



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

EUROPEAN PARLIAMENT AND COUNCIL DECISION

**amending the Decision of 19 December 1996  
adopting an action programme  
for customs in the Community  
(Customs 2000)**

(presented by the Commission)



COMMISSION OF THE EUROPEAN COMMUNITIES

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**amending the Decision of 19 December 1996  
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## EXPLANATORY MEMORANDUM

### 1. PURPOSE OF THE PROPOSED AMENDMENTS

The Decision of the European Parliament and of the Council of 19 December 1996 adopting an action programme for customs in the Community (Customs 2000)<sup>1</sup> is designed to improve overall customs efficiency in the Community by making the work of the customs authorities of the European Union more transparent and through cooperation between these authorities and the Commission.

In its report to the European Parliament and the Council of 24 July on the implementation of Customs 2000, the Commission emphasises:

- the need to make Community measures to achieve the objectives of the Decision of 19 December 1996 more consistent and transparent. It suggests that bringing all these measures together within a single legal instrument would allow more effective development of a unified approach to customs operations, analogous to that achieved in the area of indirect taxation through the Fiscalis programme. This would be done by developing the existing synergy between measures to improve working methods, computerisation and training operations;
- the importance of the partnership between the Member States and the Commission in defining programme content, though to ensure effective application this needs to be underpinned by the establishment of an institutional committee to assist the Commission in implementing the Decision;
- the importance of opening up the programme to associated countries in the light of the future enlargement of the European Union.

The proposed amendments to the initial Customs 2000 Decision are based on the conclusions of that report and would integrate the following into a single legal instrument and under a single budget heading:

- joint measures with the Member States to develop new working methods, provided for by the current Customs 2000 Decision;
- computerisation, so far covered partly by Customs 2000 and partly, until 31 December 1997, by the first IDA programme;<sup>2</sup>
- training measures currently covered by the Matthaeus programme;<sup>3</sup>
- access for non-EU<sup>3</sup> countries to cooperation and technical assistance operations in the customs field.

This year, this approach has resulted in the exclusion of customs computerisation projects from the new proposal for an IDA decision, since the design and

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<sup>1</sup> Decision 210/97/EC, OJ No L 33, 4.2.1997, p. 24

<sup>2</sup> Decision 95/468/EC, OJ No L 269, 11.11.1995, p. 23

<sup>3</sup> Council Decision 91/341/EEC, 20. 1991, OJ No L 387, 13.7.1991, p. 41.

implementation of these projects will be integrated in the overall framework of work at Community level under the Customs 2000 programme to modernise and increase customs efficiency in the context of the internal market.

With this in mind, on 3 September 1997 the Commission sent the European Parliament and the Council an initial proposal amending financial aspects of the Customs 2000 decision to adjust the *priority amounts* and the financial statement to take account of this new approach to computer-related matters. The Parliament committees responsible for issuing opinions on the proposal considered that the wrong procedure had been chosen, and called on the Commission to submit a new proposal for substantive amendments to the Decision of 19 December 1996 based on the conclusions of its report on the programme's implementation. The present proposal therefore supersedes that of September 1997, which has been withdrawn.

This proposal opens up the programme to the applicant countries of Central and Eastern Europe in accordance with the conclusions of the December 1997 European Council in Luxembourg,<sup>4</sup> which stipulate that participating countries have to make a financial contribution to the programme and that their representatives can take part, as observers and for the points which concern them, in meetings of the committee responsible for monitoring the programme, under specific arrangements adapted to the case in question.

The programme is opened to Cyprus as well, again in keeping with the conclusions of the Luxembourg European Council, as part of the country's pre-accession strategy.

The programme also allows Turkey access to the programme by virtue of the customs union with the Community, in accordance with the strategy proposed by the European Union at the Luxembourg European Council to help Turkey prepare for accession by bringing it closer to the EU in every field; this envisages Turkey participating in Community programmes in the same way as the countries of Central and Eastern Europe.

For Malta, which has just revived its membership application, participation is based on the joint Association Council decision of 28 April 1998.

The Commission is currently working on the arrangements for the above countries' participation in the advisory committee responsible for assisting it with implementation of the programme, and they will be finalised at a later date.

Since 1996 these countries have been involved in the Matthaëus programme under a scheme piloted by the Commission. In the light of the experience acquired during this period the Commission is proposing, under Article 14(5) of the Customs 2000 Decision of 19 December 1996, to provide a legal basis for their participation in the activities of the amended Customs 2000 programme.

The report also shows that the successful application of the programme depends on the active participation of national authorities in joint operations. National authorities' commitment is reflected in their participation within the Customs Policy

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<sup>4</sup> COM(95) 163 final 2

Committee which both steers and evaluates the Programme and ensures that the customs policy guidelines set out in the Decision are followed.

However, it states that in addition to the Customs Policy Committee, an institutional Committee is also needed to assist the Commission in the practical implementation of the guidelines set out for different spheres of activity in the amended Decision. This proposal therefore provides for such a Management Committee to be set up to replace the present Committee, whose competence is confined to the training measures introduced by the 1991 Matthaëus Decision. This Committee will strengthen the management structure of the programme and increase its efficiency.

## 2. GROUNDS FOR THE PROPOSAL

Only by amending the initial Customs 2000 Decision can the objectives set out in Section I be achieved.

The integration proposed is the only way of attaining a clear overview of all the measures to be conducted in partnership between the Member States and the Commission. The training measures introduced under the Matthaëus programme by the Council in 1991 are an essential component, as is indicated in Article 14 of the initial Customs 2000 Decision. Parallel implementation of the two programmes has shown up the need to bring them together under a single decision-making process.

Given the nature of the computerisation projects concerned, it is natural that their implementation and operation should be tied in with the Customs 2000 Decision.

When the 1997 budget was adopted the Budgetary Authority gathered together all the measures relating to Customs 2000, including the computerisation of Community customs, under the Customs 2000 heading (B5-303) in the interests of transparency.

The sectoral projects, whether they concern the operation, maintenance and development of existing systems or the establishment of new systems, are all designed to ensure that Community customs operate efficiently, and are considered necessary to the optimal management of the Customs Union in the context of the single market. One example is the transit computerisation project, TRANSIT.

Programmes thus financed under Customs 2000 will continue to benefit from the generic services developed under the IDA programme. The Commission departments responsible for IDA and Customs 2000 will also collaborate closely to make Community telematics systems technically inter-operable and achieve maximum economies on their development. In addition, the general standards to be adopted under the IDA guidelines will also apply to Customs 2000 communication and information exchange systems.

The integration into Customs 2000 of the customs computerisation programmes covered up to 31 December 1997 by the IDA Decision may mean that the priority amount agreed under the co-decision procedure runs out during 1999. The Customs 2000 Decision therefore needs to be amended to provide a legal basis for future activities.

The report also states that the partnership between the Commission and the Member States in implementing the Customs 2000 programme has contributed to the success of operations. However, it finds that for the practical implementation of the programme an institutional committee is needed to assist the Commission in applying the amended programme. This proposal therefore provides for the creation of a committee to replace the Matthaeus Committee and cover all measures under the amended Customs 2000 programme.

Lastly, to ensure the amendments have their full impact and guarantee the necessary continuity, the period of application of the amended Customs 2000 programme needs to be extended to 31 December 2002.

### 3. LEGAL BASIS

Article 100a of the Treaty has been chosen as the legal basis for this proposed decision amending the Customs 2000 Decision of the European Parliament and the Council, which was itself based on Article 100a, since its immediate purpose is to contribute to the establishment and operation of the internal market through optimal management of the European Union's external border.

**Proposal for a  
Decision of the European Parliament and of the Council  
amending the Decision of 19 December 1996  
adopting an action programme  
for customs in the Community  
(Customs 2000)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 100a thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the Economic and Social Committee,

- (1) Whereas Decision 210/97/EC of the European Parliament and of the Council of 19 December 1996 adopting an action programme for customs in the Community (Customs 2000) established a common framework of objectives as the basis of Community action on customs matters to improve the efficiency and standardisation of customs operations within the internal market;
- (2) Whereas the operation of information exchange systems at Community level has demonstrated the usefulness of computerised systems in ensuring the correct application of customs procedures throughout the customs territory of the Community and protecting the Community's own resources while minimising the administrative burden; whereas these systems have proved to be essential instruments of cooperation between the customs authorities of the European Union;
- (3) Whereas communication and information exchange systems should be created to meet the future needs of customs systems in the interests of continued cooperation;
- (4) Whereas a high level of training, of equivalent quality through the Community is needed to guarantee the success of this programme; whereas, in order to increase the consistency of Community work and make customs operations in the Community more uniform and efficient, vocational training for Member State customs officials along the lines of that instituted under the Matthæus programme set up by Council Decision 91/341/EEC of 20 June 1991,<sup>5</sup> should be developed within the Customs 2000 programme;
- (5) Whereas, to coordinate Community action to assist national authorities in standardising and increasing the efficiency of their customs operations in the

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<sup>5</sup> OJ No L 187, 13.7.1991, p. 41.

context of the internal market, it is essential to have a unified approach to the conduct of these operations;

- (6) Whereas the best way of guaranteeing this unified approach is to integrate all measures concerning working methods, computerisation and the training of customs officials within a single legal instrument, and finance them from a single budget heading;
- (7) Whereas the applicant countries of Central and Eastern Europe, Cyprus and Malta should be allowed to take part in the programme;
- (8) Whereas the European Union has proposed allowing Turkey to participate on a case-by-case basis in certain Community programmes, under the same conditions as the associated countries of Central and Eastern Europe;
- (9) Whereas, to enable these amendments to have their full impact, the programme's implementation period should be extended to 31 December 2002;
- (10) Whereas, to assist the Commission in its administration of the programme and facilitate the adoption of application procedures, a Committee should be set up in parallel to the partnership bodies established under Decision 210/97/EC,

HAVE ADOPTED THIS DECISION:

*Article 1*

Decision 210/97/EC is hereby amended as follows:

1. In Article 1(2), "30 December 2000" is replaced by "31 December 2002".
2. New Article 14: "Information exchange and communication systems, manuals and guides"
  1. The Commission and the Member States shall be responsible for the operability of such existing information exchange and communication systems, manuals and guides as they consider necessary. They shall establish and keep operational such new information exchange and communication systems, manuals and guides as they consider necessary.
  2. The Community components of the information exchange and communication systems shall be the hardware, software and the network connections which have to be common to all Member States in order to ensure the interconnection and interoperability of the systems, whether they are installed in the premises of the Commission (or designated sub-contractor) or of the Member States (or designated sub-contractor).
  3. The non-Community components of the information exchange and communication systems shall be the national databases forming part of the systems, the network connections between the Community and non-Community components and the software and hardware which each Member State considers necessary to ensure optimal use of the systems throughout the administration."
3. Article 14 becomes Article 15 and is amended as follows:



- the words "Decision 91/241/EEC and" are deleted from paragraph (1);
- paragraph (5) is deleted.

4. The following new Article 16 is inserted:

"Exchanges of officials and seminars

1. The Commission and the Member States shall organise exchanges of officials. Each exchange shall focus on a specific aspect of customs work and shall be thoroughly prepared and subsequently evaluated by the officials and authorities concerned.

Member States shall take the measures necessary to ensure that their officials participate effectively in the work of the host authorities; to that end, the officials concerned shall be authorised to carry out tasks relating to the responsibilities conferred on them by the host authorities in accordance with their legal systems.

For the duration of the exchange, the official shall, in the exercise of his duties, bear the same civil liability as national officials of the host authorities. Officials taking part in an exchange shall be subject to the same rules on professional confidentiality as the national officials of the host country.

2. The Commission and Member States shall organise seminars to be attended by Member State and Commission officials and, where appropriate, representatives of the business and academic world."

5. Articles 15 and 16 become Articles 17 and 18 respectively."

6. The following new Article 19 on the participation of applicant countries is inserted:

"Applicant countries' participation

The applicant countries of Central and Eastern Europe may take part in the programme in accordance with the provisions of the Europe Agreements concerning the terms of such participation, in so far as Community customs law permits. The programme shall also be open to Cyprus, to Turkey by virtue of the customs union, in so far as Community customs law permits, and to Malta."

7. The following new Article 20 is inserted:

"The Committee

The Committee shall be assisted in carrying out its tasks by a committee made up of Member State representatives and chaired by a Commission representative.

The Commission representative shall submit to the committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft, within a time limit which the chair may lay down according to the urgency of the matter, deciding by vote where appropriate.

The opinion shall be entered in the minutes; each Member State shall also have the right to require that its opinion is included in the minutes.

The Commission shall take full account of the Committee opinion. It shall inform the Committee of how it has taken account of its opinion."

8. Article 17 becomes Article 21 and is amended as follows:

1. (unchanged)

"2. Member States shall forward to the Commission:

- by 31 December 1999 at the latest, an interim report and
- by 31 December 2002 at the latest, a final report

on the implementation of this programme.

3. The Commission shall submit to the European Parliament and to the Council:

- by 30 June 2000 at the latest, an interim report on the implementation of this programme;
- by 30 June 2001 at the latest, a communication on the desirability of continuing this programme, accompanied, if necessary, by an appropriate proposal;
- by 30 June 2003 at the latest, a final report on the implementation of this programme.

These reports shall also be forwarded to the Economic and Social Committee for information."

9. Article 18 becomes Article 22 and paragraph 1 is amended as follows:

"Without prejudice to operations financed under other Community programmes, the financial framework for the implementation of this programme for the period 1 January 1996 to 31 December 2002, is hereby set at ECU 142.3 million.

The annual appropriations shall be authorised within the limit of the financial perspectives"

10. The Annex is deleted.

*Article 2*

Council Decision 91/341/EEC of 20 June 1991 on the adoption of a programme of Community action on the subject of the vocational training of customs officials (Matthaeus programme) shall be repealed with effect from the date of publication of this Decision.

*Article 3*

This Decision is addressed to the Member States.

Done at Brussels,

*For the European Parliament*

*The President*

*For the Council*

*The President*

# FINANCIAL STATEMENT (CUSTOMS 2000)

## 1. TITLE OF OPERATION

Amendment and extension of the action programme for customs in the Community (Customs 2000).

## 2. BUDGET HEADINGS INVOLVED

B5-301, B5-303, B7-860

## 3. LEGAL BASIS

Article 100a of the Treaty

## 4. DESCRIPTION OF OPERATION

### 4.1. General objective

To ensure the proper operation of the internal market by standardising the external frontiers of the European Union. This means having customs procedures and checks of equivalent efficiency at every point on the external frontier so that all citizens and traders receive equal treatment wherever they cross that frontier, ensuring that simplified procedures necessary to maintain the flow of traffic are applied, thus promoting the Union's external trade, and that effective action can be taken to prevent fraud. This can only be achieved through increased cooperation and collaboration between Member States' customs authorities and coordinated action at Community level to:

- identify difficulties in applying Community rules and together seek appropriate solutions, by monitoring and studying the implementation of Community law in the different Member States;
- ensure efficient management of the Customs Union and develop new working methods for customs authorities to deal with the development of external trade in an efficient and standardised fashion everywhere on the external frontier, using the limited resources available. These new methods include business auditing techniques, risk analysis techniques, the development of simplified customs clearance procedures and coordinated development of the use of computerised customs procedures; this will involve working parties, seminars, technical assistance and back-up and pilot studies and projects based on jointly agreed guidelines and methods;
- ensure proper implementation of Community rules and more effective prevention of fraud and irregularities through the dissemination of information to economic operators;

- constantly monitor the appropriateness of customs rules and procedures to international trade by maintaining communication with all operators;
- achieve successful customs cooperation with and assistance to third countries and coordinate such operations;
- organise joint training programmes for all customs officials throughout the Community to ensure uniform application of Community law.

#### 4.2. Period covered and arrangements for renewal or extension

Multiannual programme 1996-2002.

Regular evaluations are undertaken throughout the programme. A further decision will be taken to renew or extend the programme beyond 31 December 2002 in the light of their findings.

#### 5. CLASSIFICATION OF EXPENDITURE

Non-compulsory expenditure; differentiated appropriations.

#### 6. TYPE OF EXPENDITURE

Operational expenditure will be mainly on:

- financing monitoring operations; working parties, pilot operations or experiments, seminars with Member State customs officials and officials in other sectors concerned, the customs authorities of third countries and representatives of external bodies;
- financing studies, analyses and simulations;
- financing information operations and communication programmes;
- financing technical assistance and back-up;
- financial contributions to communication and information schemes;
- financing travel and living expenses of national customs officials involved in exchanges, attending seminars or participating in working parties under training programmes;
- financing the cost of organising seminars and in particular the travel and living expenses of the representatives of outside bodies taking part in seminars and working parties;
- financing the costs of studies, development, introduction and operation of common systems for the exchange of data in the customs field between the Commission and the Member States, and among Member States themselves. In keeping with the principles of subsidiarity, the Member States will be responsible for developing telecommunications systems and for financing the infrastructure and software needed to operate the systems nationally;

Operational expenditure will include contributions towards the financing of systems operation, in particular for the decentralised inputting of data; financing of information and training schemes for users; procurement and maintenance of common hardware; and financing of technical assistance measures.

## 7. FINANCIAL IMPACT

### 7.1. Method of calculating the total cost (relationship between individual costs and total cost)

The cost of monitoring operations, exchanges, trips or attendance at seminars by customs officials will be calculated on the basis of travel and living expenses.

The cost of information and communication operations, including the publication and dissemination of information through various media, is calculated on the basis of estimates arrived at using prior experience.

Where Community funds are to be used to subsidise or fully finance projects or operations initiated by Member States or external bodies, the amounts provided for will depend on the number and quality of operations eligible under the programme. The estimates given can only be approximate.

## 7.2. Itemised breakdown of cost

EC in ECU million (1996)

– Internal policies	1996	1997	1998	1999	2000	2001	2002	Total
1 – Redeployment of internal market appropriations	-	3.8	2.6	2.9	3.2	3.2	3.2	18.9
2 – Training <sup>1</sup>	-	-	-	2.6 <sup>1</sup>	2.6	2.6	2.6	10.4
2 – Customs 2000 computerisation	1.0 <sup>2</sup>	2.7 <sup>2</sup>	16.4	18.0	19.1	17.8	16.2	91.2
3 – Improvement of means of combating fraud	-	1.8	1.5	1.5	1.5	1.5	1.5	9.3
<b>Sub-total</b>	<b>1.0</b>	<b>8.3</b>	<b>20.5</b>	<b>25.0</b>	<b>26.4</b>	<b>25.1</b>	<b>23.5</b>	<b>129.8</b>
– External action	1.9	2.7	1.9	1.5	1.5	1.5	1.5	12.5
<b>TOTAL</b>	<b>2.9</b>	<b>11.0</b>	<b>22.4</b>	<b>26.5</b>	<b>27.9</b>	<b>26.6</b>	<b>25.0</b>	<b>142.3</b>

(The figures given for 1996 and 1997 are for budget implementation; the figures for 1998 are those contained in the 1998 budget, those for 1999 are those in the 1999 PDB)

- <sup>1</sup> Training has so far come under budget heading B5-301 (training under the Mattheus programme) but from next year appropriations requested under the PDB will also come under this heading. They will therefore have to be transferred to heading B5-3030 once this Decision is adopted. Heading B5-301 will be integrated in B5-3030 from 2000.
- <sup>2</sup> Most of the computerisation programmes in the customs field were financed by the IDA programme (B5-7210) in 1996 and 1997.

## 7.4 Operation expenditure on studies, expert meetings, etc. included in Part B.

EC in ECU million

Category	1998 Budget (B5/301 and B5/303)	1992 - 2002
– Studies	0.110	0.440
– Expert meetings	0.040	0.160
– Conference and congress	0.040	0.160
– Information and publications	0.055	0.220
<b>TOTAL</b>	<b>0.245</b>	<b>0.980</b>

## 8. FRAUD PREVENTION MEASURES PLANNED; RESULTS OF MEASURES TAKEN

Subsidies and the receipt of services and studies are checked by Commission staff before payment, taking account of contractual obligations and the principles of sound financial and general management. The anti-fraud arrangements (checks, submission of reports, etc.) are included in all the agreements and contracts concluded between the Commission and payment beneficiaries.

## 9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

### 9.1. Specific and quantified objectives; target population

– *Specific objectives:*

The Community has now entered a phase in which it administers all the rules adopted under the single market, thereby assuming a responsibility to economic operators and all citizens of the European Union.

In the case of Customs Union, thanks to the Community Customs Code which came into force on 1 January 1994, the harmonisation of customs rules has been almost completed.

We now need to step up measures to further standardise the practices and working methods of Member State customs authorities so that they produce equivalent results, both in terms of checks and the simplification of trade across the external frontier, and that they treat all operators equally to avoid distortion of competition which might lead to the deflection of trade and undermine operators' and citizens' confidence in the proper operation of the Customs Union.

It is also important to ensure that the customs machinery on which common policies rely are effective and efficient so that the proper administration of those policies is not compromised.

Joint training schemes for national customs officials set up under the Matthaëus programme must therefore be continued and developed, and integrated into a general operational framework in order to attain the objectives of this Decision.

At the same time, customs rules must be made more accessible to users, economic operators, SMEs, consumers and citizens of the Union. This calls for a consistent approach to communication and information in partnership with the Member States, via Chambers of Commerce and trade or industry federations and associations where appropriate.

While continuing development within the Community, it will also be necessary to cooperate closely with the customs authorities of third countries to step up existing Community measures to help accession candidates, align legislation and provide assistance in specific cases.



- *Target population:*

National customs officials, business and industry, citizens and consumers.

## 9.2. Grounds for the operation

The training schemes mounted under the Matthaëus programme should be brought under the umbrella of the Customs 2000 Programme to ensure that they are compatible with the objectives of this Decision and that a coordinated Community approach is taken to attain them.

The requirements of all the computerised systems for exchanging data between customs services must be quantified.

The situation can be summarised broadly as follows:

- new systems at the development stage (development);
- existing systems to be modernised by replacing obsolete development tools and bringing them into line with state-of-the-art technology (modernisation);
- up-to-date systems which need to be extended or adapted to new management rules (extension).

There are two major extensions to be envisaged: dissemination of central systems data to national administrations, economic operators and ultimately the public, and incorporation of the euro on 1 January 1999.

The modernisation programme also needs to address the key issue of millennium-proofing.

The systems concerned are:

### Transit system (development)

This commercial policy instrument is a crucial part of the machinery of international trade.

The current paper-based system is experiencing severe problems:

- customs administrations are submerged by the volume of work. Considerable resources are needed to process some 18 million declarations a year in Europe, and to follow up approximately a million enquiries in connection with the investigation procedure.
- Although the system offers significant facilities to traders the current manual transit procedures are relatively slow and costly.
- The rising incidence of fraud in recent years has meant not only a serious loss of national and Community revenue from customs duty but also economic damage to traders as a result of illegal competition from goods effectively smuggled onto the market which have evaded payment of duty and tax and the application of Community policies.

The aims of the Transit computerisation project are:

- to make the procedure both more efficient and more effective;
- to ensure detailed and reliable statistics are gathered;
- to improve the authorities' ability to prevent and detect fraud;
- to offer economic operators more facilities and swifter processing of operations.

Computerisation should result in a number of gains:

- fraud prevention: the procedure should become a great deal more secure, making it much more difficult to exploit the loopholes: cost-benefit analysis will reduce gains on this score along by some ECU 1 200 million over five years;
- customs authorities: focusing checks on high-risk transactions (past transactions will be analysed to lay down guidelines for future targeting);
- traders: diminution of the financial risk and less work, both allowing improvements in competitiveness.

Implementation costs comprise development of the new system, coordinated development of national systems and installation in national administrations.

#### Quota system (modernisation)

*Quota* is the system used to manage tariff quotas and goods subject to EU surveillance. It is used (a) to check the goods admitted at preferential tariffs do not exceed Community levels, and (b) as a surveillance tool to monitor imports of particular goods and allow Community authorities if necessary to suspend application of a preferential tariff.

Within the Single Market quantities subject to monitoring are set at Community level, and action likewise has to be taken at Community level. Tariff quotas are administered on a daily basis (600 quotas in 1995, with drawings by 15 Member States). Surveillance is generally undertaken on the basis of monthly statistics (350 products in 1995, and communications from the fifteen Member States).

The system was set up in response to a ruling by the Court of Justice in a case brought by a trader, in which the Court criticised the Commission's lack of centralised management. It is used by DGs XXI, I, III, VI and the Member States (customs administrations, economic affairs and industry departments).

The system needs to be modernised by introducing the latest development tools to make it more compatible with other tariff applications.

#### Taric system (modernisation)

Taric is designed to help Member States apply legislation correctly, simultaneously and in a uniform manner, as it is crucial to the operation of the internal market. It is also used to help combat fraud (UCLAF, DG VI, risk analysis) and collect own resources (customs duties estimated at ECU 13 500 million a year).

The commodities database contains 800 000 active entries. Constant updating and daily transmission of changes to Community legislation provide customs in the Member States with information in 11 languages on all Community measures

affecting imports and exports. Taric is currently the mainstay of Member States customs clearance work; their own computerised systems would collapse if Taric were not properly maintained.

The data dissemination system will allow the Taric database to be accessed by the private sector, international organisations, and the administrations of non-member or prospective member countries (including customs union partners such as Turkey). The aim is to provide user-friendly access to EU customs and trade legislation and to improve its transparency.

Taric was introduced in 1994 after three years of development. It now needs to be modernised to take advantage of new development tools which will make life easier for users responsible for keeping the database up to date. A new system is to be developed and installed, with the aim of improving flexibility (adapting to future changes), user-friendliness and performance (responding to needs of users).

Connected to the Taric system, the Combined Nomenclature project is currently being developed. When it gets under way this year it will replace the current manual operation and simplify the work of the Taric system managers.

#### EBTI system (modernisation)

The Binding Tariff Information (BTI) system allows tariff decisions issued by economic operators in all Member States to be entered in a central on-line database which currently contains 80 000 BTIs, with an average of a further 25 000 decisions a year requested by traders. The decisions are applicable throughout the Community for six years.

The system enables the Commission to ensure EU commercial policies are properly applied and to smooth out abnormalities arising from false interpretation of the Common Customs Tariff, which provide a loophole for fraud. BTIs allow the Commission to eliminate problems due to divergent classification and prevent distortions of trade and competition and ensure fair and even-handed treatment of traders throughout the Community. It is estimated that several hundred tariff abnormalities a year are corrected by means of the BTI system.

The system is currently being redeveloped to replace the old environment with up-to-date modern tools.

#### CCN/CSI system

The Common Communication Network/Common Systems Interface project aims to provide a common platform among Member States themselves and between them and the Commission for fast, low-cost secure transfer of a large volume of information. It is being financed jointly by the Customs 2000 programme and Fiscalis, with the cost breakdown reflecting the customs and tax systems supported by the project.

The project is in response to the need to harmonise data exchange facilities. It should:

- reduce the plethora of skills needed to develop, maintain and use applications;

- cut down on the range of exchange services run by the applications, thus making for easier use and management;
- standardise access to data exchange services;
- optimise use of telecommunications lines to cut associated costs;
- reduce the number of direct access points in the Member States;
- create a common management structure to improve the quality of service to applications and users;
- make it easier to introduce new technology to operate applications;
- increase the capacity of the systems to respond to new needs.

Within the CCN/CSI project it is proposed to create a sub-project Applications Migration Project (AMP), with the aim of planning and coordinating the migration of the applications to CCN/CSI environment.

The project has a third advantage in speeding up and cutting the cost of introducing new systems. It is planned to make partial use of the CCN/CSI during a pilot phase at the end of the 1997 financial year and then, from the end of the first quarter of 1999, to use it for the Transit system.

#### Ornet system (development)

This will coordinate the issuing of Binding Origin Information notes and enable the Commission to perform a centralising function to ensure that Community customs legislation is uniformly applied by Member States.

The project arises from an obligation entered into by the Community under the 1994 Marrakesh Agreement setting up the WTO, which *inter alia* contains commitments on rules of origin intended to establish disciplines conducive to greater streamlining and certainty in international trade.

The system is being developed; it is due to be installed by the end of 1998.

#### TCO system (extension)

This system for the transmission of origin stamps is intended to ensure that specimens of the stamps which authenticate origin certificates accompanying goods imported under preferential agreements can be transmitted faster and better. It will be a weapon in the fight against customs fraud using false origin stamps.

#### ECICS system (extension)

This inventory of chemical substances contains some 35 000 chemical names in the 11 Community languages and gives their tariff classification in the Combined Nomenclature of the European Community.

### IPR system (extension)

This system for the electronic transmission of information regarding inward processing authorisations issued and applications rejected is a means of ensuring that the economic conditions governing the procedure are complied with at Community level. The current manual exchange of information is to be replaced by a computerised system which should not only make for more efficient management but should serve to analyse and identify Community industries which might suffer damage.

### Scent (AFIS) (modernisation and development)

The abolition of customs control at the Union's internal borders has inevitably changed the nature of fraud, not only on the purely customs front but as regards VAT and excise fraud as well. To help stamp such irregularities, two computerised systems using the same infrastructure were set up: Scent (System for Customs Enforcement Network) and CIS (Customs Information System). The combined systems are generally referred to as Scent/CIS.

Scent provides secure, efficient electronic mailing services for the rapid exchange of sensitive information. It also allows access to external databases which offer the customs authorities information useful in fraud investigations.

CIS gives national customs administrations a swift and secure method of exchanging full particulars of fraud cases. Descriptions are entered and exchanged via structured messages which can then be translated into the various Community languages.

In the new CIS which is due to become operational this year it will be possible for fraud cases to be stored in a central database at the Commission, if the customs administration which notified them so requests. Member States' investigators nonetheless will be able to search past cases for information, which would prove helpful in the fight against fraud.

Scent/CIS is used by customs and agricultural departments (Regulation (EC) No 515/97) and tax (VAT and excise) authorities (Regulation (EEC) No 218/92 and amended Directive 799/77).

The AFIS (Anti-Fraud Information System) was introduced as anti-fraud work is increasingly affecting all fields. It is based on the same communication infrastructure and the same software architecture as Scent/CIS and enables multilingual exchange between national customs authorities and the Commission (mainly UCLAF) of information in the form of form-type screens.

Each screen corresponds to an application in a specific field. One example is the PIS (Prior Information System) which enables Scent users to exchange messages and track transit documents.

A further application is being developed as a tool in the fight against fraud irregularities. This is Marinfo (maritime information); its purpose is to help the customs authorities monitor shipping movements.

The customs side of Scen/CIS is financed by Customs 2000 (heading B5-303), and the tax side by Fiscalis (heading B5-305).

#### SIGL system (development)

Surveillance networks for imports and exports subject to quantitative restrictions in the Community.

This system was set up to manage, at Community level, the issuing of licences for products subject to EU import quotas or export controls.

Prior to 1993, quantitative restrictions, essentially on textile products, were managed by the individual Member States. From 1 January 1993 these regional controls were considered incompatible with the existence of the Single Market and quota administration became the joint responsibility of the Commission and the Member States. Since 1995, it has been possible to present an import licence issued by a Member State to another customs authority in the Community and to import the goods. National customs must share responsibility for checking both individual licences and quota management.

This information system which is now operational will enable the Member States and the Commission to jointly administer import licences for textiles and steel products. It will, however, have to be further developed to incorporate the new tools.

To improve the efficiency of quota management a system for exchanging licence data will be set up with a number of non-Community countries; this will also help combat fraud.

At the moment the Commission is less involved on the export control side, but a network will need to be established for exports of dual-use goods to facilitate mutual cooperation; this is scheduled for 1997-98.

#### Data dissemination system - DDS (development)

Most DG XXI tariff systems are used to prepare and produce information required by customs administrations and traders for the implementation of customs procedures. This information generally circulates either in paper form or on diskette or CD-ROM. These methods are unsuitable for information which has to be updated daily, however. New Internet/Intranet technology can fill the gap.

The fairly recent DDS project will establish an architecture for the circulation of the DG XXI tariff information to other Commission departments, Member States' administrations, non-member countries (e.g. the candidates for accession) and traders (importers and exporters). Ultimately it will be possible to disseminate data on tariff measures, classification of chemicals, binding tariff information, binding information of origin and the latest state of quotas/ceiling levels, etc.

Intranet applications based on proprietary communications networks (e.g. CCN/CSI, Testa) will be usable by Member States' administrations. Traders can get the information via the Internet. This technology will also allow the data distributed (national data in the Member States and central data at the Commission) to be presented in integrated form.

The system was developed in 1997/98 and is being tested with a view to becoming operational at the Commission and Member States administrations in 1999. It will be open to the public in a second stage.

#### Other systems

##### - Existing systems

In addition to those listed above, other systems including PC Surveillance, and those dealing with tariff suspensions, transit stamps (TCT) and unit values (perishable goods) will mean existing systems will have to be adapted to meet users' requirements.

##### - New systems

Studies are under way in other areas such as simplified procedures, TIR and risk analysis and selection criteria. Decisions will be taken at the study stage on the desirability of developing new computerised systems in these areas.

##### - EDI and electronic commerce

EDI (Electronic Data Interchange) is increasingly used as a basis for computerised procedures to facilitate international trade and improve the efficiency of Community customs applications. The Commission will be focusing in this context on the specification of the Single Administrative Message (SAM), the electronic equivalent of the SAD. The SAM will be used for import/export procedures and the New Computerised Transit System (NCTS). The Commission will be taking measures to help the Member States with the coordinated introduction of the SAM throughout the Community. Community customs-related applications will be gradually brought into line with the UN/EDIFACT standard. At the same time, work will proceed jointly with national administrations on analysing and developing the potential of electronic commerce for customs procedures. The Commission will play a part in the standardisation of customs information, particularly within the context of the UN/EDIFACT process.

##### - Central support

Technical infrastructure is of crucial importance to all these computer systems and projects. Central support functions such as the Project Support Office, Methodology, Quality Assurance, Data Modelling and Security have been introduced and must be maintained.

Indicative breakdown of Customs 2000 computerisation projects

	1998	1999	2000	2001	2002
TRANSIT	5 500	7 000	6 800	7 300	5 700
QUOTA	0 200	0 150	0 150	0 150	0 150
TARIC	1 300	0 900	0 500	0 500	0 500
EBTI	1 400	1 030	1 200	1 200	1 200
CCN/CSI	2 700	1 970	1 800	1 800	1 800
ORNET/TCO	0 200	0 200	0 200	0 200	0 200
ECICS	0 170	0 170	0 170	0 170	0 170
IPR	0 200	0 200	0 200	0 200	0 200
SCENT(AFIS)	1 400	2 400	2 700	2 700	2 700
SIGL	0 900	0 900	1 100	1 000	1 000
DDS	0 500	1 300	1 000	1 300	1 300
OTHER SYSTEMS:					
- Existing Systems	0 130	0 430	0 430	0 430	0 430
- New Systems	-	0	2 000	0	0
- Electronic Data Interchange	0 900	1 500	0 500	0 500	0 500
- Central Support	0 900	0 350	0 350	0 350	0 350
	<b>16 400</b>	<b>18 500</b>	<b>19 100</b>	<b>17 800</b>	<b>16 200</b>

**9.3. Monitoring and evaluation**

- *Performance indicators*

*\*output indicators (measurement of activities)*

- (a) Number of monitoring missions undertaken with the Member States.
- (b) Number of seminars organised on working methods and checks at external frontiers.
- (c) Number of exchanges and seminars organised with third countries.
- (d) Number of studies conducted in collaboration with national authorities or entrusted to external bodies.



- (e) Number of pilot projects or operations carried out in partnership with national authorities.
- (f) Number and distribution of publications by the Commission or by the Commission in collaboration with Member States.
- (g) Number of seminars, meetings and colloquiums organised by the Commission, Member States, or external bodies financed or subsidised by the Community under the action programme.

*\* impact indicators (measuring performance against objectives)*

- (a) Number of procedures initiated concerning the application of or compliance with Community rules at the external frontiers, including complaints from the public and infringements.
- (b) Number of customs problems processed.
- (c) Levying of Community own resources or national resources quantified in terms of frauds detected and dealt with.
- (d) Increase of external frontier checks, quantifiable e.g. in terms of drugs seizures or other illegal traffic prevented or penalised.
- (e) Member State acceptance of guidelines on the introduction of working methods.
- (f) Initiatives proposed by Member States to develop communication and information to assist external operators using customs services.
- (g) Real participation of economic operators and external operators in initiatives proposed under the action programme.

*- Details and frequency of planned evaluations*

The action programme is constantly monitored by a group of customs policy experts made up of the directors-general of Member State customs authorities and the Commission Customs Directorate, or their personal representatives.

- The Member States will send the Commission:
  - an interim report on programme implementation by 31 December 1999;
  - a final report by 31 December 2002.
- The Commission will present to Parliament and the Council:
  - an interim report on programme implementation by 30 June 2000;
  - a communication on the desirability of continuing the programme, accompanied if necessary, by the appropriate proposal, by 30 June 2001;
  - a final report on the programme's implementation by 30 June 2003.

**9.4. Coherence with financial programming**

- *Is the operation incorporated in the DG's financial programming for the relevant years?*

Yes. It corresponds to the extension of the Community programme adopted by the European Parliament and the Council on 19 December 1996 (Customs 2000) and the incorporation in it of the Matthaëus customs training programme.

**10. ADMINISTRATIVE EXPENDITURE (PART A OF SECTION III OF THE BUDGET)**

The actual mobilisation of administrative resources will depend on the annual Commission decision on the allocation of resources, taking account of the additional staff and amounts granted by the budget authority.

The following figures are calculated on an annual basis (cf. point 4.2)

**10.1. Impact on staff numbers**

Types of staff		Staff to be allocated to administration of the operation		Of whom		Duration
		permanent posts	temporary posts	using existing resources of the DG or department concerned	recourse to additional resources	
Officials or temporary agents	A	15	0	15		1 year
	B	16	1	17		
	C	5	0	5		
Other resources			24.5	24.5		
Total		36	25.5	61.5		

10.2. Overall financial impact of human resources

ECU

	Amounts	Method of calculation
Officials A7-001	3 888 000	36 x 108 000
Temporary agents A7-000	108 000	1 x 108 000
Other resources (indicate budget heading)		
A7-002	1 600 000	16 x 100 000
A7-003	314 500	8.5 x 37 000
Total	5 910 500	

*By allocating existing posts to administration of the operation. Calculated on the basis of titles A-1, A-2, A-4, A-5, A-7*

### 10.3. Financial impact of other operational expenditure

ECU

Budget heading (No and title)	Amounts <sup>*)</sup>	Method of calculation
<u>A-701 Missions</u>		
• Seminars, monitoring, etc.	273.000	140 missions x 3 days x 650 ECU
• Technical assistance to Candidate Countries	210.000	50 missions x 3 days x 1400 ECU
<u>A-7030 Meetings in general</u>		
• Customs policy	39.000	4 meetings x 1 day x (1 x 15 pers) x 650 ECU
• New working methods	78.000	8 meetings x 1 day x (1 x 15 pers) x 650 ECU
• Technical assistance	101.400	6 meetings x 1 day x ((1 x 15) + (1 x 11) pers) x 650 ECU
<u>A-7031 Committee meetings</u>		
The former Matthaesus committee		
• Main committee	19.500	1 committee x 2 meetings x 2 days x (1 x 15 pers) x 650 ECU
• Sub committees	87.750	3 committee x 3 meetings x 1 day x (1 x 15 pers) x 650 ECU
• Working groups	19.500	10 working group meetings x 3 pers x 1 day x 650 ECU
Total	828.150	

<sup>\*)</sup> To be taken from DG XXI's existing financial package.

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