

High Level Seminar on the Future of Electronic Customs

Prague, 26 - 27 March 2009

Summary of main observations

Over the last 40 years, the Community have been developing increasingly integrated customs processes for the benefit of the trade, citizens and international partners. On the basis of the Lisbon Agenda, particularly in its part on interoperable deliver of pan-European e-Government service¹, and in line with the Council Resolution² endorsing the Commission Communication on a simple and paperless environment for customs and trade³, the Commission and the Member States are committed to setting up and operating secure, integrated, interoperable and accessible electronic customs systems. The creation of the paperless environment shall contribute to the reduction of the risks of threats to the safety and security of citizens, offer facilitations to legitimate trade and further harmonise the customs requirements and procedures across the EU.

In order to discuss the strategy for the mid and long term development of electronic customs with the aim to increase the benefits and reduce the costs, it was agreed between the Czech Presidency and the Commission to organise a **High level seminar on the future of electronic customs** on 26 - 27 March 2009.

Member States of the EU, Candidate Countries, Norway, Switzerland and Serbia together with the European Commission, represented by Directors General and experts for both the IT area and customs procedures, attended the High Level Seminar on Electronic Customs. The seminar considered many issues concerning the future development of electronic customs, including matters raised in the Commission non-paper on electronic customs perspectives for 2020 and beyond.

Based on the views presented by representatives of trade, experience from the national level and the outcomes of discussions of the 3 working groups during the Prague seminar, Member States and the Commission agreed on a number of key recommendations which shall be taken into consideration for the further development of the electronic customs initiative for 2013 and beyond.

The Prague Declaration is attached as annex 1.

The general conclusions and recommendations are attached as annex 2.

The outcomes of the discussions of 3 working groups are attached as annex 3.

¹ COM (2003) on the role of e-Government for Europe's future'

² OJ No C 305 of 2003, p. 1

³ COM (2003) 452, 24.07.2003

High Level Seminar on the Future of Electronic Customs

(Prague, 26-27 March 2009)

Prague Declaration

The Heads of Customs Administrations of EU Member States, Candidate Countries, Norway, Switzerland and Serbia and the European Commission, meeting on 26-27th March in Prague, on the occasion of the High-level Seminar on e-Customs,

Recalling that:

- the European Customs Union was instrumental in the completion of the Internal Market and contributes to the competitiveness of the EU businesses, in accordance with the Lisbon Strategy;
- the Modernised Customs Code and the e-Customs Decision of the European Union calls for procedural and technical modernisation of European Customs;
- the European Community, enlarged so far to 27 Member States, has adopted the Multi-Annual Strategic Plan for paperless (electronic) Customs;
- this declaration adopted today under the Presidency of the Czech Republic, following the conclusions of the High level seminar on the future of electronic customs, embodies the Community's progress;

Underlining that the role of customs administrations has significantly transformed during last decade, namely after the EU enlargements of 2004 and 2007, leading to a more global mission centred on protecting the security, health and safety of the European Union, and protection of the economic interests of the European businesses by working in partnership with business to develop a comprehensive electronic customs environment to facilitate EU international trade;

Declare that, Customs Administrations and the European Commission shall:

- ensure implementation of the IT systems to support the changes foreseen in the Modernized Customs Code by mid 2013 at a minimal risk considering legal and operational aspects to warrant the reputation of EU customs authorities;
- consider long-term approaches towards objectives, dictated by systematic cost-benefit analysis, forthcoming challenges in the international logistical environment and by new developments in technology which are opening new opportunities for the electronic customs environment supporting overall business processes of import and export;
- accelerate, while maintaining consistently a balance between the facilitation of legitimate trade and protection of the safety and security of the citizens of the European Community, the progress towards harmonisation and standardisation of customs processes taken into account international standards;

- harmonize, simplify, integrate the procedures in such a way that e.g. the Single Window, Single European Access Point, a Common Risk Management approach and Centralized Clearance concepts can be made feasible in the near future;
- ensure the consistency between legal and IT developments through the business process modelling, enabling a clear, and stable legal framework which will be available in time to support technical implementation;
- launch a debate on possible new ways of collaboration among Member States and between them and the Commission with a view to reduce costs and improve efficiency.

High Level Seminar on the Future of Electronic Customs

(Prague, 26-27 March 2009)

General conclusions and recommendations

(1) Conclusions & Recommendations - summary

- Need for a clear vision for electronic customs for the long perspective – 2020:
 - “how to proceed” to be discussed at CPG 22 April 2009
 - Avoid risks of creating “black holes” towards the future (e.g. System Based Approach).
- The 2013 implementation needs to focus on quick wins and to be joined up to the 2020 vision
 - Priority given to Single window
 - Re-engineer to streamline and harmonise
 - Prioritizing/scoping can be done based on volumetric, trade facilitation (e.g. less data elements, presentation of documents only on request) and the results of business modelling.
 - Two different solutions (SW for SME / high level of harmonization for companies doing business in several MS);
 - Cost Benefit Analysis.

(2) Business Process Model/ Governance

- Business process modelling – basic element for ensuring the consistency between the legal and IT developments
- Business process models to be developed and agreed before the adoption of legislation
- Use common standards (BPMN)
- Business Process described in legal text = the WORST option
- Support BPM collaborative initiatives (including support of common standards)
- Ensure a governance scheme for ensuring primacy of the BPM over other developments (legal, technical, e-learning, etc.), taking into account the new governance scheme
- High level project planning required bringing together policy, legal and IT.

(3) Standardisation and harmonisation

- The standardization of the external domain to be started with the processes which already have a high level of harmonisation, e.g. the entry process, transit process
 - Cost Benefit Analysis
 - Cost/benefit to be assessed before proceeding
 - Traders to be involved, invited to participate actively
- Global customs aspects to be taken into consideration (international data standards, developments in the WTO, WCO, etc.).

(4) Shadow central repository

- Streamlining the delivery of data to the Commission - deliver once, and use many times
- The development of a central repository and the SW/OSS will further enhance trade facilitation
- Communication about VAT, Excise Tax and Statistics between MS (and between authorities within a MS) in case of Centralized Clearance
- Need for a study how to use the repository in practice (when enter the data, who is owner of the information, how to deal amendments, what is the status of the information).

(5) IT architecture

- BP description should be supported by the discussions about IT architecture, e.g. by suggesting options/scenarios of the IT architecture
- An interface between customs and tax systems is only possible on a national level
- Centralisation of some IT processes
- Make maximum use of IT components across the Community
- Collaborative approach: a chance to match their cost/benefit of the systems development, in particular for the “small MS”
- Any opportunities for collaboration with the private sector

High Level Seminar on the Future of Electronic Customs

(Prague, 26-27 March 2009)

Summary of outcomes of 3 Working Groups

1 OUTCOMES OF WG A (DIRECTOR-GENERALS) - RECOMMENDATIONS

- The aim is to enhance competitiveness for EU business
- Need to develop a comprehensive electronic relationship with business – general support for electronic customs
- Need for a clear vision for electronic customs for the long perspective – 2020
- The 2013 implementation needs to focus on quick wins and to be joined up to the 2020 vision
- Reduction of costs and focus on real benefits
 - a partnership approach between business and customs
 - prioritisation of processes on the basis of real benefits
 - develop a win-win situation for business and customs
- Electronic customs as a beneficial investment in times of economic crisis
- Divergent views on whether we move too fast or too slow
 - Benefits not coming quickly enough, forerunners being penalised
 - Some deadlines being missed
- Business process modelling – basic element for ensuring the consistency between the legal and IT developments
- Business process models to be developed and agreed before the adoption of legislation
- Ensure the consistency of the legal instruments in the electronic customs area
- Need for streamlining and simplifying of customs procedures
- Regards to be taken to the needs of SMEs and small Member States
- Harmonisation and standardisation of customs processes – electronic customs to facilitate this
- Harmonised operation of customs procedures – level playing field across the Community
- Global customs aspects to be taken into consideration (international data standards, developments in the WTO, WCO, etc.)
- Single Window

- to be implemented at a national level as soon as possible for customs declarations and supporting documents
 - quick benefits for SMEs
 - concept for SW to be developed at the EU level
 - leadership on SW within the Commission by DG TAXUD
- High level project planning required bringing together policy, legal and IT
- IT architecture
 - strong coordination at the central level
 - centralisation of some IT processes
 - make maximum use of IT components across the Community
- Centralised clearance
 - level of the scope to be based on the real needs on the basis of the business process modelling
 - cost-benefit analysis should be completed
 - taking account of current pilot projects
- AEO – need to develop and demonstrate the real benefits for business
- The Commission to propose to the April CPG about follow up; need for a group to
 - set the mandate for the 2020 vision
 - analyse options for the future development of electronic customs, setting up and operation of trans-European IT systems
 - to report to the CPG.

2 OUTCOMES OF WG B (IT)

(1) The topics

- The collaborative and technical options to deliver faster, better, less expensive e-Customs IT systems of increasing complexity?
- How to ensure the coherency and consistency of the integration of multiple, complex IT systems?
- The options to deliver business-critical services in terms of Service level, Availability, Continuity, Integrity, Capacity, Security?
- Opportunities to improve the e-Customs projects governance and best practices?
- How to improve coordination of efforts between legal and IT?
- AOB

(2) IT Mission

- Delivering implementation of whatever the legal/procedural colleagues wish
- Delivering quality of Design & Service
- Best practices: well organized IT delivers best BANG for low BUCK! – Go ITIL/ISO20000
- Delivering feedback to the legal/procedural colleagues – what is and what is not feasible; please keep in mind – we are the last in the chain!

(3) WG objectives

- To provide guidance regarding the IT architecture and the collaborative initiatives required to meet the 2013 deadline
- To assess the need for harmonisation of the technical specifications of the external domain for 2013: added value to Centralised Clearance and Office of Lodgement
- To discuss the opportunity of launch CCN Next Generation, CCN 2.0, to support the post 2013 IT requirements
- To consider the reduction of Member States IT costs by increased harmonisation and centralisation of IT requirements and systems
- To identify possible options for the future organisation of the centralised IT operation
- To discuss the means to ensure consistency between IT and legal developments.

(4) **To provide guidance regarding the IT architecture and the collaborative initiatives required to meet the 2013 deadline**

- Describe BP's
 - Use common standards
 - BPMN tool
 - UN: UML guidelines
 - BP described in legal text = the WORST option
 - BP description should be supported by the discussions about IT architecture, e.g. by suggesting options/scenarios of the IT architecture
 - Simplification/harmonization should be included in the BP preparation
- Support collaborative initiatives (including support of common standards)

(5) **To assess the need for harmonisation of the technical specifications of the external domain for 2013: added value to Centralised Clearance and Office of Lodgement**

- Not only data but also interfaces, authentication ... need harmonization
- BP's need to be harmonized before changes are specified
- WCO data model, UN/core component lib., other standards, should be used
- Is "real"=mandatory external domain process harmonisation feasible?
- Cost/benefit to be assessed before proceeding
- Traders to be involved, invited to participate actively

(6) **To discuss the opportunity of launch CCN Next Generation, CCN 2.0, to support the post 2013 IT requirements**

- Start with a study (capacity management)
 - Links again with BP description/model

(7) **To consider the reduction of Member States IT costs by increased harmonisation and centralisation of IT requirements and systems**

- Collaborative approach: a chance to match their cost/benefit of the systems development? In particular for the "small MS"
- Start-up system(s) by the COM
- "Open source" approach
- Any light net/based solution feasible
- Any opportunities for collaboration among the MS (e.g. common HD)
- Any opportunities for collaboration with the private sector

- Could system-based /self-assessment approach reduce costs
 - Manage the risk of having diverging systems again by focusing attention on the harmonized BP!
- (8) *To consider the reduction of Member States IT costs by increased harmonisation and centralisation of IT requirements and systems*
- Increasing central parts, e.g. “shadow dB”: Streamlining the delivery of data to the Commission - deliver once, and use many times
 - Security, data protection issues, data ownership... to be taken into account
- (9) *To discuss the means to ensure consistency between IT and legal developments*
- Develop a governance scheme for ensuring primacy of the BPM over other developments (legal, technical, e-learning, etc.)

3 OUTCOMES OF WG C (PROCEDURES)

(1) The Topics

- MCC Impact (both short/medium and long term) on the procedures
- What technology can (and what it cannot) deliver: bright but realistic future
- Harmonization of the EXTERNAL domain (needed or not)
- Relations with Trade, Commission and NA experience/solutions; benchmarking?
- Improve coordination between legal and IT
- AOB

(2) The (Procedural) Mission

- Explaining legal needs in sufficient detail
- Allow no room for ambivalences
- Keep it simple = the solution will be less expensive
- Keep it stable for IT development
- Keep good balance between trade facilitation and the level of controls
- Improve coordination between legal and IT (avoid “Missions impossible” for IT)

(3) Recommendations

- Emphasis in the Scope of the MCC is electronic import declarations and centralized clearance.
- Other DGs within the Commission as well as the responsible national authorities should be strongly requested to participate in the paperless environment.
- For the scoping process harmonization (between customs, tax, statistics, etc.) of data should be done as far as possible before 2013. The long term goal can be Tariff with all national requirements.
- The development of a central repository and the SW/OSS will further enhance trade facilitation.

(4) Scope MCC

- Consequence of MCC in terms of electronic data exchange:
 - Procedures require exchange of data between various parties (centralized clearance, entry summary declaration, etc);
 - The result of this is an increased number of messages between various parties;

- Prioritizing / scoping can be done based on volumetric, trade facilitation (for example less data elements, presentation of documents only on request) and the results of business modeling.
- First develop a future business model to help scope the MCC and MCC-IP on IT systems to ensure return on investment resulting in a clear knowledge of the scope:
 - Until 2013;
 - After 2013.
 - Avoid risks of creating “black holes” towards the future (e.g. System Based Approach).
- Trade need to be involved.
- Depending on a solid strategy how to agree on the content of the scope:
 - Detailed planning / standard methods / standard approach / study if scope is realistic and can be realized (input COM-MS-Traders);
 - Effective governance scheme in place (taking into account the new governance scheme).

(5) Consistency between legislation and IT

- Business Process Modeling for the first phase that must be implemented in 2013 (speed up the process and guarantee a certain level of quality and compliance between legislation and IT development);
- Business Process Modeling for the second phase that must be implemented after 2013 (supporting the further realization of the 2020 strategy, being used for business process redesign). This work should start in parallel with the work on phase 1.
- Deliver requirements e.g. legislative procedures and IT via single project team made up with the respective experts.

(6) Harmonization of the external domain

- We acknowledge that Harmonization is important (given the presentations by traders);
- Use international standards to the maximum extend (UN/WCO) not only in the area of customs;
- Limitations by national legislation can be overcome by documenting the national data requirements (Customs Code Committee, section Data Elements);
- Is harmonization contradicting the Single Window concept?
- Two different solutions (SW for SME / high level of harmonization for companies doing business in several MS);
- The standardization that we now have in the Common domain, can that be extended to the external domain (higher level of standardization). Start with the

processes that already have a high level of standardization, e.g. the entry process, transit process.

(7) **Approach for interface with taxation and other systems**

- Aligning the processes and the required interfaces can be influenced by the Single Window and One Stop Shop.
- An interface between customs and tax systems is only possible on a national level.
- It is desirable for communication about VAT, Excise Tax and Statistics between MS (and between authorities within a MS) in case of Centralized Clearance, to use customs systems (e.g. via a common repository).

(8) **Shadow central repository**

- Can facilitate Centralized Clearance, System Based Approach and even Transaction Based Approach;
- Can contribute to reduce the volume of data and messages that has to be communicated (need to know basis);
- Need further study how to use the repository in practice (when enter the data, who is owner of the information, how to deal amendments, what is the status of the information).
- The use of the repository is not restricted to customs (also available for tax, statistics, etc.).