



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Customs Policy, Legislation, Tariff
Customs Processes and Project Management

Brussels, 01 August 2013

taxud.a.3(2013) 3213327

2012 E-Customs annual progress report

Table of contents

1. INTRODUCTION	6
2. BACKGROUND	6
2.1. E-Customs initiative	6
2.2. Safety & Security systems	7
2.3. Tasks and responsibilities	8
2.3.1. MASP governance	8
2.3.2. European Union and Member States tasks.....	8
3. COMMISSION ANNUAL PROGRESS REPORT	9
3.1. IT systems annual progress report	11
3.2. Costs incurred by DG TAXUD on IT systems development in 2012	12
4. NATIONAL ANNUAL PROGRESS REPORTS	14
4.1. E-Customs Systems	14
4.1.1. Import Control System (ICS) – Phase 1	14
4.1.2. Export Control System (ECS) – Phase 2.....	14
4.1.3. New Computerised Transit System (NCTS) - Phase 4.....	14
4.1.4. Customs Risk Management System (CRMS)	15
4.1.5. Integrated Tariff Environment (ITE).....	15
4.1.5.1. TARIC3.....	15
4.1.5.2. Quota2	15
4.1.5.3. Surveillance2.....	16
4.1.5.4. EBTI3	16
4.1.6. Anti-COUNTERFEIT and anti-PIRACY System (COPIS)	16
4.1.7. Economic Operators System – (EOS).....	16
4.1.8. Regular Shipping Service (RSS)	16
4.1.9. AEO Mutual Recognition (AEO MR) with US	16
4.1.10. Registered Exporter System – REX	17
4.1.11. Single Window Program	17
4.2. Coordination of e-customs systems with other e-government systems/activities.....	17
4.3. Promotion and implementation of e-customs services and single window	17
4.4. Training	18
4.5. Consultations with economic operators.....	18
4.6. Costs incurred by the Member States in 2012	19
5. CONCLUSIONS	22

Table of figures

FIGURE 1: EVOLUTION OF CCN MESSAGES THROUGH THE YEARS	10
FIGURE 2: EVOLUTION OF MESSAGES THROUGH THE YEARS	10
FIGURE 3: NUMBER OF MESSAGES (X1000) PER SYSTEM IN 2012	11
FIGURE 4: COMMISSION COMMITTED COSTS IN YEAR 2012 (EXPRESSED IN €)	13
FIGURE 5: MEMBER STATES COSTS OF CUSTOMS IT SYSTEMS IN 2012	19
FIGURE 6: COSTS ON S&S AND NON S&S SYSTEMS AS PART OF ALL SYSTEMS IN 2012	20
FIGURE 7: MEMBER STATES COSTS ON S & S IT SYSTEMS IN 2012	20
FIGURE 8: MEMBER STATE COSTS IN YEARS 2008-2012	21
FIGURE 9: MEMBER STATES COSTS OF S&S SYSTEMS IN PERIOD 2008-2012	22

Abbreviations and Acronyms

Acronym	Description
AEO	Authorized Economic Operator
AES	Automated Export System
BPM	Business Process Modelling
CCC	Customs Code Committee
CCN	Common Communication Network
CIS	Central Information Systems
CN	Combined Nomenclature
COPIS	anti-Counterfeiting and anti-Piracy System
CPG	Customs Policy Group
CRC	Combined Risk Criteria
CRMS	Customs Risk Management System
CSI	Common Systems Interface
CVED	Common Veterinary Entry Document
DG TAXUD	Directorate General for Taxation and Customs Union
DG SANCO	Directorate General for Health and Consumer Affairs
EBTI	European Binding Tariff Information
ECG	Electronic Customs Group
ECG L&IT	Electronic Customs Group Legal and IT
ECICS	European Customs Inventory of Chemical Substances
ECS	Export Control System
EFTA	European Free Trade Association (consisting of Iceland, Norway, Liechtenstein and Switzerland)
ENS	Entry Summary Declaration
EORI	Economic Operator Registration and Identification
EOS	Economic Operators System
EU	European Union
GSP	Generalised System of Preferences
ICS	Import Control System
IE	Information Exchange
IT	Information Technology
ITE	Integrated Tariff Environment
KEL	Known Error List
MASP	Multi-Annual Strategic Plan
MCC	Modernised Customs Code
MCCIP	Modernised Customs Code Implementing Provisions
MR	(AEO) Mutual Recognition
MS	Member State

Acronym	Description
NA	National Administrations
NCTS	New Computerised Transit System
NRAC	National Risk Analysis Center
QUOTA	A central database (managed by DG TAXUD) containing tariff quotas (limited quantities for a number of products for which the import Customs duty is reduced)
REX	Registered Exporters System
RIF	Risk Information Form
S&S	Safety and Security systems
SMS	Specimen Management System
SURVEILLANCE	A central database (managed by DG TAXUD) providing statistics for the volumes of specific products imported into the EU customs territory
SW	Single Window
SW-CVED	Single Window - Common Veterinary Entry Document
TARIC	Integrated Tariff of the European Communities
TCG	Trade Contact Group
TRACES	TRAdE Control and Expert System
UCC	Union Customs Code

1. INTRODUCTION

The e-Customs annual progress report for year 2012 is the fifth report prepared on the basis of Article 12 of the e-Customs decision¹ under which the Member States are required to report annually on their progress with the tasks allocated to them in the Multi-Annual Strategic Plan (MASP). The Commission on the basis of the national e-Customs progress reports draws a consolidated report evaluating the progress made by the Member States and the Commission² with the e-Customs initiative in the given year.

In the course of 2012 the MASP was revised from revision 9 to revision 11³. The previous MASP revision covered the planning and management of the trans-European and central Information Technology (IT) systems known at that point in time (dated 22 September 2008). The trans-European and central IT systems that are in operation have not been included in the latest MASP revision 11 in order to focus on new developments in several customs policy areas, mainly in view of the implementation of the Union Customs Code (MCC Recast)⁴. Consecutively, the Member States had to report their progress on projects found in both MASP versions.

Twenty-six Member States provided the Commission with their national e-Customs progress reports for 2012 which makes the most complete reporting campaign in terms of the number of the Member States that participated. Most Member States reported on the projects of both MASP versions; however the vast majority of the reporting concerned the projects in MASP revision 9 and more specifically the maintenance and enhancement activities of the Safety & Security systems that are already in operation. The reporting on the MASP revision 11 projects concerned mainly the participation to working groups for laying down the functional specifications of the concerned systems.

2. BACKGROUND

2.1. E-Customs initiative

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

¹ Decision No 70/2008/EC of 15 January 2008 on a paperless environment for customs and trade (OJ L 23, 26.1.2008, p. 21)

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

³ An intermediate revision of the MASP is available - MASP revision 10 of 11 November 2009 which updated the projects' list and their milestones in the view of the systems to be introduced under the modernised Customs Code. This revision of MASP has never been formally approved by the Member States

⁴ Draft Regulation of the European Parliament and the Council laying down the Union Customs Code (COM(2012) 64 final)

The pan-European e-Government action, as provided for by Decision 2004/387/EC⁵, requires measures to increase the efficiency of the performance of customs controls and to ensure the seamless flow of data in order to make customs clearance more efficient, reduce administrative burdens and increase the safety of goods, and the security of international trade and enhance health and environmental protection. The seamless data flow will help to combat fraud, organised crime and terrorism, serve fiscal interests and protect intellectual property and cultural heritage. To that end, the use of information and communication technologies for customs purposes is of crucial interest.

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

The objectives to be met in creating this paperless environment for customs and trade as well as the structure, means, time limits and allocation of tasks between the Commission and the Member States are in general set in the e-Customs decision. The current Community Customs Code as well as the modernised Customs Code⁶ (MCC, which is being recast into the Union Customs Code, UCC⁷) provide the necessary legal basis for the computerisation of all customs procedures, declarations and data exchange.

Operational planning of the e-Customs initiative and the allocation of the tasks to the Commission and the Member States is provided in the MASP, the overall project management tool.

2.2. Safety & Security systems

Safety & Security systems represented a first major step in the e-Customs initiative. The systems were planned to be implemented by 1 July 2009, as provided for in the implementing provisions to the safety and security amendment to the Community Customs Code. The Safety & Security systems are:

- Import Control System (ICS) – Phase 1;
- Export Control System (ECS) – Phase 2;
- Economic Operator's Registration and Identification system (EORI) and Authorised Economic Operator (AEO) – EORI and AEO were merged in Economic Operators Systems (EOS);
- Customs Risk Management System (CRMS);
- New Computerised Transit System (NCTS) – NCTS – Phase 4.

The implementation of the safety and security legislation also required amendments to the NCTS - Phase 4 which had to be performed by 1 July 2009 as well.

⁵ OJ L 144, 30.4.2004, p. 65, as corrected by OJ L 181, 18.5.2004, p. 25

⁶ Regulation (EC) No 450/2008 laying down the Community Customs Code (Modernised Customs Code) OJ L 145, 4.6.2008, p.1

⁷ Document COM(2012) 64, proposal for a regulation laying down the Union Customs Code

Other IT systems requested by the e-Customs decision have their implementation dates set in general from 2011 to 2014, depending on the positive evaluation of their functional specifications.

Following the above, and apart from the management of already operational systems, the vast majority of Member States' activities in 2012 were set on enhancing the stability of the safety and security systems and the related national risk analysis systems.

2.3. Tasks and responsibilities

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

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

2.3.1. MASP governance

The MASP is discussed in the ECG and endorsed by the Member States in the CPG (Deputies) based upon the expert advice provided by the ECG and the consultations with trade at the TCG.

Within 2012 the MASP has undergone a major revision from revision 9 to revision 11 to include only new developments in several customs policy areas such as the Union Customs Code (MCC Recast) and the Safety and Security. MASP revision 9 remains the main reference for the IT customs systems initiated under the e-Customs decision. Therefore both versions of the MASP are used for the reporting by the Member States.

2.3.2. European Union and Member States tasks

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

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

- the development of European Union and national components with a view to a synchronised implementation of projects;
- systems and services provided for in the e-Customs decision with other relevant e-Government projects at European Union level;
- the promotion and implementation of electronic customs services and single window services at national level;
- training needs of involved stakeholders in order to be able to support the implementation of the e-Customs decision, such as trainings on the applicable safety and security legislation or on the developed European Union components and the 'ARIS' modelling tool.

3. COMMISSION ANNUAL PROGRESS REPORT

The e-Customs decision entrusts and assigns tasks to the Commission (DG TAXUD) to implement the e-Customs decision in close cooperation with the Member States and the Trade. DG TAXUD has undertaken and progressed in the tasks assigned by the e-Customs decision and both revisions of MASP (revision 9 and 11) in accordance with the time plan set in the MASP for year 2012.

DG TAXUD has organised regular meetings with the Member States and other parties such as the TCG and CCC to promote and ensure the implementation of the e-Customs objectives. During the year 2012, DG TAXUD organised 137 meetings, steering groups, workshops, seminars, trainings etc. 1980 participants visited these events. IT trainings were visited by 468 people. Parts of all these events were meetings of Electronic Customs Group (ECG). In particular DG TAXUD organised 19 meetings of the ECG group, both plenary and dedicated on specific subjects, and respective sub-groups. Main items for discussion were MASP projects such as the anti-Counterfeiting and anti-Piracy System (COPIS), Customs Decisions, Single Window - Common Veterinary Entry Document (SW-CVED), Registered Exporters System (REX), Centralised Clearance, EOS and AEO Mutual Recognition projects; progress on the modelling of customs business flows using Business Process Modelling (BPM); monitor the status and address issues from the trans-European systems that are in operation; work on a new MASP rev11.0 projects and reflect on the maritime transport under the Single Market Act II.

One major objective of the e-Customs decision is to facilitate the international trade and enhance the security of the international supply chain by promoting the interoperability of EU electronic customs systems with the customs systems of third countries, in view of creating a paperless environment at international level where provided for under international agreements. Within 2012, DG TAXUD took the tasks and steps towards this objective by implementing the AEO Mutual Recognition with US, the so called Phase 1, step 1.1 of AEO Mutual Recognition extended or to be extended also to Japan. DG TAXUD took the necessary tasks to also progress on the REX project which also facilitates the trade with third Countries in a Generalised System of Preferences (GSP) scheme⁸. A REX project working group has been set up and run within 2012.

In the context of EU customs, the purpose of Business Process Modelling (BPM) is to increase the common understanding of the customs process flows and of the practical implications of their implementation. DG TAXUD aiming at supporting and improving the functioning of the Customs Union introduced the new Business Process Management and the embedded BPM. BPM was initially requested by Member States in order to understand and agree on the customs processes and procedures to be inscribed in the implementing provisions for the Union Customs Code (MCC Recast). In order to achieve this goal DG TAXUD deployed in 2010 the 'ARIS' BPM suite to facilitate the review process by the Member States (and the modelling process by the modellers). The modelling and review activities have progressed and covered all the key Customs processes and as a result within 2012 the 'ARIS' BPM was able to efficiently manage the processes through the customized items. This gives a very solid starting and coherent view to any entity at DG TAXUD who wishes to model business process data, business rules and technical IT plans.

⁸ Articles 66 to 97w and Annexes 13a to d, 16 to 18 and 21 of regulation (EC) No 2454/93 (as amended by Regulation 1063/2010)

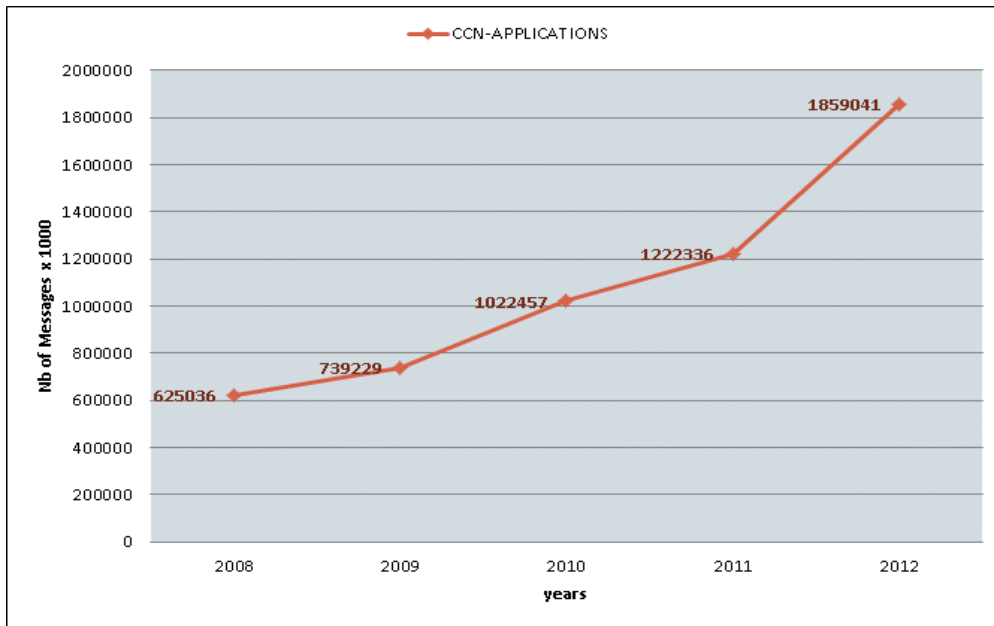


Figure 1: Evolution of CCN messages through the years

From an operational perspective, the Common Communication Network (CCN) continued to deliver operational excellence. About 1.86 billion messages have been exchanged in 2012 which nominates a huge 52% increase compared with the 1.2 billion messages exchanged in the previous reporting year (2011). Figure 1 shows the evolution of the messages exchanged over the CCN.

Figure 2 represents the evolution of the number of messages during the years for ECS, EORI and NCTS. The number of messages for the said systems has increased over the years and stabilised in 2012.

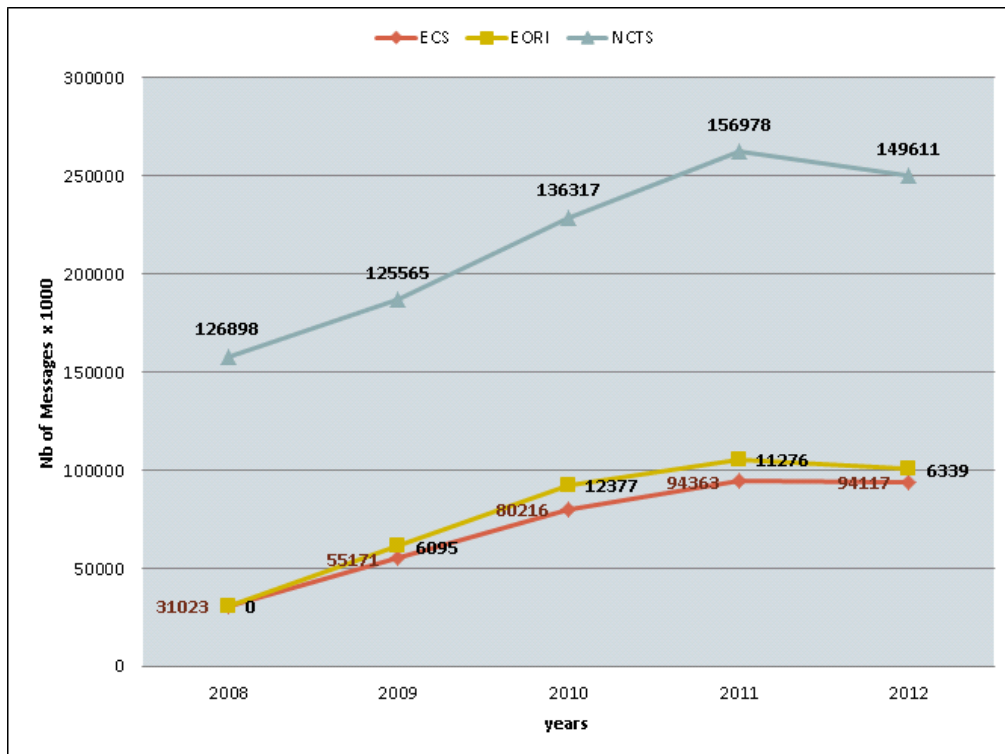


Figure 2: Evolution of messages through the years

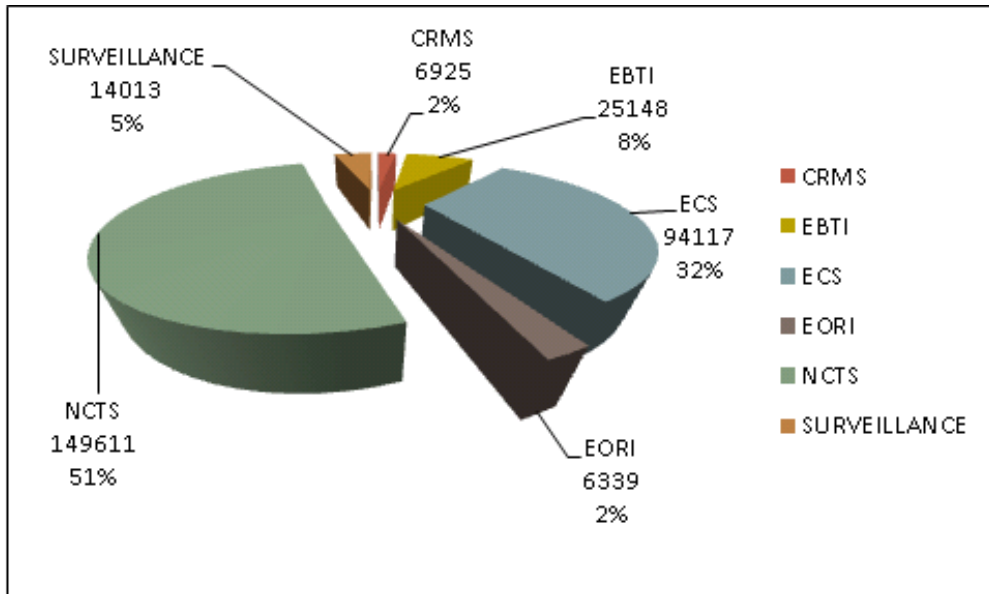


Figure 3: Number of messages (x1000) per System in 2012

Figure 3 represents the evolution of the number of messages during the years for the systems CRMS, EBTI, ECS, EORI, NCTS, and SURVEILLANCE. It indicates that primarily the NCTS and secondarily the ECS are the main source of information exchange through the CCN network.

3.1. IT systems annual progress report

Two major highlights in 2012 were the Croatia and Turkey joining the ‘Common transit’ operations in NCTS on 01/07/2012 and 01/12/2012 respectively. Further, Croatia in view of its accession to the EU on 01/07/2013 is set to switch to ‘Community transit’ in NCTS on the same date.

The modernisation of architecture generates significant innovation projects. The phase 1 of the AEO Mutual Recognition Agreement with the USA became operational on 31/07/2012. The implementation was the first of this nature on both sides of the ocean and is considered as a major achievement. The second phase which concerns the implementation of the complete bilateral exchange of AEO information was estimated to go into production in the beginning of 2013.

The EU Single Window (SW) Programme aims at facilitating the clearance of goods at Customs by enabling the Economic Operators to provide together with a customs declaration, (underlying) documents required for customs clearance. The first project in this programme is the Single Window - Common Veterinary Entry Documents (SW-CVED). Within 2012 the vision document for the SW-CVED was finalised and the envisaged processes were mapped to BPMs; a dedicated workgroup had been set up for that purpose. During the ECG in December 2012 the Member States agreed to proceed with the SW-CVED. The Commission aims at putting the SW-CVED into operation in the second half of 2013. This is the first phase of the SW-CVED that will provide for automated validity check of the CVED submitted with customs declarations (interconnection with DG SANCO's TRACES, service to retrieve the Customs relevant data of a veterinary certificate upon request of a National Customs application). In its second phase the SW-CVED system will be able to provide data back to the TRACES

system.

As regards TARIC3, a new IT based customs tariff was deployed in Production containing an automated procedure for new translations and an enhancement of the input bridge that will benefit the upload of combined nomenclature (CN) data.

The trans-European IT systems run over the secure CCN/CSI network infrastructure that is provided by the European Commission to facilitate the exchange of information between the National Administrations (NA) of the Customs and Taxation areas. During 2012 EU Commission made steps to further develop the existing CCN/Common Systems Interface (CCN/CSI) interoperability framework and establish the next generation of CCN-CCN2, planned as a specific project in the MASP ver. 11.

3.2. Costs incurred by DG TAXUD on IT systems development in 2012

The committed costs of safety and security systems are included in the table summarizing the costs of DG TAXUD on IT system development and coordination role below Figure 4. The figure depicts costs committed in 2012 budget for the development of the respective systems.

The common costs category contains the common costs incurred by the DG TAXUD IT units on project management, workshops, studies and infrastructure.

The costs of the Customs 2013 joint actions relate to the participation costs in the programme events – more specifically the ECG plenary IT and legal meetings as well as the technical sub-group meetings on ICS, ECS, EOS and NCTS. In this category are included also the costs for workshops, seminars and similar activities. The costs of other joint actions under Customs 2013 programme cover IT training sessions. These costs are reported in actual amounts.

For year 2012, the EU Commission promoted e-Customs activities by using costless means as presentations within existing networks.

As detailed in the below Figure 4, the Commission's committed budget for year 2012 on e-Customs reached 42,999,413 euros.

System/Activity		Commission Committed	
Development incl. evolutive maintenance	Movement systems	NCTS, NCTS-TIR and NCTS-ATIS	30,000
		ECS	30,000
		ICS	30,000
	Total:		90,000
	Central applications	CN	70,000
		DDS2	350,000
		EBTI3	100,000
		ECICS2	70,000
		Quota2	70,000
		REX	0
		Surveillance2	140,000
		TARIC3	140,000
		Suspensions	70,000
		MCC EOS - Customs decision	800,000
		MCC ECS - specifications	200,000
	SPEED 2	400,000	
	Total:		2,410,000
	Other	EOS	740,000
		CRMS	70,000
		COPIS	600,000
		STTA/TTA	70,000
		CS/RD2	400,000
		CS/MIS	140,000
		Common technical framework for central applications	987,293
		Entreprise architecture & Masterplan, Common test application	950,000
		Safety & Security evolutions; MCC	0
		MCC AES (general, CC, interface Decisions)	0
		MCC AIS (interface Decisions)	0
		Miscellaneous studies and support to MS collaborative	400,000
		Studies on Uniform User Management (incl. Trades access), ECIP, SEAP, SW, Assistance to Candidate Countries, Global Network Customs support	1,171,702
SOA application framework		200,000	
SMS	70,000		
Total:		5,798,995	
Development incl. evolutive maintenance and studies total		8,298,995	
Corrective maintenance		2,225,886	
Operations and support		17,741,269	
Communication	CCN/CSI	4,794,013	
Quality and methodology	TEMPO	4,542,192	
Common costs	E-customs joint actions - ECG meetings, workshops, seminars etc.	1,098,000	
	Business Process Modelling Tool	559,549	
	eCustoms architecture & miscellaneous studies (including support to BPM)	3,250,001	
	Other e-customs joint action costs IT training	368,000	
	eLearning (AEO-2, SP/SASP)	121,508	
GRAND TOTAL		42,999,413	

Figure 4: Commission committed costs in year 2012 (expressed in €)

4. NATIONAL ANNUAL PROGRESS REPORTS

This section of the 2012 e-Customs Report is a consolidation of the 2012 Annual Reports of the Member States. It reports the annual progress of the Member States towards the e-Customs initiative and more specifically on: the MASP projects (e-Customs systems) and corresponding budgetary resources; the coordination of e-Customs systems with other e-Government systems; the promotion and implementation of e-Customs services and single window; the trainings in respect of e-Customs systems and; the consultation with the Economic Operators for various aspects of the e-Customs systems and services.

4.1. E-Customs Systems

4.1.1. Import Control System (ICS) – Phase 1

The ICS system Phase 1 is fully operational in all the Member States and since its entry into operations (on 01/01/2011) the quality of operations reached a mature level with a relatively low error rate (2.02%). In ICS Phase 1, 17 Member States do not implement the Office of Lodgement functionality.

The Member States have implemented in their national ICS systems the enhancements and corrections that were centrally (DG TAXUD and EU Member States) scheduled for implementation in 2012. The most important updates relate to the new Member State Croatia joining the system as of 01/07/2013, to the enhancement of the business statistics and to other technical/business enhancements increasing the quality of the information exchanged between the Member States. Next to these common developments, most of the Member States have put significant effort to correcting identified errors in their national systems. Other Member State (PL) attainments include the evolution of national systems to adopt technologies such as application servers and database systems.

It is noted that future evolutions to the ICS system include the implementation of AEO mutual recognition with 3rd countries (KEL 0.24a) and other corrections/enhancements of technical nature (KEL 0.25 and KEL 0.25a).

4.1.2. Export Control System (ECS) – Phase 2

In the year 2012 the ECS system for Phase 2 was fully operational in all the Member States apart from the Office of Lodgement functionality which is not implemented in 12 Member States. The quality of operations has met high standards with a very low error rate (0.46%).

The Member States focused on the upgrade regarding national requirements, automation of risk analysis and automation of business statistics exchange. Other Member States have evolved their systems with new technologies (application servers, databases, frameworks).

4.1.3. New Computerised Transit System (NCTS) - Phase 4

In the year 2012 the NCTS system for Phase 4 was fully operational in all the Member States. The quality of operations is the highest among the business domains with a minimal error rate (0.14%). All the Member States have successfully completed the implementation of the necessary changes (KELs 0.23 and 0.23a) in their systems in order to support the entry into NCTS operations of Croatia and Turkey.

In addition, the Member States implemented commonly (at EU level) agreed and scheduled technical or business enhancements to their systems.

4.1.4. Customs Risk Management System (CRMS)

The Customs Risk Management System implements the Community Risk Management Framework on the legal basis of the Community Customs Code and its implementing provisions. It allows the exchange of risk information via so called Risk Information Forms (RIFs) amongst the Member States including the Commission, exchange of risk analysis results among the Member States as part of the risk targeting and mitigation process for pre-arrival and pre-departure security and safety risk analysis, and the implementation of EU Combined Risk Criteria (CRC) as part of the Common Priority Control Area module. In total 2,018 RIFs were issued by the Member States and the Commission in 2012 (613 by the National Risk Analysis Centers – NRACs, 32 by the Commission, 439 by the airport customs offices, 234 by the external land border customs offices, 688 by the seaport customs offices, and 12 by other user groups).

In total, 7 Member States (AT, BG, EL, LT, LV, NL and SK) have reported activities within 2012 related to the development or enhancement of their national risk analysis systems and integration in their national declaration systems (NCTS, ECS, ICS, etc.).

4.1.5. Integrated Tariff Environment (ITE)

The Integrated Tariff Environment (ITE) comprises the tariff systems TARIC³, Quota², European Binding Tariff Information (EBTI³), Surveillance², the European Customs Inventory of Chemical Substances (ECICS²), Combined Nomenclature (CN) and Suspensions, which were operational in most Member States before 2012.

NL has undertaken development activities in 2012 with a plan to bring their ITE environment into production in the next year (2013). A total of 14 Member States (AT, BG, CZ, EE, ES, FR, HU, LT, NL, PL, PT, RO, SI and SK) reported activities on the individual tariff systems, such as the upgrade of the national Surveillance² system to allow access through web and the upgrade of the national TARIC system to support the new format for the information received from Central TARIC.

4.1.5.1. TARIC³

The main activities in this area relate to the maintenance and enhancement of the national TARIC systems according to national initiatives (BG, CZ, EE, ES, FR, PL, RO and SI). A Member State (ES) upgraded its system to support the new format for the information received from Central TARIC. Another Member State (SK) has put into operation the national TARIC system in April 2012.

4.1.5.2. Quota²

A number of Member States (AT, BG, CZ, EE, ES, FR, PL, PT and RO), apart the regular maintenance activities, have also upgraded their systems to add new features according to national requirements, to improve their performance or add new user access security mechanisms.

4.1.5.3. Surveillance2

The Member States (AT, BG, CZ, ES, PL and PT) focused on maintaining and enhancing their national systems. CZ has upgraded their national Surveillance2 system to enable access through web and communication with their national TARIC department and Customs Officers.

4.1.5.4. EBTI3

Two member states reported actions on EBTI3 system. AT implemented the interfaces to EBTI data and BG performed maintenance to their national system.

4.1.6. Anti-COunterfeit and anti-Piracy System (COPIS)

Within 2012, two Member States (ES and IT) reported their participation in working groups for defining the functional and technical specifications for the central COPIS system. The Member states will be able to exchange information with the central COPIS system through either its user interface or through system to system communication.

According to the annual reports, four Member States (AT, CZ, ES and IT) have concluded the necessary national system analysis and three of them (AT, ES and IT) have started the development of the national interfaces in order to communicate and exchange information with the central COPIS system using the system to system communication (the conformance test activities are planned for 2013). In the case of IT the developed interfaces were released in their national testing environment towards the end of 2012.

4.1.7. Economic Operators System – (EOS)

The national applications linked with EOS (AEO & EORI) were in stable operational mode in the reporting Member States (BE, BG, DE, EE, EL, ES, FR, IT, NL, PL, PT, RO, SE, SK and CZ). Apart the regular maintenance and technical/performance enhancements, a lot of Member States have put significant effort into adding new capabilities to their national systems many of which concern the interaction of the traders with the national (Member State) applications. Some of the added capabilities were: (ES) National tool to manage AEO re-evaluations; (FR) Allow AEOs to enter application forms; (IT) Implementation of messages (IER10-11-15-16) for EORI consultation; (BE) monitoring EORI differential extraction error messages in the GUI; and (BG) improvements to the interfaces with movement (declarative) systems.

4.1.8. Regular Shipping Service (RSS)

The Phase 2 Central RSS application was deployed in mid-2012 and is fully operational. The Member States have received training on the Central RSS application.

4.1.9. AEO Mutual Recognition (AEO MR) with US

During phase 1, step 1.1 of the AEO Mutual Recognition Agreement with the U.S. relating to the information exchange of AEO information became operational on 31/7/2012. Additionally, within 2012 the Member States reported their progress on the implementation of the mutual recognition of AEOs into their national AEO, EORI and/or declarative systems. More specifically, three Member States (HU, LT and LV) have completed and another seven Member States (DE, EE, CZ, IT, MT, PT and SI) have started implementing

the necessary adaptations in order to ensure the recognition of AEOs from third Countries. At the end of 2012, a Member State HU has started international conformance testing for the MR functionality.

4.1.10. Registered Exporter System – REX

A project group comprising of 10 Member States has been set up with aim to elaborate and deliver the user requirements for the REX system. Four Member States (BE, ES, EE and NL) have reported in their annual reports their participation to the project group.

4.1.11. Single Window Program

A Member State (IT) has developed its SW which became partially operational and allows the validation of the documents supporting a customs declaration and the coordination of the physical inspection performed by the Customs authorities and the authorities responsible for the veterinary control.

4.2. Coordination of e-customs systems with other e-government systems/activities

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

- Veterinary Services regarding the EU Single Window on CVED;
- Port Authorities regarding the implementation of Directive 65/2010 about the ships reporting formalities;
- Agricultural Services;
- Transport Authorities regarding national freight logistic and port information systems;
- Naval Forces and Coast Guard Services regarding the investigation of data exchange between SafeSeaNet and customs systems;
- Electronic Communication Departments including Information Portal Management Authorities;
- National Chemical Services with regards the procedures for taking samples of goods;
- Development Agencies in order to enable customs payments through e-services;
- Taxation Inspectorates regarding the Excise exchange of Goods.

4.3. Promotion and implementation of e-customs services and single window

The reporting on the promotion and implementation of e-customs services and single window and measures taken to enable full use of the systems has been twofold. Member States organized national forums, seminars, public events, electronic portals, joint committees. They used monthly professional journals, publications, newsletters, and helpdesk teams in order to promote e-customs services to all Stakeholders (port authorities, economic operators, government officials, Customs Officers, business representatives and

public). Member States have reported that the following subjects in matter have been promoted through the aforementioned means:

- Maritime Single Window project;
- Single Window on CVED;
- Blue Belt;
- Simplified Procedures and the concept of Authorised Economic Operator;
- Information on updates of current IT systems and introduction of new IT systems.

Furthermore Member States in respect of introducing a single window, proceeded with the following updates, implementations on their national systems

- Full EORI integration in all national core and supporting customs systems;
- Publication of web services regarding trader related clearance;
- Web application for Import system available to Economic operators.

4.4. Training

Member States organised various trainings in respect of e-customs systems including internal and external Member States have organized both e-Learning training sessions and workshops, such as:

- Training sessions to Customs Officers about paperless environment for Customs and Trade;
- Trainings sessions to Customs Officers including instruction material and handouts on Customs Movement Systems existing, updated or new ones;
- Training session to TARIC System Administrators related to TARIC system upgrades;
- Training sessions regarding Safety and Security, Authorised Economic Operators and simplified procedures;
- Training sessions to Traders about Trader modules and portals;
- Training sessions on enquiry and recovery procedures in order to improve customs official's skills;
- Training sessions to Customs Officers regarding problem resolution and request handling. Operational problems knowledge base has been updated and communicated to Customs Officers.

4.5. Consultations with economic operators

Member States have initiated discussions on how trade facilitation can be enhanced and improved and on how operational issues can be addressed in legislative, business and technical level. Additionally, Member States informed Traders on changes brought at legal and procedural layer and their related consequences. In this respect, Member States have organized workgroups in which the following topics have been presented and discussed:

- Implementing Provisions of the Union Customs Code;
- IT discussion about Air Freight, Sea Freight and Hinterland;
- Uniform User Management and Digital signature;

- AEO Mutual Recognition;
- Notifications in the framework of local clearance and duration of the clearance of the import and export procedures;
- Business processes for temporary storage and placement under a free zone regime.
- New export processes in postal consignments;
- Information on the Business and IT aspects regarding the planned accession of Croatia and Turkey to the Convention on Common Transit Procedure.

Furthermore one Member State (GR) has established a National Trade Facilitation Strategy. The aim of the initiative is to simplify both pre-customs and customs procedures in order to encourage exports and facilitate trade across borders. The strategy focuses on reviewing existing procedures and processes in order to streamline and simplify them, where necessary, thus reducing the time and administrative costs for the exporting companies. This will set the framework for implementing a single integrated information system.

HU reported on the decisions reached following the consultation with economic operators:

- It was decided that the declarant of export declarations will be automatically informed when the exit has not been registered in the ECS within 90 days;
- It was decided that a new functionality will be designed for the electronic presentation at the customs office of exit since this need had arisen in air and rail modes of transport.

4.6. Costs incurred by the Member States in 2012

Figure 5 illustrates the Member State expenditure on each IT system as reported in the annual national reports. The greatest share of the Member State expenditure in 2012 was routed to the Security & Safety systems namely to the ICS, ECS, NCTS, EORI, AEO and

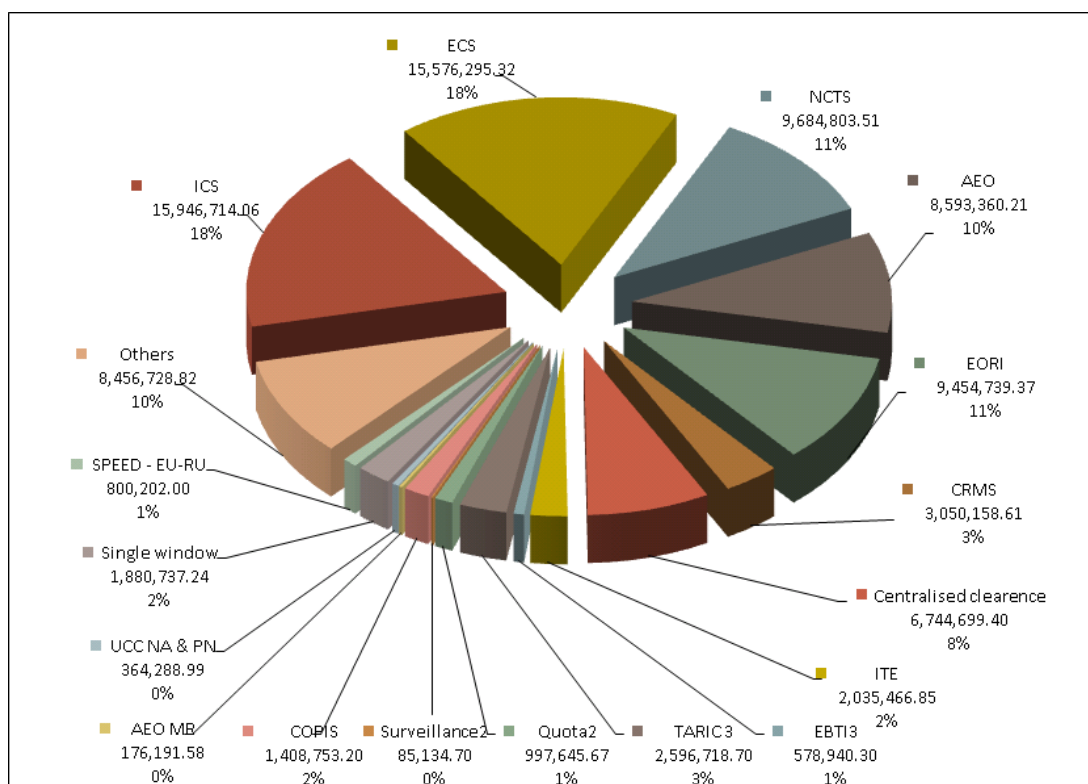


Figure 5: Member States costs of customs IT systems in 2012

CRMS. Specifically, these systems absorbed 70.46% of the overall costs (Figure 6) which translates to 62.3 million euro from a total 88.4 million euro. Based on the reports from the Member States, this is due mainly to the security and safety improvements of the aforementioned systems and partially to the implementation of the KELs in the ICS, ECS and NCTS systems.

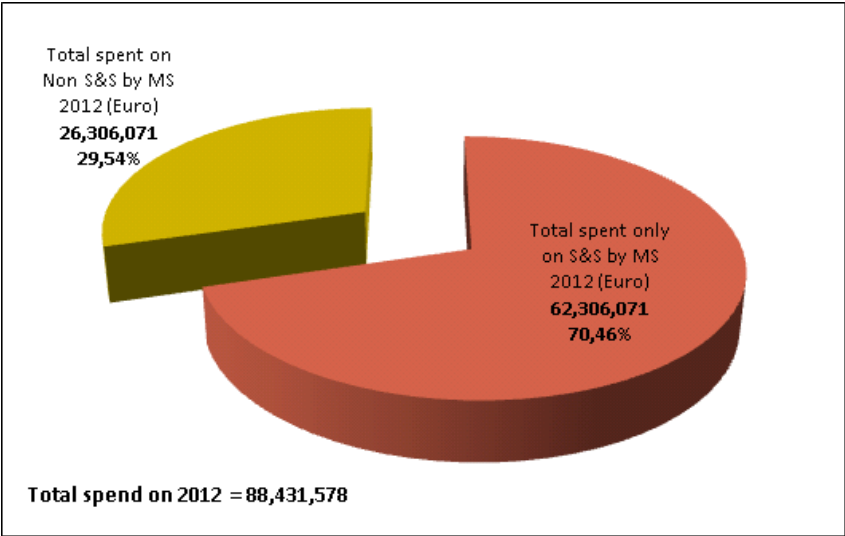


Figure 6: Costs on S&S and non S&S systems as part of all systems in 2012

Figure 7 indicates the share of the ICS, ECS, NCTS, EORI, AEO and CRMS systems on the Safety & Security systems expenditure. The ICS and ECS systems absorbed more than half of the Safety & Security systems expenditure. Each of the ICS and ECS declarative systems absorbed nearly double as the 3rd declarative system NCTS, despite that all three declarative systems had almost the same KELs applied to them during 2012. Based on the reported activities, the increased spending on the ICS and ECS systems is due to the maintenance activities (the ICS and ECS systems are relatively new systems which require more maintenance effort in order to be stabilised) and the implementation of National requirements and interfaces (compared to transit, the import and export have more processes taking place in the National domain).

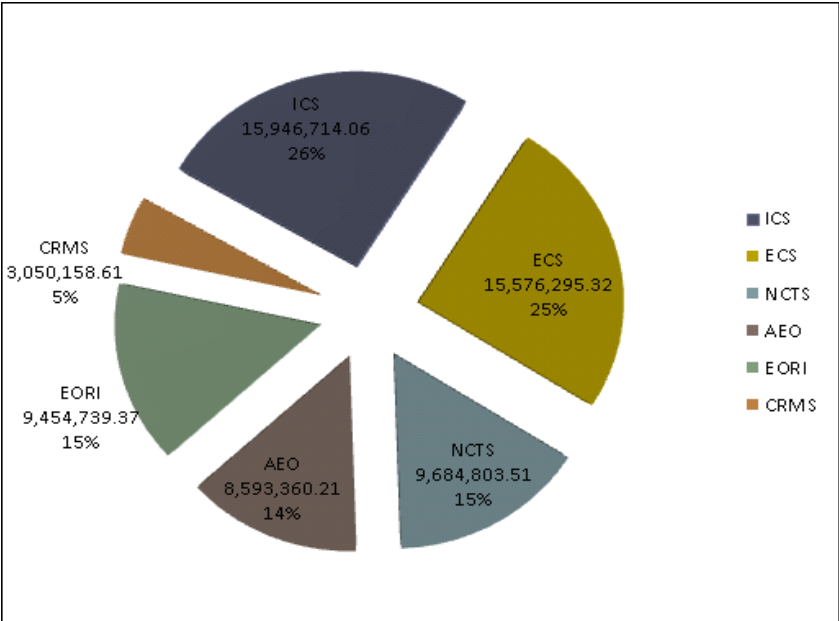


Figure 7: Member States costs on S & S IT systems in 2012

Regarding the quality of the figures reported from the Member States the following should be noted:

- the Member States that provided their annual reports and hence their spending is not the same over the years. Specifically, 22 Member States reported in year 2008, 24 in year 2009, 23 in year 2010, 11 in year 2011 and 26 in year 2012;
- given differing methodologies in the Member States, different phases of projects and/or costs (e.g. project management and hardware costs) might be reported under the specific headings (ICS, ECS, etc.);
- given differing reference basis in the Member States, systems might be built on common platforms and costs of the platform assigned to one system only, which results in the distortion of the data.

Figure 8 compares the total spending of the Member States in Customs IT systems for the years 2008-2012. It should be noted that the quoted figures are not immediately comparable since the number of reporting Member States is not the same over the years, especially for year 2011 for which only 11 Member States made their annual reports. However, it can be deduced that there is a tendency for decreased spending in customs IT systems. It can be assumed that the highest peak in Member State spending in 2009 is associated with the development and deployment of the Security and Safety systems that were put in production until 2010.

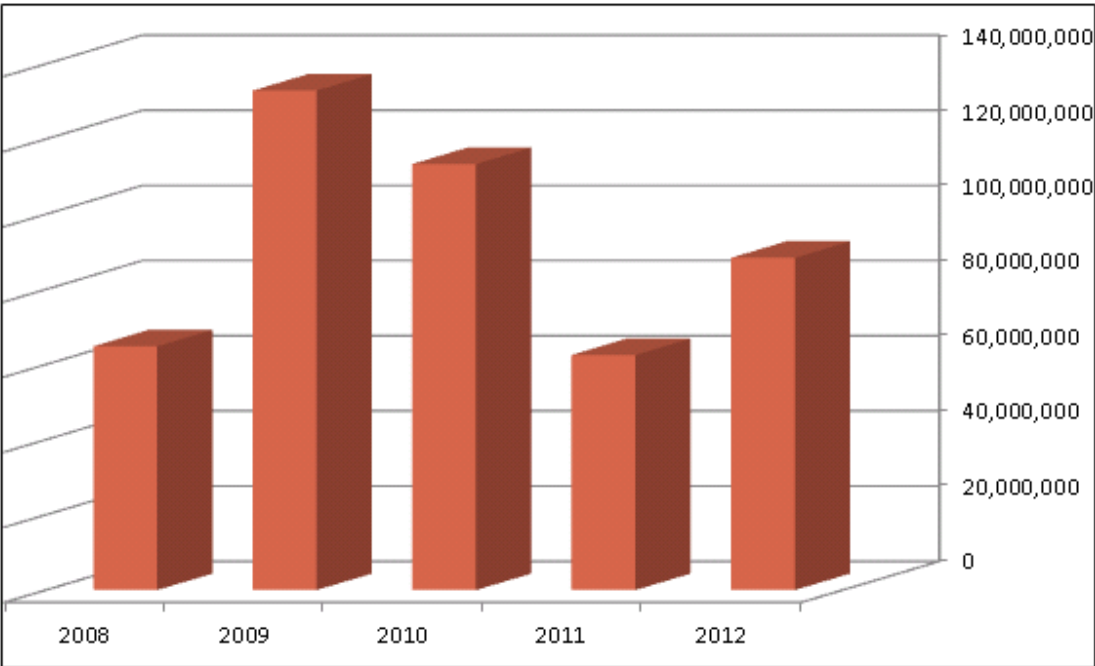


Figure 8: Member State costs in years 2008-2012

The following graph (Figure 9) indicates the costs for maintaining and/or developing the national Security & Safety systems across the EU Member States. The graph provides a comparison between the reporting year 2012 and the 4 previous years (as stated earlier the quoted figures are not immediately comparable since the number of reporting Member States is not the same over the years). These costs indicate that in year 2012 the Member States continued to invest in their Customs IT systems despite the European economic crisis that started in 2010 and continued in the year 2012. A notable decrease in incurred costs is observed for the ICS system since it became operational in 2011 and the

developing costs throughout 2012 were diminished.

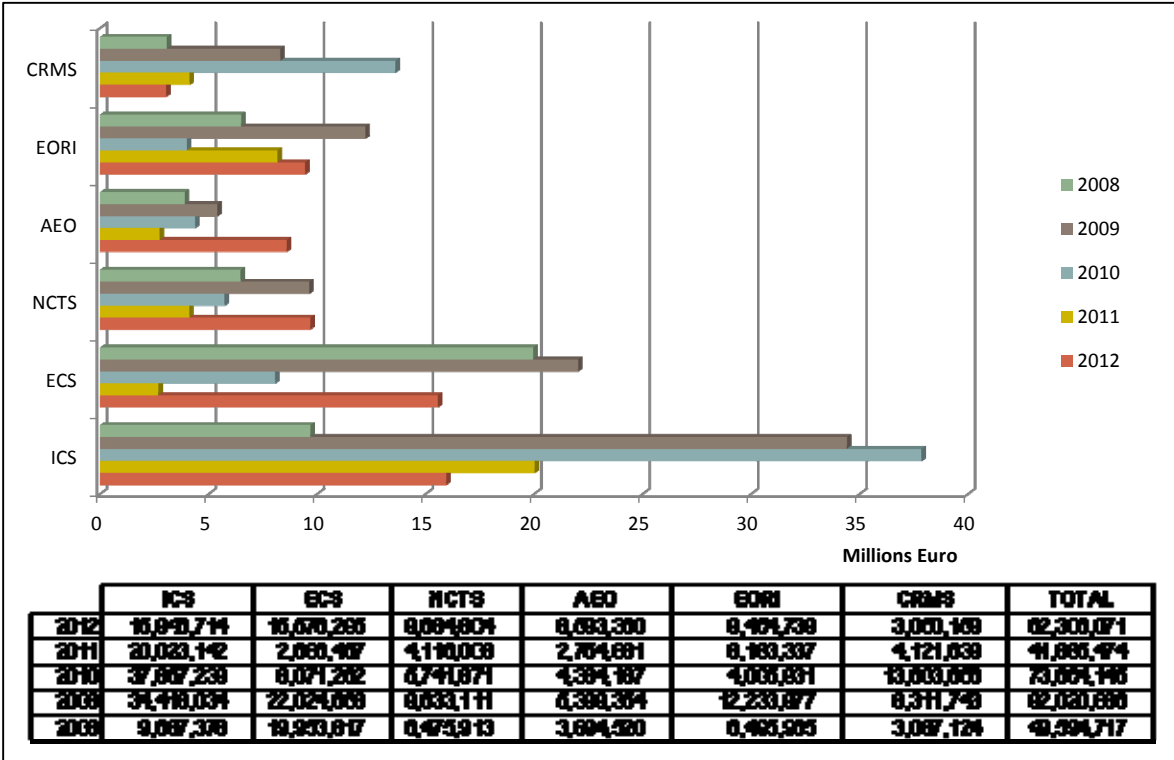


Figure 9: Member States costs of S&S systems in period 2008-2012

5. CONCLUSIONS

The main conclusion drawn from the report is that despite the financial situation in 2012, the Members states continued to invest in maturing and enhancing their Customs IT systems and mainly the Safety & Security systems.

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