCC and to develop fully digital customs based on the added value of the individual systems, including considering the use of a permanent structure to manage the IT infrastructure, while taking into consideration the already developed or deployed IT systems."*

This report constitutes the Commission's reply to the invitation of the Council to report on progress in relation to its request on the "permanent structure" and includes an explanation of the current delivery approach to follow-up on implementation of the

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[1] Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee Developing the EU Customs Union and Its Governance, COM(2016)813 final

[2] Regulation (EU) no 952/2013 of the European Parliament and of the Council of 9 October 2013 (OJ L 269, 10.10.2013, p.1)

[3] Council Conclusions on Developing the EU Customs Union and its Governance, 7585/1/17 UD 82 ENFOCUSTOM 83

[4] Council Conclusions on Customs Funding, 7586/17 UD 83 ENFOCUSTOM 84

UCC. It also seeks to inform the debate that will come on the Multi-annual Financial Framework by setting out how EU level financing is relevant to the development and operation of customs IT systems.

Concerning the Council's invitation for the development of a mid and long-term strategy for the implementation of customs IT, the Commission is finalising the analytical work that will inform its proposals for the next generation of funding programmes, in particular to cover EU level funding of customs and taxation IT activities. This work will have an impact on the strategy options. These proposals should be made during 2018 and will be presented in the context of the preparation of the next Multi-annual Financial Framework.

2.   EU CUSTOMS FRAMEWORK

The EU is a major trading block dependent on the free flow of goods both into and out of the Customs Union complementing the free movement of those goods within the area of the Single Market. In 2016 combined imports and exports represented approximately 3.5 trillion EUR underlining the importance of trade and of a seamlessly functioning Customs Union to the prosperity of the EU. This translated into nearly 300 million import and export declarations (SAD – single administrative document).

 Time spent in processing goods through customs, and the speed and reliability of that processing, are critical productivity and competitiveness factors. Indeed, studies have shown that a 10% reduction in transit and processing time at customs can generate between 2.5% and 5% growth in trade underlining the importance of well-designed and rapid customs control processes. [5] [6]

The EU is already in a strong position on the basis of common efforts over the years to strengthen and modernise customs processes. Ongoing work on the UCC and its implementation aims to further reinforce the EU's strength in this area.

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[5] OECD Trade Policy Papers 21, 42, 118, 144 and 150 and 157 and Djankov, Simeon; Freund, Caroline & Pham, Cong S.: "Trading on Time", World Bank / Doing Business, (2006 and 2008) : Report (2008, modified in 2010)

[6] Hummels, David (2001). Time as a Trade Barrier, Working Paper. Purdue University, USA

Customs Declarations 2016

TRANSIT   16 million transit declarations

IMPORT
356 million items 168 million customs declarations

2140 Customs offices −114365 personnel

EXPORT
292 million items 129 million customs declarations

Imports and exports per 1 second:
9 customs declarations - 21 items - 109 000 EUR of value

EU customs law is codified in the UCC (and related acts and supported by an IT Work Programme[7]) and is directly applicable in the Member States reflecting the exclusive competence of the EU in this area. Customs authorities apply the same basic rules and all Member States are dependent on the others to play their part in revenue collection and regulatory protection. This interdependence requires close co-operation.

At present, customs IT and policy in the EU is based on the "e-customs decision"[8] adopted by the Council and the European Parliament in 2008 and the provisions of the UCC. The eCustoms Decision sets out the basic principles under which Member States and the Commission work together on the development, building and operation of the systems that underpin customs operations. These systems cover the various customs processes including declaration processing, goods movements and information flows between administrations. They also include some common databases.

It is this "e-customs" policy which has driven the current state of development of customs IT and which is guiding the current finalisation of the 17 different initiatives that have been established in the UCC Work Programme[9]. It is based on the notion that the various IT elements are divided into Union and non-Union components which together go to make up the IT ecosystem.

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[7] 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), replacing the earlier version of the Work Programme set out in Commission Implementing Decision (EU) 2014/255 of 29 April 2014 (OJ L 134 7.5.2014, p. 46-53)

[8] Decision No 70/2008/EC of the European Parliament and of the Council of 15 January 2008 on a paperless environment for customs and trade (OJ L 23, 26.1.2008, p.21)

[9] Annex 1 provides the list of IT systems of the UCC Work Programme

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- The Commission develops agreed **Union components**, funded by the Customs 2020 programme[10] [11]. These Union components may be built to a centralised model operated by the Commission or used in distributed systems operated by the Member States. Communication between systems across the Union is provided via the Union network component known as the CCN/CSI. The trans-European and central systems operated by the Commission for the Customs Union consist of some 30 inter-related systems, for which security and performance are key. In 2017 some 500 million messages were exchanged in systems running on more than 99% availability at an annual cost of €70 million providing support to the rapid customs processes needed to support trade.

- **Non-Union components** are developed and operated by the Member States and funded by them. This includes natural elements of distributed systems designed at EU level. These components must of course be in line with the UCC legal provisions.

Using this framework **a sophisticated IT ecosystem has been built up over the years**. It is mature, fit for purpose and it relies on adequate EU level resourcing of the Union components on which Member States depend. It also depends on Member states to finance their part of the ecosystem and in particular the non-Union components.

3. THE CHALLENGES

Despite the already substantial use of IT to underpin existing customs processes the UCC represents a step change in integration and potential efficiency gains. This is because of the simultaneous simplification and digitalisation of processes needed to support the full integration of customs across the EU. Moreover, implementation imposes costs and these costs need to be weighed against the benefits in deciding on the optimum delivery mechanisms.

3.1. Governance and architecture

The governance of the IT work is based on a number of interacting bodies involving the Commission, the Member States and trade interests, notably the Customs Policy Group (CPG), the Electronic Customs Coordination Group (ECCG), the Trade Contact group (TCG), the Business Policy Group (BCG), the Risk Management Strategy Implementation Coordination group (RIMSCO) and the Customs 2020 programme committee.

The UCC implementation has shown that the process of designing and implementing customs IT systems across the EU requires time and effort. The nature of the task is illustrated by various hybrid arrangements where some Member States either opt to deploy local versions of central systems (often driven by concerns about interaction with national systems and priorities) or insist on EU development of common solutions for non-Union components to be applied by those Member States only (often driven by cost considerations).

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[10] Regulation (EU) no 1294/2013 of the European Parliament and of the Council of 11 December 2013 establishing an action programme for customs in the European Union for the period 2014-2020 (Customs 2020) and repealing Decision No 624/2007/EC (OJ L 347, 20.12.2013, p.209)

[11] Also the funding partly is made by the anti-fraud information system (AFIS)

The UCC drive for an even greater level of integration and interoperability of customs IT systems including **increasing standardisation of the data elements and processes** for the IT systems adds to the challenge of implementation. In this context, there is no structural mechanism to assist Member States in difficulty in their implementation efforts.

Long-term solutions to address customs needs will have to take into account the drive for an even broader interoperability across governmental services, in order to achieve the full benefits expected from advanced data analytics

This increasing cross-sector perspective on future IT policy is supported by the Digital Agenda[12], with a vision of sharing common IT services and solutions. The governance and architecture will also have to tackle the continuous and rapid evolution of technologies, such as "blockchain", and other innovations, which may well influence considerably the shape of IT structures to be put in place in the long-term and the optimal delivery mechanisms.

The governance processes thus need to operate in a framework of **a clear and accepted overall architecture for the customs IT ecosystem** as only this can ensure coherence across the whole structure. It is in this context that Member States have expressed their views on the future challenges in both Commission and Council working groups during 2017. This report reflects the input during that period and establishes the current state-of-play.

3.2. Funding issues and resources

3.2.1 EU level (Union components)

IT systems can be expensive to develop and to operate. The Commission has a budget of some €380 million for the period 2015 to 2020 under the Customs 2020 programme underlining the scope and ambition of the UCC IT projects as well as the investment the EU has already made in setting up and operating IT systems supporting customs. The Commission uses these funds in a tightly controlled structure with a network of external contractors and collaboration agreements with Member States. The current Commission model is therefore optimised and heavily capitalising on the management of teams of external contractors.

These funds go towards the development of new systems and the operation of existing centralised systems and networks supported by dedicated data centres involving the central Commission IT service (DG DIGIT) and the Commission's customs policy service DG TAXUD. **As the role of IT in the implementation of customs policy progresses, the importance of the central role of the Commission services grows both in running central systems, which translates into day-to-day real-time operational responsibilities in the execution of EU law, and also in co-ordinating the work of Member States.** To work well, this requires adequate resources and a close partnership with Member States.

3.2.2 Member State level (non-Union components)

From the point of view of the Member States, a major concern is the cost of their IT operations. **Many are concerned about national components, which are being created 28 times, and are thus delivering poor value for the taxpayer, due to the multiplication of**

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[12] A Digital Agenda for Europe COM(2010)245 final 19.05.2010 and corrigendum of 26.08.2010

the costs involved. For some Member States the challenge is exacerbated by their dependence on commercial suppliers with whom they have insufficient purchasing power to obtain the best prices.

There are also different perceptions of the financing aspects since not all Member States face the same volumes of traffic at import and export thus undermining their **cost benefit analysis,** where they are based on purely national considerations. In addition, although all Member States receive a proportion of the customs duties based own resources they collect (20%), trade flows in and out of the Union tend to be concentrated in a number of locations. Thus, **nearly 80% of import declarations are made in only three Member States**. This also influences Member States' thinking. Last but not least, **many customs administrations make the point that they do not fully benefit from the 20% intended to cover collection costs.**

It is clear that compared to the production of central, or even distributed systems developed by the Commission in partnership with the Member States, **the costs of separate and un-coordinated activities by the Member States are likely to be significantly higher.** Indeed studies carried out for the Commission have led to the conclusion that major savings can be made if Member States collaborate on development, operations and maintenance of the order of between 35 and 53% where a minimum of ten Member States are involved[13]. A complicating factor is that Member States have different business models for producing national components and are also in different positions in relation to the weight of legacy systems. Some Member States have substantial in-house IT expertise while others rely more on third party providers.

3.3. Policy constraints

These challenges have to be seen in the context of the **need to deliver now on the systems and their architecture as per the UCC and its work programme.** While the bulk of the work will be completed by 2020 a small number of new systems will come on line after that date as will be the case for some extensions and upgrading of existing systems. To ensure a complete and fully integrated structure across all Member States and including all systems, this work will most likely continue up to 2025. This also underlines the need for an evolutionary approach to minimize risks to customs processes given the importance of the existing IT ecosystem to the day-to-day operation of the Customs Union. The current overall situation in relation to the implementation of the UCC, including the relevant IT systems and the timing of their delivery, is set out in the Commission's recent report on the implementation of the Union Customs Code and on the exercise of the power to adopt delegated acts pursuant to article 284 thereunder.[14]

4. IT SCENARIO FOR AN INTEGRATED CUSTOMS UNION

Discussions with the Member States have emphasised the importance of a strategy for IT for customs in the EU should be based on a vision of the future and of longer term goals of digital customs as a basis for ongoing work.

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[13] Strategic Framework for the collaborative realisation of EU Customs IT Systems: March 2014

[14] COM(2018)39 final of 22.01.2018

Reactions have underlined the need for customs authorities provide an **efficient and effective customs service** applying the agreed rules in a **consistent and coherent** fashion across the Union.

To achieve this, customs controls will need to be based on a **better harnessing of the power of digitalisation and data flows, thus creating even more effective risk based controls**. This can allow **customs authorities to focus their resources** and if applied intelligently **reduce the administrative burden** for and **rationalise inputs from legitimate trade**.

The **pivotal role of customs for other policies** that also have a border-crossing element can be levered to produce positive synergies for overall regulatory control, in a future based on **high degrees of interoperability and interconnectivity between IT systems** and co-ordinated control approaches.

A logical ultimate goal would be a single window environment guaranteeing as far as possible a single coherent relationship with the various government actors, supported by a coherent regulatory control structure behind it.

Such an environment supposes a **high degree of data, information and intelligence sharing between customs authorities and between those other authorities and other regulatory agencies and departments**. It also requires the **systematic use of advanced data analytics and possibly other innovative technologies** to support integrated control approaches that are largely risk based and built on wide knowledge of the risks and capacities of the main commercial actors.

Member States input suggests, that the role of customs IT systems will be primordial in ensuring successful policy outcomes and that they will be **cost-effective, robust and reliable**. This means being able to adapt to changing technology and business models. It will also be important to reap synergies with relevant already existing Pan-European IT systems.

It is also clear, that it will require a **close partnership between the Commission and Member States** to ensure the best use of expertise and resources to deliver cost-effective IT solutions, be it in development or in systems operation.

5. POSSIBLE OPTIONS FOR A PERMANENT STRUCTURE

Any change in business model beyond refining the current model will take time, in particular if this requires the setting up of new structures. A radical change in the current processes risks undermining delivery of the short and medium-term UCC IT projects. This would be highly undesirable and not in keeping with **the Council's clear statement, that priority should be given to implementation of the UCC**. This reinforces the idea that the current reflection should concentrate on the longer-term.

In the short term, the Commission will therefore need to continue to operate under the rules set out in the eCustoms Decision and the UCC, and in line with the Customs 2020 programme. With this in mind, it has strengthened its services dealing with Customs IT to tackle the major activities that are the UCC IT projects and annual EU expenditure is running at some €70 million. This strengthening includes staff reinforcement for DG TAXUD and new arrangements with DG DIGIT to optimise synergies between the services. However further development on this basis beyond 2020 will depend on decisions to be taken in

relation to the successor programme to Customs 2020. A tentative timeline for this exercise of defining a new model and its components is set out in annex 2 without prejudice to future decisions on funding.

If the current model is to change, discussions to date suggest the most promising avenue would likely involve a "shared IT supplier" approach through an entity/agency or other methods of collaboration.

Any such approach however needs to recognise the reality of existing IT operations. In principle, such a supplier could develop full systems to hand over to Member States or the Commission or certain layers of IT development or operations, or indeed could be responsible for full development and operations. To illustrate this issue of the so-called "layers" the diagram below sets out the main building blocks of the Commission (DG TAXUD) IT stack. It is clear that with the complexity and interdependence of the component parts of the IT ecosystem assessing possible activities or parts of such activities for attribution to a shared IT supplier is a difficult process. It is also clear that the activities divide into a business agnostic part (below in orange) and a business specific part (below in green) which may influence the solutions to be applied particularly in considering potential cross-policy area synergies.

5.1. Shared IT supplier

Various options have been examined without at this stage attempting a detailed cost-benefit analysis; given the need to scope further the eventual coverage of any option in the light of reactions from Member States in the discussions that have taken place to-date, most notably in the High-Level Seminar in Tallinn on 28/29 September 2017 and the Council conclusions of 7 November 2017[15].

In all likely scenarios, the development and operation of IT systems would require a shared responsibility between the Commission and Member States given their respective competences for legislation at EU level and for implementation of that legislation

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[15] See agenda of the ECOFIN meeting of 7 Nov 2017 n° 13623/17 and the A Item Note n°13556/17 UD 240 regarding the adoption of the Council conclusions.

respectively. While it could be possible to envisage changing the balance between Union and non-Union components, this would not solve the underlying issues unless all systems became Union components. Even then, there would be questions about what would be the best structure to deliver them and how it would interact with national customs services and national law.

On this basis, the notion of a **"shared IT supplier" which could in principle supply development and even operations and maintenance services to both the Commission and to Member States has been discussed**. The idea would be to assign responsibilities to a third party, which could deliver services on the basis of funding provided by Member States and the Commission. This would ensure coherence across the range of IT systems and should deliver cost savings. Moreover, this would leave the option open for the Commission or even Member States to assign certain operational tasks and activities to the third party, depending on the legal construction used.

The likely value-added of such an option would derive from the lower costs of single development, operation and maintenance compared to multiple costs when all Member States act individually. However, the real effects of this principle would depend on the scope of such "shared IT supplier" activities, and the extent to which national adaptations could be minimised in the interest of standardising the approach. Given the need for full real-time availability for operations and maintenance, any structure would have to give business continuity guarantees that would apply to all Member States involved, if it was to take on such activities.

Indeed a major issue is the extent to which systems, or parts of systems, could be taken on by a third party and their relationship with other parts of the IT ecosystem.

In principle, **a "shared IT supplier" could be a structure operating at EU level. In case such a structure would take the form of a joint undertaking,** the specific tasks and governance would be substantially different. It could also be a form of joint procurement body perhaps established through an arrangement such as a European Grouping of Territorial Cooperation[16].

5.2. A structure operating at EU level

A possible approach to such a challenge would be set up a structure at EU level to take on specific responsibilities. Although the option of, for example, a new agency, has been raised in Member State discussions, there is insufficient support for such an idea amongst the Member States at present. This is complicated in addition by considerable uncertainty over future EU funding possibilities, as well as concerns about taking this route without a clear idea of the relationship between an entity's activities and those of Member States, where the customs processes are so integrated across the EU.

Another possibility would be **to seek to transfer Commission operations to an existing EU structure, such as an existing EU agency**.[17] At present there is only one such agency with a mandate covering large scale IT systems in

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[16] See Regulation 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (EGTC) (OJ L 210, 31.7.2006, p. 19)

[17] OLAF is already operating Pan-European customs IT systems, supporting Customs authorities in their work to fight fraud in the customs area. OLAF, however, has neither the mandate nor the resources to operate large scale IT systems outside the fraud area.

the area of justice and home affairs. This is EU-LISA. However, its mandate does not cover customs and it is fully occupied at present in delivery of systems within its mandate. Any potential synergies with this agency would require detailed due diligence, in particular because of the high number, complexity and degree of maturity of existing customs IT systems. **The risk to existing customs operations would be too great for it to be considered as a viable option in the short or medium term**. Moreover, with the finalisation of the remaining UCC projects, such risks will become more important.

At this stage in the development of thinking around the use of a permanent structure therefore, the Member States have not agreed on a clear orientation on the use of a new structure to take over some of the development and/or operation/maintenance of customs IT systems. Member States are very much concentrated on delivery of the complex web of projects that are provided for in the UCC and see little chance of major changes in the way they carry out their activities for this purpose. More clarity is needed on many different elements, which **justifies further work on due diligence**.

5.3. Collaboration solutions for the Member States

A further option is to attempt to generate new momentum around the idea of deeper collaboration between the Member States. Considerable research has been undertaken on this and new initiatives in both the customs and taxation fields suggest that there is scope for genuine value-added.

The collaboration "solution" is based on the idea that Member States collectively act together to tackle non-Union component design, development and operations. It implies a structure that is more open and less centralised in its governance and operation than an agency type solution. It also implies that costs are mainly born by the Member States directly and not by the EU budget, as should be the case for non-Union components. This presupposes a clear view of where the work to be done fits in the customs IT ecosystem. Here the UCC Work Programme (and the Multi Annual Strategic Plan – MASP – as provided for in the eCustoms Decision) provides a framework.

The challenges of collaboration are essentially around ensuring governance of the action (outside the tight framework in place for the work on Union components) involving some or all Member States, ensuring that the legal and practical matters around procurement are adequately addressed and ensuring agreed and workable rules on IT architecture.

At this stage, **the potential of this approach needs to be tested by a real life case**. In this respect the ongoing UCC project on notification of arrival, presentation notification and temporary storage is a valuable experiment and the Commission will continue to support it, with expertise and with funding for certain administrative aspects where this is possible under the Customs 2020 programme. This project, led by Belgium, has real potential to provide a template for further similar projects as well as providing a more cost-effective solution for those Member States currently seeking to finalise their national systems for the UCC. It has the potential to go beyond development aspects and can benefit from existing experience on projects in the tax world, which has been faced with similar challenges. Discussions in the High Level Working Party in the Council on 11 October 2017, based on the output of the Tallinn seminar of 28/29 September, have demonstrated a convergence of views around the importance of advancing on the issue of collaboration.

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Depending on the results of this experience and those other similar actions that are ongoing in the area of taxation, **this form of co-operative working may indeed develop to occupy an important part of the development (and maybe even in certain cases operations) of parts of the customs IT ecosystem. This could be part of a "blended" solution that provides for different solutions for parts of the IT ecosystem.**

6.   ASPECTS TO BE FURTHER EXPLORED

Further reflections will be needed in the context of the work of the "catalyst group" foreseen by the discussions in the Council in October 2017. They should cover both the possible development of "collaboration" type solutions and innovative structures to bring Member States together, as well as more detailed examination of the use of more traditional agency type structures including synergies with existing agencies and future initiatives. The high-level objectives for the group should include at least the following:

- Further development of the vision of digital customs;
- Definition of a stable governance relationship with business needs and the related legal framework to recognise the challenge of IT delivery in a dynamic policy environment;
- Factor in technological innovation into the process of decision;
- Scope the wider interaction under the Digital Agenda with other policy areas;
- Integrate the lessons of ongoing "collaboration" initiatives and analyse their effectiveness;
- Outline an appropriate IT architecture;
- Establish the future delivery model(s) based on cost/benefit considerations with an eye to "blended" solutions.

7.   CONCLUSIONS

Since the launch of the debate by the Commission at the end of 2016, there has been a wide ranging discussion on the longer-term future for EU customs IT delivery and operation.

The challenges as well as the achievements to date of the current IT delivery model are widely recognised. There is a clear consensus on the **need to continue with the current structures to complete the ambitious UCC IT work programme.** Within the current structures, it is possible **to build on existing collaboration initiatives to help interested Member States to deliver parts of the UCC systems they need to put in place.** This is an area where the current experiences will bring valuable input to the debate on the future potential and development of the collaboration concept.

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Progress has been made in identifying potential avenues for more effective and efficient development and operation of customs IT systems. However, **work needs to be carried on along the two-track approach of continuing and refining the existing collaboration approach as well as establishing more clearly alternative delivery models**. The appetite of Member States for innovative solutions in this area should also be attended to. Both tracks need to factor in the Digital Agenda and the general orientations towards the sharing of IT services and solutions across sectors.

Given the complexity and critical nature of the IT ecosystem for customs operations, both within Member States and between them, it seems that **any major change would have to be evolutionary in nature and that in all probability there will be a need for "blended" solutions rather than a single overarching one.** As discussed with Member States, the next step in the process should be the **creation of a "catalyst group" of interested Member States and the Commission** to explore the specific issues set out in this document and to follow-up the Council conclusions of 7 November 2017. The objective of this "catalyst group" would be to establish a feasible scenario for the longer-term and a path to get there, including potentially further "pilot-projects" and due diligence work on synergies with other actors, as well as **appropriate legal analyses and cost/benefit exercises**.

The EU funding implications of future actions going beyond the financing envelope of the Customs 2020 programme will have to be considered in the context of the preparation and negotiation of the next generation customs programme.

In all the work to be done there will be a need to take into account the possible evolution of the legal basis and the potential impact of Brexit, the increasing pressure to ensure cross-sector solutions in terms of interoperability, sharing of solutions and exploitation of data as well as the implications of technological innovations over the coming years.

	List of 17 projects defined by the UCC Work Programme – Overview
1	UCC Registered Exporter System (REX)
2	UCC Binding Tariff Information (BTI)
3	UCC Customs Decisions (CD)
4	UCC Uniform User Management & Digital Signature (UUM&DS)
5	UCC Authorised Economic Operators (AEO)
6	UCC Economic Operator Registration and Identification System (EORI2)
7	UCC Surveillance 3
8	UCC Proof of Union Status (PoUS)
9	UCC New Computerised Transit System (NCTS)
10	UCC Automated Export System (AES)
11	UCC Information Sheets (INF) for Special Procedures
12	UCC Special Procedures
13	UCC Notification of Arrival, Presentation Notification and Temporary Storage
14	UCC National Import Systems
15	UCC Centralised Clearance for Import (CCI)
16	UCC Guarantee Management (GUM)
17	UCC Import Control System (ICS 2)

List of 17 projects defined by the UCC Work Programme – Descriptions

1. UCC Registered Exporter System (REX)

The project aims to make available up-to-date information on Registered Exporters established in GSP countries exporting goods to the Union. The system will be a trans-European system and also include data about EU economic operators for the purpose of supporting exports to GSP countries. The required data has be inserted in the system in a gradual manner until 31 December 2017.

2. UCC Binding Tariff Information (BTI)

The project aims at providing an upgrade of the existing trans-European EBTI-3 system and Surveillance 2 system to ensure the following:

(a) alignment of the EBTI-3 system to the UCC requirements;
(b) extension of under-surveillance-required declaration data;

(c) monitoring of the compulsory BTI usage;

(d) monitoring and management of BTI extended usage.

The project will be implemented in two phases.

The first phase will, firstly, provide the functionality to receive the UCC required declaration dataset (i.e. step 1) as of 1 March 2017 in a gradual manner until the implementation of the projects listed in points 10 and 14 hereof (and at the latest by 31 December 2020), and, secondly, fulfil the obligation of BTI usage control on the basis of the newly required declaration dataset and the alignment to the customs decisions process (i.e. step 2).

The second phase will implement the electronic form of the BTI application and decision and provide for the economic operators an EU harmonised trader interface to submit the BTI application and receive the BTI decision electronically.

3. UCC Customs Decisions

The project aims at harmonising the processes related to the application for a customs decision, the decision-taking and the decision management through standardisation and electronic management of application and decision/authorisation data across the Union. The project relates to national and multi-Member State decisions defined by the Code and will cover system components developed centrally at Union level and cover integration with national components where opted for by Member States. This trans-European system will facilitate consultations during the decision taking period and the management of the authorisations process.

This trans-European system consists of an EU trader portal, a customs decisions management system and a customer reference system.

4. Direct trader access to the European Information Systems (Uniform User Management & Digital Signature)

The goal of this project is to provide working solutions for a direct and EU-harmonised trader access as a service for user-to-system interfaces to be integrated in the electronic customs systems as defined in the specific UCC projects. The Uniform User Management and Digital Signature will be integrated in the portals of the concerned systems and includes support for identity, access and user management compliant with the necessary security policies.

The first deployment is foreseen together with the UCC Customs Decisions system. Afterwards, this technical enabler for authentication and user management will be made available for usage in other UCC projects such as the UCC BTI, UCC AEO upgrade UCC Proof of Union Status system and potentially also the UCC Information Sheets (INF) for Special Procedures system. See the different projects for the dates of deployment.

5. UCC Authorised Economic Operators (AEO) upgrade

The project aims to improve the business processes related to AEO applications and authorisations taking into account the changes of the legal provisions of the UCC.

In the first phase, the project aims at implementing the major enhancements to the AEO system in view of the harmonisation to the customs decision taking procedure.

In the second phase, the project will implement the electronic form of the AEO application and decision and provide for the economic operators an EU harmonised interface to submit the AEO application and receive the AEO decision electronically.

6. UCC Economic Operator Registration and Identification System upgrade (EORI 2)

This project aims at providing a minor upgrade of the existing trans-European EORI system that enables the registration and identification of economic operators of the Union and third country operators and persons other than economic operators that are active on customs matters in the Union.

7. UCC Surveillance 3

This project aims at providing an upgrade of the Surveillance 2+ system to ensure its alignment to the UCC requirements such as the standard exchange of information by electronic data-processing techniques and the establishment of adequate functionalities needed for processing and analysing the full surveillance dataset obtained from Member States.

Therefore, it will include further data mining capabilities and reporting formalities to be made available to Commission and Member States.

8. UCC Proof of Union Status (PoUS)

The project aims at the creation of a new trans-European system to store, manage and retrieve the following electronic Proofs of Union Status: T2L/F and the customs goods manifest (issued by a non-authorised issuer).

9. UCC New Computerised Transit System (NCTS) upgrade

The aim of this project is to align the existing trans-European NCTS system to the new UCC requirements such as the registration of "en route" events and the alignment of information exchanges to UCC data requirements and the upgrade and development of interfaces with other systems.

10. UCC Automated Export System (AES)

This project aims to implement the UCC requirements for export and exit.

Component 1 - "Trans-European AES":

The aim of the project is to further develop the existing trans-European Export Control System in order to implement a full AES that would cover the business requirements for processes and data brought about by the UCC, inter alia the coverage of simplified

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procedures, split exit consignments and centralised clearance for export. It is also envisaged to cover the development of harmonised interfaces with Excise Movement System (EMCS) and NCTS. As such, AES will enable the full automation of export procedures and exit formalities. AES covers parts to be developed centrally and nationally.

Component 2 – "National Export Systems upgrade":

In addition, not being part of the scope of AES but closely linked, separate national systems are to be upgraded for specific national elements related to export and/or exit formalities. As far as these elements do not have an impact on the common domain for AES, they can be covered under this component.

11. UCC Information Sheets (INF) for Special Procedures

The aim of this project is to develop a new trans-European system to support and streamline the processes of INF data management and the electronic handling of INF data in the domain of Special Procedures.

12. UCC Special Procedures

This project aims at accelerating, facilitating and harmonising Special Procedures across the Union by means of providing common business process models. The national systems will implement all UCC changes required for customs warehousing, end-use, temporary admission, inward and outward processing.

This project will be implemented in two parts.

Component 1 - "National SP EXP": provide the required national electronic solutions for the export related special procedures activities.

Component 2 - "National SP IMP": provide the required national electronic solutions for the import related special procedures activities.

The implementation of these projects will occur through the projects listed in points 10 and 14 hereof.

13. UCC Notification of Arrival, Presentation Notification and Temporary Storage

The goal of this project is to define the processes for Notification of Arrival of the means of transport, Presentation of the goods (Presentation Notification) and Declaration for Temporary Storage as described in the UCC and to support harmonisation in this respect across the Member States as regards the data exchange between trade and customs.

The project covers the automation of processes at national level.

14. UCC National Import Systems upgrade

The project aims at implementing all process and data requirements deriving from the UCC which relate to the import domain (and which are not covered by one of the other projects

defined in the Work Programme). It relates mainly to the changes for the "Release for free circulation" procedure (standard procedure + simplifications), but covers also the impact arising from other system migrations. This project relates to the national import domain covering the national customs declarations processing systems as well as other systems such as national accountancy and payment systems.

15. UCC Centralised Clearance for Import (CCI)

This project aims to allow for goods to be placed under a customs procedure using centralised clearance, allowing economic operators to centralise their business from a customs viewpoint. The processing of the customs declaration and the physical release of the goods should be coordinated between the related customs offices. It concerns a trans-European system containing components developed centrally and nationally.

16. UCC Guarantee Management (GUM)

This project aims to assure the effective and efficient management of the different types of guarantees.

Component 1 – "GUM": The trans-European system will cover the management of the comprehensive guarantees that may be used in more than one Member State and the monitoring of the reference amount for each customs declaration, supplementary declaration or an appropriate information of the particulars needed for the entry in the accounts for the existing customs debts for all customs procedures as provided for in the Union Customs Code, except Transit which is handled as part of the NCTS project.

Component 2 – "National Guarantee Management": In addition, the electronic systems existing at national level to manage the guarantees valid in one Member State are to be upgraded.

17. UCC Import Control System upgrade (ICS 2)

The goal of this project is to strengthen the safety and security of the supply chain for all modes of transport and especially air cargo, by means of improving data quality, data filing, data availability and data sharing as regards the entry summary declaration and related risk and control information (ENS+ lifecycle).

The project will also facilitate the collaboration amongst Member States in the process of risk analysis. It will lead to a complete new architecture of the existing trans-European ICS system.

Annex 2

I T Strategy for Customs – Tentative timeline
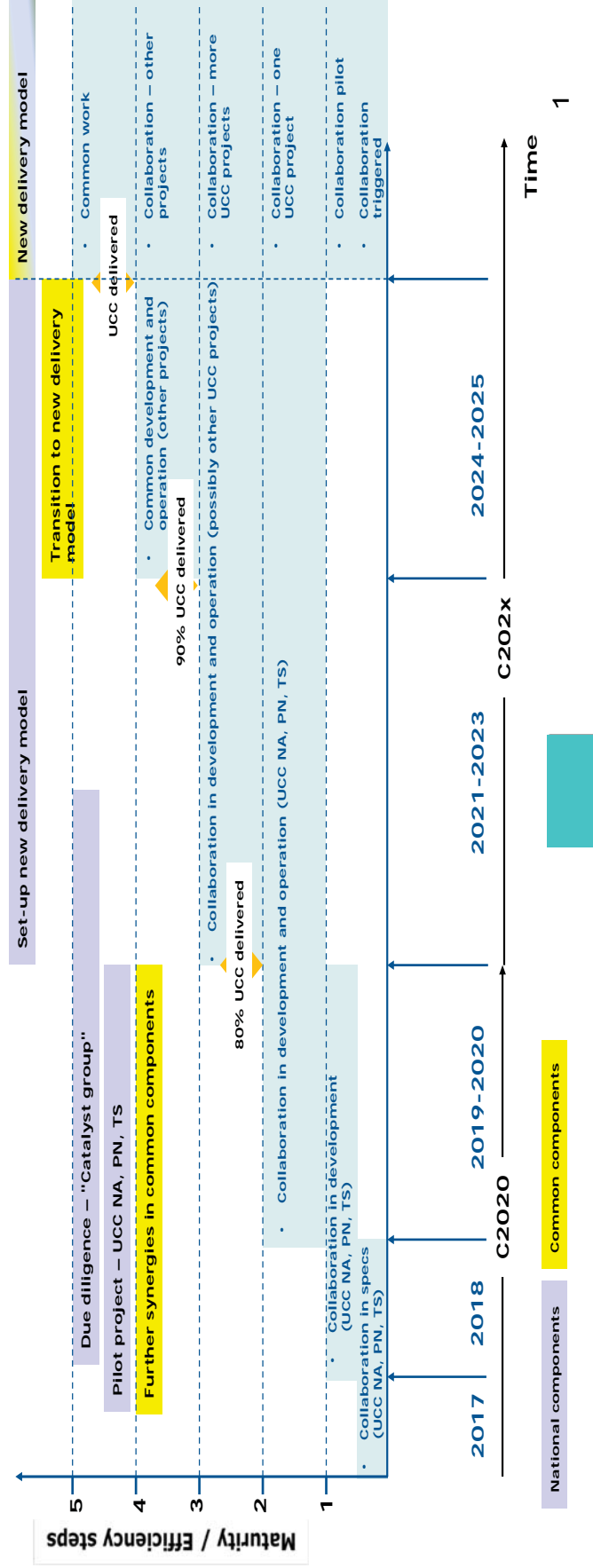
Note: The figures of UCC percentage done concern only the work to be performed by the Commission, not the work to be performed by the Member States.