

EN
ANNEX I

BUDGET LINE 140201: CUSTOMS 2020 WORK PROGRAMME FOR 2018

1.1. Introduction

Strategic Framework

The Customs 2020 programme provides a Union framework to **support the functioning and modernisation of the customs union in order to strengthen the internal market by means of cooperation between participating countries, their customs authorities and their officials**. The programme, in this sense, is a tool that contributes to the implementation of the broad scale of customs policy issues at the European Union level:

The customs union is a foundation of the European Union and an essential element in the functioning of the single market. The single market can only function properly when there is a uniform application of common rules both at its external borders and in the customs territory. This implies that the customs administrations of the Union must act as though they were one, achieving the same results throughout the territory of the customs union. The **Union Customs Code (UCC)**, including its implementing and delegated acts, is intended, inter alia, to ensure the full modernisation of customs procedures and the common implementation of rules in the customs union, without which no level playing field for European trade is possible. As this package includes an extensive change and transition programme, the proper implementation of the UCC remains a key challenge of the Union in the coming years. In this respect, the Customs 2020 programme supports customs policy by enabling cooperation on aspects linked to the correct implementation of the UCC package and by devoting a significant part of the programme financing to the development of **an ambitious set of electronic customs systems** as envisaged by the UCC and by the plans linked to the establishment of electronic customs by 2020 and even going beyond. At the same time, the operation and maintenance of existing IT systems, which already play a key role in the customs union, must continue. In addition, the Customs 2020 programme is mobilised to raise the level of expertise and performance consistently across all European Union customs administrations by creating a series of comprehensive and in-depth **eLearning modules on the UCC** and by supporting a **human competency building framework**, a model of competences, skills and behaviours for customs professionals. Furthermore, the use of digital and modern communication tools is encouraged within the customs union.

Customs deliver on various core tasks: they must ensure the **smooth flow of trade** whilst applying the necessary controls to **protect security, health and safety** of the Union's citizens as well as the security and the **financial and economic interest** of the Union. The Customs 2020 programme, as identified by its specific objectives, treats both of these aspects as a priority and supports the implementation of simplified and modern customs procedures, integrated electronic systems and control methods established by the Union customs policy and the UCC. The core business of customs becomes more complex due to additional challenges and threats such as terrorist activity and the growing success of e-commerce. To implement the European Union legal customs framework, the day-to-day operations of the customs union are reinforced by programme activities enabling close co-operation between customs administrations themselves and also with the Commission. The programme also supports the cooperation between customs and tax authorities, which is essential in order to fight against tax fraud and ensure the collection of customs duties and related taxes.

The Union's most important source of growth, **legitimate trade**, has to be able to operate **across borders** as **quickly and efficiently** as possible. The Customs 2020 programme therefore prioritizes activities that increase the effectiveness and efficiency of **customs controls**, including the cooperation with other enforcement agencies and bodies involved in the process. Along this line, the Programme will facilitate the development of a European Union **single window** environment for traders, which is planned in a gradual and pragmatic way to take account of the complexity of the Union structures and of initiatives of Member States. The programme supports the development of the Centralised Clearance systems (at import and at export) to allow economic operators to lodge a single declaration for customs and Value Added Tax purposes and to carry out their customs activities with one single administration, independent from where the goods are presented or placed under a customs procedure. The European Union's compliant trader initiative, the **Authorised Economic Operator (AEO) programme**, which entitles compliant and trustworthy traders to facilitations regarding security and safety and easier admittance to customs simplifications, is reinforced by programme activities which contribute to the harmonised implementation of the programme, promote and fortify its benefits and facilitate the joint assessment of compliant trader programmes with third countries.

As gatekeeper of European Union's borders for the flow of goods, customs play a crucial role in protecting the European Union and its residents as well as international supply chains. The Customs 2020 programme is set out to support customs administrations to reply to the increasing demand in order to ensure that goods harmful for health and the environment do not cross the European Union external borders illegally. The programme is also to support the customs union to live up to its potential in terms of contributing to security and safety in Europe. The programme therefore supports activities aiming at strengthening coordination and uniform **implementation** by customs of **non-customs legislation** and facilitating interagency cooperation. Furthermore, in line with the European Agenda on Security, this especially entails the reinforced customs control of goods, including the implementation of the **Cash Control Regulation** on cash entering or leaving the European Union, reviewing the existing instruments to reinforce legitimate **trade in cultural goods** and closely monitoring the implementation of the legislation on trade in **drug precursors**.

Customs are also responsible for tackling, through border enforcement, the increasing volume of trade in goods infringing **Intellectual Property Rights (IPR)** that threatens jobs, growth, innovation and competitiveness. The Customs 2020 programme contributes to carrying out the activities identified by the European Union Customs Action Plan on Intellectual Property Rights.

Ensuring the implementation of **the European Union Strategy and Action Plan for customs risk management** also work towards ensuring a more secure and safer European environment, besides supporting the protection of the EU's financial interest. The Customs 2020 programme plays an important role in the coordinated implementation of the objectives established by the Strategy Action Plan and in implementing the activities laid down in the related roadmap.

By its very nature, customs has an inborn international dimension. One country's export is another country's import. The Customs 2020 programme provides support to strengthen **collaboration with third countries and international organisations**. The importance for the Union of sharing experience and information with third countries and international organisations or bodies to facilitate trade and customs processes is becoming more evident with the globalisation of trade. In the coming period, the Customs 2020 programme is called upon to contribute to the work of the Commission regarding implementation and upgrading of existing bilateral customs agreements (Customs Cooperation and Mutual Administrative

Assistance Agreements (CCMAAA)) to strengthen trade facilitation and to improve supply chain security.

The Customs 2020 programme finances activities to monitor the implementation of the **rules of origin** in the European Union preferential trade arrangements in line with the 2014 Action Plan and as underlined by the European Court of Auditors (ECA) in its Special Report 2/2014. Compliance with rules of origin, including rules on administrative cooperation is essential for **safeguarding the European Union's own resources** and for credibility of the Union in the negotiation of Free Trade Agreements. The Customs 2020 programme contributes to the correct and uniform implementation of the Common Customs Tariff (CCT) and updating the **Integrated Tariff of the European Union (TARIC)** which is critical for the uniform application of the CCT and non-tariff measures by Member States, and which provides economic operators with a comprehensive view of all measures applicable when importing or exporting goods into/from the Union and thus protecting the financial interest of the Union.

In light of the complexity of customs policy, the proper functioning of the customs union can only be orchestrated through sound **governance**. The implementation of the Customs Union Governance Commission Communication is a driving force on the short-, medium and long-term.¹ Initiatives aiming at the proper functioning of the customs union are in the focus of the Customs 2020 programme activities together with the **Customs Union Performance (CUP)** activity which provides invaluable information and conclusions which are indispensable for strategic decision making and providing the results of customs work to the main stakeholders.

Coordination with other EU policies and their supporting programmes and funds is ensured.

On the basis of the objectives given in the Regulation 1294/2013 establishing an action programme for customs in the European Union for the period 2014-2020, this work programme contains the actions to be financed and the budget breakdown for year 2018 as follows²:

–	for grants (implemented under direct management) (1.2): EUR 8 150 000
–	for procurement (implemented under direct management) (1.3): EUR 71 671 000
–	for other actions (reimbursement of external experts) (1.4): EUR 250 000
TOTAL actions: EUR 80 071 000	

1.2. Grants

1.2.1. Grant for joint actions

LEGAL BASIS

Article 5(2) and 7(a) (i)-(iv) and (vi)-(ix) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

¹ Communication from the Commission to the European Parliament and the Council on developing the EU Customs Union and Its Governance of 21 December 2016 (COM 2016/813).

² The total amount of appropriations may be higher when using foreseen financial contributions from candidate and potential candidate countries participating in Customs 2020 programme. The maximum estimated amount for 2018 is EUR 860 000.

BUDGET LINE

14 02 01

Priorities of the year, objectives pursued and expected results

The programme is a tool which supports and implements the overall customs policy at the European Union level. The general objective of the Customs 2020 programme is to support the functioning and modernisation of the customs union in order to strengthen the internal market by means of cooperation between participating countries, their customs authorities and their officials. The programme aims to successfully contribute to the Europe 2020 Strategy for smart, sustainable and inclusive growth by strengthening the functioning of the internal market.

The grant focusses on the implementation of the following priorities for 2018:

- Implement the Union Customs Code (UCC) and develop and deploy the related electronic customs systems,;
- Facilitate legitimate trade and increase the effectiveness and efficiency of customs controls, including the cooperation with other enforcement agencies and bodies involved in the process;
- Reply to the increasing demand for customs to ensure that goods harmful for security, health, safety and the environment are duly controlled when crossing the external border of the European Union taking into account new constraints further to the growing success of e-commerce;
- Implement the European Union Strategy and Action Plan for customs risk management;
- Collaborate with third countries and international organisations;
- Implement the Customs Union Performance (CUP);
- Implement a human competency building framework for customs.

Expected result: Implementation of programme joint action events (target number: 380) to implement the policy projects described in the appendix.

Description of the activities to be funded by the grant awarded without a call for proposals on the basis of article 190 (1) (f) of Delegated Regulation (EU) No 1268/2012³

This grant will fund activities on:

- supporting the preparation, coherent application and effective implementation of Union law and policy in the field of customs;
- improving the European Information Systems for customs;
- identifying, developing, sharing and applying best working practices and administrative procedures, in particular further to benchmarking activities;
- reinforcing the skills and competences of customs officials;
- improving cooperation between customs authorities and international organisations,

³ The beneficiaries of the grant will be the customs administrations of the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1294/2013, under a grant agreement with multiple beneficiaries.

third countries, other governmental authorities, including Union and national market surveillance authorities, as well as economic operators and organisations representing economic operators.

These activities will take the form of:

- (i) seminars and workshops;
- (ii) project groups;
- (iii) working visits;
- (iv) monitoring activities;
- (v) customs administration capacity building and supporting actions;
- (vi) studies;
- (vii) jointly developed communication actions;
- (viii) any other activity in support of the general, specific and operational objectives.

Essential eligibility, selection and award criteria

This grant is awarded on the basis of the following criteria:

Eligibility criteria

The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1294/2013 under a grant agreement with multiple beneficiaries.

The proposed activities must correspond to the types of eligible actions listed in Article 7(a) (i) to (ix) except (v) of Regulation (EU) No 1294/2013.

Selection criteria

In accordance with Article 131(3) of Regulation (EU, EURATOM) No 966/2012, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations

Award criteria

The grant will be awarded based on its relevance and cost-efficiency for achieving the objectives and expected results of the policy projects listed in the appendix.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Grant for Joint actions	Q1 2018	EUR 4 950 000

Maximum possible rate of co-financing of the eligible costs

The grant will take the form of a combination of:

- Reimbursement of the eligible costs actually incurred by the beneficiaries for the following items:
 - (a) travel costs of their delegates up to 100%;
 - (b) costs linked to the organization of events in the framework of a given joint action up to 100%
 - (c) direct -personnel costs, up to 50%, for officials participating as expert in eligible action under Article 7(a)(vi) " customs administration capacity building and supporting actions" of Regulation (EU) No 1294/2013.
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates. The amounts to be used are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission⁴ in force at the moment of the signature of the grant agreement. (The list of rates shall be annexed to the grant agreement.

1.2.2. Grant for expert team for pooling expertise to resolve complex cases of divergent tariff classification (BTI II)

LEGAL BASIS

Article 5(2) and 7(a)(v) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

BUDGET LINE

14 02 01

Priorities of the expert team, objectives pursued and expected results

The initiative aims at addressing specific problems in the functioning of the European Union's customs union, namely the uniform tariff classification of products being imported into or exported from the Union. Under the Union customs law, the customs authorities of the European Union Member States issue Binding Tariff Information (BTI), at the request of economic operators. A BTI provides the economic operator who requested it with legal certainty about the tariff classification of the goods he intends to import or export. It also contributes to the uniform tariff classification of products throughout the European Union, thus creating a level playing field for traders. However, in cases where the national customs authorities in one or several Member States have divergent views on the classification of some products due to their technical complexity, it is acknowledged that divergent BTI may occasionally occur within the European Union. The fact that when issuing BTI, Member States have currently no legal obligation to consult BTI that have been issued for similar goods by other Member States, may also cause divergent BTI.

In recent years, various initiatives have assessed the current situation from different

⁴ Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

perspectives and tariff classification was part of the core processes and certain problems with regard to uniform tariff classification were identified.

The objective of the expert team is to analyse in a structured manner complex cases of divergent tariff classification that occurred at European Union level, and to propose an expert opinion for these cases, by pooling a core team of experts in their specific domains. The expert opinion proposed may subsequently be assessed by the Customs Code Committee (CCC).

A structured collaboration and exchange of specific knowledge between experts of the domain – building on the results of the BTI expert team – should allow proposing to the CCC viable solutions to complex classification cases. This should allow the resolution of such cases to be adopted within a reasonable timeframe.

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of article 190 of Delegated Regulation (EU) No 1268/2012⁵

This grant will fund activities on:

- enhanced cooperation between Member States themselves and between Member States and the Commission to tackle, in particular, BTI applications that prove to be particularly difficult or controversial.
- analysis of difficult classification cases by Expert Teams (ET) either in a referee or expertise mode.
 - (1) Act as referee for cases submitted by Member States directly to the ET, e.g. in the framework of bilateral contacts between Member States or for any other questions related to classification (preventive action);
 - (2) Act as a source of expertise for analysing cases submitted by the Commission and proposing concrete solutions (corrective actions) in cases of divergent classification between Member States.

The results delivered would be to propose fast track solutions for complex cases, in a form of a streamlined document to be submitted to the Customs Code Committee in a reduced period of time, in the case where specific expertise is needed from Member States for the analysis of the case, and where expertise is not available in the Commission.

Essential eligibility, selection and award criteria

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of Regulation (EU) No 1294/2013, the beneficiaries of the grants will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3(2) of Regulation (EU) No 1294/2013.

The proposed activities must be part of the eligible actions listed in Article 7(a)(v) of Regulation (EU) No 1294/2013.

Selection criteria

In accordance with Article 131(3) of Regulation (EU, Euratom) No 966/2012, the financial

⁵ The beneficiaries of the grant will be the customs administrations of the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1294/2013, under a grant agreement with multiple beneficiaries.

and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations.

Award criteria

The grant will be awarded based on its relevance, conformity and Union added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Grant for Expert Team for pooling expertise to resolve complex cases of divergent tariff classification	Q4 2018	EUR 240 000

Maximum possible rate of co-financing of the eligible costs

Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
 - (a) costs for travels, up to 100%
 - (b) costs for hosting experts of the project, up to 100%;
 - (c) direct personnel costs, up to 50%
 - (d) Depreciation costs for equipment needed for the project (only depreciation costs prorata the duration of the expert team), up to 75%
 - (e) costs for Subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
 - (f) other direct costs (e.g. organisational costs for of events, printing promotion material, the purchase of consumables and supplies needed for the project), up to 100%
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates. The amounts to be used are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission⁶ in force at the moment of the signature of the grant agreement. The list of unit costs shall be annexed to the grant agreement.
- Reimbursement on the basis of a flat rate for Indirect costs (overheads), corresponding to 7% of all direct eligible costs.

⁶ Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

1.2.3. *Grant for expert team for pooling and sharing specific analytical expertise of Customs Laboratories at European Union level (CLET II)*

LEGAL BASIS

Article 5(2) and 7(a) (v) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

BUDGET LINE

14 02 01

Priorities of the expert team, objectives pursued and expected results

In a period of crisis needing a rapid and/or wide response (methanol crisis in Czech Republic, melamine in Chinese milk, smuggling of tobacco products, fraud in mineral oils, new psychoactive substances...), the number of samples to be analysed rapidly by the Customs laboratories can be much larger than the capacity of a laboratory, the equipment cannot be available in this country, the crisis can be Union wide or have an impact on all the European Union.

Outside crisis, sophisticated equipment (Nuclear Magnetic Resonance (NMR), Liquid - Scintillation Counting (LSC)...) or rare expertise can be lacking (wood analysis); some unusual analysis not justifying to maintain a dedicated equipment in all laboratories.

In a period when a lack of resources exists in the Member States, some laboratories are forced to perform less analysis or can decide to drop the control of some specific samples. Therefore, there is a concrete risk of fraud not spotted for the reasons mentioned before.

The business drivers for the establishment of this expert team are the lack of analytical capacities or of expertise evenly spread throughout the Union and the economies of scales/optimization of resources generated by the combination of expertise and machinery for the benefit of all.

The aim is the use and the pooling of existing expertise and equipment in the Customs laboratories at Union level – building on the results of the CLET I expert team – to perform analysis of a large number of potentially dangerous substances or products representing an important loss of revenue for European Union and Member State budgets and sharing the results through networking.

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of article 190 of Delegated Regulation (EU) No 1268/2012⁷

This grant will fund activities on:

- pooling the expertise and equipment in a network (European Union Customs laboratories)

⁷ The beneficiaries of the grant will be the customs administrations of the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1294/2013, under a grant agreement with multiple beneficiaries.

- Analyse specific samples
- Share results of analysis at Union level
- Suggest operational common/harmonised approaches for analysis and tariff classification problems.
- Incidentally contribute to develop approaches (e.g. methods and techniques) and guidelines based on the results, test and promote new laboratory developments

Essential eligibility, selection and award criteria

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of Regulation (EU) No 1294/2013, the beneficiaries of the grants will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3(2) of Regulation (EU) No 1294/2013.

The proposed activities must be part of the eligible actions listed in Article 7(a)(v) of Regulation (EU) No 1294/2013.

Selection criteria

In accordance with Article 131(3) of Regulation (EU, Euratom) No 966/2012, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations.

Award criteria

The grant will be awarded based on its relevance, conformity and Union added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Grant for expert team on Pooling and sharing specific analytical expertise of Customs Laboratories at EU European Union level	Q4 2018	EUR 610 000 EUR

Maximum possible rate of co-financing of the eligible costs

Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
 - (a) costs for travels, up to 100%

- (b) costs for hosting experts of the project, up to 100%;
- (c) direct personnel costs, up to 50%
- (d) Depreciation costs for equipment needed for the project (only depreciation costs prorata the duration of the expert team), up to 75%
- (e) costs for Subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
- (f) other direct costs (e.g. organisational costs for of events, printing promotion material, the purchase of consumables and supplies needed for the project), up to 100%

- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates. The amounts to be used are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission⁸ in force at the moment of the signature of the grant agreement. The list of unit costs shall be annexed to the grant agreement.
- Reimbursement on the basis of a flat rate for Indirect costs (overheads), corresponding to 7% of all direct eligible costs.

1.2.4. Grant for expert team for the Customs Eastern and South-Eastern Land Border (CELBET II)

LEGAL BASIS

Article 5(2) and 7(a)(v) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

BUDGET LINE

14 02 01

Priorities of the expert team, objectives pursued and expected results

The European Union has the exclusive competence in customs matters such as customs union and common commercial policy. While the Union has the exclusive right to propose legislation in those areas, Member States and their national customs administrations are engaged in the day-to-day implementation and the running of customs including the management of the external border of the Union.

Goods which are brought into the European Union across the Eastern and South-Eastern borders move freely within the Union. Effective and efficient customs controls at the external border are consequently very important for the whole Union with a view to the protection of security, health and safety of its citizens and also of the financial interest of the Union and its Member States. The Union's land border, in particular its Eastern and South Eastern part,

⁸ Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

needs to be protected sufficiently and evenly along all its strips, in order to also create a level playing field for legitimate trade. Effective customs control will decrease fraud, will contribute to the decrease of smuggling and will at the same time facilitate legitimate trade.

The creation of CELBET II will enable the customs administrations of participating Member States – building on the results of the CELBET I expert team –, to deal more intensively with the Union’s Eastern and South-Eastern land border management issues and further to perform operational tasks in the interest of the other Member States and of the Union. With a comprehensive and consistent approach, the expert team will aim at the harmonisation of customs control activities and working methods, detection technology and training. The expert team will provide expertise and make suggestions based on practical experience, operational co-operation and results achieved for further improvement of the operational management of the Union’s Eastern and South Eastern land border.

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of article 190 of Delegated Regulation (EU) No 1268/2012⁹

This grant will fund activities on:

- Risk management (including risk-based selection for controls/facilitation)
- Data collection and implementation of operational controls
- Inventory and analysis of customs control equipments
- Definition and development of training materials
- Border Crossing Points management and evaluation and BCP network
- Co-operation with neighbouring countries

Essential eligibility, selection and award criteria

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of Regulation (EU) No 1294/2013, the beneficiaries of the grants will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3(2) of Regulation (EU) No 1294/2013.

The proposed activities must be part of the eligible actions listed in Article 7(a)(v) of Regulation (EU) No 1294/2013.

Selection criteria

In accordance with Article 131(3) of Regulation (EU, Euratom) No 966/2012, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations

Award criteria

The grant will be awarded based on its relevance, conformity and Union added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

⁹ The beneficiaries of the grant will be the customs administrations of the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1294/2013, under a grant agreement with multiple beneficiaries.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Grant for expert team Customs Eastern and South-Eastern Land Border Expert Team (CELBET)	Q2 2018	EUR 1 390 000

Maximum possible rate of co-financing of the eligible costs

Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
 - (a) costs for travels, up to 100%
 - (b) costs for hosting experts of the project, up to 100%;
 - (c) direct personnel costs, up to 50%
 - (d) Depreciation costs for equipment needed for the project (only depreciation costs prorata the duration of the expert team), up to 75%
 - (e) costs for Subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
 - (f) other direct costs (e.g. organisational costs for of events, printing promotion material, the purchase of consumables and supplies needed for the project), up to 100%
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates. The amounts to be used are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission¹⁰ in force at the moment of the signature of the grant agreement. The list of unit costs shall be annexed to the grant agreement.
- Reimbursement on the basis of a flat rate for Indirect costs (overheads), corresponding to 7% of all direct eligible costs.

1.2.5. Grant for expert team for the ICS2 Shared Trader Interface project

LEGAL BASIS

Article 5(2) and 7(a)(v) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the

¹⁰ Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

BUDGET LINE

14 02 01

Priorities of the expert team, objectives pursued and expected results

The Shared Trader Interface (STI) project is an integral part of the ICS2 programme and as such of the overall implementation of the reform of EU advance cargo information system underpinning the implementation of the EU customs risk management strategy and action plan. It offers the Member States opting in a collaborative development and implementation of an EU-wide ICS2 Harmonised Trader Interface (HTI) to save budget and resources and to provide a further facilitation to the trade.

The STI project will be officially launched following the approval of the STI Vision document by end 2017. The first phase of the project will be the Elaboration phase to complete the common technical specifications by mid-2018. The Elaboration Phase will be supported by the Member States through a dedicated C2020 project group. As from mid-2018 when the Construction phase is assumed to start, an enhanced collaboration between the Member States joining the STI project will be more opportune. This phase would need to be supported by an expert team to provide more operational collaboration and to allow the project to build on the right expertise and to ensure the timely delivery of the component by end 2020.

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of article 190 of Delegated Regulation (EU) No 1268/2012¹¹

This grant will fund activities on:

- Development of functions to exchange ENtry Summary Declaration + Trader data exchange
- Establishment of Business-to-Customs interactions (B2C)
- Operational implementation of ICS2

Essential eligibility, selection and award criteria

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of Regulation (EU) No 1294/2013, the beneficiaries of the grants will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3(2) of Regulation (EU) No 1294/2013.

The proposed activities must be part of the eligible actions listed in Article 7(a)(v) of Regulation (EU) No 1294/2013.

¹¹ The beneficiaries of the grant will be the customs administrations of the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1294/2013, under a grant agreement with multiple beneficiaries.

Selection criteria

In accordance with Article 131(3) of Regulation (EU, Euratom) No 966/2012, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations

Award criteria

The grant will be awarded based on its relevance, conformity and Union added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
1.2.5. Grant for expert team for the IC2 Shared Trader Interface project (STI)	Q2 2018	EUR 710 000

Maximum possible rate of co-financing of the eligible costs

Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
 - (a) costs for travels, up to 100%
 - (b) costs for hosting experts of the project, up to 100%;
 - (c) direct personnel costs, up to 50%
 - (d) Depreciation costs for equipment needed for the project (only depreciation costs prorata the duration of the expert team), up to 75%
 - (e) costs for Subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
 - (f) other direct costs (e.g. organisational costs for of events, printing promotion material, the purchase of consumables and supplies needed for the project), up to 100%
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates. The amounts to be used are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission¹² in force at the moment of the signature of the grant agreement. Both lists of rates shall be annexed to the grant agreement.
- Reimbursement on the basis of a flat rate for Indirect costs (overheads),

¹² Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

corresponding to 7% of all direct eligible costs.

1.2.6. *Grant for expert team on new approaches to develop and operate Customs IT systems*

LEGAL BASIS

Article 5(2) and 7(a)(v) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

BUDGET LINE

14 02 01

Priorities of the expert team, objectives pursued and expected results

The team will pursue the objectives as agreed between customs Directors General in Tallinn during the High level seminar related to the development of the future customs IT systems and Council Conclusions on the way forward to develop Customs IT systems as adopted by ECOFIN on 7th November 2017. The creation of such an expert team would meet the expectations from the MS and the Commission in exploring the new approaches and searching for the most cost-efficient solutions.

In the first phase the team will identify possible new approaches for development of future Customs IT systems, including analysing the pros and cons of the new approaches. Funding possibilities will be identified.

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of article 190 of Delegated Regulation (EU) No 1268/2012¹³

This grant will fund activities on:

- Exploring and studying new approaches, including the potential of a more centralized or a collaborative development and maintenance of future Customs IT systems;
- Identifying funding possibilities for each approach identified
- Exploring the experience of common procurement, development and operations in other policy areas;
- Preparing a pilot (establishing its scope).

¹³ The beneficiaries of the grant will be the customs administrations of the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1294/2013, under a grant agreement with multiple beneficiaries.

Essential eligibility, selection and award criteria

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of Regulation (EU) No 1294/2013, the beneficiaries of the grants will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3(2) of Regulation (EU) No 1294/2013.

The proposed activities must be part of the eligible actions listed in Article 7(a)(v) of Regulation (EU) No 1294/2013.

Selection criteria

In accordance with Article 131(3) of Regulation (EU, Euratom) No 966/2012, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations.

Award criteria

The grant will be awarded based on its relevance, conformity and Union added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Grant for an expert team on new approaches to develop and operate Customs IT systems	Q2 2018	EUR 250 000

Maximum possible rate of co-financing of the eligible costs

Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
 - (g) costs for travels, up to 100%
 - (h) costs for hosting experts of the project, up to 100%;
 - (i) direct personnel costs, up to 50%
 - (j) Depreciation costs for equipment needed for the project (only depreciation costs prorata the duration of the expert team), up to 75%
 - (k) costs for Subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
 - (l) other direct costs (e.g. organisational costs for of events, printing promotion material, the purchase of consumables and supplies needed for the project), up

to 100%

- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates. The amounts to be used are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission¹⁴ in force at the moment of the signature of the grant agreement. The list of unit costs shall be annexed to the grant agreement.
- Reimbursement on the basis of a flat rate for Indirect costs (overheads), corresponding to 7% of all direct eligible costs.

1.3. Procurement

The overall budgetary allocation reserved for procurement contracts in 2018 amounts to EUR 71 671 000. To this end, it is estimated to sign about 55 specific contracts under existing or new multi-annual framework contracts.

1.3.1. Procurement for IT Capacity Building Actions

LEGAL BASIS

Article 5(2) and 7(b) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

BUDGET LINE

14 02 01

Subject matter of the contracts envisaged

In 2018, the Commission intends to undertake IT Capacity building activities through contracts following public procurement. It concerns notably the development, maintenance, operation, and quality control of Union components of the existing and new European Information Systems (EIS) with a view to ensure interconnecting customs authorities.

The total indicative amount of the procurement is EUR 68 271 000¹⁵ and will be divided as follows:

- The network (CCN/CSI¹⁶ including CCN2 development and UUM&DS¹⁷ development): EUR 11 550 000;
- Development of Customs system: EUR 22 300 000;
- Support for Customs systems: EUR 29 190 000;

¹⁴ Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

¹⁵ This amount integrates the IT frontloading requested for 2018. The specific contracts are usually shared with budget line 14.03.01 Fiscalis 2020. Thereby the actual value of the specific contracts will be higher.

¹⁶ Common Communication Network/Common System Interface.

¹⁷ Uniform User Management and Digital Signature.

– Quality control for customs systems: EUR 5 231 000.

Type of contract and type of procurement

Procurement of services will be undertaken through specific contracts under existing or new framework contracts or through administrative arrangements, service level agreements or memoranda of understanding with other DGs/Services.

Following new framework contract procedures for services will be launched in 2018:

(1) CCN3-DEV: Provision of services to cover the development, maintenance and third level support of CCN/CSI, CCN2, SPEED2, TSOAP and TAXUD's experimental Blockchain platforms:

- CCN3-DEV Lot1: Provision of services to develop and maintain CCN/CSI (Common Communication Network/Common System Interface). The budget for this contract will be divided between Customs 2020 and Fiscalis 2020 (estimated ratio 60% Customs 2020 and 40% Fiscalis 2020). Estimated publication of the procurement procedure: 1st quarter of 2018. The indicative amount of the framework contract will be EUR 25 000 000 with a maximum duration of 8 years.
- CCN3-DEV Lot2: Provision of services to develop, transform and consolidate CCN2, SPEED2, TSOAP and TAXUD's experimental Blockchain platforms and other possible technologies. The budget for this contract will be divided between Customs 2020 and Fiscalis 2020 (estimated ratio 60% Customs 2020 and 40% Fiscalis 2020). Estimated publication of the procurement procedure: 1st quarter of 2018. The indicative amount of the framework contract will be EUR 70 000 000 with a maximum duration of 8 years.

Justification for contract duration exceeding 4 years: Complex and long handover/takeover periods alongside the need to ensure a sufficient and stable period of continuity for operations and support.

(2) TIMEA3: Provision of 'Intra muros' consultancy services for European Union IT systems and applications in the customs, excise and taxation areas. The budget for this contract will be divided between Customs 2020 and Fiscalis 2020 and their anticipated successor programmes (estimated ratio 90% Customs 2020 and 10% Fiscalis 2020). Estimated publication of the procurement procedure: 2nd quarter of 2018. The indicative amount of the framework contract will be EUR 60 000 000 with a maximum duration of 5 years.

Justification for contract duration exceeding 4 years: TAXUD complex IT ecosystem requires stability in the contractual setup in order to guarantee that investments made in achieving high levels of efficiency of Intra Muros consultants are maintained over a sufficient period of time.

Indicative number of contracts envisaged: 3 specific contracts to be signed in total on new framework contracts.

Indicative timeframe for launching the procurement procedure

Q1-2 2018

Implementation

BY DG TAXUD

1.3.2. Procurement for Joint and Competency Building Actions

LEGAL BASIS

Article 5(2), 7(a)(vii-viii) and 7(c) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

BUDGET LINE

14 02 01

Subject matter of the contracts envisaged

In 2018, the Commission intends to undertake activities through contracts following public procurement notably:

- Specification, development, maintenance, support and dissemination of common customs training (e-learning, blended learning), online collaboration services and staff performance building services
- Studies, scientific and communication support (e.g. typology, data collection and comparative analyses in customs issues, provision of scientific and technical assistance in the field of scientific customs)
- Communication and Information Support, including translations
- Programme support activities

The total indicative amount of the procurement is EUR 3 400 000¹⁸ and will be divided as follows:

- Common Customs Training: EUR 1 800 000
- Studies, scientific and communication support: EUR 1 600 000

Type of contract and type of procurement

Procurement of services will be undertaken through specific contracts under existing framework contracts, administrative arrangements with Joint Research Centre or a service level agreement with Directorate General for Translations.

Indicative number of contracts envisaged: 10

Indicative timeframe for launching the procurement procedure

Q4 2018

¹⁸ The specific contracts are usually shared with budget line 14.03. 01 Fiscalis 2020

Implementation

BY DG TAXUD

1.4. Other expenditures

1.4.1. Reimbursement of external experts participating in programme activities

LEGAL BASIS

Article 5(2) and 7 of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

Article 4 of Regulation (EU) No 1294/2013

External experts may be invited to contribute to selected activities organised under the Programme wherever this is essential for the achievement of the objectives referred to in Articles 5 and 6 of the regulation. The external experts shall be selected by the Commission together with the participating countries, on the basis of their skills, experience and knowledge relevant to the specific activities.

BUDGET LINE

14 02 01

Amount

EUR 250 000

Description and objective of the implementing measure

This measure allows to support the participation of external experts to selected activities wherever this is essential for the achievement of the objectives referred to in Articles 5 and 6 of the Regulation.

APPENDIX TO ANNEX I: CUSTOMS 2020 PROJECTS PURSUED FOR 2018¹⁹

1. TO SUPPORT THE FUNCTIONING AND MODERNISATION OF THE CUSTOMS UNION

The customs union is a cornerstone of the European Union and an essential element in the functioning of the internal market.

This heading of the Annual Work Programme covers the policy projects that aim at tackling the strategic and overarching objectives for the functioning and modernisation of the customs union. As identified by the Commission Communication on the State of the Customs Union²⁰ (The Communication), the customs union is facing serious challenges in the way that it functions. For that reason, the Commission together with the Member States have to address issues influencing the overall effectiveness and efficiency of the customs union. Moreover, the customs union should provide modern solutions and approaches to emerging challenges.

Indeed, the customs union has to be always on guard to keep up with and react to the challenges presented by a constantly changing trade and customs environment, influenced by many external factors. The customs union also has to aim at maintaining an even service level and optimal overall protection of Union borders. The Communication identifies that the modernisation of the customs union needs to continue, that gaps have to be closed and priorities have to be set up. Finally, the Communication emphasises the importance of improving the efficiency and effectiveness through reforming the governance of the customs union. To tackle the challenges faced by the customs union, the Council of the European Union called upon the Commission and the Member States to address them by improving the functioning and modernisation of the customs union²¹. The entry into force of the UCC on 1st May 2016 was a major step towards modernisation. The coordinated and timely implementation of the new rules and IT systems is of key importance for 2018 in customs policy. A number of systems require substantial upgrading, and other new systems need to be fully developed and deployed. A lot of attention will be drawn to the transition of all those interconnected national and European systems, which requires careful planning with Member States and economic operators.

1.1. Overall functioning of the customs union

In line with the Governance Communication (COM (2016)813 final of 21.12.2016) and other strategic documents on the customs union and its development, initiatives should be carried out contributing to strengthening the effective and efficient functioning of the customs union.

It is envisaged for 2018 to continue improving the governance of the customs union, including further development of the Customs Union Performance (CUP) as a tool for performance measurement of the customs union.

The mandate of the CUP Project Group that was formed in 2014 to support the measuring and monitoring of the customs union performance expires in December 2017. There is a need to prepare a proposal for the extended mandate of the CUP Project Group until the end of the Customs 2020 Programme to ensure the continuation of the activities. This could entail possible modifications to the PG's Terms of Reference primarily to strengthen the internal processes.

¹⁹ The Customs 2020 programme joint action projects respects the fundamental rights as enshrined in the Charter of Fundamental Rights of the European Union.

²⁰ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE on the State of the Customs Union (Brussels, 21.12.2012 COM(2012) 791 final).

²¹ COUNCIL CONCLUSIONS ON THE GOVERNANCE REFORM OF THE EU CUSTOMS UNION (Brussels, 8 May 2014 (OR. en) 9688/14 UD 136 ENFOCUSTOM 63).

This Customs Union Performance (CUP) system is a mechanism for measuring how customs activities and operations lead/support achieving strategic objectives of the customs union based on key performance indicators (KPIs). The CUP is used as a management/steering tool for strategic decision-making (assessing performance, monitoring trends, identifying gaps and areas for improvement). It is also used for raising awareness about the results of customs work to main stakeholders.

2018 celebrates the 50th anniversary of the customs union. Activities on the functioning and the future of the customs union can be triggered by this occasion.

1.2. Development, implementation and enforcement of customs union legislation

The customs union is an exclusive European Union competence, while the responsibility for implementing customs legislation is primarily that of the Member States.

The **Union Customs Code (UCC)**²², including its implementing and delegated acts²³, constitutes a major overhaul of existing Union customs legislation. It is an important milestone in the history of the ongoing development of the customs union since 1968 and it is the new comprehensive customs legal framework for the Union as from 1 May 2016, modernising rules and procedures for customs throughout the European Union. The UCC package aims to:

- streamline customs legislation and procedures;
- offer greater legal certainty and uniformity to businesses;
- increase clarity for customs officials throughout the Union;
- simplify customs rules and procedures and facilitate more efficient customs transactions in line with modern-day needs;
- complete the shift by customs to a paperless and fully electronic environment, allowing the customs union to become more performant, to allow more integrated cooperation between customs authorities, and to increase the efficiency for customs authorities and economic operators to implement customs procedures;
- reinforce swifter customs procedures for compliant and trustworthy economic operators (Authorised Economic Operators);
- support customs authorities to protect the EU and Member States financial resources and to fight illegal trade;
- support customs authorities in tackling safety and security risks.

The UCC is, in short, designed to enhance the competitiveness of European businesses through greater trade facilitation while ensuring the safety and security of goods transiting or moving in and out of the Union and safeguarding the financial and economic interests of the Union and of the Member States. Its implementation implies involving Member States and trade experts in specific or joint actions aside from the formal meetings needed to secure the proper and uniform implementation of the Commission related acts. Programme activities can facilitate this implementation processes.

²² Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

²³ Commission Delegated Regulation (EU) 2015/2446 of 28 July 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards detailed rules concerning certain provisions of the Union Customs Code (OJ L 343, 29.12.2015, p. 1).

Commission Implementing Regulation (EU) 2015/2447 of 24 November 2015 laying down detailed rules for implementing certain provisions of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (OJ L 343 29.12.2015, p. 558).

At the same time, **various other Union legislative acts** impose tasks on customs authorities.

Ensuring the uniform application of European Union customs law is crucial and this must be supported by a management framework for **monitoring** specific areas.

Legal acts as such cannot cover all the detailed aspects of customs interaction with different stakeholders. Therefore, **guidance documents** have been or are being developed and are being updated in order to clarify the legislation and ensure a correct and uniform implementation of the rules. These guidance documents deal with various customs procedures and the systems that govern them, including in particular in the field of import and export in order to increase and facilitate awareness about the introduction and implementation of the Union Customs Code.

Preparing these guidance documents requires thorough **analytical work** and coordination with all stakeholders.

1.3. Implementing a modern customs environment

The UCC provides the legal framework for several new and modern concepts creating benefits for customs authorities as well as for trade. With the UCC, a harmonised application, consultation and decision-taking process is established enabling decisions that were previously of national applicability only to benefit from Union-wide validity. Equally, the UCC provides a legal basis for new simplifications such as import and export simplifications (centralised clearance, entry into the records, self-assessment, etc.) and transit simplifications (using a transport document).

The UCC Work Programme (UCC WP) entails the overview of the UCC projects and related IT systems to be developed and deployed. As it is closely linked to the Transitional Delegated Act²⁴ (TDA), it contains also the deadlines for the application of the transitional rules, being the operational dates of the new or upgraded systems. The implementation of the UCC Work Programme and the assessment of progress are to be done in close cooperation with Member States (and traders). In particular, the legal obligation to publish planning information on the national implementation will be coordinated with Member States as it is important for economic operators to know when national IT systems will be deployed in Member States. As the list of projects and their planning was subject to an important reassessment exercise in 2017, the UCC WP will be repealed and replaced in 2018 in order to have the legal basis for the updated planning that reflects the actual progress and is driven towards feasibility.

The Multi-Annual Strategic Plan (MASP) is a management and planning tool, drawn up and regularly reviewed by the Commission in partnership with Member States for the implementation of the electronic customs agenda in accordance with Article 8(2) of the eCustoms decision²⁵. The MASP ensures effective and coherent management of IT projects by providing a strategic framework and the milestones to implement all electronic customs requirements as defined in European Union legislation and international agreements, including a complete overview and planning of all future customs projects with envisaged Information Technology (IT) requirements. It completes the UCC WP relating to the development and deployment of the customs electronic systems necessary for the application of the UCC.

²⁴ Commission Delegated Regulation (EU) 2016/341 of 17 December 2015 supplementing Regulation (EU) No 952/2013 of the European Parliament and of the Council as regards transitional rules for certain provisions of the Union Customs Code where the relevant electronic systems are not yet operational and amending Delegated Regulation (EU) 2015/2446 (OJ L 69, 15.03.2016, p. 1).

²⁵ Decision No 70/2008 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).

Analytical, re-engineering and planning instruments such as business case documents and business process modelling (BPM), project planning and work programmes are essential to complete the tasks linked to the MASP. The preparatory work requires defining business scenarios and cases, elaborating business models from a legal point of view into a detailed system functional point of view BPM's and establishing methodology, guidance and support. The information that needs to be exchanged, processed and stored is subject to the establishment of a Union Customs Data Model (EU CDM) which ensures the smooth functioning of the customs union throughout the Union, including system specifications and other documentation on the electronic customs systems.

Numerous projects are being initiated and elaborated in order to develop and deploy the required IT systems, on both Union and national level. Detailed specifications to support the development of the IT systems will be established where relevant.

Given the recent developments in the area of the Blockchain technology, where a number of key players in the international supply chain are active in reflecting and starting to implement the Blockchain technology as a new means to achieve developments and deployments of electronic systems, prospective work, analysis, inception and prototyping activities for the use of the Blockchain technology in e-Customs MASP projects is needed to ensure the Commission remains a driving force and a source of proposals in order to continue its contribution to the implementation of modern customs.

The growth of the digital economy presents challenges and opportunities for customs to be in the EU. It leads to creation of new business models and changes the way in which administrations and business operate with impact on EU competitiveness. It also has security implications. E-commerce, one component of the digital economy, is considered as one of the major drivers of economic development. A rapid increase in the number of low-value consignments has been observed in recent years. This poses a challenge for Customs in the EU in terms of collection of applicable duties, protection of the citizens from illicit entry of goods, posing risks to the security, health and safety, protection of EU business's financial and economic interests, and application of effective controls while facilitating development of this form of trade.

1.4. Customs risk management and supply chain security

Effective management of risks in the international supply chain is crucial to ensuring security and safety of Union residents, protection of the financial and economic interests of the Union, while at the same time facilitating and accelerating legitimate trade and promoting Union competitiveness. If customs fails to tackle risks consistently, the customs union and the Union's single market would become unsustainable. In order to strengthen the integrity of international supply chains, risk management by Union customs must be improved. Following the Commission Communication of 8th January 2013, the Council requested²⁶ and subsequently endorsed the EU Strategy and Action Plan for customs risk management²⁷ (the Strategy; the Action Plan).

The Strategy (which remains valid, as per the Council Conclusions on the Progress Report 2016) sets out a number of key objectives, underpinned by the overall aim of reaching a high quality, multi-layered approach to risk management that is effective and efficient. It outlines appropriate risk mitigation and control measures that are to be employed at the most

²⁶ Council Conclusions 8761/3/12, 18.6.2013.

²⁷ Brussels, 21.8.2014 COM(2014) 527 final COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE on the EU Strategy and Action Plan for customs risk management: Tackling risks, strengthening supply chain security and facilitating trade (Brussels, 21.8.2014 COM(2014) 527 final).

opportune time and place in the supply chain. The Action Plan details a series of measures for each objective.

The actions are aimed at closing the identified gaps to progressively achieve strengthened capacities for Union customs authorities and more systematic cooperation with other agencies, economic operators and international trading partners. In order to ensure the coordinated and structured implementation of the actions, the Commission established a realistic and detailed roadmap.

The *Contraffic-ENS* pilot project will, with the support of the Joint Research Centre, develop a preliminary solution design for integration of container movement analysis in real-time risk analysis and continue to support operational piloting with the Member States.

A systematic **Customs Risk Management Framework evaluation cycle** is being developed to provide an overview of evaluation lessons and priorities for further action in the implementation of the common risk management framework, in the context of the Strategy and Action plan.

Co-operation between customs and other authorities is a strategy priority. Risk management related co-operation with *Europol* will continue to be developed, and co-operation with the *European Border and Coast Guards Agency (EBCGA - Frontex)* will be developed under Article 52(3) of Regulation (EU) 2016/1624 of the European Parliament and of the Council²⁸.

1.5. Cooperation with third countries and international organisations

By its very nature of an activity at the Union's external borders, customs has an inborn international dimension. One country's export is another country's import. The collaboration with third countries and international organisations in the area of customs is taking a new perspective. The importance for the Union of sharing experience and information with third countries and international organisations or bodies to facilitate trade and customs processes is becoming more evident with the globalisation of trade.

In that sense, deeper cooperation with the Enlargement Countries and the Union's Eastern and Mediterranean neighbouring countries needs to be pursued in order to facilitate trade while ensuring safety and security, fighting fraud and helping to modernise the customs administrations in these countries.

The Asia-Europe Meeting (ASEM) is the main cooperation tool between the European Union and Asia. It addresses political, economic and cultural issues with the objective of strengthening the relationship between the two regions. In the area of customs it allows to advance the cooperation between Europe and Asia. The activities are being taken forward through dedicated Action Plans where the coordination amongst and within the action plans and the facilitation of implementation play an important role.

The World Customs Organisation (WCO) is the primary multilateral cooperation tool between customs administrations worldwide. European Union is a very important contributor to the activities of the WCO. This presents an opportunity to share expertise and also to further promote Union policies and priorities and increases awareness of the European Union's role in international customs cooperation.

The World Trade Organisation (WTO) Agreement on Trade Facilitation entered into force in February 2017. It implies for each WTO member (amongst them the European Union and its

²⁸ Regulation (EU) 2016/1624 of the European Parliament and of the Council of 14 September 2016 on a the European Border and Coast Guard and amending Regulation (EU) 2016/399 of the European Parliament and of the Council and repealing Regulation (EC) No 863/2007 of the European Parliament and of the Council, Council Regulation (EC) No 2007/2004 and Council Decision 2005/267/EC (OJ L 251, 16.9.2016, p. 1)

Member States) to verify and confirm the fulfilment of the international obligations resulting from the agreement and take, where necessary, actions to comply.

The Customs 2020 programme can contribute to the international activities by providing support to the Commission and Member States to prepare their common position to be represented in the international fora and represent “one voice” on behalf of the customs union. At the same time, the programme through its activities can allow for supporting the work carried out by the Commission in the international domain with operational expertise provided by the Member States.

2. TO PROTECT THE FINANCIAL AND ECONOMIC INTERESTS OF THE UNION AND OF THE MEMBER STATES

Customs has a role in the global market’s conditions in ensuring the European Union’s and its Member States’ economic development.

This heading of the Annual Work Programme gathers projects aimed at ensuring the collection of customs duties and related taxes, and at pursuing goals to protect the financial interests of the European Union and its Member States, including the filtering out of fraudulent activities and consignments.

2.1. Determination and collection of customs duties and related taxes

The traditional role of customs in the European Union is to collect customs duties and indirect taxes at import, such as excise duties and collect or supervise the collection of indirect taxes, such as excise duties or value added tax (VAT) at import. Despite the increasing number of free trade agreements that reduce customs duties collected on imports, still billions of euros are raised every year. Member States retain 20 % of the customs duties to cover costs of collection and 80% becomes part of the European Union revenue²⁹.

Therefore it is essential that customs authorities levy duties in an efficient and effective manner, in line with the various linked legislation and in the interest of the European Union and the Member States. Given their role in the collection of indirect taxes it is also necessary that they perform this role in an efficient manner.

In order to ensure proper protection of financial interests, an efficient mechanism has to be in place for managing and monitoring the guarantees provided for customs purposes. The UCC imposes new guarantee possibilities such as guarantees valid throughout the customs union and new guarantee requirements such as related to temporary storage and special procedures. Member States have to ensure that the data of guarantees used for import and export that affects more than one Member State is electronically accessible to Member States where the customs declarations are lodged and accepted. As from 1 May 2016 transitional measures are used to apply this UCC requirement until the new UCC guarantee management system is in place.

There is a need to prepare comprehensive guidance for customs debt and guarantees to ensure proper implementation of the new guarantee requirements and for customs debt, including identification of practical aspects and presentation of possible scenarios. This will contribute to the correct and uniform application of the modernised customs rules throughout the European Union.

In the area of the non-recovery procedure, the repayments and remission procedure (REM/REC), the existing guidance needs to be reviewed and updated to reflect new

²⁹ A new own resources rules will enter into force which will allow Member States to retain 20% (instead of 25%) of the traditional own resources to cover their collection costs. The legislation will come into force when the own resources decision has been approved by the Member States in accordance with their respective constitutional requirements. It will apply retroactively as of 1 January 2014.

developments inter alia in case law and to cover the matters of incurrence and extinguishment of the customs debt.

Tax and customs administrations share similar challenges. The cooperation between customs and tax authorities (VAT and excise and possibly direct taxation) in specific areas of mutual concern (such as e-commerce) should be enhanced in order to fight against tax fraud, ensure the collection of customs duties and taxes while facilitating trade and exploring synergies between the authorities that could lead to greater efficiencies and cost savings. The action plan on VAT towards a single European Union VAT area³⁰ proposes actions to support a deeper cooperation between different authorities, including cooperation between customs and tax authorities.

The European Court of Auditors also issued observations and recommendations on the necessity to improve cooperation and avoid the overlapping of competences of administrative, judicial and law enforcement authorities to fight against VAT fraud³¹ and misuse of the customs procedure 4200³².

Financial risk analysis and related customs controls or other measures on all goods entering to or leaving from the Union for all modes of transport have to be implemented uniformly by all Member States on the basis of common risk criteria and standards. Risk criteria and standards have been developed in the past primarily for security and safety concerns. The Union strategy on customs risk management and security of the supply chain indicates the need to develop further risk criteria for financial and commercial risks (valuation, origin, misclassification, procedure 4200, antidumping etc.). This includes the question of where and when, and based on which data it is the best to carry out the risk assessment and the control. The objective is a common approach to tackle financial risks in the European Union and address financial fraud and irregularities in a convergent way.

There is a long-term strategy within the Union to support the economic growth and to reduce administrative obstacles for the business sector. This strategy contributed to ensuring that physical controls are only carried out when appropriate during customs proceedings and that the resources are focused on controls where the risks can be addressed in the most efficient way. As such, the minimum standards for post clearance audits and control have been reinforced. To ensure common approach and equal treatment during the post clearance audits and controls for economic operators it is necessary to ensure the same methodologies within all Member States. For this purpose the new Customs Audit Guide has been endorsed by the Member States.

2.2. Customs tariff and classification

The amount of duty that has to be paid is determined by the customs value, the origin and the customs tariff. For that reason, all goods imported into or exported from the Union must be classified for customs purposes. Each separate product can be linked up with a specific classification code. As this code represents the basis for determining the duty together with a complex set of measures, (including Trade Defence measures) possibly also restrictions or

³⁰ Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on an action plan on VAT – Towards a single EU VAT area – Time to decide. COM (2016) 148 final, 7.4.2016.

³¹ 2015 Special Report Tackling intra-Community VAT fraud: More action needed.

³² Customs procedure 4200 is a mechanism an EU importer uses in order to obtain a VAT exemption. It is applied when goods imported from outside the EU into a Member State will be transported to another. In such cases, the VAT is due in the latter - the Member State of destination. There is a risk that imports may remain in the Member State of importation without payment of VAT. Imports may be also consumed in the Member State of destination without VAT being collected there.

prohibitions linked to the origin and the customs value, it is essential that the correct code be identified.

The Harmonized System nomenclature of the World Customs Organization (WCO) is the basis of the Combined Nomenclature (CN). Both are the basis of all customs classifications that are used in customs clearance, customs control and statistics, and also included in many Union regulations as well as in international agreements. Nevertheless, customs classification remains difficult because the nomenclatures with their respective Explanatory notes are voluminous and complex. Moreover, the current nomenclatures are not always representative of the trade reality: old domains are disappearing, new domains are emerging, some important classes of products are not efficiently distinguished, used norms and descriptions become obsolete.

The European Commission has established the European Binding Tariff Information (EBTI) system as a tool to assist economic operators to obtain the correct tariff classification and to avoid divergent BTI decisions for the same product. Monitoring of the BTI usage is a new obligation under UCC. The EBTI and Surveillance systems will facilitate this monitoring after the national systems will have been upgraded.

The Classification Information System (CLASS) is planned to enter into operation in October 2018 requiring preparations for the launch and support measures in the deployment and use.

Customs is supported by an electronic tariff system (TARIC) in their clearance function. TARIC integrates all measures relating to European Union customs tariff, commercial and agricultural legislation. Tariff measures specifically relate to "Third country duty", customs duty applicable to all imports originating in a non-Union country, as defined in the Combined Nomenclature, tariff preferences, autonomous suspensions of duties, tariff quotas and customs unions.

However, the degree of application of credibility checks (aiming at ensuring that the correct data declared in the customs declaration) integrated in TARIC varies in Member States. This has a negative impact on the accuracy of the declaration risking the loss of revenues.

TARIC together with the QUOTA system ensures allocation of tariff quotas in a uniform manner throughout the EU. It is crucial that they are connected and updated regularly.

Surveillance contains relevant information concerning trade flows and correctness of the measures applied, and thus ensures a valuable feedback to customs and trade on possible risks.

2.3. Rules of origin

Based on their origin, a wide range of goods can benefit from preferential duties at importation into the European Union. In addition, the application of non-preferential trade policy measures is based on the non-preferential origin of goods. To ensure fair trade and a proper functioning of preferential arrangements, the correct application of the underlying rules and principles must be monitored. In addition, to have an approximation in the working methods in Member States and other parties affected by rules of origin efforts have to be made to streamline the interpretation of legislation and provide guidance to good practices.

Exporters both in Generalised System of Preferences (GSP) beneficiary countries (BCs) and in the Union should be registered with the competent authorities. This is in order to enable them to certify the origin of goods by themselves within the framework of the European Union GSP rules of origin. The realisation of this project requires for 2018 close collaboration with Norway, Switzerland and Turkey to implement the REX system, continuing the integration of the Beneficiary Countries and keeping Member States informed of the outcomes.

2.4. Customs valuation

Most customs duties and VAT are expressed as a percentage of the **value of goods** being declared for importation. It is important that the value of goods be accurately measured, for the purposes of:

- proper collection of import duties and taxes,
- economic and commercial policy analysis,
- application of commercial policy measures, and
- import and export statistics.

Due to the complexity of the legislation in force stipulating the rules determining the customs value, there is a risk of incorrect application, with effects on own resources and the application of the common commercial policy. The correct application of customs valuation law must provide equal treatment of economic operators and citizens and ensure a common approach to controls related to customs value. To achieve this, the problems need to be identified, recommendations for improvements have to be implemented and working methods are to be adapted.

2.5. Customs procedures

Issues related to the application of various aspects of customs procedures arise on a daily basis for customs authorities. These customs procedures involve three main domains: release for free circulation, special procedures and export.

Customs special procedures are procedures designed to allow economic operators to carry out international business in a more streamlined and cost-efficient way. Some of the procedures concerned are subject to authorisations. With the UCC, the special procedures are rendered fully electronic and easier to use throughout the European Union.

Of these special procedures, the transit procedure allows goods - without payment of duties - to move under customs supervision within the European Union, or between the European Union and third countries in the context of international agreements. The Convention on a common transit procedure (CTC), which the EU has agreed with several of its neighbouring countries, is being aligned with the UCC. The European Union also applies other transit arrangements in dealings with non-EU countries i.e. the TIR Carnet (TIR Convention 1975), the ATA Carnet used as a transit document (ATA & Istanbul Conventions), the Rhine Manifest (revised Mannheim Convention for the navigation on the Rhine 1868), NATO Form 302 (NATO Convention 1951) and transit by post (UPU).

The entering into application of the Union Customs Code on 1 May 2016 requires steps to be taken in order to implement transit in light of the new rules. The UCC provides for the possibility of using electronic transport documents for transit purposes and these are under development. A harmonised customs goods manifest is also currently being developed in the context of the UCC; its aim is to address trade requests to use the manifest for proving the customs status of Union goods and cover further simplifications in the future. In addition, the rules on customs seals and seals of the special type have changed and introduced the possibility to use the ISO standard 17712.

The proper and uniform implementation of transit in the daily business of customs authorities implies creating the best conditions for sharing information, expertise and best practices. Cooperation between the authorities at an international level is essential.

Further to transit, the other special procedures also require attention and cooperation of Member States to ensure their correct and efficient implementation. These other procedures

consist of: customs warehousing and free zones; temporary admission and end-use; and inward and outward processing.

3. TO PROTECT CITIZENS AND THE ENVIRONMENT, TO INCREASE SAFETY AND SECURITY, AND TO STRENGTHEN THE COMPETITIVENESS OF UNION BUSINESSES

Customs is responsible for implementing a wide range of European Union and national policies besides revenue collection.

The role of customs is, in some instances, to prevent certain goods from entering into or exiting from the customs union territory. To this end this heading contemplates the projects which aim at protecting not only the citizens and the environment but also the interests of European businesses by means of measures facilitating trade and ensuring the security of the supply chain. The projects under this chapter relate either to the objective to protect citizens and the environment, to increase safety and security, or to the objective of strengthening the competitiveness of Union businesses. By their nature, some of the projects may serve both objectives, as it can be the case especially for Intellectual Property Rights.

3.1. Customs authorities protecting health, the environment, cultural heritage and ensuring safety and security

The overarching objective of this project is to increase the safety and security and to protect the citizens, and the environment by implementing Union policy and legislation in the following areas:

- Human health and food safety;
- Animal health;
- Plant health;
- Protection of the environment and climate;
- Product safety and compliance;
- Restricted and prohibited goods, controlled substances, etc.

The prevention of diversion of drug precursors, controls on the import and export of cultural good and controls on cash entering or leaving the EU are also important factors in ensuring the **safety and security**.

Consumers, civil society and national authorities are demanding stricter customs controls of non-fiscal aspects especially in the context of heightened security concerns against terrorist attacks and taking account the of the EU Security Agenda. It is crucial to ensure the proper enforcement of this non-fiscal legislation by customs. Several tools are used to address implementation issues related to non-fiscal legislation: gathering experts from all Member States, exchange of best practices, establishing guidelines on customs controls, creating a so-called "toolbox" support to the participation of national customs experts to discussions on non-fiscal legislation with a role for customs, informing the business community and the wider public, ensure the completeness and consistent application of TARIC in non-fiscal areas; monitoring, via -for instance- the Surveillance database (provided a clear legal basis for the use and processing of personal data is available), cases of violation of non-fiscal legislation; ensuring and further strengthening security in the context of the EU global Security Policy and internationally (e.g. WCO, ICAO, bilateral cooperation...).

In addition, the **High Level Expert Group (HLEG) on information systems and interoperability**³³ recommended examining **possible options for making customs systems,**

³³ <http://ec.europa.eu/transparency/regexpert/index.cfm?do=groupDetail.groupDetail&groupID=3435>

including envisaged common repository of advance cargo information under the reformed Import Control System, **more interoperable with the security and border management systems**, including Schengen Information System and Europol data.

The Council, in its conclusions³⁴ on the way forward to improve information exchange and ensure the interoperability of EU information systems, invited the Commission to continue to develop the import control system and undertake a **feasibility study** to further explore the technical, operational and legal aspects of interoperability of the security and border management systems with customs systems, and present its findings for discussion by the Council by the end of 2018.

3.2. Competitiveness and trade facilitation

The European Union has to be a strong economic and trade partner in the world economy. Customs have an important role to play to ensure the competitiveness of the European trade environment by minimising the burden placed on trade in relation to customs legislation and procedures. Initiatives supporting competitiveness of European companies and facilitating legitimate trade should therefore be developed to contribute to the proper functioning and the further development of the customs union.

The status of authorised economic operator (AEO) granted by one Member State is recognised by the other Member States and under Mutual Recognition Agreements (MRA), by third countries. Regular and robust monitoring to further strengthen the correct implementation and functioning of the Union AEO programme must continue, together with the sharing of best practices and guidance to maintain uniform implementation of the programme by the Member States, especially in the UCC context and implementation and application of the new AEO criterion and in line with WCO SAFE Framework of Standards (FoS) and its review of AEO standards by 2018.

While simplifications for AEO should be addressed, it is also necessary to identify and exploit potential synergies with other governmental bodies. Other policies wishing to segment clients and recognise their compliant stakeholders might wish to benefit from the experiences gained with the AEO programme. In close cooperation with the Member States, the Commission services should ensure that whenever similar requirements appear, efforts are made to support collaboration and recognition of the synergies in similar compliant trader programmes. In addition, the assessment of the compatibility of European and third party/country compliant programmes needs to be supported in view of the preparation for concluding new Mutual Recognition Agreements.

The scope of the simplified declaration has not been changed significantly under the UCC. However, changes have occurred during the preparation of the Delegated and Implementing Acts for entry in the declarant's records (EIDR), centralised clearance (CC) and self-assessment (SA). Therefore, further discussions are needed with Member States' customs administrations and trade representatives on specific issues related to the implementation of those three simplifications.

System Based Approach (SBA) is a working method in which customs controls shift from the traditional methodology - based on the control of single transactions - to the system based approach where the focus lays on the internal control systems of economic operators. The SBA programme should continue to promote and reinforce information exchange, technical audit discussions on SBA, consistency and harmonization across Member States, exchange of practical and training solutions and support less experienced Member States. In the long term, SBA will also contribute to increasing customs compliance.

³⁴ Council Conclusions 9448/17, 9.6.2017

Centralised clearance allows economic operators to centralise and integrate accounting, logistics and distribution functions with consequent savings in administrative and transaction costs, thus providing a genuine simplification. Moreover, until the deployment of the appropriate electronic systems for centralised clearance (2021-2023), the current Single Authorisations for Simplified Procedures – SASP), issued before the 1 May 2016, remain unchanged and continues to be a major instrument of trade facilitation that deserves common understanding and uniform application.

With the UCC it is envisaged to deploy electronic systems based on harmonised processes and interfaces. In this context, a new EU trader portal concept has been implemented with the Customs Decisions System and the project of a generic EU trader portal (based on a uniform user management and authentication mechanism) will be rolled out, where appropriate. According to the definition promoted by the United Nations Economic Commission for Europe (UNECE), the Single Window concept (SW) refers to a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once. In practice, the Single Windows implemented around the world have not strictly followed this definition and have instead been conceived as large interagency collaborative system[s] that facilitate and automate business processes and data exchange for international trade. The Union's Single Window (EU SW) environment for customs is a project requiring gradual and pragmatic development. Its success rests on the building of trust between the services involved as well as a shared vision of the costs and benefits. It also depends on the pooling of resources and knowledge available in the Commission and in the Member States. Within the Commission, it is important that the specific roles and tasks of the services involved be clearly defined. The Union's Customs Single Window currently covers automatic verification of three veterinary certificates (CVED-A, CVED-P and CED) by national customs administrations. The scope of the certificates will be expanded with several other certificates in 2018 (FLEGT, CHED-PP and COI). Other certificates are under analysis. In 2018, an impact assessment of a legislative proposal to enable the development of the EU SW environment for customs is taking place.

Further efforts are needed to simplify reporting formalities in maritime sector, thus facilitating trade and reducing the administrative burden.

The improvement of economic operators' compliance is a common objective of the customs union, which should be achieved in the most efficient and effective way for both customs and trade.

Compliance is understood as the extent to which persons (companies and individuals) meet their obligations as applied and enforced by customs administrations. Modern methods, based on behavioural motives and reasons for complying, are at least as important as more traditional methods. Influencing the willingness and ability to comply in addition to controls and penalties, is beneficial, as it is less disruptive and resource intensive for both customs and legitimate trade. The knowledge on compliance management should be improved and information and experience should be shared among Member States.

The Union Customs Data Model (EUCDM) integrates all data requirements provided by economic operators to Member States customs administrations and ensures that Union requirements are fully compliant with international standards such as the World Customs Organisation data model.

This provides Member States and the Union economic operators with the best solution to re-use information already available in the commercial and transport supply chain and allows for its further customization at national level where areas of national competence are concerned,

whilst providing the means to ensure that Union requirements are implemented identically in all Member States.

3.3. Supply chain in the global context

The objective to strengthen end-to-end supply chain security based on multi-layered risk management originates from the WCO SAFE Framework of Standards to Secure and Facilitate Global Trade. Controls performed at export are based on joint risk assessment rules, allowing customs to better target dangerous traffic at the beginning of the supply chain. Thus secure and safe consignments can be identified and trade facilitation benefits can be provided to legitimate trade. The Smart and Secure Trade Lanes (SSTL) concept is also highly valuable for the future development of Globally Networked Customs (GNC) by establishing global standards for customs information exchange. Currently the Smart and Secure Trade Lanes Pilot Project with China and Hong Kong customs paves the way for future extended use. The swift implementation of the Automated data exchange is critical to reach the SSTL Objectives in line with the EU-China Strategic Framework for Customs Cooperation signed in 2017.

Increasing the efficiency and adjusting to the rapid evolution of the supply chain resulting from the impacts and effects of an expanding e-commerce activity also poses a challenge in the customs union.

3.4. Customs enforcement of Intellectual Property Rights (IPR)

A fundamental component of the EU system to enforce IPR at the border is Regulation (EU) No 608/2013 concerning the customs enforcement of IPR. It empowers EU customs authorities to detain goods which are suspected of infringing an IPR conferred by EU or national IP laws and which are under customs control.

The Commission has recently submitted a report to the European parliament and the Council on the implementation of Regulation (EU) No 608/2013 (COM (2017) 233 from 15.5.2017). The report concludes that the Regulation is functioning satisfactorily, even if there is a need to reinforce the efforts made in certain areas (like notably with the small consignment procedure).

In addition, the Council Resolution of 10 December 2012³⁵ established a European Union Action Plan aimed at coordinating the actions of Member States' customs in fighting IPR infringements at the external borders. The implementation of the Action Plan, scheduled for the period of 2013-2017, is under assessment and will most probably lead to the adoption of a new Action Plan. The Commission will have to continue work together with the Member States in programme activities to implement actions to be identified in the new action plan, such as developing common approaches and reinforcing cooperation with China and Hong Kong.

4. TO IMPROVE THE ADMINISTRATIVE CAPACITY OF THE CUSTOMS AUTHORITIES

The quality of public administration is an important driver of Europe's competitiveness. Modern, innovative and efficient public administrations are key in sustaining the recovery process and in unlocking Europe's growth potential.

This heading of the Annual Work Programme covers the policy projects of the customs union that aim at ensuring that the European customs administrations can function and perform on a high efficiency and effectiveness level supported by proper administrative structures, procedures, skilled staff and modern technologies and concepts.

³⁵ Resolution on the European Union Customs Action Plan to combat intellectual property rights infringements (2013-2017).

4.1. Effective and efficient customs administrations

The single market can only function properly when there is a uniform application of common rules. This implies that the 28 customs administrations of the European Union must act as though they were one. In view of the financial crisis in the European Union, which has led to budgetary constraints and which has forced government services to become more efficient and effective. This calls upon actions to study current and possible future solutions to improve the structures in which customs business is performed and to **improve the performance** of the customs administration in its different roles in the supply chain of goods. Customs administrations' structural and procedural functioning must also be reinforced, and national customs administrations must aim at building their administrative capacities in order to fulfil their complex tasks.

Communicating effectively both within and across customs administrations and with other players such as the Commission will be an important element in achieving these goals. Communication on new actions and developments will be of particular importance.

4.2. Training and human competency building

Training and competence development for customs professionals in the European Union follow by nature specific national educational and human resource building concepts of individual national customs administration and are in consequence highly fragmented across the European Union. From an EU perspective, the resulting difference in staff performance requires more common training and competency-building reference benchmarks to align levels of knowledge and skills of customs professionals and thus contribute to a more consistent customs performance level across the European Union.

As boosting education and training of public sector staff, is today also in the field of customs acknowledged as being an essential pillar of efficient and effective administrative capacity building within the EU, a multi-annual EU customs training & staff development action plan is put in place in cooperation between the Commission and national customs administrations for implementation from 2017 to 2020. It is the goal of this action plan to support the optimisation of current and future education and learning capacity of the European Union's customs administrations, by providing a framework for a common training and education infrastructure that supports Member States in ensuring that their staff has the skills and knowledge sets they need to deliver optimal and more uniform customs services and to prepare the profession as well as their administrations for the future challenges that customs is facing.

The EU Customs Training action plan (2017 - 2020) targets four key objectives:

- (1) Providing EU reference standards through European Competency Frameworks for the customs profession
- (2) Supporting common customs educational reference programmes (vocational, academic, leadership)
- (3) Fostering shared training and staff development
- (4) Enhancing common training infrastructure, networking and communication

Within this scope, the EU Training focus lays on developing integrated training and staff performance building concepts for EU customs administrations as well as for economic operators involved with customs. This will be further supported by developing adequate and innovative common training support solutions (eLearning/eBooks/webinars...) to support the consistent implementation of legislative and operational customs activities EU-wide in an effective and efficient way.

Priority training support in 2018 is given to customs subject areas, which are flagged (under the various subject matter projects) throughout this document, and which require further consistency in customs staff performance, implementation support for new or amended Union legislation or enhanced need for union-wide sharing of national best practise and tools.

4.3. Operational procedures and working methods

Common understanding of legal requirements and harmonised application of **working methods in operational procedures and customs control** functions require intensive and systematic cooperation, exchange of information and sharing of good practices among the operational customs officials. This includes all operational functions of customs authorities, including controlling goods at external borders (sea/waterways, land and air) and inland.

Modern technologies and concepts can facilitate customs in performing everyday tasks and the use of detection technologies plays an important role for the Union customs to meet their strategic challenges of effectively managing associated risks with available resources, and maintaining a proper balance between customs controls and facilitation of legitimate trade.

The Contact Groups (RALFH, ODYSSUD, ICARUS and the Land Frontier Contact Group) will continue to support the Member States in sharing experiences and knowledge on traffic, threats, resources, emerging issues and good practices for customs supervision.

Cooperation of customs and other law enforcement authorities and agencies, particularly with those involved in border management, should be strengthened.

4.4. European Customs Laboratories

European customs laboratories are an important tool for customs and tax authorities. Their work is crucial in traditional areas of customs, excise and agriculture policy, such as analyses to determine tariff classification, level of duties and other taxes. However, their role has also evolved over time with changes in the trade environment. Consequently, customs laboratories now play an important role in other activities, such as antifraud operations, determining the authenticity and origin of products, detecting illegal imports like narcotics, drug precursors and unknown psychotropic substances, protecting consumers against dangerous goods or contaminated food, safeguarding the environment and endangered species.

European customs laboratories work together to coordinate their activities, pool resources and share their knowledge and expertise. This requires networking (European Union and worldwide), benchmarking, updating of databases, cooperation with other stakeholders and information initiatives. The Customs Laboratories European Network (CLEN) provides the structure for the coordination of the Member States' customs laboratories. The CLEN plays a key role in delivering results and keeping expertise in pace with the policy developments. This close collaboration brings the advantages of a share of the burden, a more rapid and comprehensive response to fraud, the maintenance of equipment and expertise even for rare and unusual analysis, the wide and correct implementation of Union policies and the support to the development of new Union policies, while at the same time, permitting economies of scale.

4.5. IT capacity building

To implement the European Union customs policy and the electronic customs environment, the **development, operation and maintenance of existing and new European Information Systems (EIS)** should be carried-out. The continuity, integrity and availability of the IT systems and their corrective maintenance and evolution should be ensured in line with business expectations. In that sense, continuous operational support is needed to the functioning of the Trans-European Customs Information Systems to ensure that customs

procedures are performed in the least time possible, enabling better customs clearance times at the European Union borders.

It is necessary to ensure that an overall quality of EIS is achieved through maturity improvement, efficient management of projects, timely deliverables and within the given budget. Services need to be delivered according to expectations, within the framework of the TEMPO methodology and to fulfil security requirements. The use of standards and best practices, including for the security aspects of the development, deployment and operations of the EIS, needs to be further supported and enhanced.

The **MASP IT Strategy** is further pursued, leading the entry in operation of new UCC IT systems. Innovative approaches to collaboration among Member States and between Member States and the Commission is one of the key principles of this strategy.

