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2011 E-Customs progress report

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ABBREVIATIONS AND ACRONYMS

Acronym	Description
AEO	Authorized Economic Operator
AES	Automated Export System
ARIS	Business Process Modelling tool
BPM	Business Process Model
CCN	Common Communication Network
CIS	Central Information Systems
COPIS	anti-Counterfeiting and anti-Piracy Information System
CPG	Customs Policy Group
CRMS	Customs Risk Management System
ECS	Export Control System
EOS	Economic Operators System
ECG	Electronic Customs Group
EORI	Economic Operator Registration and Identification
ICS	Import Control System
MASP	Multi-Annual Strategic Plan
MCC	Modernised Customs Code
MS	Member State
NCTS	New Computerised Transit System
REX	Registered Exporters system
SEAP	Single European Access Point
S&S	Safety and Security systems
TAXUD	Directorate General for Taxation and Customs Union

INTRODUCTION

The e-Customs annual progress report for year 2011 is the fourth report prepared on the basis of Article 12 of the e-Customs decision[1] under which the Member States are required to report on their progress with the tasks allocated to them in the Multi-Annual Strategic Plan (MASP). The Commission on the basis of the national e-Customs progress reports establishes 'a consolidated report evaluating the progress made by Member States and the Commission'[2] with the e-Customs initiative in the given year.

Twelve Member States provided the Commission with their national progress reports for 2011, based on a template agreed in the Electronic Customs Group (ECG).

This report covers only projects active in 2011 and reported on by the Member States. As some projects were reported on only by some Member States, the consolidated report focuses on the safety and security systems where information was provided by all reporting Member States. The safety and security systems are the result of major efforts undertaken by the Member States in 2008/2009 and 2010 under the implementing provisions[3] to the safety and security amendment to the Community Customs Code[4] and were impacted by the regulation[5] on a transitional period for the lodgement of the corresponding electronic declarations (ending on 31 December 2010). In year 2011, the main efforts were focused on actions about maintenance of these systems.

1. BACKGROUND

1.1. E-Customs initiative

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

The pan-European e-Government action, as provided for by Decision 2004/387/EC[6], requires measures to increase the efficiency of the performance of customs controls and to ensure the seamless flow of data in order to make customs clearance more efficient, reduce administrative burdens, help to combat fraud, organised crime and terrorism, serve fiscal interests, protect intellectual property and cultural heritage, increase the safety of goods and the security of international trade and enhance health and environmental protection. To that end, the use of information and communication technologies for customs purposes is of crucial importance.

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

[2] Article 12 (2) of the e-customs decision

[3] Commission Regulation (EC) No 1875/2006 (OJ L 360, 19.12.2006, p. 64)

[4] Regulation (EC) No 648/2005 (OJ L 117, 4.5.2005, p. 13)

[5] Commission Regulation (EC) 273/2009 (OJ L 91, 3.4.2009, p. 14)

[6] OJ L 144, 30.4.2004, p. 65, as corrected by OJ L 181, 18.5.2004, p. 25

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

The objectives to be met in creating this paperless environment for customs and trade as well as the structure, means, time limits and allocation of tasks between the Commission and the Member States are in general set in the e-Customs decision. The current Community Customs Code as well as the modernised Customs Code[7] provide the necessary legal basis for the computerisation of all customs procedures, declarations and data exchange.

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

1.2. Safety and security systems

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

- Import Control System (ICS) – Phase 1;

- Export Control System (ECS) – Phase 2;

- Economic Operator's Registration and Identification system (EORI) and Authorised Economic Operator (AEO) – EORI and AEO were merged in Economic Operators Systems (EOS);

- Customs Risk Management System (CRMS).

The implementation of the safety and security legislation also required amendments to the existing systems, such as the New Computerised Transit System (NCTS) – NCTS – Phase 4, which had to be performed by 1 July 2009 as well.

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

Following the above, and apart from the management of already operational systems, the vast majority of Member States' activities in 2011 were set on enhancing the stability of the safety and security systems and the related national risk analysis systems.

1.3. Tasks and responsibilities

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

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

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

1.3.1. MASP governance 2011

The MASP is discussed in the ECG and endorsed by CPG as based on the Governance Scheme for the Implementation of Electronic Customs[8].

As a general rule, MASP is updated every year to reflect the work progress and upcoming tasks. During years 2009 and 2010, the MASP was not revised. Thus the MASP revision 9 of 2008 was used for the reporting by Member States.

1.3.2. European Union and Member States tasks

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

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

- the development of European Union and national components with a view to a synchronised implementation of projects;

- systems and services provided for in the e-Customs decision with other relevant e-Government projects at European Union level;

- training and communication needs.

The Member States should ensure the fulfilment of the similar tasks at the national level.

2. COMMISSION ANNUAL PROGRESS REPORT

The Commission fulfilled the tasks allocated to it under the e-Customs decision and MASP mainly by preparing the centrally-developed customs applications and technical documentation for the safety and security systems at the EU level (functional and technical specifications).

ECG meetings were organised in 2011: there were nine ECG plenary meetings on IT and Legal aspects joint with the TCG and fifteen ECG and technical sub-groups (on ICS, NCTS, ECS, EOS, COPIS, TARIFF) meetings. These meetings mainly focused on Modernised Customs Code (MCC) implementation (Business Process Models - BPM levels one to four), status of the Trans-European Systems (mainly ECS/ICS). Topics such as the Blue Belt project, the Customs Decisions system (part of MCC), CCN2 and Registered Expert Systems (REX) were also part of the tasks during 2011.

From an operational perspective, the Common Communication Network (CCN) continued to deliver operational excellence. About 1,2 billion messages have been exchanged in 2011 (18% increase versus 2010) and 3,3 terabytes of application data (30% increase against 2010).

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[8] TAXUD DOC/2005/124 – Revised – Annex 3 of the MASP rev. 9

The CCN gateways have been delivered to the Turkish Customs Administration in November 2011 in relation to connection of Turkey in 2012.
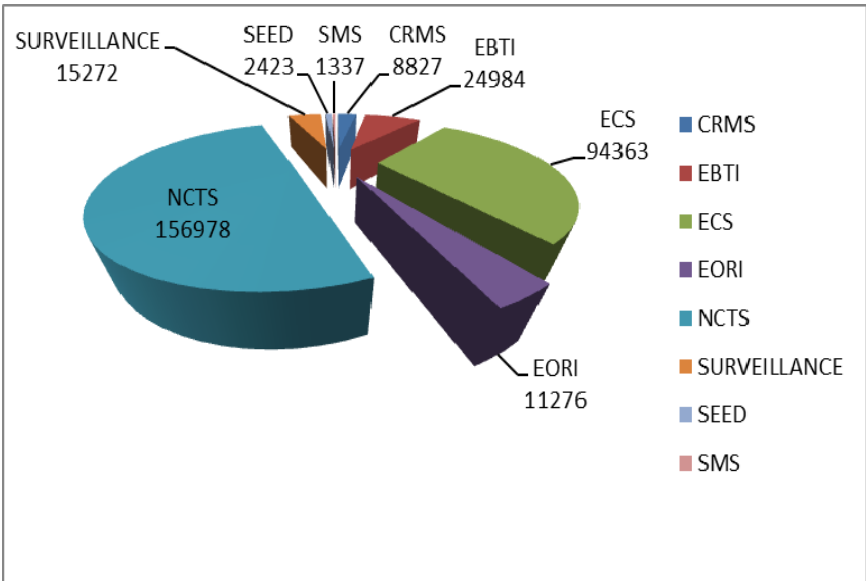

Figure 1: Number of messages (x1000) per System in 2011

The above figure represents the number of messages per system received in 2011. It clearly shows that the main source of information exchange through DG TAXUD CCN network was related to NCTS, 50 % of all the messages received on Customs systems, followed very closely by ECS with a 30 % of the total of the messages.

The next figure represents the evolution of the number of messages during the years for the main systems (ECS, NCTS) in comparison to the total number of messages handled by the network.
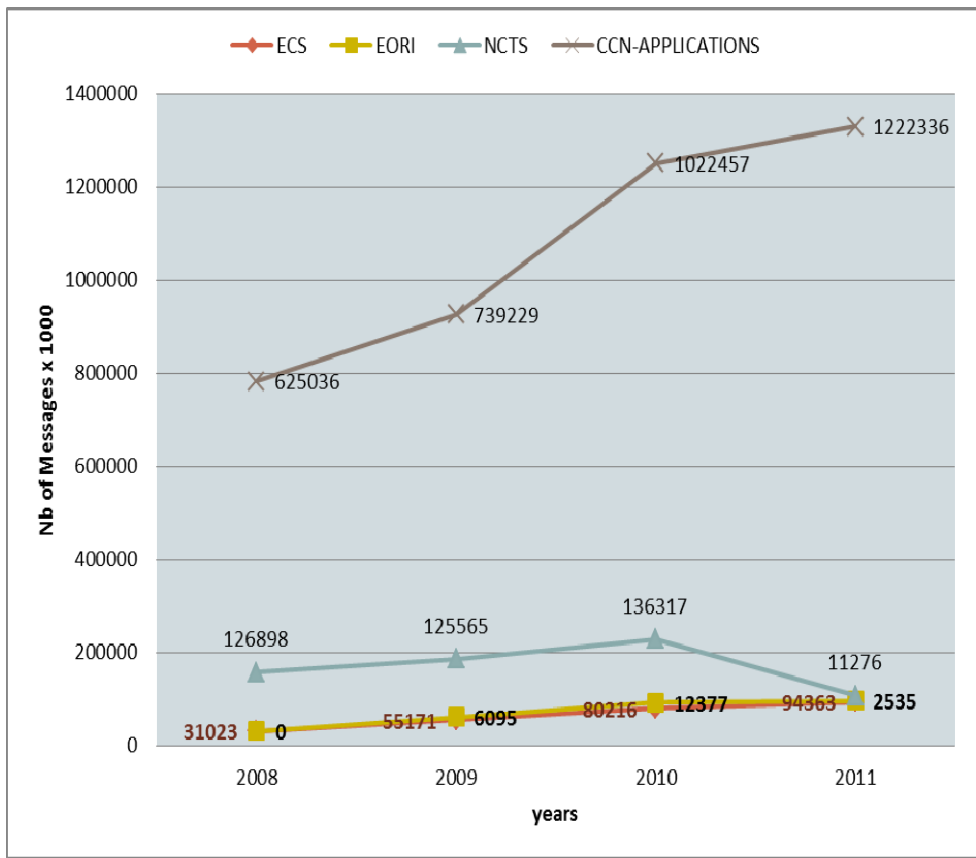
Figure 2: Evolution of messages through the years

In 2011, the ARIS tool became the main informatics tool for all Business Process Models (BPM) development and maintenance.

The pilot project 'Customs Decision' restarted in September 2011 by the production of extended BPM specifications and IT inception activities.

2.1. IT systems annual progress report

Customs has already reached a very high degree of automation, having for example over 93% of customs declarations performed on-line.

The portfolio of customs central IT applications counts 39 applications. The development and maintenance of these applications has generated in 2011 about 58 application releases including patches and hot fixes. 51 installations in the testing and operational environments have been made.
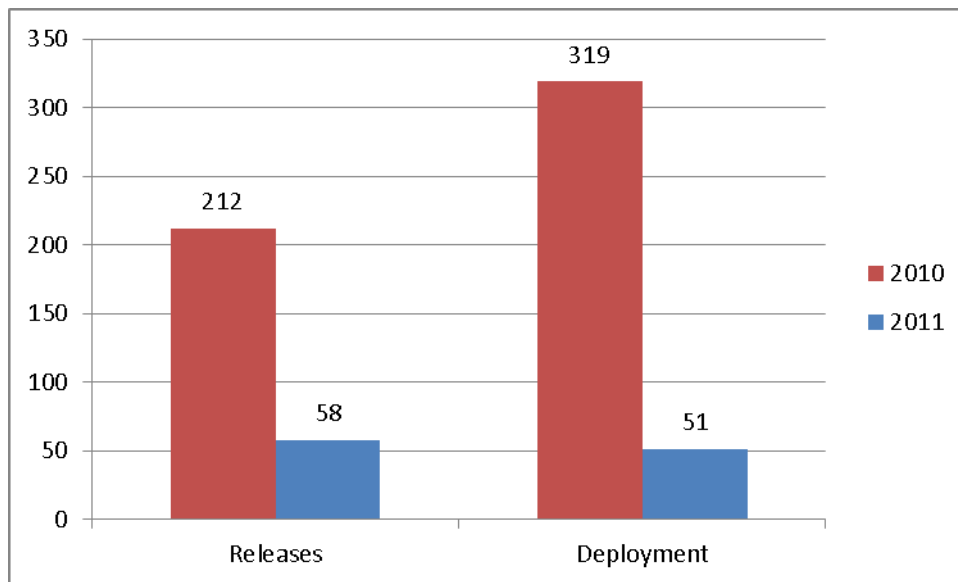
Figure 3: CIS development and maintenance activities in 2010 vs. 2011

The above figures concerning the Central Information Systems (CIS) deployments demonstrate a significant decrease in 2011 compared to 2010. This was mainly due to:
- the hand-over/take-over activities from the incumbent contractor to the new CUSTDEV2 contractor implying a very important decrease of development activities;
- the start of the MCCIP implementation.

Several processes, in particular the problem management and change management processes have been improved.

The **ICS** system was to be fully operational in all Member States from 01/01/2011 onwards. Although some Member States still faced some problems the overall IT performance can be considered as satisfactorily. **NCTS, ICS, ECS** systems' technical specifications have been upgraded to the agreed changes with MS.

Another activity concerned a study for the next generation of **CCN - CCN2** - completed in May 2011 and the project was endorsed by the MS and the Commission governance bodies.

2.2. Costs incurred by DG TAXUD on IT systems development in 2011

The committed costs on safety and security systems are included in the table summarizing the costs of DG TAXUD on IT system development and co-ordination role below.

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

As detailed in below figure, the Commission's committed budget for 2011 on e-Customs reached a total of **35 995 652 €**

System/Activity			Commission Committed
Development incl. evolutive maintenance	Movement systems	NCTS	200,000
		ECS	200,000
		ICS	600,000
	Total:		**1,000,000**
	Central applications	CN	50,000
		DDS2	50,000
		EBTI3	100,000
		ECICS2	434,854
		Quota2	50,000
		REX	30,000
		Surveillance2	50,000
		TARIC3	100,000
		Suspensions	25,000
		MCC - NCTS - Air and sea	100,000
		SPEED-ECN/SSTA	30,000
	Total:		**1,019,854**
	Other	EOS	300,000
		CRMS	200,000
		COPIS	300,000
		SEAP	30,000
		Common technical framework for central applications	600,000
		Safety & Security evolutions; MCC	1,500,000
		MCC AES (general, CC, interface Decisions)	750,000
		MCC AIS (interface Decisions)	1,150,000
		Study benchmarking CUSTDEV3, CUSTDEV2, Assistance for Candidate Countries, Rollout NCTS-TIR to 3rd Countries, CH & NO AEO Mutual Recognition & indirect export	459,790
		SMS, Business statistics Phase 1, UltraEdit (licences)	76,303
	Total:		**5,366,093**
Development incl. evolutive maintenance and studies total			7,385,947
Corrective maintenance			2,687,217
Operations and support			12,786,305
Communication	CCN/CSI		6,215,652
Quality and	TEMPO		3,898,040
Common costs	E-customs joint actions - ECG meetings		1,042,500
	Business Process Modelling Tool + ARIS		954,415
	eCustoms architecture & miscellaneous studies (including support to BPM)		350,000
	Other e-customs joint action costs - workshops, IT training, project groups		449,000
	eLearning (AEO, BPM)		71,371
	Promotion of eCustoms		155,205
GRAND TOTAL			**35,995,652**

Figure 4: Costs incurred by DG TAXUD on IT systems development in 2011

3. NATIONAL ANNUAL PROGRESS REPORTS

3.1. Import Control System

Member States delivered data only on Safety & Security aspects of the ICS. ICS system is operational and upgrades to respective national or EU specifications were done. Several Member States organised trainings for customs officers or the IT support officers.

3.2. Export Control System – Phase 2

The system is operational and Member States reported generally on upgrading activities, such as adjusting the system to EU Commission specifications or national specifications.

The promotion of the ECS system was performed via the respective national customs web portals, where information on changes/amendments was published regularly to economic operators. The big part of the reporting Member States organised trainings for the customs officers and for the IT support staff. In most of the Member States, the co-operation between the national Customs Agencies and trade, and in some cases with public authorities or software developers, was manifested by organising regular or ad-hoc meetings.

3.3. NCTS Phase 4

The system is operational. The main costs for NTCS were due to the maintenance and system upgrading following EU Commission maintenance requirements.

The system was promoted generally in the respective National Customs website. Most of the Member States have run trainings for the customs officers on the new functionalities and adjustments.

3.4. Economic Operators' Systems

EORI as part of the EOS system was operational in 2011. The main costs were for maintenance and upgrades in order to meet the EU specifications requirements. National training sessions or information work group meetings were performed, also for technical administrators, and user manuals got prepared in some Member States.

3.5. CRMS

CRMS system was operational and improvements/adjustments and new functionalities got reported. Some Member States prepared user manuals, instruction materials, and business analysis reports on the national risk analysis system. Regular co-ordination with customs officers and training for them were done in most of the reporting Member States.

3.6. Other projects

Other projects got reported by Member States such as evolutions of EBTI and ECICS. The provided information was rather limited and no trend could be depicted.

3.7. Costs incurred by the MS in 2011

General disclaimer regarding the figures: the below statistics are not representative of all MS costs as the analysis takes into account only the 12 Member States who reported their activities for the year 2011.

The next two charts (Fig 5 & Fig 6) represent costs spent on different systems during 2011 and the part on safety and security systems (S&S sytems). It is noticeable that most of the efforts during the year 2011 were devoted to S&S systems, and mainly to ICS.
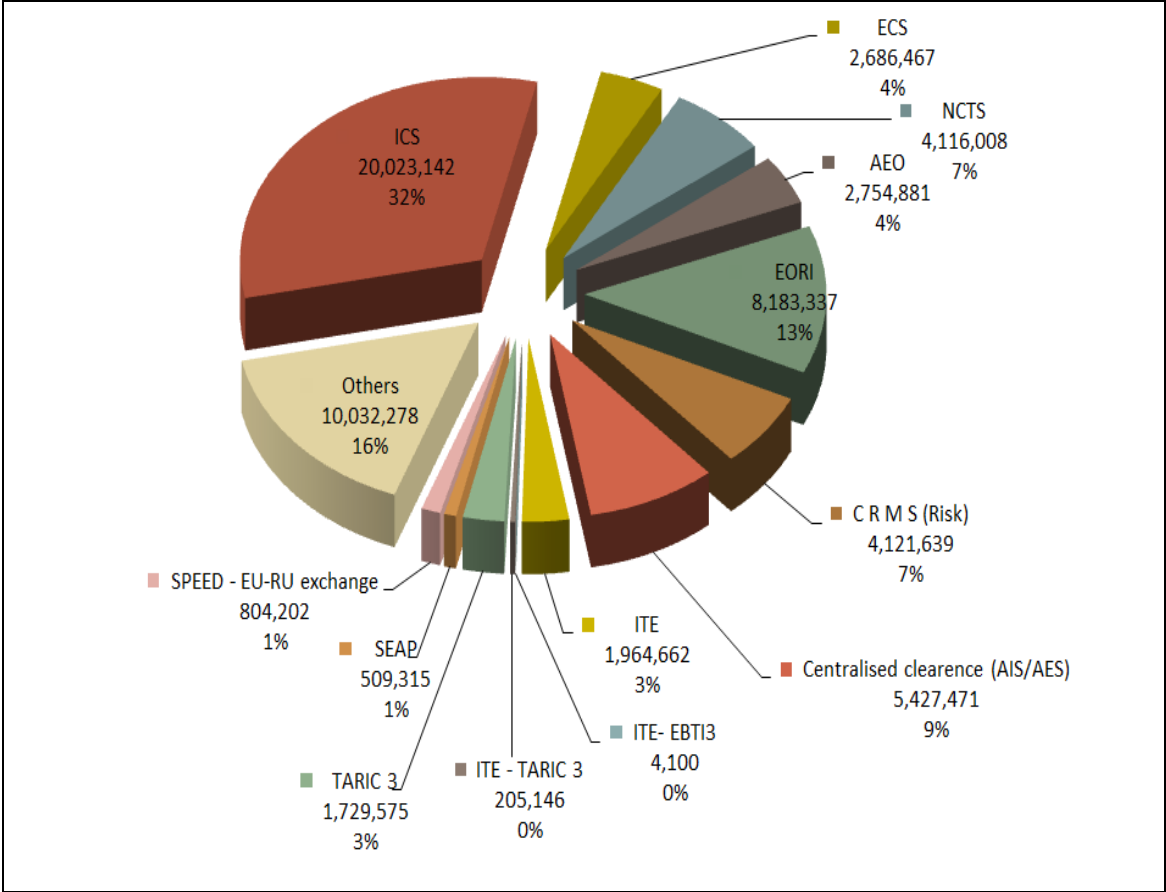
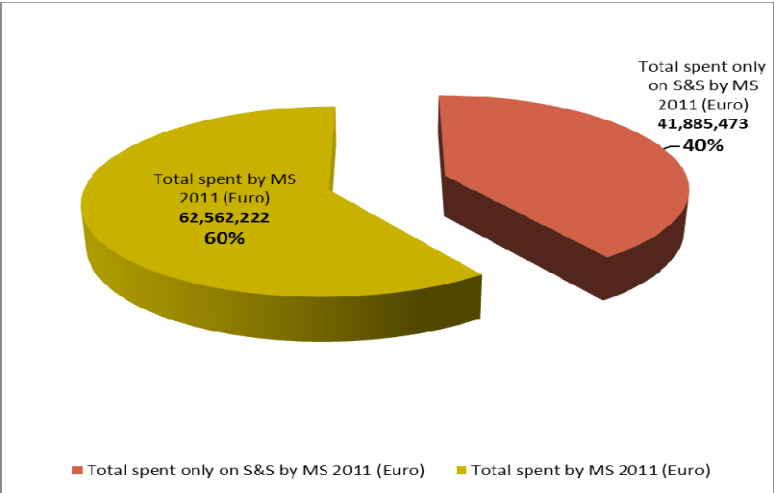

Figure 5: Reporting MS costs per system

Figure 6 : Total MS expenditure on S&S systems as a part for all MS expenditures 2011
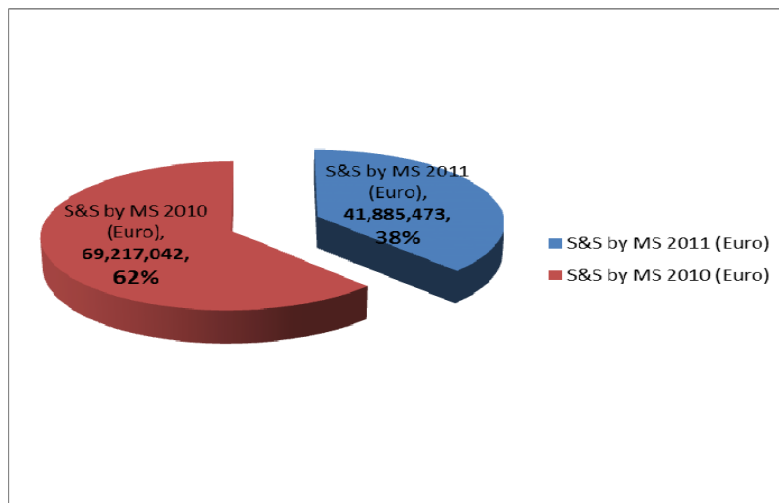
Figure 7: Total MS expenditure on S&S systems (vs. 2010) adjusted to 2011 reporting MS

Figure 8 illustrates the amount spent by the respective Member States on the individual safety and security systems in 2011, as reported (in EUR). The main system being maintained was ICS. Reporting Member States spent almost 50% of their S&S systems' costs on that system. The other big spending posts were on EORI system with about 19% of total spending, followed by CRMS and NCTS, each with about 10%.
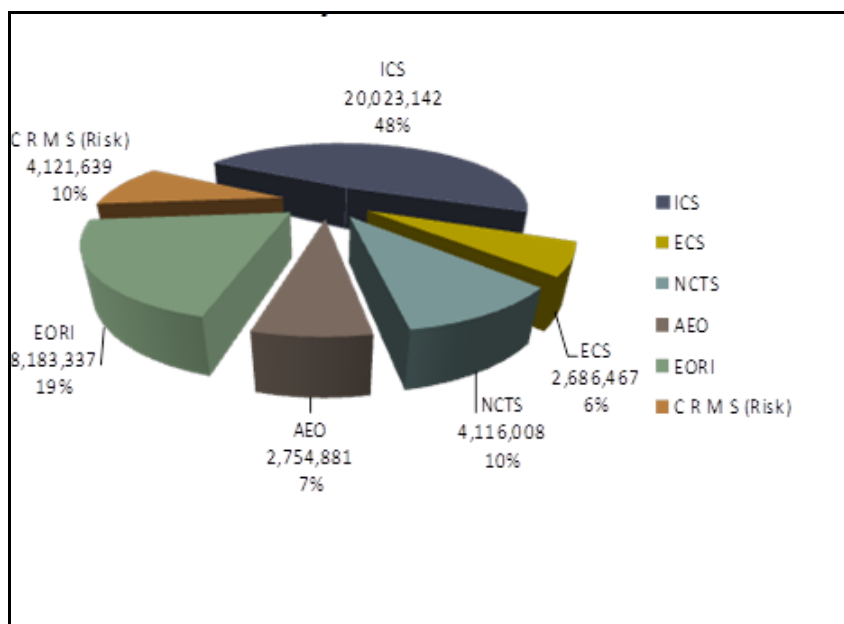

Figure 8: Detailed MS expenditure (in €) on Safety and Security systems in 2011

As costs incurred were not reported for all the projects and not by all the Member States (only by 12), only costs of the safety and security systems are shown.

Please note that:

- not all the Member States provided information on their costs of safety and security systems development;

- in general, the costs reported cover operation and maintenance, due to National and European specifications changes;

- given differing reference basis in the Member States, systems might be built on common platforms and costs of the common platform assigned to one system only, which results in some data distortion.

The above disclaimers apply to figure 9 as well which represents the development cost of the safety & security systems during the period 2008 - 2011 only in those Member States which reported for 2011, thus for 12 MS.
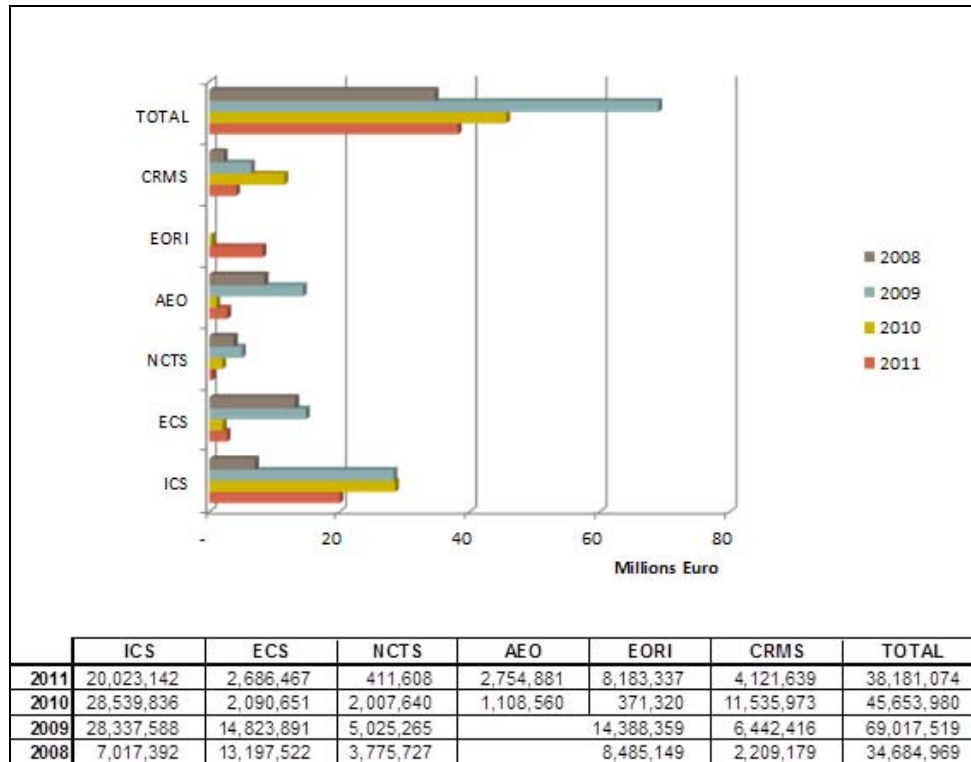

	ICS	ECS	NCTS	AEO	EORI	CRMS	TOTAL
2011	20,023,142	2,686,467	411,608	2,754,881	8,183,337	4,121,639	38,181,074
2010	28,539,836	2,090,651	2,007,640	1,108,560	371,320	11,535,973	45,653,980
2009	28,337,588	14,823,891	5,025,265		14,388,359	6,442,416	69,017,519
2008	7,017,392	13,197,522	3,775,727		8,485,149	2,209,179	34,684,969

Figure 9: MS expenditure (in €) on Safety and Security systems from 2008 to 2011

Figure 10 represents the comparison between the amounts spent by the twelve reporting Members States in all systems in 2010 vs. the same Member States in 2011. The amount of the total costs incurred by the reporting Member States in 2011 reaches 62,6 million EUR. The results show a decrease of 40% of those MS expenditure in 2011 vs. 2010 which is due to the low volume of new projects launched and certainly to the impact of the crisis on the MS' committed budgets.
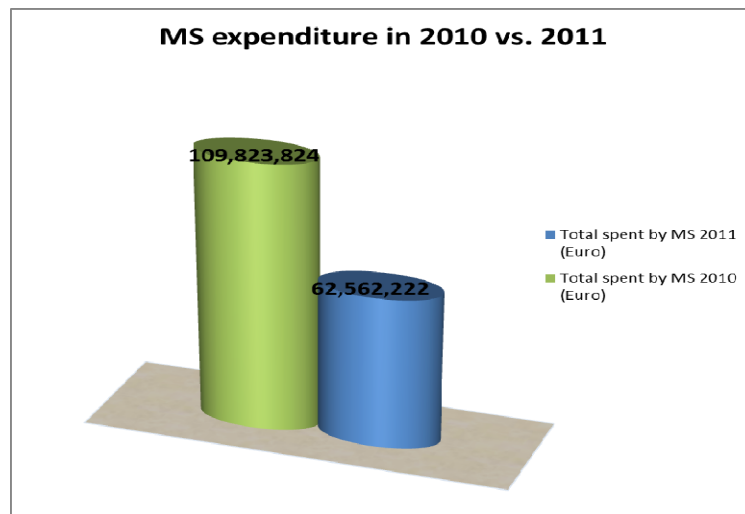

Figure 10: Total reporting MS expenditure in 2010 vs. 2011

4. CONCLUSIONS

As a conclusion, it is important to note that this report provides trends on e-Customs progress for year 2011 but it is not representing the overall situation in all Member States for year 2011 given the analysis was made based on 12 Member States reports and the EU Commission figures. This is an exceptional case and the next e-Customs progress reports will target to review the overall MS situation.

The report shows that year 2011 was devoted to the maturity of the Safety and Security systems, hence paving the way to the next phases of e-Customs projects implementation throughout the EU.