



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 30.11.2005
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2005/0247 (COD)

Implementing the Community Lisbon programme

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on a paperless environment for customs and trade

(presented by the Commission)

{SEC(2005) 1543}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

FOUNDATIONS FOR AND OBJECTIVES OF THE PROPOSAL

The Decision promoting electronic customs is an instrument for the implementation of interoperable and accessible automated customs systems, both under the current and the future modernized Customs Code, and for coordinated processes and services. It is intended to create the necessary commitment, with regard to border agencies other than customs, to implementing the 'Single Window' and 'One-Stop Shop' concepts. Its main purpose is to determine what action needs to be taken and what deadlines met by all stakeholders in order to achieve the objective of a simple and paperless environment for customs and trade by the time the modernized Customs Code enters into force.

All stakeholders will commit themselves to setting up and operating secure, interoperable and accessible electronic customs systems that improve and facilitate supply chain logistics and customs processes. Customs clearance will become more efficient, administrative burdens will be reduced, trade will be facilitated, the safety of goods and security of international trade will be increased and environmental and consumer protection will be enhanced through better targeted customs controls based on electronic risk management systems.

General context

Member States have committed themselves to actions within the framework of e-Europe and, in particular, e-Government [Communication from the Commission to the Council, the EP, the EESC and the CoR on "the role of e-Government for Europe's future" of 26.9.2003, COM(2003) 567]. The Council Resolution of 5 December 2003 (OJ C 305, 16.12.2003, p. 1), which endorsed the Commission Communication on a simple and paperless environment for customs and trade [COM(2003) 452, 24.7.2003], invites the Commission to "draw up, in close cooperation with Member States, a multi-annual strategic plan, aimed at creating a European electronic environment, which is consistent with the operational and legislative projects and developments scheduled or underway in the areas of customs and indirect taxation". Consequently, the Commission has drafted a vision statement and plan designed to establish a list of actions for implementation and a timetable for what is now called the "electronic customs initiative", to be agreed upon and adhered to by all of the parties involved.

Member States have already invested significantly in the development of automated customs systems. However, the difference between existing systems, sets of rules and data used offsets the advantages of any harmonization achieved in this field so far, primarily because of the lack of interoperability between these systems. It is essential that customs systems are able to exchange electronic information and are provided with a range of interfaces with the trade, based on commonly used technology.

Community-wide IT applications for customs clearance do not yet exist, apart from the new computerized transit system, NCTS, which has successfully demonstrated the feasibility of such systems and opens new opportunities for similar applications in other customs regimes. This would require the introduction of a convergence framework and, where appropriate, common standards and structures.

Consequent to Regulation (EC) No 648/2005 amending Regulation (EEC) No 2913/92 (Community Customs Code), goods must be declared prior to their departure from or their arrival in the customs territory of the Community. This information will be subject to risk management, primarily security-related, and be exchanged electronically between the competent inland and border customs offices. The implementing provisions relating to this Regulation are currently being discussed in the Customs Code Committee and with economic operators.

In order to coordinate implementation of the multi-annual strategic plan, it is essential that Member States accept milestones as binding deadlines. The Commission and the Member States will commit themselves to actions requiring both human and financial resources, as well as to milestones intended to achieve simultaneous implementation of commonly agreed electronic customs systems based on existing legislation, including the above-mentioned changes, which can readily be adjusted to the principles of the modernized Customs Code.

Without this Decision, it would be impossible to ensure simultaneous implementation by all Member States. The lack of prior coordination may make *a posteriori* Community action necessary in order to enforce Community legislation, such as Regulation (EC) No 648/2005. Furthermore, if the Member States have not committed themselves to providing for the necessary resources, the new customs systems are not likely to be implemented by the time the modernized Customs Code enters into force. This would result in the continued parallel use of paper-based and electronic procedures (at least where more than one Member State is involved in the procedure), which will lead to unnecessary costs for both customs and trade and is likely to affect the competitiveness of companies doing business in the Community. Furthermore, it would increase the risk of fraud, compromise safety and security at external borders and weaken the role of customs as the principal agency for border protection and supervision in respect of the international movement of goods.

Existing provisions in the area of the proposal

These are Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code and Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92. These regulations contain the Community customs legislation (customs rules and procedures), which provides the legal background of the electronic customs initiative and the present proposal. Both regulations have been amended several times. The latest amendment, Regulation (EC) No 648/2005, is particularly relevant for electronic customs, as it provides for electronic summary declarations and the electronic exchange of data between customs administrations.

Decision No 253/2003/EC of the European Parliament and of the Council of 11 February 2003 adopting an action programme for customs in the Community (Customs 2007) provides for the financing of the Community components of the IT projects put forward in the proposed Decision. The successor programme (Customs 2013) will be the subject of a new Decision. The proposal will be submitted by the Commission in due course.

Consistency with the other policies and objectives of the Union

The proposal is consistent with the Council Conclusions of 2005 on Re-launching the Lisbon Strategy: A Partnership for Growth and Employment (Commission Communication on

common actions for growth and employment, [COM(2005) 330)] and with the Commission's e-Europe and the e-Government initiatives [COM(2002) 263 and COM(2003) 567].

2. CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

Consultation of interested parties

Consultation methods, main sectors targeted and general profile of respondents

Stakeholders consultation on the electronic customs initiative and the modernized Customs Code took place during seminars in Toledo (2003), Vuokatti (2003), Budapest (2005), Wroclaw (2005), Vilnius (2005) and Helsinki (2005). Furthermore, the modernized Customs Code and electronic customs were regularly discussed in the Customs Code Committee, the Customs Policy Group, the Customs 2007 Electronic Customs Group, and the Trade Contact Group.

Summary of responses and how they have been taken into account

Most traders reacted favourably to the modernization of the Customs Code and the implementation of accessible and interoperable pan-European customs clearance systems, and the Single Window/One-Stop-Shop concepts. Furthermore, they believe that simply computerizing existing procedures is not sufficient, even if Member States' systems are made interoperable. They therefore expressed a clear preference for combining progress on the IT side with the streamlining of customs legislation. The same position is taken by most customs administrations. The detailed results of the consultations relating to the modernized Customs Code and Electronic Customs and further information to what extent they were taken into account are published on the internet:

http://europa.eu.int/comm/taxation_customs/common/consultations/customs/index_en.htm.
See also the Annexes of the attached Impact Assessment.

Collection and use of expertise

There was no need for external expertise.

Impact assessment

Making only those changes required under the security amendment of the Customs Code (electronic pre-arrival and pre-departure declarations, automated risk management), would bring about a certain degree of progress towards electronic customs, but would not be sufficient to cope with the increasing volumes of goods moving across EU borders. The complexity of the modern supply chain, the number of parties involved, and the increasing volume of just-in-time deliveries require readily available information on international trade transactions both for suppliers, buyers and carriers, and for customs and other border agencies. The increasing use of information and communication technologies throughout the supply chain has created a new business environment requiring an appropriate response by customs. Traders expect low customs-related transaction costs and rapid clearance of goods.

The proposed Decision will allow for the simultaneous development of interoperable customs systems, enabling customs administrations to exchange data with other customs administrations throughout the Community and with other authorities involved in the

movement of goods into or out of the Community. Service providers and administrations will be encouraged to create single access points, whereby traders can submit declarations to the competent customs authorities via their existing interface. Information will be more readily accessible, via common customs information portals. Member States will commit themselves to the development of interoperable customs systems, Single Windows and One-Stop Shops. Traders will benefit from lower transaction costs, greater involvement in international trade and more competitiveness; customs and other administrations will benefit from more efficient controls and better allocation of resources. However, without a complete overhaul of the customs rules and procedures, as put forward in the proposed modernized Customs Code, paper-based and electronic declarations would co-exist and customs procedures remain complex, thereby reducing the efficiency of the system.

A centralized customs system, rather than interoperable customs systems, would also meet the objectives described above. However, a centralized customs system would require major operational changes: centralized management of the Customs Union. It would therefore take more years to implement and thus the benefits for traders would materialise much later. Furthermore, such a shift of operational responsibility from the Member States to the Commission would go against the principles of subsidiarity and proportionality.

The results of this impact assessment coincide with the opinion expressed by most traders and administrations, namely that pan-European electronic customs systems should be implemented as soon as possible.

The Commission carried out an impact assessment, as listed in the Work Programme. A report entitled "A combined impact assessment of the proposal for a modernized Customs Code" is attached. Option 2 of that assessment describes the impacts of the electronic customs Decision if it were taken alone, whereas Option 3 combines the electronic customs Decision with the modernized Customs Code.

3. LEGAL ELEMENTS OF THE PROPOSAL

Summary of the proposed action

This proposal contains actions and deadlines for the implementation of accessible and interoperable electronic customs systems, describes the responsibilities of the Member States and the Community and establishes a governance framework. The Member States must commit themselves to the objectives and actions laid down in the Decision, and in particular ensure the provision of a Single Window and a One-Stop Shop for all authorities and agencies involved in the control of the import and export of goods.

Legal basis

Articles 95 and 135 of the EC Treaty.

Subsidiarity principle

The subsidiarity principle applies insofar as the proposal does not fall under the exclusive powers of the Community.

The objectives of the proposal cannot be sufficiently achieved by the Member States alone for the following reason(s). External trade policy and the Customs Union require a common

approach to the import and export of goods. This proposal provides for simultaneous pan-European implementation of electronic customs systems which are interoperable and accessible to traders throughout the EU. The cost of keeping in place a burdensome, diversified system which is no longer in line with the economic and technological environment is much higher than the transitional cost of replacing it by a simpler, more transparent and better managed system. Unlike under the centralized system option, no shift of responsibilities from the Member States to the Commission will be necessary.

Interoperable customs clearance systems throughout the EU cannot be introduced by the Member States alone.

Community action will be more effective in achieving the objectives of the proposal for the following reason(s).

Without such a Decision, harmonisation and simultaneous implementation of pan-European electronic customs systems cannot be guaranteed; as a consequence, there will be a high risk of divergent electronic processes and information portals, which will lead to unnecessary costs for business and customs administrations, and will reduce the efficiency of customs controls.

Without the involvement of the EU, an equal level of implementation of interoperable automated customs systems cannot be achieved.

National actions alone cannot ensure coordination between all Member States, which is necessary to achieve simultaneous implementation of interoperable automated customs systems, and common standards for customs portals and Single Windows.

The proposal therefore complies with the subsidiarity principle.

Proportionality principle

The proposal complies with the proportionality principle for the following reason(s).

The proposed Decision limits Community action to the provision of the components necessary for interoperable customs systems and the common standards needed for customs portals and Single Windows (Article 4(3)). Within this framework, Member States will develop their own national components, customs portals and Single Windows.

The Decision not only limits financial commitments to what is necessary in order to provide for interoperable customs systems and common standards for customs portals and Single Windows, it also commits Member States to minimizing costs by cooperating to the greatest extent possible (Articles 2(2) and 10(5)).

Choice of instruments

Proposed instruments: Other.

Other means would not be adequate for the following reason(s).

The proposed Decision of the Council and of the European Parliament is addressed to the Member States. It does not lay down rights or obligations of citizens, but provides for commitments by the Member States.

4. BUDGETARY IMPLICATION

See attached financial statement.

5. ADDITIONEL INFORMATION

Simplification

The proposal provides for simplification of administrative procedures for public (EU or national) and private parties.

Electronic exchange of information between customs administrations and between customs administrations and other authorities involved in the international movement of goods will make for more efficient and effective controls and, consequently, more efficient risk management and allocation of resources.

An electronic environment for customs and trade, consisting of accessible and interoperable customs systems, will allow for faster release of goods. Furthermore, economic operators will, under certain conditions, be able to conduct their customs-related business with the customs administration at the place where they are established (centralized customs clearance and single access point).

The proposal is included in the Commission's Work and Legislative Programme under reference 2005/TAXUD-016, which is related to 2004/TAXUD-015.

Detailed explanation of the proposal

Articles 1 - 3 (Electronic customs systems, Objectives, and Data exchange): The Commission and the Member States aim to deliver pan-European e-Government services through interoperable and accessible electronic customs systems (see Article 1). This will facilitate supply chain logistics and customs processes for the movement of goods into and out of the European Community and reduce the risk of threats to the safety and security of citizens. Based on this premise, Article 2 lays down the main objectives of electronic customs systems. Article 3 requires that the customs systems operated by the customs administrations and by the Commission are to be accessible to economic operators and to be interoperable, both with each other and with systems operated by other authorities involved in the international movement of goods.

Article 4 (Systems and services, and time-table): This provision contains a list of systems and databases related to the electronic customs initiative, in order of their implementation deadlines (starting from the publication of this Decision in the *Official Journal of the European Union*):

- within three years:
 - interoperable automated customs clearance systems;
 - an interoperable system of registration for economic operators;
 - common customs information portals;
- within five years:

- a framework for single access points;
- an integrated tariff environment corresponding to Community standards;
- within six years:
 - single window services.

Articles 5 - 7 (Components, Tasks of the Commission, and Tasks of the Member States): Articles 6 and 7 describe the main implementation tasks of the Commission and the Member States.

Article 8 (Implementation): Article 8 describes the implementation procedure and the governance framework relating to the electronic customs initiative. Management will be provided by the Commission, assisted by the Customs Policy Group. The role of the Customs Code Committee and the Customs 2007 Committee, which support the implementation of this Decision, will not be affected by the Decision.

Article 9 - 10 (Resources and Financial provisions): Article 9 defines the responsibilities relating to the human, budgetary and technical resources of the Community and of the Member States that will be required for the purposes of establishing, operating and improving the electronic customs systems. Article 10 lays down the rules for the sharing of costs between the Member States and the Community with regard to the implementation and operation of the electronic customs systems covered by this Decision. Costs will be minimized through cost-sharing and the use of common solutions.

Article 11 - 12 (Monitoring, Reports): Measures financed out of the Community budget will be monitored by the Commission, in cooperation with the Member States (Article 11). The completion of tasks will be notified to the Commission. Furthermore, the results of monitoring visits and other controls will be the subject of annual reports (Article 12).

Articles 13 - 14 (Consultation of economic operators and Accession and candidate countries): Article 13 requires a trade consultation mechanism to be put in place both at Commission and Member States level. Bulgaria, Romania and candidate countries will regularly be kept informed by the Commission at all stages; they may also take part in the preparation, development and deployment of the customs systems and services.

Article 15 (Entry into force).

Article 16 (Addressees): The Decision is addressed to the Member States.

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on a paperless environment for customs and trade

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 95 and 135 thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Economic and Social Committee²

Acting in accordance with the procedure laid down in Article 251 of the Treaty³,

Whereas:

- (1) The Community and the Member States have committed themselves, under the Lisbon Agenda, to increasing the competitiveness of companies doing business in Europe. Pursuant to Decision 2004/387/EC of the European Parliament and of the Council of 28 April 2004 on interoperable delivery of pan-European eGovernment services to public administrations, businesses and citizens (IDABC)⁴, the Commission and the Member States should provide efficient, effective and interoperable information and communication systems for the exchange of information between public administrations and Community citizens.
- (2) The pan-european eGovernment action, as provided for in Decision 2004/387/EC, requires measures to increase the efficiency of the organisation of customs controls and to ensure the seamless flow of data in order to make customs clearance more efficient, to reduce the administrative burden, to help to combat fraud, organised crime and terrorism, to serve fiscal interests, to protect intellectual property and cultural heritage, to increase the safety of goods and the security of international trade and to enhance health and environmental protection. For that purpose, the provision of information and communication technologies (ICT) for customs purposes is of crucial interest.

¹ OJ No C [...], [...], p. [...].

² OJ No C [...], [...], p. [...].

³ Opinion of the European Parliament of [...], Council Common Position of[...] and Position of the European Parliament of[...].

⁴ OJ L 144, 30.4.2004, p. 65.

- (3) The Council Resolution of 5 December 2003 on creating a simple and paperless environment for customs and trade⁵, which followed on from the Commission Communication on a simple and paperless environment for customs and trade⁶, calls upon the Commission to draw up, in close co-operation with the Member States, a multi-annual strategic plan for creating a coherent and interoperable electronic customs environment for the Community. Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code⁷, as amended by Regulation (EC) No 648/2005, requires the use of data processing techniques for lodging summary declarations and for the electronic exchange of data between customs administrations, with a view to basing customs controls on automated risk-analysis systems.
- (4) Accordingly, it is necessary to lay down the objectives to be met in creating a paperless environment for customs and trade, as well as the structure, means and timetable for doing so.
- (5) The Commission should implement this Decision in close co-operation with the Member States. It is therefore necessary to specify the respective responsibilities and tasks of the parties concerned and to make provision as to how the costs are to be shared between the Commission and the Member States.
- (6) The Commission and the Member States should share the responsibility for the Community and non-Community components of the communication and information exchange systems, in accordance with the principles set out in Decision No 253/2003/EC of the European Parliament and of the Council of 11 February 2003 adopting an action programme for customs in the Community (Customs 2007)⁸.
- (7) To insure compliance with this Decision, and consistency between the different systems to be developed, it is necessary to establish a monitoring mechanism.
- (8) Regular reports by Member States and the Commission should provide information on the progress of implementation of this Decision.
- (9) In order to achieve a paperless environment, there is a need for close co-operation between the Commission, the customs administrations and the economic operators. To facilitate that co-operation, the Customs Policy Group should ensure the co-ordination of the activities necessary for the implementation of this Decision. Consultation with economic operators should take place at both national and Community level at all stages of the preparation of those activities.
- (10) Candidate and accession countries should be permitted to participate in those activities, with a view to preparing for accession.
- (11) Since the creation of a paperless environment for customs and trade cannot be sufficiently achieved by the Member States, but can, by reason of its scale and effects,

⁵ OJ C 305, 16.12.2003, p. 1.

⁶ COM(2003) 452, 24.7.2003.

⁷ OJ L 302, 19.10.1992, p. 1. Regulation as last amended by Regulation (EC) No. 648/2005 of the European Parliament and of the Council (OJ L 117, 4.5.2005, p. 13).

⁸ OJ C 36, 12.12.2003, p. 1.

be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity, as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary in order to achieve those objectives,

HAVE ADOPTED THIS DECISION:

Article 1

Electronic customs systems

The Commission and the Member States shall set up secure, integrated, interoperable and accessible electronic customs systems for the exchange of customs declarations, electronic certificates, accompanying documents and other information.

The Commission and the Member States shall provide the structure and means for the operation of those electronic customs systems.

Article 2

Objectives

1. The electronic customs systems shall be designed to meet the following objectives:
 - (a) to facilitate import and export procedures;
 - (b) to reduce compliance and administrative costs and to improve clearance times;
 - (c) to co-ordinate a common approach to the control of goods and the interception of dangerous and illicit goods;
 - (d) to ensure the proper collection of all Community duties and charges;
 - (e) to provide rapid and relevant information with regard to the international supply chain;
 - (f) to enable the seamless flow of data between exporter and importer countries, allowing data entered in the system to be re-used.

The integration and evolution of customs systems shall be proportionate to those objectives.

2. The objectives set out in paragraph 1 shall be achieved by at least the following means:
 - (a) the harmonised exchange of information on the basis of internationally accepted data models and message formats;
 - (b) the re-engineering of customs processes with a view to optimising their efficiency and effectiveness, simplifying them and reducing the costs of customs compliance;

- (c) the offering to economic operators of a wide range of electronic customs services which enables them to interact in the same way with the customs authorities of any Member State and which respects the principle of subsidiarity.
3. For the purposes of paragraph 1, the Community shall foster the interoperability of the electronic customs systems with the customs systems of third countries and the accessibility of the electronic customs systems to economic operators in third countries, with a view to creating a paperless environment at international level where provided for under international agreements.

Article 3

Data exchange

The electronic customs systems of the Community and the Member States shall provide for the exchange of data between the customs administrations of the Member States and the following:

- (a) economic operators;
- (b) the customs authorities of other Member States;
- (c) the Commission;
- (d) other administrations or agencies involved in the international movement of goods, hereinafter “other administrations or agencies”.

Article 4

Systems and services, and time-table

1. In addition to the timetable laid down in Regulation (Customs Code), the Member States shall, in co-operation with the Commission, establish the following customs systems within three years of the publication of this Decision in the *Official Journal of the European Union*:
- (a) systems for import and export clearance enabling the seamless flow of data from one customs system to another throughout the Community, with electronic interfaces for economic operators enabling them to conduct all customs related business, even if several Member States are involved, with the customs authorities of the Member State where they are established;
 - (b) a system of registration for economic operators, including authorized economic operators, enabling them to register only once for all their interactions with customs authorities throughout the Community;
 - (c) common customs portals providing economic operators with the information needed for import/export transactions in all Member States.

2. Within five years of the publication of this Decision in the *Official Journal of the European Union*, the Member States shall, in co-operation with the Commission, establish the following services:
 - a) a framework for single access points, enabling economic operators to use one single interface to lodge electronic customs declarations, even if the customs procedure is carried out in another Member State;
 - b) an integrated tariff environment enabling connection to other import and export related systems in the Commission and the Member States.
3. Within six years of the publication of this Decision in the *Official Journal of the European Union*, the Member States shall, in co-operation with the Commission, establish single window services providing for the seamless flow of data between economic operators and customs administrations, between customs authorities and the Commission, and between customs administrations and other administrations and agencies, and enabling economic operators to submit all information required for import or export clearance to customs, even if it is required by non-customs legislation.
4. The Community and the Member States shall continuously improve the systems and services provided for in paragraphs 1, 2 and 3.

Article 5

Components

1. Electronic interoperable customs systems shall consist of Community components and national components.
2. The Community components of the electronic customs systems shall be the following:
 - (a) the common system specifications;
 - (b) the common products and services, including the necessary common reference systems for customs and customs-related information;
 - (c) the services of the Common Communications Network and Common Systems Interface (CCN/CSI);
 - (d) the co-ordination activities performed by the Member States and the Commission when implementing and operating within the Community common domain;
 - (e) the co-ordination activities performed by the Commission when implementing and operating within the Community external domain, excluding services designed to meet national requirements.
3. The national components of the electronic customs systems shall be the following:

- (a) the national specifications;
- (b) the national systems, including databases;
- (c) network connections between customs administrations and economic operators, and between customs administrations and other administrations or agencies, within the same Member State;
- (d) any software or equipment which a Member State considers necessary to ensure full use of the system.

Article 6

Tasks of the Commission

The Commission shall ensure the following:

- (a) co-ordination of the setting-up, conformance testing, operation, and support of the Community components, as regards the computerised systems;
- (b) the co-ordination of the systems and services provided for in this Decision with other relevant projects relating to e-Government at Community level;
- (c) co-ordination of the development of Community and national components with a view to a synchronized implementation of projects;
- (d) the co-ordination at Community level of electronic customs services and single window services.

Article 7

Tasks of the Member States

1. The Member States shall ensure the following:

- (a) co-ordination of the setting-up, conformance testing, operation, and support of the national components, as regards the computerised systems;
- (b) the co-ordination of the systems and services provided for in this Decision with other relevant projects relating to e-Government at national level;
- (c) completion of the tasks allocated to them under the multi-annual strategic plan provided for in Article 8(2);
- (d) the regular provision to the Commission of information regarding the measures taken to enable their respective administrations or economic operators to make full use of the computerised systems;
- (e) the promotion and implementation at national level of electronic customs services and single window services.

2. Member States shall estimate the human, budgetary and technical resources needed to comply with Article 4 and with the multi-annual strategic plan provided for in Article 8(2).
3. Where there is a risk that an action envisaged by a Member State in relation to the setting-up or operation of the computerised systems might compromise their overall interoperability or functioning, that Member State shall first seek the approval of the Commission.

Article 8

Implementation

1. For the purposes of the implementation of this Decision, the Commission shall, in co-operation with the Customs Policy Group, ensure the following:
 - (a) the determination of strategies, required resources and development phases;
 - (b) the co-ordination of all activities related to electronic customs, in order to make sure that resources are used in the best and most efficient manner, including those already used at national and Community level;
 - (c) co-ordination of legal and operational aspects, training and IT development;
 - (d) co-ordination of the implementation activities of all the parties concerned;
 - (e) compliance by the parties concerned with agreed deadlines.
2. The Commission shall, in co-operation with the Customs Policy Group, draw up and keep updated a multi-annual strategic plan allocating tasks to the Commission and the Member States.

Article 9

Resources

1. For the purposes of establishing, operating and improving the electronic customs systems in accordance with Article 4, the Community shall make available the human, budgetary and technical resources required for the Community components.
2. For the purposes of establishing, operating and improving the electronic customs systems in accordance with Article 4, the Member States shall make available the human, budgetary and technical resources required for the national components.

Article 10

Financial provisions

1. The costs relating to the implementation of this Decision shall be shared between the Community and the Member States in accordance with paragraphs 2 and 3.

2. The Community shall bear the costs relating to the design, acquisition, installation, operation and maintenance of the Community components, in accordance with the Customs 2007 Programme laid down in Decision No 253/2003/EC and any successor programme.
3. Member States shall bear the costs relating to the setting up and operation of the national components, including interfaces with other governmental bodies and economic operators.
4. Member States shall estimate and communicate to the Commission the human, budgetary and technical resources needed to comply with Article 4 and with the multi-annual strategic plan provided for in Article 8(2).
5. Member States shall enhance their co-operation with a view to minimizing costs by developing cost sharing models and common solutions.

Article 11

Monitoring

1. The Commission shall take all the necessary steps to verify that measures financed from the Community budget are being carried out in compliance with this Decision and that the results obtained are consistent with the objectives laid down in Article 2(1).
2. The Commission shall, in co-operation with the Member States, regularly monitor the progress made by each Member State towards compliance with Article 4, with a view to determining whether the objectives laid down in Article 2(1) have been achieved and how the effectiveness of the activities involved in the implementation of the computerized systems may be improved.

Article 12

Reports

1. Member States shall regularly report to the Commission on their progress with each task allocated to them under the multi-annual strategic plan. They shall notify the Commission of the completion of any of those tasks.
2. No later than 31 December each year, the Member States shall submit an annual progress report to the Commission.

No later than 31 March of the following year, the Commission shall, on the basis of those reports, establish a consolidated report and make it available to the parties concerned.

That report may contain results of monitoring visits and other controls and may set out methods and criteria, for use in any later evaluation, as to what extent the computerised systems are interoperable and how they are functioning.

Article 13

Consultation with economic operators

The Commission and the Member States shall regularly consult the economic operators at all stages of the preparation, development and deployment of the systems and services provided for in Article 4.

The Commission and the Member States shall each set up a consultation mechanism which brings together a representative selection of economic operators on a regular basis.

Article 14

Accession and candidate countries

The Commission shall inform the countries which have been recognised as accession countries, or as candidate countries for accession to the European Union, of the preparation, development and deployment of the systems and services provided for in Article 4, and shall allow their participation in those stages.

Article 15

Entry into force

This Decision shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 16

Addressees

This Decision is addressed to the Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

Policy area(s):14 Taxation and customs union

Activity: 1404 Customs Policy

TITLE OF ACTION:

Proposal for a Decision of the European Parliament and the Council on the implementation of a paperless environment for customs and trade programmes.

1. BUDGET LINES

1.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B.A lines)) including headings:

- 140402 Customs 2007 programme
- 14040X Customs 2013 programme
- 140104X Customs 2013 programme-Expenditure on administrative management
- The final budgetary structure for the Customs 2013 programme will be decided at a later stage.

1.2. Duration of the action and of the financial impact:

- The period of validity of the legal base runs from 01/06/2006 to 31/12/2013.
- The payments will continue after 31/12/2013.

1.3. Budgetary characteristics (*add rows if necessary*):

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
14014X	Non-comp	Diff ^{9/}	YES	NO	YES	1a
1401040X	Non-comp	Non-diff ^{10/}	YES	NO	YES	1a

⁹ Differentiated appropriations.

¹⁰ Non-differentiated appropriations.

2. SUMMARY OF RESOURCES

2.1. Financial Resources

The operational expenditure of the proposal is covered for the years 2006 and 2007 by the legislative financial statement to the Decision Customs 2007.

For the years 2008 to 2013 they are covered by the legislative financial statement to the Communication from the Commission Community Programmes Customs 2013 and Fiscalis 2013 under reserve of the approval of the Decision adopting an action programme for customs in the Community (Customs 2013).

2.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

Expenditure type	Section no.		2006	2007	2008	2009	2010	2011 and later	Total
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Operational expenditure¹¹

Commitment Appropriations (CA)	6.1	A	9.669	5.024	18.125	21.625	24.405	79.070	157.918
Payment Appropriations (PA)		B	2.682	6.482	9.667	15.762	21.461	101.864	157.918

Administrative expenditure within reference amount^{12 13}

Technical & administrative assistance (NDA)	6.2.4	C	0	0	0.647	0.647	0.647	1.941	3.882
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TOTAL REFERENCE AMOUNT

Commitment Appropriations		a+c	9.669	5.024	18.772	22.272	25.052	81.011	161.800
Payment Appropriations		b+c	2.682	6.482	10.314	16.409	22.108	103.805	161.800

Administrative expenditure not included in reference amount¹⁴

Human resources and associated expenditure (NDA)	6.2.5	D	1.144	2.112	2.240	2.368	2.368	7.104	17.336
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¹¹ Expenditure that does not fall under Chapter 14 01 of the Title 14 concerned.

¹² Expenditure within article 14 01 04 of Title 14.

¹³ The administrative expenditure line anticipates the possible externalisation of activities under the programme. Budgetary figures will only be available after the completion in 2006 of a feasibility study on the topic.

¹⁴ Expenditure within article 14 01 other than articles 14 01 04 or 14 01 05.

Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	6.2.6	E	0.040	0.687	0.040	0.040	0.040	0.120	0.967
---------------------------------------------------------------------------------------------------------------	-------	---	-------	-------	-------	-------	-------	-------	-------

Total indicative financial cost of intervention

		2006	2007	2008	2009	2010	2011 and later	Total
TOTAL CA including cost of Human Resources	A+c+d+e	10.853	7.823	21.052	24.680	27.460	88.235	180.103
TOTAL PA including cost of Human Resources	b+c+d+e	3.866	9.281	12.594	18.817	24.516	111.029	180.103

Co-financing details

2.1.2. Compatibility with Financial Programming

- x Proposal is compatible with existing financial programming.

This Decision is compatible with the proposition of the Commission for the Financial Perspectives 2007-2013 [COM(2004) 101, 10.2.2004 and COM(2004) 487, 14.7.2004]. It falls into the subheading 1a– Competitiveness for growth and employment.

2.1.3. Financial impact on Revenue

- x Proposal has no direct financial implications on revenue, although the modernisation of the customs administration should make the own resources collection more effective and cost efficient.

2.2. Human Resources FTE (including officials, temporary and external staff) – see detail under point 6.2.1.

Annual requirements	2006	2007	2008	2009	2010	2011	2012	2013
Total number of human resources	11	26	28	30	30	30	30	30

3. CHARACTERISTICS AND OBJECTIVES

3.1. Needs to be met in the short or long term

See section 2 of the ex-ante assessment of expected impacts.

3.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy

See section 2 of the ex-ante assessment of expected impacts.

3.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

Objectives and expected results:

The proposed Decision will be implemented in the framework of the Customs 2007 programme and its successor the Customs 2013 programme. These programmes work at two levels: Joint Actions and IT Systems. Joint Actions consist of Joint Action Activities for officials and Common Training Tools while IT systems concern the trans-European networks. They aim to create a more efficient and effective customs procedures.

At annual working level the objectives and expected results will be laid down in more detail in a regularly updated action plan. Results can be quantified under the 'Measurement of results' actions undertaken under the Customs 2007 programme and its successor.

Indicators:

- Levels of performance of the information systems

3.4. Method of Implementation (indicative)

Show below the method(s)¹⁵ chosen for the implementation of the action.

See section 6.1 of the ex-ante assessment of expected impacts.

4. MONITORING AND EVALUATION

4.1. Monitoring system

The actions to be carried out under the proposed decision will be monitored (including measurements of results) as part of the Customs 2007/2013 programmes.

The administrations shall send the Commission all the information necessary for follow-up reports to be drawn up as efficiently as possible.

4.2. How will the results and impacts be monitored and evaluated

¹⁵ If more than one method is indicated please provide additional details in the "Relevant comments" section of this point.

4.2.1. Ex-ante evaluation

See the ex-ante assessment of expected impacts.

4.2.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)

The Customs 2007 interim evaluation is not yet finished (planned for end 2005). However, results from this evaluation, concerning electronic customs, will be taken into account in the future implementation of the electronic customs strategy and evaluated in the framework of the foreseen evaluation of the Customs 2013 Programme.

4.2.3. Terms and frequency of future evaluation

Future evaluations of electronic customs strategy proposal will be financed from and aligned on the Customs 2013 programme evaluations

Terms and frequency of these evaluations will be dependent on the C2013 programme evaluations.

5. ANTI-FRAUD MEASURES

The amounts relative to the main activities of the programme are submitted to the usual procedure of verification by the services of the Commission before payment, taking into account contractual obligations and sound financial and general management. Anti fraud measures (controls, reports, etc.) are foreseen in all contracts concluded between the Commission and the beneficiaries.

The joint actions referred to above (exchanges, seminars, working groups, etc) are paid from the 'Joint Action' budget of Customs 2007 programme and its successor. The officials are reimbursed as follows:

The participating countries reimburse their travel costs and living expenses for their own officials, in line with established programme rules. Advance payments of the necessary amounts are made to the participating countries during the exercise taking into account the implementation. The participating countries have to submit detailed proof of their expenses and will keep all documents in view of possible control. The payment of the travel costs and living expenses to officials of other countries or to representatives of external organisations and of costs relating to the organisation of seminars will be made directly by the services of the Commission, or by countries duly mandated to this effect. Anti fraud dispositions (controls, reports, etc.) are foreseen in each contract of this nature.

Control visits in the Member States are carried out by the financial services of the Commission in order to ensure conformity with financial rules applicable to the management of the programme.

6. DETAILS OF RESOURCES

6.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	Year 2006		Year 2007		Year 2008		Year 2009		Year 2010		Year 2011 and later		TOTAL	
			No. Outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
OPERATIONAL OBJECTIVE No.1 [1] electronic customs																
Action 1 Joint Actions.																
- Joint Actions				0.481		0.974		1.125		1.125		1.155		3.495		8.355
OPERATIONAL OBJECTIVE No.1 [1]electronic customs																
Action 2 Electronic Customs																
- Output 1	IT contract			6.938		1.800		9.000		11.250		13.500		44.625		87.113
Action 3 Security aspects for Customs	IT															
- Output 1	IT							5.000		6.000		6.500		21.200		38.700
Action 4 CNN/CSI																
- Output 1	IT contract			2.250		2.250		3.000		3.250		3.250		9.750		23.750

OPERATIONAL OBJECTIVE No.n ¹																
Sub-total Objective n																
TOTAL COST				9.669		5.024		18.125		21.625		24.405		79.070		157.918

Other IT actions to be carried out in the field of customs will be financed from the Customs 2013 budget as indicated in the Communication from the Commission to the Council and European Parliament¹⁶. Those actions will finance the existing IT systems such as customs tariff systems, the NCTS, the secured network CCN/CSI, etc. as far as those systems are concerned.

The costs indicated for the secured network CCN/CSI in table 6.1. represent additional amounts needed to adapt the secured network CCN/CSI for electronic Customs (intensive use with high volume of data, security of data, increased traffic at gateways in Member states, need for more and detailed management information, etc.).

6.2. Administrative Expenditure

The needs for human and administrative resources shall be covered within the allocation granted to the managing DG in the framework of the annual allocation procedure. The allocation of posts should take into account an eventual reallocation of posts between departments on the basis of the new financial perspectives.

6.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTEs)					
		Year 2006	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011 – 2013
Officials or temporary staff ¹⁷ (14 01 01)	A*/AD	5	8	8	8	8	8
	B*, C*/AST	5	8	8	8	8	8
Staff financed ¹⁸ by art. 14 01 02		1	6	8	10	10	10
Other staff ¹⁹ financed by art. 14 01 04/05		0	4	4	4	4	4
TOTAL		11	26	28	30	30	30

6.2.2. Description of tasks deriving from the action

The electronic Customs legal and procedural activities will be allocated to the competent units in the customs policy directorate of DG TAXUD. The electronic Customs IT activities will be allocated to the Information Technology unit (existing NCTS team, Tariff team and in due time to the operation team). These teams will need to be gradually reinforced. The Commission training, information and

¹⁶ COM(2005) 111.

¹⁷ Cost of which is NOT covered by the reference amount.

¹⁸ Cost of which is NOT covered by the reference amount.

¹⁹ Cost of which is included within the reference amount.

communication activities will be allocated to the competent unit. Additional staff will manage and oversee the community risk system and will in particular develop the community profiles (including in specialized areas), monitor and evaluate the system and ensure coordination with other directorates general.

The increase of staff is required to handle the 5 major new projects currently foreseen and to perform the huge co-ordination activities which will be required. It will also cover the common training needs related to the new legal bases as well as the common training for the economic operators. Most of the training will be delivered using e-learning methods and tools. A substantial communication activity in line with the new Commission's communication strategy is equally provisioned within this request for resources. Electronic Customs will be implemented according to best practice methods and lessons learned from the implementation of recent trans-European customs and taxation systems, which are now fully operational.

The drafting and discussions at the legal forums requires also a reinforcement of posts.

The total needed reinforcement as follows:

	2006	2007	2008	2009
A*	2	3	0	0
B* /C*	3	3	0	0
END	0	5	3	2
Experts	0	4	0	0

6.2.3. Sources of human resources (statutory)

- x Posts currently allocated to the management of the programme to be replaced or extended: 5 posts currently allocated to this activity will continue to be used for this purpose
- x Posts pre-allocated within the APS/PDB exercise for year 2006 : 5 new posts
- x Posts to be requested in the next APS/PDB procedure : 6 posts
- x Posts to be redeployed using existing resources within the managing service (internal redeployment) : 2 posts in 2006
- Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

6.2.4. Other Administrative expenditure included in reference amount (14 01 04/05 – Expenditure on administrative management)

EUR million (to 3 decimal places)

Budget line (number and heading)	2006	2007	2008	2009	2010	Year 2011 and later	TOTAL
1. Technical and administrative assistance (including related staff costs)							
Executive agencies ²⁰	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
Other technical and administrative assistance							
- <i>intra muros</i>	0	0	0.647	0.647	0.647	1.941	3.882
- <i>extra muros</i>	-	-	-	-	-	-	-
Total Technical and administrative assistance	0	0	0.647	0.647	0.647	1.941	3.882

6.2.5. Financial cost of human resources and associated costs not included in the reference amount

EUR million (to 3 decimal places)

Type of human resources	2006	2007	2008	2009	2010	Year 2011 and later	TOTAL
Officials and temporary staff (14 01 01)	1.080	1.728	1.728	1.728	1.728	5.184	13.176
Staff financed by Art 14 01 02 (auxiliary, END, contract staff, etc.)(specify budget line)	0.064	0.384	0.512	0.640	0.640	1.920	4.160

²⁰ Reference should be made to the specific legislative financial statement for the Executive Agency (ies) concerned.

Total cost of Human Resources and associated costs (NOT in reference amount)	1.144	2.112	2.240	2.368	2.368	7.104	17.336
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Calculation– *Officials and Temporary agents*

Reference should be made to Point 6.2.1, if applicable

108,000 EUR per year per official/temporary staff

Calculation– *Staff financed under art. 14 01 02*

Reference should be made to Point 6.2.1, if applicable

64,000 EUR per year per staff financed under art. 14 01 02

Calculation– *Staff financed under art. 14 01 04/05*

Reference should be made to Point 6.2.1, if applicable

161,700 EUR per year per staff financed under art. 14 01 04/05 and under 14 01 02 01

6.2.6. Other administrative expenditure not included in reference amount

EUR million (to 3 decimal places)

	2006	2007	2008	2009	2010	2011-2013	TOTAL
14 01 02 11 01 – Missions	0.040	0.040	0.040	0.040	0.040	0.120	0.320
14 01 02 11 02 – Meetings & Conferences	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
14 01 02 11 03 – Committees ²¹	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
14 01 02 11 04 – Studies & consultations							
14 01 02 11 05 - Information systems							
2.Total Other Management Expenditure (14 01 02 11)	0.040	0.040	0.040	0.040	0.040	0.120	0.320
3. Other expenditure of an administrative nature (14 01 02 01)	0	0.647	0	0	0	0	0.647
Total Administrative expenditure, other than human resources and	0.040	0.687	0.040	0.040	0.040	0.120	0.967

²¹ Specify the type of committee and the group to which it belongs.

associated costs (NOT included in reference amount)							
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Calculation - *Other administrative expenditure not included in reference amount*

1,000 EUR per mission