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REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

Third Progress Report on the Implementation of the EU Strategy and Action Plan for Customs Risk Management

{COM(2021) 9 final}

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Abbreviations and acronyms

AEO	Authorised Economic Operator
AES	Automated export system
AFIS	Anti-fraud information system
AI	Artificial intelligence
AIS	Automated import system
AM	Mutual assistance (assistance mutuelle)
AN	Arrival notifications
Archeo	Electronic information exchange platform managed by the World Customs Organisation
AVSEC	Aviation security
B2C	Business-to-consumer
BAPLIE	Bayplan/stowage plan occupied and empty locations message
BCP	Border control points
BSTF	Baltic Sea Task Force
CBRNE	Chemical, biological, radiological and nuclear defence
CCN	Common Communication Network
CCS	Cargo Community System
CCU	The Central Coordinating Unit
CCWP	Customs Cooperation Working Party
CEG CRM	Customs Expert Group, Customs Control and Risk Management Section
CELBET	Customs Eastern and South-Eastern Land Border Expert Team
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CIVIC	Common intervention on vulnerability in chains
CLP	Classification, Labelling and Packaging Regulation
CMRC	Cash movements risk criteria & standards
COPIS	EU-wide anti-counterfeit and anti-piracy information system
CORE	Supply chain management and supply chain security project co-funded by the European Commission
COVID-19	Coronavirus disease 2019
CRC	Common Risk Criteria
CRMF	Common Risk Management Framework
CRMS	Customs Risk Management System
CUP	Customs Union Performance
DEMETER	Joint operation targeting illegal movements of waste
ECHA	European Chemicals Agency
EC	European Commission
ECS	Export control system
EEA	European Express Association
EIS	European information system

ELO	The central excise liaison office
EMPACT	European multidisciplinary platform against criminal threats
ENS	Entry summary declaration
EO	Economic operator
EORI	Economic Operators Registration and Identification
EU	European Union
FORUM	Forum for Exchange of Information on Enforcement
FOS	Framework of Standards
FRC	Financial Risk Criteria
GDP	Gross domestic product
GDPR	General Data Protection Regulation
HYGIEA	Joint operation related to combating counterfeiting and customs IPR enforcement for fast moving consumer goods
ICARUS	Contact group of customs managers working in the major EU airports
ICS	Import Control System
IoT	Internet of Things
IPR	Intellectual property rights
IT	Information technology
JAD	Joint Action Day
JCO	Joint Customs Operations
LFCG	Land Frontier Contact Group
MAR-INFO	Group of partners from northern and southern regions, working to prevent smuggle of drugs, drugs precursors, high tax goods, and goods related to terrorism and organised crime in the maritime area
MASP	Multi-annual Strategic Plan
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MRA	Mutual recognition agreements
MS	Member State
MSA	Market Surveillance Authority
NCTS	New Computerised Transit System
NES	National Entry System
NPIU	National Passenger Information Unit
NPS	New psychoactive substances
NSW	National single window
OAP	Operational action plan
OCC	Operational Coordination Centre
OCG	Organised Crime Group
ODYSSUD	Contact group of customs managers working in the major southern ports
OLAF	European Anti-fraud Office
OPSON	Joint operation targeting fake and substandard food and beverages
PARCS	Expert group on the protection of health, cultural heritage, the environment and nature

PCA	Priority Control Area
PCA	Partner Competent Authority
PEN-CP	Pan-European Network of Customs Practitioners
PIU	Passenger Information Unit
PLACI	Pre-loading advanced cargo information
PN	Presentation notifications
PNR	Passenger Name Record
PROFILE	Horizon 2020 research project that leverages modern data analytics and new data sources for effective customs risk management
RACER	Relevant, accepted, credible, easy to monitor and robust
RALFH	Contact group of customs managers working in the major northern ports
RAPEX	Rapid alert system for non-food products
RASFF	Rapid alert system for food and feed
REACH	Regulation on protection of human health and the environment from the risks that can be posed by chemicals
REACH-EN-FORCE	Enforcement project of the European Chemicals Agency
RIF	Risk information form
RIMSCO	Risk Management Strategy Implementation Coordination Group
RTG	Rubber-tyred gantry crane
SAD	Single administrative document
Silver Axe	Joint operation to combat illegal and counterfeit pesticides
SIS	Schengen Information System
SOCTA	Serious Organised Crime Threat Assessment
SPOC	Single Point Network Contact
SRSP	Structural reform support programme
SSTL	Safe and Secure Trade Lanes
SW	Single Window
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TCG	Trade Contact Group for Customs
Thunderball	Joint operation to combat wildlife crime
TRIP	Travel information point
TS	Technical specifications
TS	Temporary storage
UCC	Union Customs Code
VAT	Value added tax
VIN	Vehicle identification number
WCO	World Customs Organisation

1. INTRODUCTION

1.1. The Strategy and Action Plan for customs risk management

On 21 August 2014, the European Commission adopted a Communication on the EU Strategy and Action Plan for customs risk management titled 'Tackling risks, strengthening supply chain security and facilitating trade'[1].

The strategy comprises seven key objectives, underpinned by the overall aim of reaching a high quality, multi-layered approach to risk management, which is both effective and efficient. The seven key objectives are:

1. Improving data quality and filing arrangements
2. Ensuring availability of supply chain data and sharing of risk-relevant information among customs authorities
3. Implementing control and risk mitigation measures where required
4. Strengthening capacities
5. Promoting interagency cooperation and information sharing between customs and other authorities at Member State and EU level
6. Enhancing cooperation with trade
7. Tapping the potential of international customs cooperation

The strategy outlines appropriate risk mitigation and control measures to be used at the most opportune time and place in the supply chain. It takes account of the variable nature and broad range of risks to be addressed, and the primary responsibility of customs authorities in supervising the EU's international trade in goods.

The strategy also takes into account the role of other competent authorities involved in supply chain movements, and emphasises the need for complementarity. It also refers to the international context of risks and the importance of international cooperation in risk management.

It further takes into consideration:

- the importance for the EU of facilitating and accelerating trade;
- the central role of economic operators; and

[1] COM(2014) 527 final.

- the necessity to avoid undue disruption of logistics and supply chain processes.

1.2. The previous progress reports[2]

The Commission presented its first progress report on the implementation of the EU Strategy and Action Plan for customs risk management[3] to the Council and the European Parliament in July 2016. The report aimed to give an overall qualitative assessment of the strategy's implementation, highlight the progress made under each of the seven key objectives and draw some preliminary conclusions.

The second progress report[4] was presented to the Council and the European Parliament in July 2018. Similar to the first report, it provided an overall qualitative assessment of the strategy's implementation, by outlining the progress made under each of the seven key objectives since the publication of the first report.

Rather than attempting to assess the strategy's impact, these two progress reports were based on a qualitative survey, which gathered input from Commission departments and Member States' authorities on the implementation of the individual actions measures under the strategy in order to identify both successes and challenges.

1.3. Third progress report (2018-2020): A response to the Council's invitation

On 8 January 2019, the Council adopted its conclusions on the Commission's second progress report[5]. It welcomed the progress made on implementing the strategy, including the strengthened collaboration between all actors involved. The Council also praised the launch of new initiatives, in particular the Commission's decision on Financial Risk Criteria and the participation of customs administrations in security-related activities.

It underlined the need to continue to implement the strategy efficiently and in line with the work plan for electronic systems as mentioned in Article 280 of the Union Customs Code (UCC) and as foreseen for the implementation of the UCC.

The Council also noted that the customs-trade partnership as well as cooperation with international partners needs to be further explored and strengthened in order to: (i) promote competitiveness; (ii) ensure supply chain security; (iii) facilitate the legitimate movement of goods; and (iv) carry out effective and efficient customs controls.

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2 The first progress report covered the period 2015-2016 whilst the second progress report covered the period 2017-2018.

3 First Progress Report on the implementation of the EU Strategy and Action Plan for customs risk management: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016DC0476&from=EN

4 Second Progress Report on the implementation of the EU Strategy and Action Plan for customs risk management: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018DC0549&from=en.

5 2019/C24/06.

It underlined that risk management is an ongoing process, which is not limited to specific actions with a well-defined beginning and end dates, and that customs authorities must therefore continue to innovate and be prepared to respond to new and emerging threats.

The Commission was invited to present its third progress report on the implementation of the strategy within 2 years, and to develop - in close cooperation with the Member States - an efficient reporting mechanism to measure the impact of outcomes and results of specific actions deriving from the strategy.

The new monitoring system has not been applied to the current 2014-2020 strategy and action plan given that they will be ending shortly. Instead, this report contains a well-developed draft monitoring system that will be recalibrated in line with the objectives and actions of the future strategy to be proposed by the Commission.

Responding to the Council's request, the Commission has adopted this third progress report on the implementation of the EU Strategy and the Action Plan for customs risk management ('the report') accompanied by this Staff Working Document.

The present Commission Staff Working Document provides detailed information on the actions' implementation, objective by objective. In Part 3, the Commission shares some reflections on the next strategy. For example, it plans to reshape and strengthen the current risk management framework in order to achieve a more responsive and structured approach to risk management. In Part 4 the Commission presents ideas and suggestions for establishing a monitoring system. This system, which will be tailored to the next strategy and developed in close cooperation with the Member States, will enable the Commission to better evaluate its implementation.

1.4. The process of drafting the third progress report

To prepare this third progress report the Commission gathered information from various sources, including:

- open source information;
- in-house expertise; and
- a survey of all Member States asking about their progress on several actions under objectives 4, 5 and 6.

In this report, the achievements are presented according to the seven objectives of the strategy rather than, as in the two previous reports, by sub actions. This is because the activities of national administrations cannot easily be disentangled and classified under individual actions and sub-actions as defined in the Strategy. Many activities actually simultaneously cover several actions and/or sub-actions.

In addition, as noted by the Council, risk management is a process that is not limited to actions with clearly identified beginning and end dates. Consequently, a number of the strategy's actions and sub-actions are continuous or permanent in nature and therefore considered as being permanently 'in progress' or 'ongoing'.

2. THE PROGRESS REPORT BY OBJECTIVE

2.1. Objective 1: Improve data quality and filing arrangements for effective risk management

As mentioned in the previous progress reports, the strategy and the action plan call for a legal framework to be set up to ensure the availability of high-quality supply chain data. For goods entering the EU, this concerns for instance data on advance cargo information relating to supply chain movements. Such data not only needs to be available but also have to be used adequately by customs and other competent authorities for the purpose of customs risk management.

2.1.1. The legal framework

The legal framework consists of the Union Customs Code (UCC)[6] and the detailed rules contained in the delegated and implementing acts. The Code's substantive provisions entered into force on 1 May 2016.

While the Commission has not identified any major problem in the application of the Code regarding the quality of data for the ENS, other issues relating to data quality might need to be addressed in the future. It is clear that the benefits and the impact of the Code will only be fully materialised when all the related IT systems will be available.

2.1.2. The Union Customs Code evaluation

By the end of 2021, The Commission will carry out an evaluation to establish whether the Union Customs Code and the electronic systems completed by that date are still fit for purpose to reach the objective to ensure modernised, streamlined and simplified processes for the assistance of compliant traders and customs authorities without hampering customs capacities to identify and tackle risks.

This evaluation will support future decisions on whether the Code and its implementing and delegated acts should be revised. It will in particular consider whether the Code is sufficiently flexible to deal with the management of customs formalities during crises such as the current Covid-19 pandemic and with new business models such as e-commerce.

2.1.3. The development and implementation of appropriate IT solutions

The implementation of the UCC largely relies on a series of 17 electronic systems.

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[6] Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code, *OJ L 269, 10.10.2013, p. 1-101*

Fourteen of those are trans-European systems to be developed or upgraded by the Commission (although with national components), while the remaining three are national systems to be developed or upgraded by the Member States individually.

Overview completed and ongoing projects

Completed projects	Ongoing projects
UCC Registered Exporter System (REX)	UCC Notification of Arrival (NA), Presentation Notification (PN) and Temporary Storage (TS)
UCC Customs Decisions System (CDS)	UCC National Import Systems upgrade
UCC Direct Trader Access to the European Information System (UUM&DS)	UCC Special Procedures
UCC Economic Operator Registration and Identification System Upgrade (EORI2)	UCC Guarantee Management (GUM)
UCC Surveillance 3 (SURV3)	UCC Import Control System 2 (ICS2)
UCC Binding Tariff Information (BTI)	UCC Proof Of Union Status (POUS)
UCC Authorised Economic Operators upgrade (AEO)	UCC Centralised Clearance for Import (CCI)
UCC Information Sheets for Special Procedures INFORMATION SHEETS (INF)	UCC New Computerised Transit System upgrade (NCTS)
	UCC Automated Export System (AES)

While tangible progress is being made in this area with, eight systems already deployed and operational, nine systems are still in development, in line with the planning defined in the UCC Work Programme. This timing is due to technical difficulties and financial costs for Member States, in particular because the systems are highly complex and interconnected but also because there must be a smooth transition from existing systems to upgraded ones, so that the impact on trade is minimised and that controls are not disrupted. As the Commission has suggested in 2018[7], the costs of separate and uncoordinated IT activities by the Member States would have been very likely significantly higher than

[7] Report from the Commission to the European Parliament and the Council on the IT strategy for customs (COM(2018) 178).

under the current collaboration. The Commission is working to ensure the completion of all the Union Custom Code electronic systems by 2025 and it publishes annual reports on progress achieved in this regard.

2.1.4. UCC Import Control System upgrade – ICS2

For goods entering the EU, one such IT system is the EU advance cargo information (the introduction of the Import Control System 2 'ICS2' IT system) whose reform and development are ongoing. The UCC has introduced new requirements in connection to the lodgement and treatment of pre-arrival declarations. The aim is to strengthen the safety and security of the supply chain (all modes of transport), EU citizens and internal market. This is done by improving advance cargo data quality (in the form of entry summary declarations), data filing by different supply chain actors (i.e. implementing multiple filing requirements), real-time data availability across the multiple Member States and real-time collaboration on risk analysis and sharing related risk and control information. This requires a complete overhaul of the EU advance cargo information system and regime, leading to a completely new IT architecture and the phasing out of existing ICS in different phases, as the new ICS2 comes into operation in three releases.

The current Import Control System (ICS) became operational in all Member States in 2011, enabling the customs office of the Member State of first entry to receive the entry summary declaration (ENS) and use it to perform the necessary safety and security-related risk analysis.

The development of ICS2 is ongoing and will be delivered in three phases or releases, as shown in the summary table below.

Release	Coverage	(Planned) completion		
		Technical specifications	Conformance testing	Deployment
Release 1	Obligation on the relevant EOs (postal operators and express carriers in air transport) to provide the minimum data (i.e. ENS pre-loading dataset)	06/2018	06/2020	03/2021

Release 2	Implementation of complete new ENS obligations and related business and risk management processes for all the goods in air traffic	06/2018	07/2022	03/2023 – 10/2023
Release 3	Implementation of the complete new ENS obligations and related business and risk management processes for all goods in maritime and inland waterways, road and rail traffic (incl. goods in postal consignments)	06/2018	07/2023	03/2024 – 10/2024

2.2. Objective 2: Ensure availability of supply chain data, sharing of risk-relevant information and control results among customs authorities to analyse and mitigate risks, and ensure equivalent treatment of economic operators.

Improving data filing arrangements and ensuring the availability and sharing of supply chain data and risk-relevant information between customs authorities depends on the existence of a legal base and the development and availability of the necessary IT systems.

2.2.1. Modification to the legal base

As far as the ICS2 system is concerned, the Commission and Member States have progressed with the necessary modifications to the legal rules of the Union Customs Code package. The legal provisions have been adopted by the Commission in 2020.

2.2.2. Development and implementation of appropriate IT solutions

These developments are described above under Objective 1.

2.2.3. Proposed solutions for traceability of goods' movement during various customs control stages

- **The Surveillance 3 System (SURV3)**

An important database is the Surveillance 3 System. The Surveillance database records and centralises on a daily basis all EU trade data (imports and exports) provided by national customs authorities. It currently contains 2.6 billion records at transaction level and continues to be updated on a daily basis. The SURV3 system introduced an upgrade to the standard exchange of information in the earlier (SURV2) system to align the system with

UCC requirements. The upgrade implemented electronic data-processing techniques and established adequate functionalities needed for processing and analysing the full surveillance dataset obtained from Member States.

The project has been implemented in three phases. Phase 1 has been in production since 2 October 2017. The elaboration activities of phase 2 (the current surveillance and customs control circuit (CDC) functionality) and Phase 3 (new reports) started in January 2018, covered by a unique software release. The system was successfully deployed on 1 October 2018 and the data analytics capabilities have been accessible to users since March 2020, allowing the Commission to use IT tools to exploit surveillance data. Currently, automated data analysis tools are under development that allow users to monitor and analyse both transactions and trade flows. The full use and benefits of the system will be manifest when all Member States will submit the legally defined expanded dataset from their upgraded national systems.

- **The common information sharing environment (CISE)[8]**

In the maritime domain, the development of a common information sharing environment (CISE) is promoting the exchange of relevant information among the different authorities involved (over 300 authorities at Member States and EU levels performing coast guard functions). CISE is currently in a transition phase to operations, managed by the European Maritime Safety Agency (EMSA) in close cooperation with the Member States, several other EU agencies (EFCA, Frontex, European Union Satellite Centre - SatCen, European Defence Agency – EDA) and the European External Action Service (EEAS). The Commission has mandated EMSA to coordinate the CISE transitional phase for the operational and technical aspects.

CISE is a voluntary collaborative process across authorities and borders to enhance and promote awareness over the European maritime domain. The CISE interconnects existing surveillance systems and networks and provides all concerned authorities with an access to the information needed for their missions at sea. Thanks to CISE, different systems interoperate to easily exchange data and other relevant surveillance information through the use of modern technologies.

Following the revision of the mandates of the European Border and Coast Guard Agency, the European Fisheries Control Agency and the European Maritime Safety Agency (EMSA), a tripartite working arrangement was signed. The agreement sets out a framework for enhanced coordination between the agencies, enabling effective and cost-efficient support to more than 300 Member States civilian and military authorities responsible for carrying out coastguard functions in areas including maritime safety,

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[8] This group was set up based on the Decision C(2015) 2259 final, renewed by the Decision C(2018) 5921 final.

security, search and rescue, border control, fisheries control, customs control, general law enforcement and environmental protection.

The CISE will directly support the cooperation on coast guard functions by improving maritime surveillance and mitigate the diverse risks that might have a negative effect the security of our seas and shores, such as pollution, illegal and criminal activities (including illegal migration), piracy and terrorism.

- **The Digital Transport and Logistics Forum (DTLF)**

The Digital Transport and Logistics Forum (DTLF)[9] is a group of experts led by the Commission that brings together stakeholders from different transport and logistics communities, from both the private and the public sector. It aims at building a common vision and roadmap for digital transport and logistics. The DTLF also contributes to identifying needs for measures at EU level and supporting their development and implementation where relevant. During its first mandate (2015–2018), the DTLF has been effective in developing measures to stimulate the interoperability in the digital information exchange in transport and logistics, and enabling collaboration across sectors, borders and modes of transport.

In the transport sector, vast amount of data is available that could support new business opportunities, as well as improve the use of existing resources and the daily life of citizens. There are numerous potential advantages in better exploiting available data and the use of information and communication technologies (ICT) in transport and logistics. Among such benefits, there is improved security. Through more and better data on the goods, on vehicles and on security controls already applied to cargo, risk assessments by authorities could further improve. This could increase the efficiency of controls and the overall security, and reduce the burden on transport service providers.

In April 2020, the Council adopted new rules[10], which will make it easier for freight transport companies to provide information to authorities in digital form. Increased digitalisation of freight transport and logistics will bring significant cost savings for businesses, and make the transport sector more efficient and sustainable. The new rules will create a uniform legal framework for the use of electronic freight transport information for all modes of transport. All relevant public authorities will be required to accept information provided electronically on certified platforms whenever companies choose to use such a format to provide information as proof of compliance with legislative requirements. However, companies will still be able to present the information in paper format if they prefer.

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9 https://www.dtlf.eu/

10 Regulation (EU) 2020/1056 of the European Parliament and of the Council of 15 July 2020, OJ L 249, 31.7.2020, p. 33–48.

- **The eManifest pilot project**

The objective of the eManifest pilot project was to test procedures that would simplify the submission of information required by different authorities for cargo formalities. It aims at facilitating and reducing the administrative burden for ship data providers. Through this pilot project, a harmonised eManifest, which encompasses data required in a number of cargo-related formalities required by maritime and customs authorities, was developed and tested. The project also aimed at assessing whether the exchange of the eManifest data via SafeSeaNet could minimise reporting obligations for ships trading between EU ports and how ship and cargo tracking could be carried out.

The pilot project ended in 2018. A final report was issued together with other deliverables such as data mapping, system requirement specifications and business rules, etc. These deliverables have been re-used in 2019 as a basis for the Regulation establishing the European Maritime Single Window environment.[11]

A persisting challenge is the lack of common implementation of legislation in maritime and customs. However, cooperation between maritime and customs authorities has gradually increased during the pilot project.

- **The Trade Control and Expert System (TRACES)**

TRACES[12] is the European Commission's multilingual online management tool for all sanitary requirements on intra-EU trade and importation of animals, semen and embryo of animals, food, feed and plants. Its main objective is to digitalise the entire certification process and linked procedures. It is in this respect in line with the Digital Agenda for Europe[13].

TRACES facilitates the exchange of data, information and documents between all involved trading parties and control authorities and therefore simplifies and speeds up the administrative procedures. The possibility to trace back all the movements of animals, animal products, food and feed of non-animal origin and plants contributes to the reduction of the impact of disease outbreaks and allows for a quick response to counter certain serious risks along the agri-food chain.

TRACES has more than 42 000 users from about 85 countries worldwide, is accessible 24 hours a day, 7 days a week, free of charge and in 34 languages.

A new project initiated by the Commission is the development of an IT system for electronic submission and management of catch certificates under Regulation (EC) 1005/2008 on establishing a Community system to prevent, deter and eliminate illegal,

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11 Regulation (EU) 2019/1239, OJ L 198, 25.7.2019, p. 64–87.
12 https://ec.europa.eu/food/animals/traces_en
13 https://ec.europa.eu/digital-single-market/.

unreported and unregulated fishing. The project will assist Member States' authorities in carrying out their verification and risk management tasks in relation to imports of fishery products into EU.

The system currently runs two platforms: TRACES Classic and TRACES New Technology (TRACES NT), pending full migration from Traces Classic to Traces NT in 2021.

TRACES is interfaced with Member States national customs system through the EU Customs Single Window Certificates Exchange platform (EU CSW-CERTEX) to enable automated verification at customs clearance of documents stored in TRACES. EU CSW-CERTEX is a key module part of the EU Single Window Environment for Customs initiative.

- **AFIS - CSM**

A database of maritime container's movements has been established (AFIS-CSM), built from messages of the type 'Container Status Messages (CSMs)', reported by sea carriers, as required by Regulation 515/97, amended by Regulation 2015/1525. The information is collected and processed based on Regulation (EC) 515/97 and is restricted to the authorised parties defined by the Regulation. The cooperation with the large majority of sea carriers, as well as with the major industry representative (WSC), has been good. The Commission has brought technical support to sea carriers in order to help them in fulfilling their CSM reporting obligations.

2.3. Objective 3: Implement the concept of 'Assess in advance — control where required' to respond adequately to identified EU and national risks while maximising efficiency in the use of resources and fluidity of the supply chain

This objective lies at the heart of the strategy, in the sense that all the other objectives should ultimately contribute to enabling customs to target their controls better in terms of when and where they take place.

2.3.1. Methodologies to implement the concept of 'Assess in advance – control where required'

A first methodology is the **credibility checks**. Credibility checks were first introduced via TARIC in the Member States national systems in 2013 and are being continuously developed and expanded. They are automated checks introduced at the clearance stage of imports. These are measures that check the compatibility of entries in the customs declaration against specific parameters and, in case of noncompliance, either block them or flag them by creating a warning for Customs authorities.

A second methodology is the **Systems-Based Approach (SBA).** The Systems-Based Approach is a control methodology directed at trustworthy economic operators, with the focus on whether the operator's internal control systems enable it to control its business

and mitigate risks related to customs compliance. The work of the SBA Network and the respective project group was completed with submission of the SBA final report to the Customs Policy Group (CPG) in December 2017.

2.3.2. Priority Control Area (PCA)

The Priority Control Area (PCA) instrument is the key mechanism in the Customs Risk Management Framework (CRMF) (see objective 4). It enables the EU to designate specific areas to be treated as a priority for customs controls. The identified areas are hence subject to reinforced customs controls carried out in a coordinated manner and based on common risk assessment criteria and real-time exchange of risk information. The PCA tool has been used to coordinate EU customs actions in most major risk areas already since 2007, delivering operational results and strategic lessons. While during the period 2018-2020, no PCA has been carried out, intensive cooperation took place on COVID-19 in 2020 (see below). In crisis times, PCAs are replaced by crisis management activities.

2.3.3. Safety

The Commission has drawn up factsheets setting out guidelines for the cooperation of customs and sanitary authorities for controls on goods regulated by EU law. For product safety, checklists for a selection of product categories have been drafted together with national customs and market surveillance authorities. These checklists are intended to guide customs officers when they have to carry out product safety controls on goods.

The Commission has in addition set up an expert group gathering experts from the Member States' customs authorities (the PARCS Expert Group) to address issues related to protection of health, cultural heritage, the environment and nature. The PARCS meetings are a key activity in cooperation and control of activities on the protection of health, cultural heritage, the environment and product safety. It contributes to the exchange of experience, knowledge and best practices on coordination between customs administrations and between customs administrations and competent national authorities responsible for the different policy areas at stake. It also contributes to developing risk criteria for customs controls to be carried out in these areas.

2.3.4. Financial Risks

In May 2018, the Commission has adopted a *Commission implementing decision* laying down measures for the uniform application of customs controls by establishing common financial risk criteria and standards (FRC)[14]. The decision is not available to the public and is only available for customs risk management experts in the Member States.

The FRC are a set of rules that allow the Member States customs clearance systems to systematically identify (or 'flag electronically') transactions that present a potential

[14] C(2018)3293 final.

financial risks and that require further scrutiny and/or control actions. The FRC encompass the majority of known financial risks and contribute to a more consistent approach to customs controls.

The decision enables Member States to address financial risks in an equivalent manner at the external border, without placing an undue burden on legitimate trade. It also identifies the most opportune time and place of the control depending on the scope and nature of the risk and on the availability of data and documentation. The decision sets out the common risk criteria that have to be used to address specific types of financial risks, among which economic operators at risk, goods at risk, undervaluation, and evasion of anti-dumping duties. FRC are used in the everyday electronic risk management process to harmonise the selection process for customs controls. In line with the UCC, the FRC take into account the proportionality of the risk, the urgency of the application of the controls and the probable impact on the trade flow.

A project group on Financial Risk Criteria, financed under the Customs 2020 programme, has worked on the drafting of a guidance on the implementation of the FRC, which was endorsed on 5 December 2019 by the Customs Expert Group, Customs Control and Risk Management Section (CEG CRM). The document describes the main principles under which the FRC operate and how they are to be integrated into the risk management and control processes. It aims at ensuring a common interpretation of the FRC across the EU by providing guidance and specifying elements needed for a harmonised implementation of the measures set up by the FRC Implementing Decision, building up on Member States good practices and knowledge in addressing financial risks.

The group now focuses on the implementation of the FRC Implementing Decision and on its regular monitoring to ensure that risk management can respond promptly to the constantly evolving financial risks. It aims at addressing specific or new concerns (e.g. e-commerce) and filling potential gaps in the identification of financial risks.

2.3.5. Intellectual Property Rights (IPR):

In 2019, the Customs 2020 Working Group ‘Development of strategies on the framework of the ‘Belt and Road Initiative’ (BRI) (goods by train)’ was created aiming to examine the new challenges related to the impact of the BRI by which more traffic of goods (including IPR infringing ones) by rail from China is expected.

The Commission and five Member States have participated in this working group. The working group has made a thorough assessment of the trade flow at stake and the problems specifically linked to rail cargo. The general conclusions are that rail cargo is not substantially different from other cargo modes, the clearance procedure is comparable, as is the information available at the time of clearance. Therefore, the working group has considered that further risk assessment on rail cargo could be integrated in the project group on risk management in IPR.

This latter project group will analyse the existing instruments used in the context of the Common Risk Management Framework (CRMF) and other sources of information and databases that are currently available. Its objective focuses on how to enhance the effectiveness and efficiency of the risk management as to come to a better targeting of conspicuous consignments of IPR infringing goods in the different modes of transport and to achieve more successful control results. The project group started its activities in the second half of 2020.

2.3.6. Product safety and compliance

A major development took place in the area of product safety and compliance, where the European Parliament and the Council adopted the new Regulation 2019/1020 on market surveillance and compliance of products with EU legislation[15]. This new legislation, which will replace the existing provisions of Regulation (EC) No 765/2008, strengthens the legal framework for controls on products entering the Union. It will significantly strengthen cooperation between customs and market surveillance authorities in view of more effective checks on imported products (other than foodstuffs and medicines). The Regulation aligns with the principles of the Union Customs Code and provides for better risk information sharing through:

- Structural exchange of information and data between customs and market surveillance authorities, facilitated by both the use of the Customs Risk Management System (CRMS) for customs common risk management and controls and the creation of a new digital interface between national customs systems and the EU database for the exchange of market surveillance information (ICSMS) for the smooth treatment of customs declarations in the scope of the product safety and compliance framework;
- Comprehensive national market surveillance strategies covering import and digital supply chains;
- The establishment of an EU Product Compliance Network, which will support cooperation with border control authorities;
- Provisions for the adoption of techniques and benchmarks for product compliance checks at the Union borders on the basis of common risk analysis on the EU level; and
- Regular collection of statistical data on product compliance interventions at the Union borders.

The new regulation on market surveillance will be fully applicable as from 16 July 2021. The Commission and the Member States have initiated preparations for its implementation and established several project groups to lay the groundwork for its timely entry into application. In parallel, the cooperation between market surveillance and customs authorities has been stepped up at EU level.

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15 Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and compliance of products and amending Directive 2004/42/EC and Regulations (EC) No 765/2008 and (EU) No 305/2011. OJ L 169, 25.6.2019, p. 1-44.

2.4. Objective 4: Strengthen capacities to secure equivalence in effective implementation of the common risk management framework and to increase responsiveness to newly identified risks

The Common Risk Management Framework (CRMF) is the EU policy and legal vehicle for establishing an equivalent level of customs controls throughout the EU. It has been created to support a common approach so that priorities are set effectively and resources are allocated efficiently with the aim of maintaining a proper balance between customs controls and the facilitation of legitimate trade.

2.4.1. The Common Risk criteria (CRC)

2.4.1.1. Financial Risk Criteria

The elements are described above in Section 2.3.4

2.4.1.2. The evaluation of the existing Common Risk Criteria (CRC) on Safety and Security

With a view to identifying what could be possible shortcomings of the current CRC and how to improve their implementation, a Customs 2020 project group **(**Security Risk Rules project group) has been set up. Twelve Members States are represented in this group. It has prepared a draft detailed report per entry CRC on:

- Problems that hinder implementation of the CRC
- Problems arising from the implementation of the CRC
- Statistics on its efficiency
- Suggestions on whether to keep the CRC as it is, amend it or deactivate it.

As part of the evaluation, the Commission has prepared a detailed analysis on the number of automated hits and final assessment per CRC (with breakdown per High Interest Country (HIC) when relevant) and on the number of controls and positive results per CRC. This is done per Member State and at EU level using data from the quarterly statistics already sent by the Member States for the year 2018. In addition, an analysis on the individual hits and the hits in combination has been performed.

Apart from the evaluation of the current CRC, the group is exploring the possibility of developing new CRC to address new risks that have arisen, provided they do not require an investment from Member States, in view of the development of ICS2, which will replace ICS for entry operations.

2.4.2. The Customs Risk Management System (CRMS)

The CRMS is a common database where forms and messages are stored and that Member States can consult in order to identify which information needs to be introduced in the national risk analysis system or communicate with each other.

The CRMS is used:

- By all the Member States, the UK (until the end of the transition period) as well as Switzerland and Norway (through the security agreement). By the Commission to provide Member States with risk information on any type of risks.
- For the daily exchange of information (via RIF, Risk Information Form). In such case, only new trends are mentioned. The CRMS is indeed not a database of seizures and aims only at informing on seizures with new interesting elements (new targeting element).
- When a Priority control area is organised or implemented.
- When a crisis arises (CRMS is used as the customs crisis management system). A current example is the use of CRMS for the COVID-19 customs-related information (see below).
- To share sensitive documents.

Since 2005, CRMS has been regularly updated to include new functionalities or more user-friendly elements. In particular, a COVID-19 crisis alert was opened on 4 February 2020 in CRMS/crisis management to allow MS sharing and receiving information and guidance on the prioritising of risks for customs controls during the crisis. Moreover, to date, more than 400 RIFs have been issued concerning dangerous and non-compliant COVID-related medical products, medical devices and personal protective equipment.

A complete reshape of the system ('CRMS2') has also been decided. This reshape is detailed in two key documents:

- The CRMS business case endorsed at the end of 2016. It provides for the main business needs based on the experience of 2 years of work carried out with the Member States. The business case was adopted by the Member States in the CEG CRM and submitted for info in the ECG group (IT).

- The vision document endorsed in April 2018. It comprises the main IT aspects for the first release of CRMS2 and already foresees several additional releases.

The elaboration phase of CRMS 2 has now been completed and the construction phase of CRMS2 started. This will be followed by a transition phase, which will include various testing. The new CRMS2 is planned to go live in Q4 2021

2.4.3. Actions taken by the Member States under Objective 4

2.4.3.1. Methodology used to collect information from Member States

On 30 January 2020, all Member States received a questionnaire asking them to report about the actions taken to improve the implementation of the CRMF in their respective country, as well as the achievements made by these actions so far. Twenty-six Member States have responded to the questionnaire.

Member States were invited to consider in particular the following action areas mentioned in the strategy:

- Development of possible further capacities and enhancing of cooperation and coordination between customs authorities.
- Development of further national and EU level customs threat and risk assessments for the full range of threats and risks.

Member States were asked to rate the priority their customs administrations have given to improving the implementation of the CRMF in their countries since 2018 and to identify the activities and outputs / actions aimed at improving the implementation of the CRMF in the areas of analysis, developing capacities, and cooperation / coordination.

Respondents were also asked to rate the extent to which the actions have strengthened capacities in relation to the implementation of the CRMF (led to results), and improved implementation of the CRMF and enhanced customs risk management (outcomes). Finally, Member States were asked whether they have encountered any significant challenges, difficulties or barriers that have kept them from implementing desired action or making more progress in the implementation of the CRMF.

2.4.3.2. Customs administrations' level of priority of improving CRMF's implementation

No activity	Low priority	Medium priority	High priority	No reply
-	-	10	16	-

All twenty-six (26) Member States that responded to the questionnaire indicated that objective 4 – improving the implementation of the CRMF – is a priority within their customs administrations and a high priority for sixteen (16) of these. The table below further indicates that all twenty-six (26) Member States are taking some action to improve the implementation of the CRMF.

2.4.3.3. Status of actions aimed at improving the implementation of the CRMF

Action	No action planned	Action planned but not yet started	Action ongoing / completed	No reply
Analysis	-	2	22	2
Developing capacities	-	1	24	1
Cooperation /	-	-	25	1

coordination				

2.4.3.4. Analysis

'Analysis' is defined broadly, so that we consider it to include not only formal studies or evaluations but also more informal work, e.g. stock-taking, feasibility studies, problem mapping, gap/needs analysis, and evaluations related to effective and efficient implementation of the CRMF.

The vast majority of Member States (22) have either completed or are in the process of carrying out analysis in this area, while nearly all the remaining Member States have some planned. In many cases, several initiatives are running in parallel, some having been completed and others being currently carried out.

The analysis carried out differed substantially between Member States, but generally fell into four categories, namely relating to:

1. IT and data resources;
2. Internal systems;
3. Strategies and plans; and
4. Common risk criteria and the exchange of risk information.

- **IT and data resources**

Half of the responding Member States (13) reported planned, ongoing or completed work to analyse and develop their IT systems. These involve various IT systems and capacities.

The most commonly reported is analysis related to the forthcoming implementation of the import control system 2 - ICS2. One Member State reported plans to conduct a preliminary analysis in view of the changes that would be required to apply to their current risk management system in order to render it compliant with ICS2. Within the national plans, one Member State is currently in the process of carrying out various analyses including needs assessment, gap analysis, security analysis, and legal analysis for the implementation of ICS2. One Member State has conducted gaps and needs analysis on a broader scale in relation to the UCC IT changes, mostly concerning ICS2, the import system, and e-commerce. One Member State explained that several national IT systems have to be set up new and this demands the development of advanced risk management modules using new risk management tools such as predictive analytics, automated validation of profiles, and automated real time profiling. One Member State has completed a feasibility study of the current state of the national risk management framework, supported by a SWOT analysis of possible approaches for improvement of risk management for the forthcoming ICS2 and subsequent customs procedures in the supply chain (such as the national Import System, New Computerised Transit System (NCTS), Export Control System (ECS) – Automated

Export System (AES)), and Technical Specifications (TS). In another Member State, there are plans of continuation of IT work to ensure the sustainability of the treatment of entry summary declarations (ENS).

- **Internal systems**

Other works reported by Member States to analyse and develop IT systems varied in scope. Examples include a new customs clearance system, including a new risk engine with enhanced features; exploring the use of artificial intelligence (AI) to support risk analysis, e.g. on images, measurements of spectrometers, and signals; a mapping of necessary IT system changes in order to improve anti-smuggling measures and monitoring; needs analysis for the national electronic portal to develop a coherent concept of using rubber-tyred gantry crane (RTG) scanning devices to scan means of transport in order to create a basis for building the capability to respond to irregularities in foreign trade.

Another field where Member States have identified development needs for improved risk management is data resources, which is often intertwined with improvements to IT resources. Examples include ongoing analysis on improvements of the national risk management system, which is being complemented with automated analysis tools and connected to external data sources, or improving risk scoring through a new analytical tool for data mining.

- **Systems, strategies and plans**

Analyses and assessments of various systems, strategies and plans have also been relatively common.

Examples include actions to ensure the reliability of ENS by increasing the knowledge of ENS, operators' obligations, and required data and control actions, and involves scoping notes to regional offices, training actions for operational services, a full assessment of the difficulties encountered, and the initiation of a sanctions policy in the event of breaches; thorough evaluation of existing risk profiles; national strategies and action plans to fight crime, fraud and smuggling of tobacco products, dried tobacco, novel products and/or liquid for electronic cigarettes; annual reviews and updates of the risk mitigation plans related to performance indicators of external and internal risks; internal reorganisations of departments related to risk management and control activities; the organisation of workshops dedicated to risk management, or the revision of existing processes and the set up appropriate new processes for performance analysis.

- **Common risk criteria and the exchange of risk information**

Four Member States reported ongoing and completed analysis related to the common risk criteria (CRC) and the exchange of risk information. They in particular have reported on updated internal procedures concerning the Customs Risk Management System (CRMS), analysis related to the implementation of the common financial risk criteria and standards (FRC) as well as the continuous development of new risk criteria and new risk rules to be

applied and to become available for data analytics and predictive analysis for customs, tax, and company registry data.

- **Other activities**

Member States also referred to activities in analysing the movement of tobacco products to detect irregularities, non-compliance and VAT fraud. They also referred to their participation in the Horizon 2020 PROFILE and PEN-CP (Pan-European Network of Customs Practitioners) research projects. PROFILE relates to the uptake of data analytics by customs and sharing of results between participating countries. Its focus is mainly on value analysis for e-commerce, and operator profiling for import declarations and ENS. PEN-CP targets building communities of experts in risk management, detection technologies, and laboratory equipment, to better focus innovation efforts and exchange of best practices.

In addition, Member States have mentioned the role of the Structural Reform Support Program (SRSP) on e-commerce, for which they are mapping best practices by other customs in the EU and third countries to tackle the specific problems related to e-commerce, including risk analysis, IT systems, and fight against fraud. This includes study visits to other Member States to exchange on expertise and experiences.

Some Member States also provided a more general answer for analysis related to effective and efficient implementation of the CRMF. For instance, the informal evaluation of effectiveness and analysis of problems and gaps in relation to the implementation of the CRMF.

One Member State's authorities underlined that their primary focus in the risk management area is the improvement of performance and outcome rather than direct actions to support individual aspects of the CRMF.

2.4.3.5. Developing capacities

'Developing capacities' is here defined as any action taken to support capacities related to the effective and efficient implementation of the CRMF, including implementing IT solutions, supporting risk management of the supply chain, and efforts to better integrate the CRC and/or Priority Control Areas (PCAs) into the national risk management system.

There are a considerable number of planned, ongoing and completed actions to support capacities related to the effective and efficient implementation of the CRMF. Actions reported mainly related to developing new or improving existing national risk management IT systems including efforts to better integrate the CRC and FRC as well as linking national systems to the CRMS for sharing of Risk Information Forms (RIFs). Several customs authorities also reported preparations for implementation of the ICS2 system.

- **Improving national risk management systems / engines**

Fourteen MS specifically reported improved or continuously developed national risk management systems. For instance, a new customs clearance system is being implemented in one Member State and will include a new risk engine with enhanced features. This will allow efficient risk management in different domains. The main areas of interest are import (including import declarations for low-value consignments), ICS2, export, NCTS, temporary storage, and goods accounting. In order to strengthen the risk analysis and control process, new working methods with adopted IT-functions have been conceived and are going to be implemented in the future system.

Another Member State is currently in the final stages of the development of a new national import system for customs, scheduled to go live in November 2020. This will incorporate a new electronic risk management system, which will provide better-quality risk profiling and reporting functions.

One Member State reported on the implementation of new features to their risk engine. The new features include operator profiling and behaviour analysis and a large number of statistical enrichments. Additional work is ongoing to enable the system to incorporate all types of declarations and messages including NCTS, e-commerce declarations, arrival notifications (AN), presentation notifications (PN), and temporary storage (TS).

Actions are also ongoing to implement IT solutions in the national systems for safety and security analysis, e.g. for increasing the capacity of analytical tools to process more data as well as improving quality of data and reporting. To better identify offenders and improving the quality of data for risk analysis, interconnections between databases are carried out. One example is the implementation of postal parcels analysis in the national risk profiling system as well as making improvements to the national risk profiling system and other IT systems to strengthen anti-smuggling measures. Another example is the enhancing of risk management systems to enable users to connect and search a variety of data sources to which they have authorised access and bring those results directly into intelligence analysis. Implementing such analysis through advanced tools would help customs authorities to uncover hidden connections and thus gain actionable intelligence to combat illicit trade and mitigate risk. As a result, this will support risk management and reinforce efforts to better integrate risk criteria.

Actions also take place in some Member States to connect all supply chain data and enable automatic and instant consideration of the results of risk analysis and controls. One Member State has reported on several actions related to the CRMF, with an interface between the risk assessment and control system and the Schengen and Interpol databases for automated comparisons of vehicle plate numbers and vehicle identification numbers (VINs), indicated in import, export and transit declarations and to cover ICS2 related national functionalities. Further, the interface between this system and X-ray control systems used by the customs authorities was implemented, enabling the linking of risk management results with X-ray control results. The system is further being improved to enable automated risk assessment of persons' declarations, the function to use customs clearance data in mobile devices and the function to link to external data sources. In the

same vein, one Member State is supporting RTG operators by developing a system for automatically identifying threats in X-ray images in controlled means of transport. The aim is to develop an internet application based on AI. The same Member State is implementing a modern IT tool for handling applications from the National Revenue Administration for international administrative assistance in customs matters.

Several (thirteen) Member States further reported ongoing or planned efforts to better integrate the CRC and FRC into their national IT systems.

- **Preparations for ICS2**

As part of ICS2, each Member State will have to develop and implement a national interface with the ICS2 common repository - National entry system (NES) supporting necessary risk analysis processes, process of arrival, presentation and exchanges of risk analysis and control results with the common repository.

Many (11) Member States reported that they were preparing for the new ICS2 system and development of the NES. For instance, alongside ongoing work on the EU level as regards to the legal basis of ICS2 information exchange, one authority is preparing the incorporation of the business-wise and technical specifications related to ICS2 into the national domain and building a risk engine with flexible CRC implementation to cover the entire range of security risk analysis (pre-loading and pre-arrival) as well as the different responsibilities in the process (first point of entry and subsequent point of entry).

In another Member State, they are providing advisory support for the development of the necessary systems in view of the implementation of ICS2 through meetings with representatives from postal services and the couriers.

Other Member States referred to participating in meetings of the Customs Eastern and South-Eastern Land Border Expert Team (CELBET) Analytics Subgroup, which is responsible for development and implementation of analytic tools (CAToolbox) to support ICS2.

- **Measures to tackle undervaluation fraud**

Five Member States reported specific measures to mitigate fraud related to under-reporting the customs value of imported goods. For example, one Member State reported the analysis of profiles and control results on undervaluation of certain products. Another Member State reported they have modified and extended their system in the field of import of textiles from specific countries.

- **Other measures**

In relation to the logistics chain, one Member State's customs are doing ENS risk management improvements to routines in different areas to optimise risk management,

areas including restrictions, suspensions, incorrect ENS, and duplicated ENS due to modifications. Various technical developments have been made to ensure the traceability of the results of risk management and control proposed in ENS to the customs pre-declarations. Techniques are being explored in the use of data mining to select and combine customs and tax information from the system to facilitate risk management of both ENS and customs declarations.

One Member State has further developed several analyses and technical developments to implement the reduction of controls for EU Authorised Economic Operators (AEOs), including Economic Operators Registration and Identification number (EORI) and customs decisions, and the third country AEOs with which there is a mutual recognition agreement.

Another Member State reported that it will develop the interface of core declaration systems including the national import system, the Automated Export System (AES) and the NCTS including a risk analysis module in order to fulfil the obligations arising from the legal requirements of the Union Customs Code (UCC) and Multi-Annual Strategic Plan (MASP). Already completed actions include training for risk analysis officers and a workshop on risk analysis for risk and control experts from all regional customs offices.

Another Member State is finalising a programme to restructure and rearrange the workflow of customs national risk analysis procedures. They also reported ongoing preparatory work to embrace the revocation of the 22-euro threshold referring to the submission of customs declarations through adapting existing procedures to the upcoming situation, both tackling the increasing number of declarations and the related business risks.

One Member State reported that it is recruiting data analysts to improve its risk analysis capacity. In relation to supporting risk management of the supply chain, the customs authorities of the Member State have participated in tools together with commercial partners. They have developed a dashboard that shows additional data from external sources and is used in the risk assessment of manual declarations. External sources are companies that want to make data available for inspection by the supervisory authorities or public sources. Their customs also participated in a project, in which one of the working packages focused on a port and included: integrating logistics and security requirements in the supply chain design and planning phase; demonstrating the benefits of coordinated border management and taking advantage of commercial controls; improving supply chain visibility for supervision in trade lanes with multiple border crossings and intentional vagueness to conceal criminal activities. In addition, this Member State will be strengthening the intelligence function in the passenger traffic by getting access to travel information via a government-wide single window to which airlines supply data once. This provides more opportunities for analysis and contributes to the development of a single window.

One Member State reported ongoing work related to customs technical equipment. One project involving centralised scanning (centralised X-ray scanner image analysis and interpretation during customs control process). Another project involves video surveillance

system installation at customs control points. In addition to technical equipment, they are establishing a Single Customs Control Support Centre to ensure implementation of more efficient control measures.

In another Member State, changes in the legislation have been made, allowing the customs administration to become a competent authority in relation to the use of Passenger Name Record (PNR) data. The changes came into force in July 2020. Similarly, in another Member State, they have created a passenger information unit (PIU), where the customs administration has a seconded customs officer deployed working in the area of risk analysis for PNR.

2.4.3.6. Cooperation / coordination

'Cooperation / coordination' is defined as action taken to enhance cooperation with customs authorities in other Member States and increase sharing of information or risk analysis results, e.g. through participation in relevant collaboration forums, and bilateral cooperation / coordination with other Member States.

Nearly all Member States (25) providing responses reported ongoing or completed actions taken to enhance cooperation with customs authorities in other Member States and to increase sharing of information or risk analysis results. Such actions included exchanging information through specific tools such as the CRMS, participation in relevant collaboration forums, project groups, hosting and taking part in seminars and workshops and other bilateral and multilateral cooperation between Member States. Not all Member States provided exhaustive lists of activities, such as groups they are involved in, though responses suggest that Member States are active in a number of relevant risk forums and that bi- and multilateral cooperation and coordination between Member States is continuous.

- **Use of tools for the exchange of customs information**

Member States specifically stated in their replies that they are using the CRMS for exchange of risk information with other Member States. For instance, one customs authority reported they evaluate and feedback RIFs in CRMS from other Member States on a daily basis as well as create RIFs in order to share relevant risk information with other Member States.

Other tools for information sharing were also noted:

- OLAF's Anti-Fraud Information System (AFIS), notably on Customs Procedure 42 and excise data
- The Common Communication Network (CCN) for exchange of information on Customs Procedures 42 and 63
- The Surveillance 3 VAT module application for the exchange of customs data for Customs Procedure 42 between customs and tax administrations (following the amendment of Regulation 904/2010)

- COPIS, the EU-wide anti-Counterfeit and anti-Piracy Information System, to register counterfeit dossiers
- Bayplan/stowage plan occupied and empty locations message (BAPLIE) to verify the accuracy of data declared in ENS in relation to the containers declared in ICS.

- **Collaboration forums and project groups**

Nearly all Member States participate in one or more contact groups established under the Customs programme to increase the practical level of cooperation and coordination between customs administrations at the external frontier of the EU – the European Land Frontier (Land Frontier Contact Group (LFCG)), Ports and Airports contact groups (RALFH, ODYSSUD, ICARUS).

The LFCG represents all 16 MS with external land borders, whereas not all EU ports and airports are represented in the respective groups. There are also specific contact groups and subgroups on sniffer dogs, rummage, rail and scanning.

The objective of these groups is to promote the operational cooperation and coordination between customs authorisations with regard to efficient customs controls at external borders and to exchange valuable information to make customs controls on movement of various means of transport more efficient. The groups create a network between customs officers working in a specific traffic (air, road, rail, sea) or specific field (scanning, rummage, sniffer dog). The groups function also as a network of contacts, with customs helping each other to answer ad hoc questions.

All groups collect data on resources, traffic and threats (through mapping or comparison) which provides information to the strategic management of the national customs administrations to use and decide priorities and allows moving towards a more uniform performance at the external borders. Other customs project and expert groups, such as the scanner contact group of Northern and Southern ports, the Canine Unit Network and the Customs Eastern and South-Eastern Land Border Expert Team (CELBET) use in the scope of their activities some of the raw data.

Several Member States further participate in the Customs Eastern and South-Eastern land Border Expert Team CELBET, which is an initiative of eleven (11) Member States including Finland, Estonia, Latvia, Lithuania, Poland, Hungary, Slovakia, Croatia, Romania, Bulgaria and Greece under the Customs 2020 programme. The main objective of this expert team is to strengthen and improve the operational cooperation. Although CELBET is not a legal entity, this expert team coordinates operations, shares information and pools human resources to enhance operational cooperation – contributing to the implementation of common customs legislation and policy.

The Data Mining Project Group (DMPG) is a Customs 2020 group with the main purpose to fight against customs fraud and protect the financial interest of the Member States and Commission. The group works by gathering and sharing data. The group works to strengthen cooperation. The project group has three main objectives: (i) Gather the list of

risky items for deeper analysis within the group, (ii) Develop new risk profiles by analysing the total dataset and (iii) Apply international practices by sharing standards between members.

Other participation in forums mentioned by Member States included:

- INTEL4CUSTAF, an analysis pilot project / expert group run by OLAF and financed by HERCULE III programme with the participation of the majority of Member States,
- MAR-INFO, a group of partners from Northern and Southern regions (with the participation of the majority of Member States from the Mediterranean zone and Northern Europe) cooperating and exchanging information to prevent smuggle of drugs, drugs precursors, high tax goods (cigarettes, tobacco and alcohol) and goods related to terrorism and organised crime in the maritime area.
- Europol's European Multidisciplinary Platform against Criminal Threats (EMPACT) operational action plans (OAPs). In this context, one Member State reported the posting of a liaison at Europol to enable smooth cooperation and information exchange.

- **Seminars and workshops of the Customs 2020 programme**

Several Member States reported taking part in seminars and workshops organised under the Customs 2020 programme.

For example, the authorities of one Member State have hosted visits from several other MS and some third countries to demonstrate their risk engine and datamining capabilities. They are continually receiving requests for these visits and were planning additional. Three Member States had a common workshop in February 2020 tackling the threat from smuggling of cigarettes, counterfeit tobacco packaging and tobacco products by parcel post. One customs authority stated they regularly take part and host meetings and workshops with other MS. On the operational level, the authorities have established active working contacts with other MS risk analysis units and also regularly organise and take part in work meetings and site visits in other MS. Another customs authority reported they attended several OLAF workshops in the area of customs data analysis, and participated in CRMS RIF training. A regular national seminar was organised in another Member State on international administrative assistance in customs matters. The topics of the seminar included legal and practical aspects of preparing requests for administrative assistance and rules for the implementation of requests received from foreign customs administrations. Assessment of the risks for the effective implementation of controls in cases where it is necessary to use international administrative assistance was carried out.

- **Bilateral and multilateral cooperation / coordination with other Member States**

Several authorities noted bilateral and multilateral cooperation and coordination with other Member States. The activities mentioned include a bilateral agreement between two

Member States related to risk analysis of ENS data, cooperation between two or more other Member States in the area of undervaluation, operational and financial mutual assistance activities are in several areas including in the field of undervaluation and Regulation 515/1997. Another Member State referred to cooperation centres for Customs, Police and Border Guards on the borders to neighbouring Member States. Activities involve identification and counteracting threats arising from the movement of persons and goods (e.g. fuel, tobacco products, narcotics, alcohol, and other goods subject to restrictions). The centres also exchange information on cross-border crime, customs and tax inspections, fiscal criminal proceedings, and persons, as well as results of RTG inspections and data from automatic number plate recognition systems.

Further bilateral and multilateral cooperation included collaboration, exchange of risk information and exchange of best practices between neighbouring countries as well as Naples II Convention, and participation in Joint Customs Operations (JCOs).

2.4.3.7. Results – strengthened capacities

Extent to which above actions have strengthened capacities in relation to the implementation of the CRMF

Not at all	To a limited extent	To some extent	To a great extent	No reply
-	-	14	11	1

Nearly all Member States (25) indicated that the actions taken to improve the implementation of the CRMF have resulted in strengthened capacities, eleven (11) to a great extent and fourteen (14) to some extent. Several Member States reported improved national risk analysis processes as described below. Actions have clearly been effective, in particular actions related to increasing capacities within administrations such as IT systems and their capabilities, and sharing of risk information between Member States.

- **Higher quality / more comprehensive / efficient / timelier national customs threat and risk assessments.**

One Member State reported that constant revision and upgrade of the national IT systems that are instrumental in processing and distributing risk information to the relevant entities within the customs administration have undoubtedly strengthened the risk management capabilities.

One customs' investments in risk management innovation have provided better understanding of logistical flows and emerging risks and novel techniques such as artificial intelligence (AI) help to determine risks on incoming goods.

One Member State reported that international working groups have provided information and understanding for developing risk management, which has improved the quality of risk management. The organisation is better prepared for the rapidly changing operational environment and their capability to react to new emerging threats has increased.

One administration provided a comprehensive list of the results achieved, including actions against undervaluation. Declaration of postal consignments have made it possible to carry out control measures for small-value consignments. AI and automation of processes have allowed automated information analysis. The establishment of the Single Customs Control Support Centre has ensured more efficient and more complete use of the available information systems and technical resources. Finally, the installation of video surveillance system at customs control points has increased efficiency of customs and border controls, ensuring protection of the national economic border.

Another Member State reported that activities of the RALFH group are used to improve control and operational procedures in seaports, thus positively affecting the quality of operations carried out by customs officers. Jointly implemented RALFH projects increase the efficiency of controls carried out by means of risk analysis (targeting) and enable the detection of e.g. weak points in the goods flow system.

- **Better risk management thanks to more consistent / effective sharing and deployment of national customs threat and risk assessments in the CRMF.**

One Member State reported increased awareness of financial and other risks through CRMS information sharing. One Member State's authorities have experienced better and more effective risk management and targeting activities as a result of EU-wide cooperation and information sharing, which have contributed to raising awareness of new threats and thereby the creation of new national risk profiles, better risk assessment through fine-tuning risk profiles already in place, and controls planning including better resource allocation. Another authority reported that the availability of data allows for more effective evaluation of risk mitigation measures. All available risk information (national and international) has been collected in a single information system with flexible data search and selection. In addition, customs controls are carried out based on the information obtained from a single data exchange network of X-ray control systems used by the customs authorities. One Member State reported that seizures data they receive from some other EU partners contains information, which is very useful for the national analytical models and allows for a more precise targeting. One Member State's customs noted that frequent and timely exchange of risk information and data between Member States, other competent authorities and the Commission enables a more efficient and selective selection of risk shipments and provides necessary assistance in national threat and risk assessment. Another Member State reported a bilateral cooperation project with a neighbouring Member State related to ENS declarations. This has served to ensure the use of relevant information from both Member States in the analysis of ENS declarations, regardless of where the goods are presented, thereby closing gaps that could previously been exploited

by illicit traders. The authorities of one Member State reported that the activities of the cooperation centres for customs, police and border guards on the borders have contributed to effective controls of illegal cross-border movements of excise goods and other goods, to direct and quick exchange of information with law enforcement authorities allowing criminals and migrants to be stopped and detained, to revealing VAT fraud abuse (extortion) i.e. forgery of customs signatures and seals on tax free documents, to the disclosure of the use of false vehicle registration numbers, and to uncovering uncompleted procedures for export of goods from the EU.

2.4.3.8. Outcomes

Extent to which the actions described above have improved implementation of the CRMF and enhanced customs risk management

Not at all	To a limited extent	To some extent	To a great extent	No reply
-	2	13	10	1

Respondents were asked to which extent the implementation of the CRMF and customs risk management have improved the implementation of the CRMS and enhanced customs risk management, and to describe the progress made.

Ten Member States agreed that the actions related to objective 4 have improved implementation of the CRMF and enhanced customs risk management to a great extent, and thirteen (13) Member States agreed to some extent.

Progress reported mainly related to increased cooperation and sharing of risk information between Member States including through CRMS, and enhanced financial risk management – these are key parts of the CRMF and therefore this shows the significant progress made by Member States to implement it. Several Member States also reported enhanced risk analysis through new or improved IT systems and recruitment or training of staff.

- **Enhanced cooperation and sharing of risk information.**

Four (4) Member States specifically highlighted enhanced cooperation with other Member States. For example, one of them stated that the participation in ODYSSUD group meetings has helped to increase the level of cooperation and coordination. The exchange of information and the sharing of best practices between the major southern ports (member of the ODYSSUD group) help to ensure the equivalent level of control and trade facilitation for legitimate trade.

Two (2) other Member States pointed to better information sharing and common approach to undervaluation issues leading from cooperation with neighbours and with EU Member States.

One Member State highlighted that the use of CRMS RIFs has strengthened the implementation of CRMF to a great extent, broadening the scope of risk areas, including regular updates of risks and the picture of risks in other Member States, leading to better and more effective risk management. One Member State reported that risk information exchanged through CRMS is exploited to a great extent by creating national risk profiles responding to newly identified threats and risks. Another Member State reported progress including evaluation of information shared via CRMS RIFs, periodic assessment of national risk profiles based on CRC, and control campaigns (PCA and JCOs) which have improved the implementation of the CRMF. One Member State stated that all received RIFs through CRMS are transmitted to the national register for risk analysis, where they are evaluated and analysed, appropriate measures are implemented to minimise risks and provide feedback on the RIFs through CRMS. They also regularly evaluate and analyse all relevant risk information from other available national and international sources and in the event of a risk transmits it to CRMS.

Another example provided by a Member State listed the outcomes of the cooperation in the border centres. It includes more effective risk analysis in the selection of vehicles for inspection during fuel transports, disclosures of false exports, disclosures of VAT fraud, more effective supervision and control over the movement of means of transports and goods and disclosure of irregularities, as well as increasing the level of correct application of customs procedures, collecting due duties, increasing the ability to respond to tax free irregularities, identifying and limiting the activities of criminal environments and uncontrolled movement of people.

- **Enhanced financial risk management.**

Eight (8) countries reported progress in relation to improved handling of financial threats and risks. For example, one Member State reported that it used the EU Automated Monitoring Tool (AMT/THESEUS) system. This system is developed by the Joint Research Centre (JRC) of the European Commission and is used by Customs in the EU, OLAF and OLAF's partners in the EU Member States. The AMT calculates estimates of baseline prices for goods imported in the EU, for each combination of product, third country origin and Member State destination. It also generates automated alerts for price outliers in trade data.

One Member State reported developing risk profiles for specific headings and importers and enhancing customs controls as a result. Because of this measure, undervaluation and the activity of EOs initiating undervaluation have been significantly reduced.

Six (6) Member States finally pointed to the implementation of FRC and the usefulness of the rules in supporting a common methodology and method of conducting risk analysis at the EU level.

- **Better risk analysis through implemented / improved IT solutions.**

A Member State reported that all implemented IT solutions at national level have led to improvements of risk management processes and analysis. The advanced IT systems contribute to the timely assessment of threats and risk. The new IT tool enables better scoring of import customs declarations, better reporting and provides statistical overviews for further strategic decisions.

In another Member State, the greatest progress has been achieved by the introduction of an electronic system of risk analysis for low-value shipment in express couriers at air traffic, which enables more efficient risk management in terms of easier identification of risk for different risk areas.

In another Member State, the implementation of the new functions of the risk engine used since mid-2018 has led to more risk-oriented selections of declarations.

In another Member State, improvements in the national risk management system were introduced in order to provide better information feed to risk analysts while making decision on control measures. In 2018, new versions of the NCTS and ICS national systems were commissioned, where IT solutions implemented allow for better follow-up of control decisions and actions taken. Solutions were also implemented in order to deal with the multiple declarations submission phenomenon, which also supported the performance of related CRCs.

- **Better risk analysis through recruitment and training of customs officers.**

One Member State's customs reported progress in terms of ramping up risk analysis and the targeting service created in 2016 in the risk analysis process, in particular through the recruitment of several data miners.

Another Member State reported they have created a more structured picture of risks and clear common guidance on how to address risks and continued advanced training for customs officers on how to identify and target risks.

A third Member State stated that data analysts enable them to better target large quantities of data or use new techniques to enhance the performance of their risk engine by using new algorithms.

2.4.3.9. Encountered challenges, difficulties and barriers

Have you encountered any significant challenges, difficulties or barriers that have kept you from implementing desired action or making more progress in the implementation of the CRMF?

Yes	No	No reply
14	10	2

Ten (10) Member States customs administrations have not encountered any significant challenges, difficulties or barriers in implementing the CRMF. However, fourteen (14) Member States reported some barriers that have kept them from implementing desired action or making more progress. The identified barriers are similar and can generally be grouped by **insufficient IT infrastructure, financial constraints, lacking human resources, and data availability** i.e. deficient sharing of risk information between MS.

Budgetary constraints were reported by five (5) Member States, which for two are specifically related to development of IT infrastructure.

Similarly, another barrier to the effective implementation of the CRMF at the national level is insufficient IT infrastructure. For instance, one Member State pointed to the increasing complexity of some of the EU strategies and tools to challenge individual risks, e.g. FRC, which can be a challenge in terms of operationalisation within existing national electronic systems. Another Member State reported lacking infrastructure for the use of AI to support risk analysis. While another one further mentioned the long-term IT development, taking place throughout the entire Customs Union in line with the UCC demand for harmonised electronic customs processes. Two Member States reported that current IT systems simply do not yet fully support all their needs.

Lack of human resources and/or expertise as a barrier to implementing the CRMF was reported by seven (7) Member States. For example, one Member State reported that increasingly limited human resources in combination with the need to recruit new personnel with specific data analytics skills prevent properly addressing new challenges arising from the tremendous increase in e-commerce related goods movements. The consequent ‘data explosion’, never seen before, must be addressed with new knowledge, tools and techniques currently not widespread. Another Member State stated that organisational restructuring and staff training have not been sufficient to address deficient capacities (hiring practically froze due to the recent financial crisis and recent organisational restructuring did not take under consideration the increased needs in risk management staff). While in another Member State, there are limited human recourses and limited expertise due to the small size of the department and many responsibilities of customs officers at the same time. A Member State referred to the significant human resource burden that appropriate action in case of suspected undervaluation involve.

Five (5) Member States referred to problems relating to sharing of risk information between Member States. The administration of one Member State explained that normally more than one Member State is affected by the same Organised Crime Group (OCG), therefore risk management needs to establish a comprehensive approach to link financial and non-financial risk assessment between the Member States. This demands closer cooperation and information exchange between all involved agencies in the concerned Member States. According to this administration, it is still a big problem to get information and data from other Member States for analysis purposes because of lacking legal basis for the exchange of data. In addition, Member States do not use the EU legal framework for cooperation and information in a harmonised manner.

One Member State further noted that uniform access to customs data in the EU would enable a more uniform and effective implementation of analysis and information exchange at EU level. Another Member State pointed out that information and data sharing is the core principle of EU cooperation under CRMF and that General Data Protection Regulation (GDPR) created a big legal barrier against this core principle. While a Member State expressed difficulties in dealing with the uncertainties related to data exchanges and the conditions behind it, they stated that although Article 46 UCC and the Naples 2 Convention are clear on the use cases, the liability with regard to personal data tends to slow down all requests related to data or information exchange.

In addition to the barriers reported above, one Member State further reported the problem of multi-reporting of the same information via different tools / applications (AFIS, mutual assistance (AM) communication, RIFs, information in paper form). The administration suggested that clarifications and concrete rules should be established and binding for EU Member States customs and EU institutions.

According to one Member State, there is the risk that the implementation of FRC would lead to a substantial increase in control recommendations with no increase of control capacity and, consequently, the impact management has to be considered.

For another customs the single largest challenge remains changing trade patterns such as e-commerce, the increasingly larger volume of data makes implementing the CRMF a challenge.

2.4.4. Other actions taken by the Commission under Objective 4

2.4.4.1. ICS 2 Context

In the context of developing necessary risk management capacities, exploiting EU level data and planned entry into operation of ICS2 Release 2, the Commission and the Member States carried out a detailed work and completed all necessary documentation with regard to the ICS2 Safety and Security Analytics capability. They notably completed a detailed concept document setting out in particular risk management/analytics business requirements, operational and governance model, an update of ICS2 common repository vision document as well as legal and data protection assessment.

This analytics capabilities to apply on EU level data collected in ICS2 common repository, which will be integrated within the common repository, have been subject to Member States 'Go' Decision in Q4/2020. The ICS2 Safety and Security Analytics (SSA) capability will enable the Member States collaborative analysis (among each other and with the Commission in the context of implementation of the Common Risk Management Framework) of massive flows of advance cargo data to deliver real-time operational safety and security threat signals while goods are moving through the supply chain. As the SSA will be integrated to the ICS2 communications workflow (sending the signals to the Member States alongside the declaration concerned), the results of risk analysis and controls will be fed back systematically for each case, enabling the customs experts to evaluate and continuously improve targeting. Data governance and data protection will be built into the working method by design from the outset.

A pilot exercise is currently under way in 2020 with the Member States, alongside preparatory work on establishing an operational Expert Team of Member State that should provide a semi-permanent organisational set-up and operational framework bringing in MS and the Commission's data science, analytics, risk management and domain experts for the development and exploitation of the capability.

2.4.4.2. Customs 2020 project group on post-clearance audit

The group on post-clearance audit has been set up to address the recommendations of the European Court of Auditors which highlighted that post release audits and controls do not properly cover the situation in which an economic operator lodges customs declarations for release for free circulation in a Member State different from the one where its headquarters are established. The work of the group has resulted in the drafting of guidance on how to address this situation from several points of view (Member States where import operations are made vs. Member States of headquarter), which has been included into the Customs Audit Guide (CAG). The CAG is intended as a support for the Member States in the organisation and carrying out of customs audit controls and provides practical guidelines and essential elements to foster more effective customs controls at every point of the customs territory.

The group is also addressing the legal implications of dealing with customs debts arisen in several Member States and is focused in seeking clarifications on the legal basis to be used, with a view to identify weakness and inconsistencies in the legislation. The group has moreover ensured the full update of the CAG, to reflect the changes to the customs legislation with the introduction of the Union Customs Code (UCC).

The group operates in two different settings: a subgroup and the full group (all MS).

A subgroup made up of nine (9) Member States carries out an in-depth analysis of the issues to be tackled, identifies practical solutions and develops a common approach which is further discussed within the full group before decisions on actions to be carried out are made. The subgroup also engaged in voluntarily conducting an analysis, based on common and national criteria, to identify the scope of the action, i.e. singling out potentially risky

economic operators that carry out import operations in one or several Member States while headquartered in another Member State, and which are relevant within the scope of post release audits and controls. The findings have been shared among the subgroup with a view to envisage a pilot exercise extended to all the Member States to better frame and organise the identification of relevant economic operators.

The group will moreover explore the possibility to carry out joint/multilateral audits or to set up an ad hoc expert team.

2.4.4.3. Development of EU common risk criteria under the CRMF.

Since the previous implementation report, progress has been made in the following areas:

(a) Financial risks:

See above in Section 2.3.4

(b) Safety and Security risks:

- **Cash Controls**

Regulation (EU) No 2018/1672 on controls on cash entering or leaving the European Union and repealing Regulation (EC) No 1889/2005 will apply from 3 June 2021.

The Commission, in order to ensure the uniform application of controls on cash, will adopt, by means of an implementing act, the common cash movements risk criteria and standards (CMRC). The controls on cash should primarily be performed within a common risk management framework in accordance with CMRC, priority control areas, and Union and international policies and best practices, taking also into account the risk assessments established by the Commission and the FIUs under Directive (EU) No 2015/849.

- **Air Cargo Security**

In the context of operationalisation of ICS2 Release 1, the Commission has agreed with the Member States' customs authorities and in close collaboration with the national internal security and civil aviation security authorities on the set of common risk criteria, risk indicators and standards for air cargo security pre-loading risk analysis. The Commission implementing decision establishing these criteria and standards, to be supported by the common operational guidance, passed a positive vote of the Customs Code Committee – Risk Management and Control Section in October 2020 and will be adopted at the end of 2020.

- **Drug Precursors**

A Customs 2020 project group pursued its work to support the activities and tasks of the customs authorities in the implementation of the legislation on external trade in drug precursors in order to prevent the diversion and trafficking of drug precursors entering, transiting and leaving the EU. The project group promotes the use of existing risk

management tools and is also closely involved in the development of future tools and systems such as the ICS2 Safety and Security Analytics.

- **Cultural goods**

For the import of cultural goods and up to 2019, only restrictions on the import of cultural goods from Iraq and Syria were in place. A relevant EU risk profile for imports has been created identifying the parameters of this problem and establishing an appropriate risk management approach in this area. To enforce restrictions on the import of cultural goods from Iraq and Syria, a RIF for imports has been created. In 2019, a new regulation has expanded the geographical coverage. Under the new regulation (EU) No 2019/880 on the introduction and the import of cultural goods, the common risk management framework laid down in Regulation (EU) No 952/2013 will be used and relevant risk information should be exchanged between customs authorities. Furthermore, recommendations and guidance issued from international organisations and bodies that are active in cultural matters are to be taken into consideration in the common risk management framework when identifying risks related to cultural goods.

- **Firearms**

The Commission plans an impact assessment on Regulation (EU) 258/2012[16] in 2021, including with provisions to address specific risks, such as the illicit import of convertible alarm and signal weapons, the illicit import of semi-finished firearms parts (which, as 'blanks' should be treated from a customs point of view as firearms part according to rule 2a of the general rules for the interpretation of the harmonised system), or the absence of an entry summary declaration for weapons included in the luggage of air passengers.

- **Wildlife trafficking**

Under priority 2 of the Wildlife Action Plan (WAP), various actions focus on setting enforcement priorities based on common risk-based assessment of EU-wide priorities that are agreed in the EU Wildlife Trade Enforcement Group, in cooperation with the MS and Europol. Twice a year, the Member States are convened for a meeting dedicated to illegal wildlife trade (Enforcement Group), in which updates are given on high-risk products, which can in turn feed into national actions to organise enforcement actions. Furthermore, the EU-Twix database and emailing group, assures close contact between Member States so up-to-date information on emerging threats is shared and taken on board when setting up risk analysis.

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16 Regulation (EU) No 258/2012 of the European Parliament and of the Council of 14 March 2012 implementing Article 10 of the United Nations' Protocol against the illicit manufacturing of and trafficking in firearms, their parts and components and ammunition, supplementing the United Nations Convention against Transnational Organised Crime (UN Firearms Protocol), and establishing export authorisation, and import and transit measures for firearms, their parts and components and ammunition, OJ L94, 30.3.2012, p. 1-15.

- **Waste**

On the control of the illicit movement of waste shipments, work has taken place in the context of cooperation between the EU and China to highlight the risks, enhance cooperation and coordination between the competent authorities and customs and share risk information through the appropriate channels. In the future, this work will continue *inter alia* in a multilateral context involving the WCO.

- **F-GAS**

TAXUD supported the creation of a project group on F-gases under the programme 'Customs 2020' on an initiative of Polish Customs Authorities. The overall aim of this project was to identify best working practices of the customs authorities in supporting the F-gas legislation implementation. The work of the project group has been extended until 31 March 2021, to support coherent application and effective implementation of the EU law as well as to enhance cooperation and coordination between the competent authorities and customs. It will also contribute to increase of safety and security, protection of citizens and the environment.

2.5. Objective 5: Promoting interagency cooperation and improving information sharing between customs and other authorities at the Member State and EU level to ensure effective risk management

Interagency cooperation and information sharing between customs and other competent authorities at the Member State and EU level is highlighted in the strategy as an important means for ensuring more effective risk management and improving supply chain security.

2.5.1. Actions taken by the Member States under Objective 5

The questions under Objective 5 asked respondents to consider actions taken in this regard, particularly in the following action areas mentioned in the strategy:

• Develop further cross-sectoral cooperation arrangements, improve sharing and accessibility of (risk) information, and customs involvement in risk and threat assessments.

• Promote use of good practices and cooperation methods between customs and other national authorities.

2.5.1.1. Activities and outputs

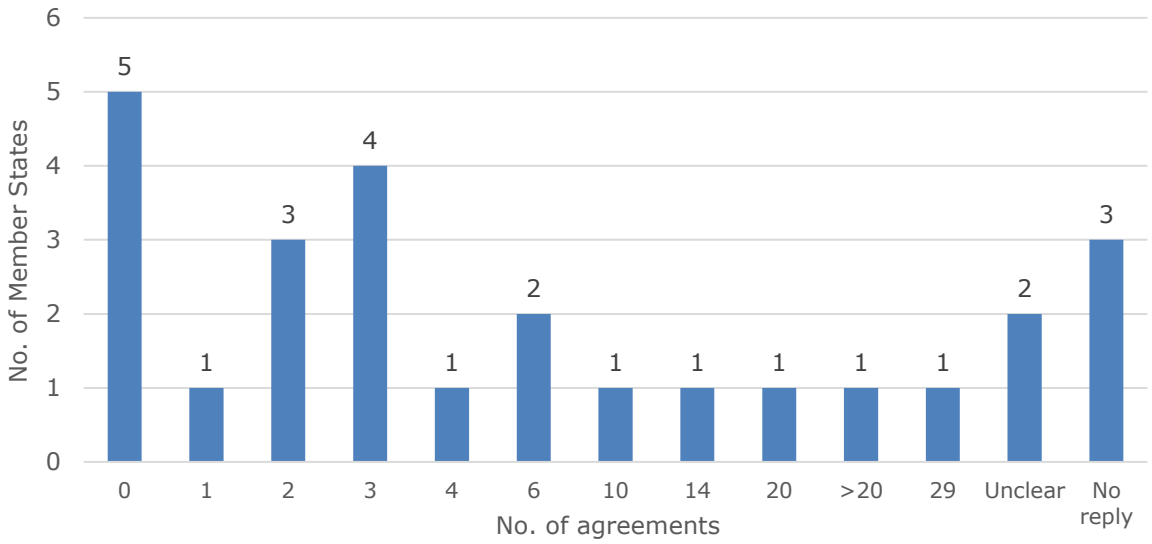
Customs administrations' level of priority of improving cooperation with other competent authorities at the Member States and EU level with the aim to enhance information sharing

No activity	Low priority	Medium priority	High priority	No reply
-	-	7	19	-

The priority granted to Objective 5 is high. Before going into the activities, respondents were asked to provide the total number of formal agreements since 2018 between their national customs administration and other competent authorities at Member States and EU level, such as e.g. Memorandum of Understanding (MOU) for cooperation / information sharing and/or based on sustained and structured cooperation between two or more authorities.

As seen in the figure below, the number of formal agreements varied considerably across respondents, with one Member State reporting 29 agreements since 2018 while five Member States reported no new agreements. This does not necessarily imply that some customs authorities have not been cooperating with other authorities. Relevant agreements could indeed already have been in place before 2018, and/or the question could have been interpreted in different ways.

Number of agreements between customs administrations and other competent authorities at the MS and EU level



Member States were asked to report on actions taken by their administrations since 2018 aimed at improving cooperation with other authorities in their countries or at the EU level, in particular with those authorities that work in one or more of 11 main areas for multi-agency cooperation identified in the table below.

Status of actions aimed at improving cooperation with other national authorities or at the EU level

	No action planned	Action planned but not yet started	Action ongoing / completed	No reply
Other law enforcement, including intelligence	1	2	20	3
Intellectual property rights	3	2	17	4
Transport (maritime and aviation security)	2	5	16	3
Animal, food, feed and plant health and safety	2	2	20	2
Product safety and compliance	2	-	22	2
Health protection	3	-	18	5
Environment	3	-	18	5
Tax	2	-	21	3
Non-proliferation and conventional weapons	2	2	19	3
Cultural goods	4	3	15	4
Interagency cooperation with border guards	2	1	19	4

Respondents were then asked to describe the main actions referred to above. If there had been a large number of initiatives or activities, respondents were asked to focus on the five deemed most significant. Responses show a significant number of activities related to all 11 areas. Specific actions are described below under the 11 main areas for multi-agency cooperation, though there is some overlap between areas.

- **Other law enforcement, including intelligence**

Ongoing or completed activities to improve cooperation with law enforcement authorities were indicated by twenty (20) Member States and two (2) Member States have activities planned. The activities described included taking part in projects and joint operations with Europol and national law enforcement agencies, cooperation agreements and information sharing, and cooperation in preparation for the implementation of ICS2.

Participation in projects and joint operations was mentioned by eight (8) MS. For instance, one customs authority reported they have participated in several operations that stimulate interagency cooperation at both the Member States and the EU level, with for example OLAF and Europol.

At the Member States level, joint operations with other authorities are being organised in the areas of cash and narcotics. For example, one operation had the aim to improve capabilities in detecting illicit cash movements, especially undeclared cash, in identifying currency declarations that present anomalous elements, in linking illicit cash movements with predicate offences, improving capabilities to detect money laundering and terrorism financing.

The possibilities to cooperate at the EU level are also explored by participating in expert and project groups e.g. in the areas of drug precursors – the Customs 2020 Drug Precursors subgroup on the use of risk management. One Member State in addition referred to taking part in working groups with EU MS counter-terrorism experts.

Another Member State reported that due to the Operational Coordination Centre (OCC), customs and a number of other law enforcement authorities and agencies (including the Police, Coast Guard, Financial and Economic Crime Unit) involved in the fight of smuggling of alcohol, tobacco and mineral oil products, carry out joint operations.

A series of Member States referred to cooperation with Europol through involvement in EMPACT, in particular the EMPACT priority excise fraud, involving joint actions and exchange of information.

In 2018, the customs of one Member State – together with Frontex – co-led an international Joint Action Day (JAD) in the areas of fighting the facilitation of illegal immigration, excise fraud and document fraud at the EU external land borders. In 2019, they took part in an international operation with border guards of another Member State, customs from another one and Frontex fighting excise fraud (especially tobacco smuggling), document fraud and migrant smuggling at EU's Eastern external land border. They further reported that exchange of good practices and interagency cooperation have been promoted via participation in the activities of the 9th Customs Cooperation Working Party (CCWP) Action Plan 2018-2019. This includes illegal cigarette production sites within the EU and proliferation of cigarette production machines and tobacco precursors imported legally, smuggling and illegal handling of mineral oils, customs against internet crime, fight against illicit cash movements, fight against IPR infringements, and better integration of Customs in EU Serious Organised Crime Threat Assessment (SOCTA).

One customs authority reported participation in international operations organised by the World Customs Organisation (WCO), Europol and OLAF, including operations aiming at combating smuggling of tobacco products and other excise goods. The CELBET joint customs operation focused on revealing cigarette smuggling in trucks and vans, as well as controlling shipments containing devices and materials used for cigarette production. In addition, they participate in the work of the Baltic Sea Task Force (BSTF) for Combating Organised Crime, with 11 countries in the Baltic Sea Region.

Six (6) Member States referred to **cooperation agreements and information sharing**. For instance, one customs authority has a Memorandum of Understanding (MOU) with its

national Interpol Office, and another customs has an agreement on cooperation with the police for sharing data relating to security issues at its main Airport. While another customs authority reported that they are responsible for drafting an intelligence picture in the area of excise fraud based on a cooperation agreement between the Police Department, Customs Department, State Border Guard Service and Financial Crimes Investigation Service to establish a Joint Criminal Intelligence Information Analysis Centre.

The administration of one Member State reported they have renewed the protocol with their national anti-Mafia directorate according to which customs provides data and information about transnational fraud and criminal networks. They also take part in the National Observatory for Copper Theft, under the Ministry of Interior. This observatory comprises law enforcement and private companies including railways, telecommunications, and confederations of industries, in which the customs administration shares analysis to detect high-risk customs declarations of copper movements including for import, export and intracommunity transit or trade. This customs further referred to cooperation with the National Counter-Terrorism Department.

A Member State's customs reported they have enhanced cooperation and information sharing in the last few years including several official permanent and ad hoc structures for comprehensive cooperation with a wide range of different authorities including law enforcement, licensing and market surveillance authorities and intelligence / security services. Regular information exchange takes place and a robust legal framework ensures that there are no major obstacles for cooperation.

Another Member State's customs reported they have a network of technical experts / liaison officers in several organisations and other national administrations such as Europol and the Financial Intelligence Unit.

One Member State reported participation in the deliberations of a transnational working group with two neighbours. Cooperation focuses on combating narcotics crime related to the production and trade of methamphetamine. Cooperation between the services of the participating countries i.e. Police and Customs Services has a working dimension, involving primarily exchange of information and experience. Moreover, the authorities of another Member State referred to international exchange of information on persons involved in smuggling narcotics between the National Revenue Administration and Customs Liaison Officers in two other countries.

Two (2) Member States mentioned cooperation initiatives with law enforcement in preparation for ICS2. One reported they have designated contact points with the Police, Intelligence Services and Aviation Security in view of the implementation of ICS2 CRCs based on pre-loading information. The second one referred to an initiative on cooperation and exchange of information between customs and other authorities including the Police and Intelligence Service related to ICS2.

- **Environment**

Eighteen (18) Member States mentioned ongoing or completed actions related to cooperation and information exchange with authorities working in the area of environment protection. The actions described varied, but mainly related to cooperating with relevant national authorities, and participating in various projects, committees and operations.

One customs authority referred to close cooperation with other government authorities including the Ministry for Environment, Land and Sea Protection for the development of a 'single window' (SW) integration system, aiming at improving risk management in specific related areas.

Another Member State reported a Memorandum of Agreement (MOA) with the State Environmental Service regarding the control of waste shipments and participation in a project group on the control of F-gases.

In the context of nuclear, one customs authority reported they act as the radiation detection supervisor in close cooperation with the Radiation and Nuclear Safety Authority. A third Member State reported that the Customs and Excise Department in cooperation with other competent authorities have initiated the development of a national threat assessment document on chemical, biological, radiological and nuclear defence.

One Member State reported taking part in a project with the State Forestry Corps and a non-profit organisation. The aim of the project was to map the trade chains in three main areas (waste trafficking, agricultural and food products, flora and fauna protection) in order to prevent and combat environmental crime.

Another Member State reported participation in the international operation DEMETER V on illegal waste materials with the Department of Environment. Participation in operation DEMETER was reported by another Member State, which in addition referred to a current pilot project on waste coordinated by OLAF on fraud related to container transhipments. This pilot project aims to build and share knowledge about the illegal business of smuggling goods by abusing customs rules and legitimate activities such as transhipment.

One Member State reported participation in operations involving different DGs. For instance, the Forum enforcement project of the European Chemicals Agency (ECHA) REACH-EN-FORCE-7 'Enforcement of Registration obligations after the last registration deadline in cooperation with customs authorities including the verification of the strictly control conditions applicable to the substances registered as intermediates'. This customs authority also participates in a pilot project on cooperation with customs in enforcement of REACH and CLP, and organises training lessons provided by relevant agencies related to REACH, CLP, and biocides. They also participate in an inter-ministerial committee related to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

Several other Member States mentioned participating in committees and operations related to CITES. In one Member State, a protocol of cooperation related to CITES and waste between the National Environmental Guard and General Directorate of Customs is in force. It covers the exchange of information as far as the infringement of the EU legislation in the field is concerned and the joint operations for preventing, detecting, finding and sanctioning of any violations, in accordance with the competencies of each institution involved. The authorities of another Member State reported their participation in national expert groups relating to environmental crime and CITES involving regular meetings of experts across different sectors with the aim to share information and to implement common agreed action plans at the national and EU level. They also reported cooperating with selected authorities at the national and international level in the area of environment protection.

- **Transport**

In the context of preparing for ICS2 Release 1 implementation, DG TAXUD actively promoted, and worked closely with national customs (risk management community) in their activities of establishing operational collaboration with the national civil aviation security and national internal security authorities. DG TAXUD emphasised the critical importance and critical success criteria of having all national customs risk management units established operational cooperation with those authorities before ICS2 Release goes live in March 2021. To this end, this matter was brought to attention of the CPG at several meetings in 2019 and 2020, in order to seek the highest-level management support to national risk management teams. In the area of transport (maritime and aviation security), sixteen (16) customs authorities have ongoing or completed cooperation initiatives, and five (5) customs authorities are planning activities in this area. Actions reported commonly involved cooperation with other national authorities as required by the implementation of ICS2.

One Member State reported they have an agreement with the Antiterrorism Agency to put in practice the AVSEC Decision for ICS2 Phase I - Security area. Customs authorities of another Member State reported there has been communication with the National Civil Aviation Authority in the context of ICS2, where they also have a network of technical experts / liaison officers.

Based on the new protection layer implemented by ICS2, which will gradually enter into force from 2021, one Member State's customs authorities has started cooperation with the National Counter-Terrorism Department and Civil Aviation focused on the detection of immediate and severe security risks to aviation transportation.

The customs administration of one Member State is currently intensifying the contacts / liaising with the Federal Aviation Office in the context of incorporating the pre-loading advanced cargo information (PLACI) dataset into the ICS2 national interface. They have started the process of taking part in aviation security as required for ICS2 air pre-loading analysis. Established contacts have been informed of the new capabilities and

responsibilities and working relationships have been formed to discuss operational processes and coordination / cooperation in this field before ICS2 becomes operational. This administration further reported they have actively taken part in discussing topics and drafting guidelines on the EU level in various working groups with EU MS AVSEC authorities, EU MS counter-terrorism experts, and the Commission.

In another Member State there has been an initiative on cooperation and exchange of information between customs and other authorities related to ICS2 including the Civil Aviation Agency. In addition, within the Strategy for Integrated Border Management there is a protocol of data exchange and communication between several national authorities including the Ministry of Sea, Transport and Infrastructure.

In one Member State, an agreement with the national Naval Authority for data exchange between the National Single Window (NSW) (Directive 2010/65/EU) and the national ICS2 was signed. Meetings were held between representatives of the customs authority and the Naval Authority in order to find technical solutions for viewing data sets by experts from the Traffic Services Information and Management System and for linking with NSW ENS.

One Member State referred to a first meeting to commence cooperation with the Anti-terrorism Centre of Internal Security Agency, the Border Guard, and Civil Aviation Authority, dealing with – among others – combating terrorism and air safety. The authorities explained that establishing cooperation in this area aims to strengthen risk analysis through participation and contribution to e-screening conducted for the needs of the ICS2 system. In addition to individual meetings with the respective services, it is planned to hold talks in this regard at meetings of the Interdepartmental Team for Terrorist Threats.

Other cooperation in the area of transport included: an MOU between Customs, the Coast Guard, and the Ministry of Maritime Affairs in one Member State as well as the customs cooperation with the Police and border guards on air passengers' data PNR.

- **Interagency cooperation with border guards**

Nineteen (19) Member States reported on interagency cooperation with border guards**,** though there is some overlap with other areas of cooperation. Activities described in this context varied. For example, some authorities referred to their participation in a coordination centre for border controls, immigration and asylum for common risk management at Border Control Points (BCPs) with other competent authorities.

The authorities of one Member State reported on enhanced activities of a Regional Cooperation Group consisting of the State Border Guard, State Police, State Revenue Service, Food and Veterinary Service and State Environmental Service meeting quarterly to plan and coordinate cooperation and discuss current events.

At the EU level, three (3) Member States coordinate their activities according to the 9th Action Plan of the Customs Cooperation Working Party (CCWP) for the period 2018-2019, which includes *inter alia* issues on risk management, control, and exchange of good practice. One Member State reported systematic data and strategic information sharing with other national enforcement agencies to ensure effective and immediate reaction to security threats, as well as systematic cooperation with Border Police at the external border.

One Member State referred to the ongoing implementation of two agreements, which entered into force in 2017, between the revenue administration and the border guards: (1) performance of tasks specified in the cooperation plan, and (2) editing a common communication channel service and mobile applications. It further reported participating in meetings with officers of the Border Guard involving mainly cooperation with officers of the Department for Analysis, Information and International Cooperation aimed at exchanging information and developing good practices in the field of cooperation and coordination of joint activities in terms of combating drug crime.

Another Member State stated that a consultation platform between the customs and excise administration on the one hand and all the other governmental agencies on the other hand has officially been set up at national level to optimise further communication and cooperation with other agencies. This platform is the instrument used to discuss the activities carried out at the border by both the customs and excise administration and the other public organisations in order to increase efficiency and to formalise the contacts / cooperation that existed previously in an informal way. Several working groups already exist, each focusing on a specific theme: policymaking, training, policy about dual use / embargoed goods. A working group on risk management is one of the priorities for the future, though the customs and excise administration already cooperate regularly with other governmental authorities on risk management, albeit in a less formal manner.

- **Animal, food, feed and plant health and safety**

Ongoing or completed cooperation in the area of 'animal, food, feed and plant health and safety' was reported by twenty (20) Member States. Initiatives in this area include participation in joint operations, and cooperation including agreements with national authorities.

Several customs authorities participated in joint operations organised at the EU and international level with authorities such as the Federal Agency for Safety of the Food Chain. Operations include in particular OPSON, Silver Axe, Thunderball, and OLAF JCOs relating to CITES.

Other cooperation in the area of 'animal, food, feed and plant health and safety' involved agreements with other national authorities. For instance, the customs authorities of a Member State noted an interdepartmental agreement with the border inspectors and the food and veterinary service including cooperation at border crossing points, agreement on

cooperation in customs clearance and customs control with postal and rail operators. They also carry out training seminars for customs officers in cooperation with the food and veterinary service.

One administration referred to a new agreement regarding cooperation between Customs and the Agriculture and Food Inspection Authority including the exchange of information about dangerous foodstuffs, which can be used to create new risk profiles. Another customs authority noted they have a protocol, within the Strategy for Integrated Border Management, relating to data exchange and communication between several national authorities including the Ministry of Agriculture.

Another Member State reported on cooperation mechanisms such as different national plans and programmes to improve the efficiency of official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules, for example a national programme of surveillance, prevention and control of African swine fever – defining the roles and competencies of different authorities involving the National Sanitary Veterinary and Food Safety Authority, and National Phytosanitary Authority.

One Member State cited close cooperation with other government authorities including the Ministry of Agriculture for the development of a 'single window' integration system, aiming at improving risk management in specific related areas.

Finally, in the area of 'animal, food, feed and plant health and safety' the authorities of another Member State reported participation in national expert groups including on CITES and ongoing cooperation with selected Member States authorities.

- **Product safety and compliance**

Nearly all customs authorities (22) reported completed or ongoing initiatives to enhance cooperation with other authorities and other Member States in the area of product safety and compliance. In this context, respondents referred to cooperation with Market Surveillance Authorities (MSAs) and participating in project groups and national committees.

For instance, one Member State reported that the Department of Customs and Excise carried out joint actions with MSAs such as joint operations, joint trainings and the use of new technologies for chemical detection. Relevant guidelines for customs officers have been uploaded to the Department's intranet, which furthermore in cooperation with MSAs is in the process of developing a national legislation based on Regulation 2019/1020 on market surveillance and compliance of products.

The customs authority of another Member State reported they cooperate well with national MSAs in the area of product safety based on the national legislation and formal bilateral protocols, but even without protocols, exchange of control and risk information is ensured.

The authorities of a third Member State reported that information exchange with national MSAs has been stimulated as a result of quarterly meetings. In addition, in the area of product safety, a Framework Agreement with the Ministry of Economics has been negotiated at the national level.

One Member State reported ongoing cooperation with MSAs in the area of prohibitions and restrictions. While another one referred to meetings with MSAs for better understanding of threats and combining powers for tackling risks.

Two authorities reported participating in several expert and project groups including PARCS. The authorities referred to a project group on statistical data and risk analysis in the area of product safety to prepare the entry into application of the new Regulation 2019/1020 on market surveillance and product compliance.

Two other countries referred to participation in national committees. One of these customs authorities participates in a national committee on market surveillance representing all relevant authorities in the areas of product safety and compliance and health protection. In addition, they organise training lessons provided by the relevant agency related to product safety. The other authority stated that the exchange of information is secured in national inter-ministry committees, the base for communication is mostly in the legislation and in agreements with all agencies involved.

Finally, one Member State reported they have an MOA with the State Technical Control Agency regarding controls of agricultural and forestry machinery.

- **Intellectual property rights (IPR)**

Cooperation with other national authorities in the area of intellectual property rights (IPR) is ongoing or completed in seventeen (17) of the surveyed Member States. The initiatives described by Member States in this area mainly related to formal agreements and participation in joint operations. Note that some initiatives are described under 'other' headings as there is overlap between initiatives in IPR and other areas.

In the context of IPR, one Member State's customs have an MOA with the national Patent Office, who they also carry out training seminars for customs officers with. In addition, they participate in project groups relating to IPR and organise public awareness campaigns on the topic. Another Member State's customs reported they have carried out joint actions in the area of IPR with the Police, based on the MOU signed between the two authorities. A third Member State's customs reported participating in joint operations in the area of IPR, one led by OLAF. Similarly, a Member State reported participation in JCO HYGIEA related to counterfeit goods.

One Member State described activities in the area of IPR, although these related to protocols signed pre-2018, in 2016 – the Protocol on the prevention and combating of traffic of counterfeiting medicines between the General Directorate of Customs and the Public Ministry, Ministry of Internal Affairs, the National Drug and Medical Devices

Agency, National Sanitary Veterinary and Food Safety Authority, Association of Generic Medicines Manufacturers, Association of International Producers of Medicines. The purpose of this protocol is to create a single point network contact (SPOC) at the level of the public and private partners involved in combating the counterfeiting of medicinal products in accordance with the specific attributions and competencies provided by the national legislation. In addition, a Protocol has been signed between a General Directorate of Customs and a car manufacturer to cooperate in specific actions in order to prevent and combat violations of the customs legislation regarding the enforcement of the intellectual property rights (counterfeit auto parts).

- **Tax**

Twenty-one (21) Member States reported cooperation with other authorities and Member States in the area of tax, though relatively few mentioned cooperation in this area as one of the main initiatives. Reported initiatives included: an agreement on cooperation and data exchange between a Member State's customs and tax administration; close cooperation with tax authorities and other EU Member States in connection to the VAT and customs procedure 42; and a joint operation aiming at preventing abuse arising from the application of customs procedure 42 with five other Member States. One Member State's customs authorities reported that a cooperation group between the VAT administration and customs is provided for in national law. In another Member State, links to internal tax databases have been improved (links to obtain information on EOs, national taxes, sanctions, activities, etc.), while other authorities stated they have a network of technical experts / liaison officers in several organisations and other national administrations including the National Tax Authority.

In addition, the authorities of one Member State referred to counteracting unjustified reimbursement of VAT to travellers under the tax-free system. Integration of the 'VAT refund for travellers' system of the National Revenue Administration with the system administered by the Head of the Office for Foreigners and the Integrated Archive of Checks and ID Checks system administered by the Border Guard – integration of these systems makes it possible to verify actual stay of foreigners on EU territory applying for a tax refund.

- **Non-proliferation and conventional weapons**

Nineteen (19) of the surveyed Member States reported cooperation in the area of non-proliferation and conventional weapons and two (2) Member States stated that actions are planned for the future. However, only four (4) Member States describe these as one of their main initiatives, largely relating to information sharing.

One of these customs authorities has a multi-agency working group aimed at non-proliferation, dual use goods, and conventional weapons. Information shared in this working group enables creation of risk profiles. One Member State reported that the customs administration participates in the national Financial Security Committee to

coordinate the fight against terrorist financing and includes exchange of information regarding non-proliferation and conventional weapons. In another Member State, there is cooperation with the National Security Analysis Centre including data and information sharing in the area of non-proliferation, conventional weapons and the fight against terrorism. One Member State's customs authority referred to structural forms of cooperation such as meetings, organisation of joint actions, exchange of risk information, and training between the customs and relevant authorities at the MS level.

- **Cultural goods**

This was the area where the fewest countries reported actions.

Fifteen (15) Member States reported completed or ongoing cooperation with authorities that work in the area of cultural goods. Only three (3) countries reported this as one of their main initiatives. One Member State stated that close cooperation with the Antiquities Department has been achieved by providing their technical advice and expertise upon request on suspicious cargo consignments. Another Member State reported that they participate in a national expert group related to cultural goods, which involves regular meetings of experts across relevant sectors with the aim to share information and to implement common agreed action plans at the national and EU level. A third Member State referred to an agreement, entered in 2020, between the Head of the National Revenue Administration, the Minister of Culture, the Commander-in-Chief of the Police and the Commander-in-Chief of the Border Guard on cooperation in combating illegal export and import of cultural goods. This agreement provides the National Revenue Administration access to the data of a system processing of data contained in administrative decisions-permits for the export of cultural goods abroad. Moreover, it concerns mutual assistance in the fields of control activities, exchange of information, training and exchange of experience and offers a quick possibility of verifying the object in databases run by the Ministry of Culture in terms of legality of origin (whether object was stolen or is not a war loss).

- **Health protection**

Customs administrations highlighted several initiatives in the area of health protection. Although some of these initiatives have been mentioned elsewhere, since there is overlap between areas. Reported initiatives included for example participation in an international joint operation with relevant authorities including Police and pharmaceutical services on falsified pharmaceutical products. One Member State's customs authority reported they have an MOA with the Health Inspectorate regarding the control of medical goods and cosmetics. Similarly, another customs authority has a protocol within the Strategy for Integrated Border Management relating to data exchange and communication between several national authorities including the Ministry of Health.

- **Other**

Respondents were further able to provide examples of actions taken to improve cooperation and information sharing that did not fit into the 11 areas described above. Examples of these and some more general responses are described in this section.

For example, in the area of products and strategic technologies, one Member State referred to a protocol signed between the General Directorate of Customs and the National Agency of Controls of Exports (a specialised body of the central public administration, with legal personality, subordinated to the Ministry Foreign Affairs). The protocol aims at increasing the effectiveness of export and import control systems for products and strategic technologies as well as preventing, detecting and combating violations of legal provisions on export control regimes and the import of strategic products. This customs authority also referred to agreements with the main international express couriers for the exchange of information and an agreement between the fiscal administration and the national post company on combating violations of customs legislation. In addition, it informed about a cooperation plan with the Customs service of a neighbouring non-EU country on the intensification of collaboration on combating customs fraud and trade facilitation.

The authorities of one Member State referred to cooperation with the General Inspector of Financial Information involving providing customs authorities with (1) information referred to in Article 5 of Regulation (EC) No 1889/2005 of the European Parliament and of the Council on controls of cash entering or leaving the community and (2) information contained in the declarations of import into and export abroad of foreign exchange values or national means of payment (as defined in national legislation). In addition, related to road transport security, these authorities are cooperating with the General Inspectorate of Road Transport including access to its system for Electronic Authorisation Control. The system enables effective control of international road hauliers transiting through the territory on the basis of authorisations.

Another customs authority reported that in the framework of their EU presidency, they carried out an exercise on the review of the legal framework of international cooperation covering the legal basis of nine regulations, conventions, decisions, and directives. On the EU level, priorities of this Member State's presidency included enhancing international cooperation between customs authorities, the Commission, Europol, and the European Border and Coast Guard Agency Frontex. While in terms of national cooperation, this administration noted that they have had structured procedures with relevant authorities for cooperation and information exchange.

Similarly, another customs authority reported about active cooperation between regulatory agencies and equally cooperation with similar authorities in other MS significantly predates the CRMF.

The administration of one Member State provided a more general response, stating that national authorities are instructed by the government in a legislative Act to seek

cooperation with each other for the benefit of society. For a number of the areas mentioned above, the national legislation prescribes how the cooperation and information sharing shall be carried out. In some cases, there are written agreements between two or several agencies with more detailed forms for their cooperation and customs is a partner in several such agreements and networks.

Another Member State stated that its main actions related to improving cooperation with other authorities cover two main areas: exchange of information and in some cases, customs data; and development of joint operational actions, with focus on transnational movement of goods.

2.5.1.2. Results – Improved integration/utilisation of risk information

Extent to which above actions have improved integration / utilisation of risk information from other competent authorities at the MS or EU level in risk management practices

Not at all	To a limited extent	To some extent	To a great extent	No reply
1	-	18	6	1

Several Member States (6) indicated that the actions have led to major improvements, while nearly all the rest (18 Member States) noted improvements 'to some extent'. Respondents were then asked to describe the improved integration / utilisation and how it came about. Responses here varied significantly. Some respondents were able to provide clear indications of improvements achieved through specific actions. However, others had trouble distinguishing between activities and the results of activities, leading them to repeat previously made points. More importantly, others noted the difficulty in attributing improvements to specific activities, leading them to mention improvements only in the general sense.

Similarly, two (2) Member States pointed out that cooperation as described has been in place for a long time, with progress taking place incrementally.

The main examples of improved integration / utilisation of risk information consisted of improved awareness / understanding of existing and emerging risks, increased numbers of seizures, and the creation of new and adaptation of existing risk profiles.

- **Improved awareness / understanding of existing and emerging risks.**

One Member State reported that in the area of cash, information received from other Member States was taken into account in order to perform checks in the framework of DAPHNE, which enabled them to discover a new route. This Member State reported that exchange with other Member States concerning risk analysis within the framework of cash

allows them to better understand the particularities and common risks and that the Cash Controls Expert Group Subgroup II set up by the Commission is a useful exchange platform in this context. Another example is in the area of precious metals, where this authority stated that the information they receive from Ministry of Economy about suspicious firms, illegal activities and withdrawn permits, allow them to adapt risk reduction instruments.

Another Member State stated that areas of EU interest or competence are generally underpinned by electronic or other systems for the identification and exchange of risk information. This has improved information sharing and has led to an increasing focus on electronic risk analysis as a control tool that is gradually delivering an improved understanding of both existing and emerging risks.

- **Increased numbers of seizures**

The authorities of one Member State reported that, as a result of the OCC's operations, there have been increased numbers of seizures of excise duties products and an increase in illicit drug trafficking identification. Another one reported increased numbers of seizures of tobacco products, while in the area of IPR, activities have led to increasing numbers of seizures and discovering illegal movements of waste containers. Other authorities reported increased seizures thanks to the exchange of operational information with other Member States.

The authorities of another Member State stated that participation in joint operations, involving efficient and effective exchange of information and consistent action, resulted in the detention of goods including cigarettes, amber, raw resin stone, counterfeit clothing, and alcohol. The authorities also stated that the integration of the IT systems for counteracting unjustified reimbursement of VAT to travellers related to tax free, has significantly reduced the activity of organised criminal groups shipping out wholesale quantities of goods (divided into individual travellers) with the aim of VAT refund fraud.

- **Creation of new and adaptation of existing risk profiles.**

One Member State reported that cooperation including information sharing with other authorities and Member States has enabled them to create new risk profiles and to adapt existing ones in several areas.

Another Member State reported that cooperation with national law enforcement has allowed sharing of risk information, including goods flows, modus operandi, and company data, which have helped to create new and more effective risk criteria and new investigation cases.

The administration of one Member State explained that improved integration / utilisation of risk information was a result of recent developments such as the automatic link between certificates issued and the customs declaration (web services), the one-stop-shop in ports (information of all physical controls in the single window to organise them), and common

repository of documents (where the EO can include the information required for issuing the certificates and all the authorities have access).

2.5.1.3. Outcomes

Extent to which the actions described above have improved risk management practices

Not at all	To a limited extent	To some extent	To a great extent	No reply
-	1	18	7	-

- **Improved risk management practices**

Seven (7) respondents indicated that the actions taken to improve cooperation with other authorities at the Member States and EU level have improved risk management practices in their countries to a great extent, while nearly all the rest (17 Member States) noted improvements 'to some extent'. Respondents were asked to describe the progress made in this context and how it came about. Some answers were general and without much detail, while other answers varied significantly – some examples are provided below.

One customs authority reported that their risk management practices have improved to a great extent. Progress includes a fully operational system for exchanging certificate data in the frame of the national customs single window – a one-stop-shop to coordinate the physical controls on goods. The project is currently in the end of its pilot phase. The hope is to adopt a new approach, based on the customs pre-declaration, that allows the coordination of controls and risk analysis prior to the arrival of the goods, thus providing involved authorities with better information in advance. If any of the competent authorities involved needs to check the goods before issuing the certificate, they communicate it to the single window to coordinate all necessary controls.

The authorities of another Member State noted that in most areas they reported cooperation there has been an improvement in risk management practices, arising in particular from systematic cooperation between competent national authorities. In most cases, the platform for cooperation is created by online access to the IT systems administered by the cooperating authorities and the possibility to use the data contained in these systems during control activities. Cooperation with law enforcement, border guards and other Member States has led to more effective actions in combating crime, revealing and combating smuggling and distribution of precursors, pre-precursors, new psychoactive substances (NPS), synthetic drugs from Asian countries and other countries to the EU. Participation in joint operations has increased effectiveness of detecting irregularities through the use and application of acquired knowledge and exchange of experience on the methods of risk analysis used and the most effective methods and tools used to reveal smuggling at the external EU border, places of illegal tobacco production and irregularities in trade of dried tobacco.

The authorities of one Member State reported that in the area of food safety, the aforementioned activities have led to a strengthened customs supervision of imported and exported dangerous foodstuffs. In the area of non-proliferation, activities have resulted in better targeting of customs controls for some exporting entities and, in the area of border security (airport), data received from other authorities have made tracking suspected persons easier.

Another administration referred to its presence at the Passenger Information Unit (PIU) which have resulted in the capability to carry out risk-based controls on air passengers. It further reported that in all other areas, the cooperation and the exchange of information with competent authorities have been used for implementation of risk-based controls.

In the area of enforcement, border cooperation and security, one Member State reported that close and systematic cooperation with other enforcement agencies has led to new or adjusted processes, which have increased the effectiveness and response of executive bodies in the area of customs crime and smuggling. The administration further reported that coordination with authorities in the area of product safety, including setting up internal processes for communication of risk information, contributed to the increasing number of RIFs communicated via the CRMS in this area.

One Member State reported that risk management practices have improved to a great extent as a result of awareness raising of information sharing via IT systems such as the Rapid Alert System for Non-Food Products (RAPEX) and the Rapid Alert System for Food and Feed (RASFF), Enforcement Groups such as FORUM, information sharing platforms such as the WCO Archeo platform relating to cultural goods, and the national customs risk engine.

A Member State noted that the customs administration has succeeded in getting other national agencies to share risk-relevant information and data. This has in turn improved the quality and robustness of risk criteria and analysis.

Examples of the more general responses include responses from three (3) Member States. The first one stated that utilisation of risk information from other competent authorities has strengthened management of customs risks and supply chain security and that active exchange of information, projects and operations allow for more targeted control measures. The second one reported that among other benefits, information gathered from other authorities and MS supplements the picture Risk Management is assembling based on intelligence retrieved from its own sources. The third one stated that overall, the measures taken to enhance cooperation have strengthened management and organisation of customs risk, improved the speed of information flow and enhanced cooperation with several parties.

2.5.1.4. Encountered challenges, difficulties and barriers

Have you encountered any significant challenges, difficulties or barriers that have kept you from implementing desired actions or making more progress in the cooperation with other non-customs competent authorities at the Member State and EU level?

Yes	No	No reply
15	8	2

Fifteen (15) Member States reported they have encountered difficulties that have kept them from implementing desired actions or making more progress in the cooperation with other authorities at the Member States and EU level. Eight (8) Member States stated they have not encountered significant challenges in this regard. Of the Member States that did report difficulties, the themes that emerged included legal challenges, insufficient human and financial resources, and lacking IT developments.

Nine (9) Member States reported legal challenges. For instance, two Member States referred to limitations to multi-agency cooperation and information sharing created by GDPR. One Member State suggested that in linking GDPR legislation and the Union Customs Code (UCC) it should be made clear which information can and cannot be exchanged (not only via mutual assistance). This administration stated that the extent of Article 46 UCC needs a more detailed clarification to provide Member States with a clear legal basis to exchange information. One Member State referred to obstacles in the PNR directive related to numerous limitations in availability and analysis of passenger data. Another one pointed to insufficient legal frameworks and processes to promote and support ongoing actionable cooperation leading to a lack of coordination and common priorities. While another Member State reported that the legal instruments for administrative cooperation purposes (e.g. for proper assessment of VAT and customs duties) are occasionally incorrectly applied for criminal investigative purposes and vice versa. They further noted that sometimes multiple legal bases are indicated in one request for assistance, thus leaving it to the requested authority to select the appropriate legal basis. Additionally, this Member State noted that legally stipulated channels of transmission of mutual assistance requests were not always respected: the Central Liaison Office regarding Council Regulation (EU) 904/2010, the central excise liaison office (ELO) regarding Council Regulation (EU) 389/2012, and CCU[17] regarding Naples II. One Member State's customs reported that different interpretation and definition of legislation language between customs and other agencies is a challenge, e.g. for the terms 'import' and 'transit'.

[17] The Central Coordinating Unit (CCU) was designed to provide a forum for cooperation between central customs units and also with judicial authorities regarding the application of the Naples II Convention.

To note that the Commission sent already in December 2016 a 'Toolbox' document to its services prescribing the use of the correct terminology and definitions of customs.

Insufficient human and financial resources were reported by three (3) Member States. For instance, one Member State stated that there is a lack of experienced staff in specific areas such as intelligence and there are insufficient resources in terms of funding, facilities, IT systems, and means of control. Another Member State's customs reported insufficient capacity of human resources and funding in relation to the lengthy and bureaucratic process of developing cooperation agreements and interdepartmental arrangements. Another Member State stated that initiatives between customs and other authorities have been launched but are now in pending status due to lack of human resources on both sides. Therefore, major improvements related to direct exchange (electronic) of information with police and intelligence services had been put on hold.

Lacking IT developments was mentioned by three Member States. For example, one Member State stated that the customs department lack the IT facilities to assess the results of risk management activities specifically for AEO companies. Another Member State reported they have encountered difficulties since partner competent authorities (PCAs) have different levels of IT development, however, they are still working to integrate as much PCAs as possible in the single window.

2.5.2. Other actions taken by the Commission under Objective 5

- **Product safety and compliance**

Under the current Consumer Programme, EUR 15 million is budgeted for Coordinated Activities on the Safety of Products (CASP) for the period 2019/2022. The framework contract set up for this activity includes specific actions focused at enhancing the coordination of product safety enforcement authorities, including customs.

In the context of new Regulation (EU) 2019/1020 on market surveillance and compliance of products with EU legislation, the Commission organised a joint meeting of market surveillance and customs authorities at EU level in February 2019. The objective was to discuss practices and challenges in cooperation between customs and market surveillance in view of ensuring that unsafe or non-compliant products are more effectively identified and kept out of the EU market. Follow-up meetings are foreseen to support the implementation of the new market surveillance framework. The launch of the EU Product Compliance Network in January 2021 will provide a new framework for cooperation between the numerous market surveillance authorities in the EU and their customs counterparts.

- **Wildlife**

Together with Interpol and Europol, different coordinated actions were set up to tackle illegal wildlife trafficking, including joint police and customs operations such as Operation Blizzard in April-May 2019, which targeted the illegal trade in reptiles. The European

Commission is also developing an EU-wide database system, which will allow easy access for Member States' customs, and potentially other enforcement authorities, to permits issued under the EU Wildlife Trade Regulation, allowing better tracking of legal trade and intercepting illegal trade.

- **Forest Law Enforcement Governance and Trade (FLEGT)**

On Forest Law Enforcement Governance and Trade (FLEGT), the Commission updated the 2014 'Customs and FLEGT implementation Guidelines'. The updated document 'Customs and FLEGT Implementation Guidance'[18] was published in January 2020 and also explicitly refers to the use of risk management in profiling and controls regarding timber and timber products under FLEGT licensing scheme.

Furthermore, The European Commission developed an IT system —FLEGIT/TRACES — for the electronic management of FLEGT licences by Member State competent authorities and customs authorities.

The EU Timber Regulation (EUTR) is the key instrument for the implementation of the FLEGT action plan, the aim being to address the problem from the demand side. EUTR prohibits the placing by operators (i.e. any (natural or legal) person first placing timber on the EU market) of illegally harvested timber on the EU market. Although the EUTR does not stipulate measures for border control measures, better access to customs data regarding the identification of operators and relevant import data from competent authorities is essential. This information exchange will facilitate checks using a risk-based approach supporting a more effective enforcement of the EUTR.

- **IPR**

With regard to IPR infringements, there has been a continuation of cooperation and coordination between enforcement authorities at EU level, which has led to the seizure of millions of IPR infringing goods imported in the EU. In order to strengthen customs enforcement of IPR, the Council adopted in November 2018 a new EU customs action plan to combat IPR infringements for the years 2018-2022, encompassing many actions, which the Commission is implementing together with the national customs administrations and which aim to tackle new challenges such as the massive flow of small consignments due to e-commerce. Another main objective of this action plan is to enhance risk management. A Customs 2020 Working Group is set up to gather IPR and risk experts from Member States to enhance the use of existing customs risk management tools and to strengthen the risk assessment process.

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[18] CUSTOMS & FLEGT Implementation guidance Public summary2020/C 20/01 C/2020/112; OJ C 20, 21.1.2020, p. 1–14.

Enhanced cooperation between competent authorities is another important objective of this action plan, as tackling the whole supply chain requires almost always intervention from other Law Enforcement Authorities (both at the source and at the end of the supply chain). As data gathering and analysis is key to feed the risk management tools, the Commission is cooperating with the Member States and the European Union Intellectual Property Office (EUIPO), OLAF and Europol to see what data are available at Union level to identify those data that could be useful for IPR risk profiling. The Intellectual Property Crime Coordinated Coalition (IPC3), set up within the structure of Europol and co-funded by EUIPO, provides operational and technical support to law enforcement agencies and other partners in the EU. The Commission also supports the EUIPO blockchain-based project 'Blockathon'[19], which aims to build a common blockchain infrastructure where intermediaries, right holders and law enforcement authorities, in particular customs authorities, can connect and share data to protect the supply chains against infiltration of counterfeit goods.

The Commission remains also focused on the dialogue with China and Hong Kong, China, which remain the main sources of IPR infringing goods. The spearhead in that cooperation remains the action plans that are established with China and Hong Kong, China.

In addition, with the current COVID-19 crisis, actions into COVID-19 related products have emerged. OLAF, Europol, the competent Commission Services (using the CRMS) and national customs administrations continue to work together to prevent goods entering the EU, which are sometimes infringing IPR but often worse, are substandard and thus not providing the required protection to the citizens.

Finally, in November 2020, the Commission adopted the IP Action Plan[20], which aims, among others, to improve the enforcement of IPR. The Commission underlined that the capacity of law enforcement authorities has to be substantially strengthened. It also recalled its support for Member States' customs authorities in improving risk management and anti-fraud actions, in particular through the establishment of an EU layer of data analytics capabilities, as announced in the Action Plan "Taking the Customs Union to the next level" adopted on 28 September 2020[21]. The Commission will establish an EU Toolbox against counterfeiting to:

i. clarify roles and responsibilities of right holders, suppliers, various sets of intermediaries (e.g. online platforms, social media, the advertising industry, payment services, domain name registrars/registries, and transport and logistics companies) and public enforcement authorities (including customs authorities) to curb piracy and counterfeiting, and

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19 https://euipo.europa.eu/ohimportal/en/web/observatory/blockathon.
20 COM(2020)760.
21 COM(2020) 581 final.

ii. identify ways to reinforce cooperation between all involved players, in particular on sharing of relevant data on goods and traders.

- **Traditional own resources**

The Commission undertakes every year traditional own resources (TOR) inspections to Member States, in order to ensure proper and timely collection of TOR and the protection of the EU financial interests. In the course of the inspections, the Commission also examines the structure and the functioning of the risk management system of the Member States in relation to the inspection theme and assesses if Member States undertake effective customs controls, following a risk-based approach and taking into consideration risk information provided by the Commission through RIF and AM communications.

TOR reports[22], describing the findings of each inspection, are communicated to the Member States with relevant recommendations for specific actions. At the same time, TOR reports provide substantial feedback for the relevant Commission services on the actual use of risk information by the Member States and the shortcomings in effective risk management identified per Member State.

In particular, TOR inspections in 2018 and 2019 focussed, *inter alia*, on the control strategy regarding customs value and the correct application of Anti-dumping and Countervailing duties (ADD/CVD) concerning solar panels.

Substantial shortcomings were identified during these TOR inspections as regards the risk management of customs valuation and the correct application of ADD/CVD for solar panels and were taken into consideration by the Commission within the CRMF. The TOR inspections actively contributed to raise the awareness of the Member States on the topics inspected and according to the findings included in the TOR reports Member States were requested to take measures in order to enhance the quality and the effectiveness of the related risk profiles. Moreover, TOR inspections highlighted the loopholes in the implementation of relevant RIF and AM communications and cases where member States failed to respond effectively to the risk indicated by these communications.

In addition, TOR inspections examined how Member States implement risk analysis as regards trusted operators and noted that in many cases AEOs benefit from preferential treatment that goes beyond the relevant legislation. According to relevant TOR reports, in some Member States AEOs are even excluded from the risk analysis system by way of derogation, due to their status as trusted operator. These findings were also presented and discussed with Member States in a Joint Meeting of AEO network and risk management experts held on 17 June 2019.

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[22] COM(2019) 601 final. 26.11.2019: Ninth report from the Commission on the operation of the inspection arrangements for traditional own resources (2016-2018) Article 6(3) of Council Regulation (EC, Euratom) No 608/2014 of 26 May 2014, (OJ L 168, 7.6.2014, p. 29–38).

- **VAT**

In 2018, with the modification of the Council Regulation (EU) No 904/2010 on administrative cooperation in the field of VAT, the cooperation between tax and customs authorities on VAT exempt importations (CP42 and 63) has been significantly enhanced. Customs authorities have now access to the VAT Information Exchange System for validating VAT numbers at the moment of the importation and for controlling the correct reporting of these transactions for customs and VAT purposes. At the same time, tax authorities were granted access to Surveillance 3 to identify unreported transactions. Once the practice in using these tools will be established, the communication between tax and customs on this issue will be streamlined and fraud detection will be more efficient.

- **Waste**

See above in Section 2.4.4.3.

- **F-GAS**

See above in Section 2.4.4.3.

- **Cash controls**

Under the new Cash Controls Regulation, controls will primarily be carried out in accordance with the common cash movements risk criteria & standards (CMRC), and will take into consideration the risk assessments established by the Financial Intelligence Units (FIUs). The implementation of the WCO Customs - FIU Cooperation Handbook is expected to further enhance this cooperation in particular by ensuring more information exchange with the FIUs allowing therefore for a more targeted risk analysis.

- **Health and safety**

Health and safety are addressed in the Council/EP Regulation on Official Controls. The Commission developed delegated acts and implementing acts for that Regulation. The delegated acts and implementing acts have applied since 14 December 2019.

- **Official Control Regulation (OCR)**

Official controls in the area of agri-food are carried out by the competent authorities in the EU countries to verify business compliance with the requirements set out in agri-food chain legislation.

The agri-food chain encompasses activities preceding and comprising the production of food, i.e. from farm to fork, stable to table). It ranges from plants and animal production, to food manufacturing and supply; including activities that take place at the farm level, but also processing and distribution to the consumer. Agri-food chain rules therefore cover the safety and quality of food and feed, plant health, animal health and welfare. They also

cover import controls on animals and goods entering the EU from third countries (i.e. countries outside the EU).

The Member States are responsible for the enforcement of agri-food chain legislation. Competent authorities organise official controls systems on their territory to verify that operators' activities and goods placed on the EU market (either EU produced or imported from non-EU countries) comply with relevant standards and requirements. All business operators must ensure compliance with EU agri-food chain requirements in their daily activities. They are subject to official controls irrespective of their size, depending on the risk posed by different activities to the safety of the agri-food chain.

The role of the EU is to assure that the control systems at national level are effective.

The OCR gradually became applicable with 14 December 2019 having been the main application date. In total thirty-three delegated and implementing acts were developed to supplement the OCR and were adopted prior to 14 December 2019. Twenty-one of those delegated and implementing acts are directly related to the official controls of the animals and goods entering the Union[23].

The OCR and supplementing delegated acts and implementing acts establish an integrated approach to import controls by eliminating previously fragmented requirements. Common rules apply to official controls carried out at borders on animals and goods, the latter of which must be checked by the competent authorities before they enter the EU. To be noted that these 'goods' cover all products of the competent Commission Services' interest, which include animal by-products, plant product, food and feed of non-animal origin, plastic kitchen equipment, organic products to name a few.

New provisions within the OCR require close cooperation among competent authorities, customs authorities and other authorities involved in the controls of animals and goods entering the Union to ensure timely exchange of relevant information.

The OCR requires the Commission, in collaboration with Member States, to set up and manage a computerised information system for official controls (IMSOC) to manage, handle and automatically exchange data, information and documents in relation to official controls. The import control system is more risk-based and targeted. All consignments presented at border control posts must undergo documentary checks. Identity and physical checks are carried out at a frequency that depends on the risk posed by each category of animals or goods to human, animal or plant health.

The IMSOC is to integrate the four existing information systems managed by the Commission, namely the Rapid Alert System for Food and Feed (RASFF - established by General Food law), the Animal Diseases Information System (ADIS - to be established

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23 https://ec.europa.eu/food/sites/food/files/oc_qa_ocregulation_20191212_delegated_implemented_acts_en.pdf

pursuant to the Animal Health Law), the system for notifying and reporting pests' presence (EUROPHYT - to be established by the Plant Health Law) and the TRACES platform[24].

The OCR has also clarified and strengthened rules on Member States cooperation and administrative assistance to enable Competent Authorities to deal efficiently with cross-border non-compliance. Member States are now able to facilitate the exchange of information between Competent Authorities and other enforcement authorities such as public prosecutors on possible cases of non-compliance.

The Commission has started to tighten the work and collaboration in view of imports of non-animal origin, to trace those products and uncover possible fraud and non-compliant products. Furthermore, through presentations in the relevant expert groups, information on the Food Fraud Network and its activities is made visible to border control posts to increase the knowledge and possibilities of exchanges for suspicious foodstuffs at the relevant control points.

2.5.3. The European agenda on security

As gatekeeper for the flow of goods of the external EU borders, EU customs play a crucial role in protecting the EU and its citizens, as well as protecting international supply chains from criminal activities and terrorist attacks. By implementing the EU Strategy and Action Plan for customs risk management, the Commission contributes to the implementation of the European agenda on security, a central component of the general objective to create an area of justice and fundamental rights. The new EU Security Union Strategy 2020-2025 adopted on 27 July 2020 refers to the importance of the security of external border and states that '*Customs activities in detecting safety and security risks in all goods before they arrive in the EU and in controlling goods when they arrive are crucial in the fight against cross-border crime and terrorism'* and refers to the Action Plan on the Customs Union which *announces* '*actions to also strengthen risk management and to enhance internal security, including in particular by assessing the feasibility of a link between relevant information systems for security risk analysis.*'

In addition, the Commission has undertaken a number of legislative initiatives the previous years with the same aim to deprive terrorist from financing sources. At the customs level, the following two regulations were adopted in the period 2018-2019:

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[24] As mentioned earlier, TRACES allows the monitoring of consignments of live animals and animal products but also of plants and plant products checked at the BCPs. It automatically exchanges data on import controls with customs authorities. Together with the iRASFF/AAC and AAC-FF, it allows for exchanging information with the Member States on possible fraudulent and non-compliant foodstuffs and enabled the Commission to develop the EU Single Window project. The enlargement of the scope of TRACES with regard to performance of documentary controls at border for sanitary and phyto-sanitary reasons will result in a very high quality and quantity of information in the relevant databases, which will be used to perform predictive analysis on consignments to determine the risk and streamline the frequency of controls.

- Regulation (EU) No 2018/1672 of the European Parliament and of the Council on controls on cash entering or leaving the European Union and repealing regulation (EC) 1889/2005. It will enter into application on 3 June 2021. Until then, the relevant implementing acts are to be adopted.
- Regulation (EU) No 2019/880 of the European Parliament and of the Council on the introduction and the import of cultural goods: The general prohibition rule prohibiting the introduction into the customs territory of the Union of cultural goods illicitly exported from the country, where they were created or discovered will apply from 28 December 2020. From 28 June 2025, the import of certain categories of cultural goods will be subject to an import licence (for archaeological objects and dismembered parts of monuments) or an importer statement (for less sensitive categories). The adoption of the relevant implementing act and the development of the supporting electronic system is ongoing.

- **Firearms**

In December 2017, the Commission published an evaluation of the application of Regulation (EU) No 258/2012 on import and export of civilian firearms[25]. This evaluation was followed in April 2018 by a Recommendation calling for strengthening EU rules to improve traceability and the security of export and import control procedures of firearms and the cooperation between authorities in the fight against firearms trafficking[26]. The evaluation identified difficulties linked to lack of exchange of information between export licensing authorities, and between export licensing authorities and law enforcement authorities, including customs. Exports (and even more imports) of firearms are not subject to sufficient customs supervision, notably during transit. Finally, there are different approaches as to the notion of 'simplified procedure' and to the possibility to use a 'single procedure' for weapons which are also part of the EU common military list and therefore subject to the Council Common Position 2008/944/CFSP.

- **Interagency cooperation with border guards**

The Commission issued new guidelines on further development of the cooperation between Customs and Border Guards in December 2018. The guidelines aim to strengthen the importance and strategic dimension of cooperation, identify innovative and sustainable solutions for joined-up border management and ensure that close cooperation takes place at all levels in both authorities. The areas covered include synchronised checks and joint operations, training, information exchange, risk analysis and investigations.

The Commission prepared and communicated to the Council Presidency in November 2019 a paper on the background to the development of the guidelines and the state of play

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25 COM(2017) 737 final, 12 December 2017.
26 C(2018) 2197 final, 17 April 2018.

of implementation to encourage debate and exchange of views on implementation issues among Member States.

- **Strengthening the EU Authorised Economic Operator (AEO) programme**

This shall be done through its broader recognition by other government authorities in the relevant existing or future partnership programmes or in the control regimes stemming from other policies. Trade partnership programmes have been established by various government authorities further streamlining such programmes with the AEO programme potentially allows to close possible security gaps, while avoiding duplication of administrative efforts for both authorities and the operators.

One example are the EU ICP guidelines for dual use goods. The Technical Expert Group established to draft EU ICP guidelines for dual-use trade controls, finished its job at the end of 2018. The final draft of the EU ICP guidelines was endorsed by the Dual Use Coordination Group in March 2019. Those guidelines were adopted by the Commission and published as a Commission Recommendation in August 2019[27]. In May 2019, the Dual-Use Coordination Group mandated a new Technical Expert Group, to draft EU ICP guidelines for research organisations operating in the field of dual-use items. The Technical Expert Group is expected to deliver these ICP guidelines for research organisations by the end of 2020.

Further possibilities could be explored for more convergence of Authorised Economic Operator (AEO) programmes and internal compliance programmes (ICPs) at Member State and EU level to avoid duplication of administrative efforts, while closing potential security gaps.

- **The EU Policy Cycle / EMPACT – involvement of the customs authorities – cooperation**

In May 2017, the EU adopted new crime priorities for the EU Policy Cycle for serious international and organised crime for the period 2018-2021, better known under the acronym 'EMPACT' (European Multidisciplinary Platform Against Criminal Threats). It is the very nature of EMPACT to associate different stakeholders (multidisciplinary approach) and Customs authorities' involvement in its implementation is still increasing. One can note the participation of Customs in several EU Crime Priorities (Excise/MTIC fraud, Firearms trafficking, Environmental Crime, Criminal Finances, Fight against Child sexual abuse (CSA), etc.).

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[27] Commission Recommendation (EU) 2019/1318 of 30 July 2019 on internal compliance programmes for dual-use trade controls under Council Regulation (EC) No 428/2009, OJ L 205, 5.8.2019, p. 15.

It is also important to take note of innovative joint approaches, e.g. by mentioning the EMPACT Operational Action Plan (OAP) on "Criminal Finances, Money Laundering and Asset Recovery" (CFMLAR), which was jointly driven on behalf of one Member State by Customs and Police in 2018 and 2019 (followed by another Member State which took over in 2020).

As noted in the comprehensive assessment of EU security policy, it is essential to strengthen operational cooperation in the area of criminal finances by reinforcing synergies between customs and police. In this respect, due to their capability to detect and investigate suspicious or illicit cross-border transportation of cash, customs authorities are an important stakeholder for the purposes of the 'CFMLAR' priority.

Some actions, for example on developing an intelligence picture on the use of precious metals and stones for money laundering purposes (discontinued in the 2020 OAP) or on cash movements or on enhancing the intelligence picture on money laundering activities related to the trade of cultural goods, need a solid contribution from customs authorities.

In the report on the implementation of the 2019 OAPs, it was highlighted that one of the aims of the CFMLAR priority should be to provide a closer cohesion between customs and police authorities in money laundering matters. In the same document, Europol noted that more synergies between the EMPACT platform and the customs-cooperation working party are needed.

Encouraging the exchange of good working practices and cooperation methods is done in the context of the OAPs on cannabis, cocaine and heroin as well as on synthetic drugs/ new psychoactive substances. In addition, cooperation between the Horizontal Working Party on Drugs (HDG) and the Customs Cooperation Working Party (CCWP) has been strengthened over the last months as the latest Presidencies ensured participation and/or information exchange from HDG in CCWP on a more regular basis.

The OAP for Environmental crime has made contacts and use of customs authorities. The OAP has targeted the increased involvement of customs authorities as part of the multidisciplinary and multi-agency approach involving all competent authorities such as police, customs and administrative regulatory bodies is crucial. Emphasis on the prevention and detection of cross-border crime related to illegal fisheries and marine pollution, such as illegal discharges from vessels, has required cooperation with various authorities such as customs and maritime authorities.

Besides this, in the area of combating illegal, unreported and unregulated (IUU) fishing there are challenges in information sharing, communication and reporting between customs authorities and other stakeholders within a country, as well as internationally. The improvement of coordination and standardisation of intelligence sharing among government agencies and other relevant stakeholders at national, regional and global levels is key in tackling this type of illegal activities.

On Organised Property Crime, the World Customs Organisation (WCO) was actively involved in at least one Operational Action (Operation Pandora for OAP 2019). The action addressed trafficking in cultural goods and heavily relied on customs cooperation. The WCO also gave a presentation during an OAP drafting meeting to explain its move into the security domain, explaining that its contribution can mainly be on the intelligence side (improved intelligence picture to direct cargo controls).

Customs also actively participated in the Joint Action Day (JAD) Mobile (Organised Property Crime) in the 2018 EMPACT OAP Organised Property Crime (OPC). The operation can be described as follows: '*preparation of the Joint Action Day at the EU external land borders and within the territory of EU based on a joint risk assessment, targeting various modalities of motor vehicle crime, including smuggling of stolen vehicles, parts of vehicles via the EU external border and document fraud associated to the phenomena. Prevention and detection of cross-border crime, with focus on migrant smuggling and bridging the operational activities of border guards, police and customs. Linking the detection of smuggled vehicles and parts, at the EU external borders, with ongoing investigations. Additional deployments of forensic experts and document fraud specialists at the border crossing points.*'

The JAD allowed for intelligence collection, intensified control measures at borders but also in-land activities, quick queries in the national databases of the officers deployed in the Coordination Centre, set up for the first time at Frontex HQ. The operation has been supported by the customs authorities from several countries, especially from CELBET.

More generally, Customs are always active partners in EMPACT JADs

Regarding firearms, cooperation was encouraged in the context of the Firearms Exports Coordination Group and within EMPACT Firearms, where four Customs authorities from Member States have an active role, with other Customs authorities from third parties. Most national customs administration remain inactive within EMPACT Firearms. Customs are also insufficiently represented in trainings on firearms provided by CEPOL.

The level of cooperation with CCWP is good, as the EMPACT OAP Firearms driver was invited several times to share the OAPs and pointing out activities of special interest for CCWP. Based on that the new action plan of CCWP related to firearms precisely reflected the different activities where the action plan will jointly develop it with the EMPACT Firearms.

In the area of firearms customs involvement is particularly relevant for several operational actions, notably to address the risk of trafficking of firearms through fast parcels, the threat of trafficking on maritime vessels (link with the WCO/UNODC container control programme) and for the development of a Frontex Handbook for border guards and customs officers. In the 2021 operational action plan, the Commission suggested to add a key performance indicator, the number of CRMS messages exchanged in relation to firearms, in order to raise awareness about this system.

Funding under the Internal Security Fund-Police has also been geared to support the EU Policy Cycle / EMPACT activities, with a focus on ensuring a multidisciplinary approach, which includes cooperation with customs authorities.

For instance, for the field of environmental crime substantial funding has been allocated to actions that aim to enhance the operational activities and capacities of authorities involved in tackling waste trafficking. Police, customs, environmental authorities and prosecutors will benefit from new methodologies and tools, and training materials produced. Cooperation and information sharing will also be reinforced through joint capacity-building activities in addressing illegal trade and management of problematic waste streams. Other projects aim to boost the operational activities and capacities of authorities involved in the fight against illegal trade and management of waste, including customs authorities.

- **The Customs Cooperation Working Party (CCWP) Action Plan**

Focus on the policy area of IPR infringements has continued within the mandate for action in the CCWP 9th Action Plan (2018-19), under point 9.5 Fight against IPR infringements. Activities in this domain will continue under the subsequent action plan.

Similarly, CCWP actions have been developed for environmental crime. The 2020-2021 10th Action Plan includes actions focused on the transboundary movement of hazardous and other waste, illegal trafficking in ozone-depleting substance and on trade restrictions in the interest of environmental sustainability.

Customs authorities have also been integrated into the SOCTA reporting mechanism through the dedicated action on the 'Better integration of customs in the EU Serious and Organised Crime Threat Assessment (EU SOCTA)'. As a result, meetings of the SOCTA Advisory Group see increased customs authorities participation. It is also expected that customs authorities will provide substantial data on the organised crime threats at their disposal through respective EU Member State contributions.

Furthermore, there is a follow-up action in the 10th CCWP Action Plan, which will continue working on integrating indicators of importance to customs authorities, with the action on 'Europol/Customs cooperation'. Its objectives include amongst others: increased and improved cooperation between Customs and other law enforcement authorities and ensure mutual benefit for all parties involved.

- **Modernisation of EU export control system**

The legislative process for a modernisation of EU export control system, in the form of the recast of the dual-use regulation, is based on the Commission proposal for a Regulation of

the European Parliament and of the Council, setting up a Union regime for the control of exports, transfer, brokering, technical assistance and transit of dual-use items[28].

In this proposal, several elements for enhancing cooperation and information exchange between customs authorities and the competent authorities of the Member States in charge of issuing the authorisations to export dual-use items are proposed. Further possibilities of cooperation and information exchange with other enforcement agencies are envisaged as well, in the form of an Enforcement Coordination Mechanism. The characteristics of such an Enforcement Coordination Mechanism has been furtherly discussed in the Council and with the European Parliament.

Furthermore, in the Council negotiating mandate for this legislative process, a provision has been introduced for an EU licensing and enforcement capacity-building programme, to be supported by the Commission and including common training programme for officials of the Member States.

A joint statement on capacity-building is currently under preparation, and could be a good opportunity to develop a more strength cooperation between customs and licensing authorities for a common capacity-building programme on dual-use topics (including information exchange and sharing of best practices at MS and EU level).

In November 2019, during the Finnish presidency of the Council, a joint meeting between Customs Cooperation Working Party (CCWP) and Dual Use Working Party (DUWP) took place. During this meeting, some opportunities and possibility for enhancing cooperation between customs authorities and licensing authorities were discussed in order to integrate and to strengthen the information exchange and the enforcement capacities on dual-use items. This could be a first step in view of the introduction of the envisaged Enforcement Coordination Mechanism not yet present in the EU dual-use legislation.

DG TRADE is in charge of the development of the Dual Use Export system with joined activities with DG TAXUD to interface that system with Member States national customs through the EU Customs Single Window Certificates Exchange (EU CSW-CERTEX) platform. This cooperation is part of the establishment of the EU Single Window Environment for Customs, which aims at facilitating the digital cooperation between customs and partner competent authorities at the times of customs clearance.

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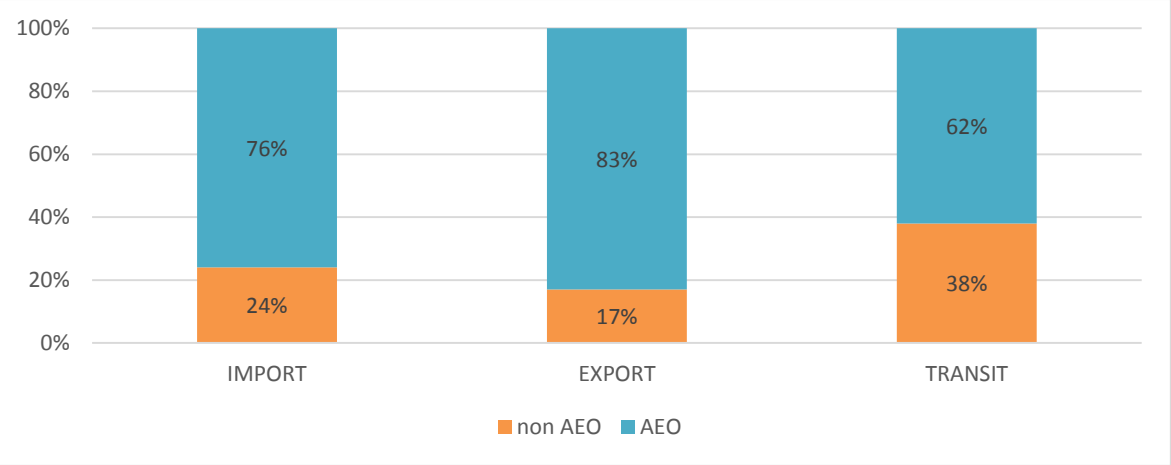
[28] COM(2016) 616 final.

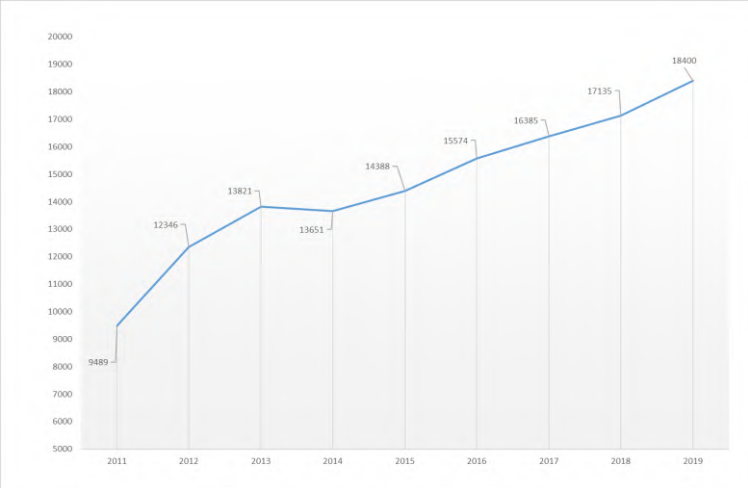
2.6. Objective 6: Develop cooperation with trade to secure and facilitate legitimate trade

Improved cooperation between customs and trade is highlighted in the strategy as a mean for ensuring more effective risk management and facilitation of legitimate supply chains. Trade cooperation is defined in the strategy as including (1) the customs-to-business concept as part of the AEO programme, which aims to achieve supply chain security to the benefit of customs and trustworthy traders; and (2) cooperation with trade organisations and EOs through partnerships and other joint initiatives.

Graph (1) AEO involvement in supply chain in 2019 per customs procedure



Graph (2) Total number of valid AEO authorisations in EU 2011-2019



2.6.1. Actions taken by the Member States under Objective 6

2.6.1.1. Activities and outputs

Customs administrations' level of priority of cooperating with trade, with the aim to exploit relevant data on Economic Operators (EOs) for risk management purposes

No activity	Low priority	Medium priority	High priority	No reply
-	2	9	13	2

Of the twenty-six (26) Member States that answered the questionnaire, thirteen (13) Member States indicated that cooperating with trade with the aim to exploit relevant data on EOs was given high priority in their customs administrations, and nine (9) Member States indicated it was a medium priority. In relation to Objective 4 and 5, the priority given to Objective 6 was slightly lower.

Respondents were further asked to indicate the status of undertaken actions in relation to Objective 6 in terms of:

- Cooperation: including initiatives / actions taken to formalise cooperation (e.g. partnerships, joint projects) with trade organisations and/or other relevant organisations representing and/or working with EOs at the MS and EU levels.
- Strengthening the AEO concept:
    - Efforts to raise awareness among AEOs about the benefits of AEO status, e.g. setting up easily accessible contact points for AEOs or other ways of facilitating communication; or the introduction of additional benefits relating to customs procedures.
    - Developing concepts for measuring / monitoring the implementation of the AEO programme, in particular with regard to its benefits for risk management; continuous analyses of recorded AEO cases; or addressing weaknesses and difficulties in the implementation of the programme

As shown in the table below, nearly all Member States had ongoing or completed actions in all three areas.

Status of actions aimed at improving cooperation with trade in terms of the following areas

	No action planned	Action planned but not yet started	Action ongoing / completed	No reply
Cooperation	3	-	20	3
Strengthening the AEO concept Efforts to raise awareness among AEOs about the benefits of AEO status	2	2	20	2
Strengthening the AEO concept Developing concepts for measuring / monitoring the implementation of the AEO programme	3	2	19	2

- **Cooperation**

Twenty (20) MS reported ongoing or completed actions to formalise cooperation with trade organisations or other relevant organisations representing or working with EOs. These related to engaging with trade and increasing knowledge of supply chain security, cooperation with postal services, agreements with trade including information sharing, and raising awareness of the AEO programme.

Engaging with trade to increase the knowledge of supply chain security was reported by several Member States. For instance, in one Member State, the National Forum is a permanent consultative body within the Customs and Excise administration. Its members are representatives from the private sector and representatives of the administration. The administration reported that within this forum, partnership and consultation are central. Actions have included improving the knowledge of supply chains, promoting compliance management by customs services in close cooperation with the business community, and promoting the re-use of customs data submitted electronically by EOs to streamline customs procedures. One country referred to the Trade Contact Group (TCG) for customs established in 2002. It is a forum to exchange views, good practice and relevant information in the fields of customs between Customs and the private sector on a regular basis. Within this group joint meetings, training and seminars are organised. Another Member State reported that customs is constantly engaging with its trader base, whether as a whole or at specific sub-sector level, with a view to developing and improving a shared understanding of and response to supply chain risks. One Member State reported that its administration holds regular meetings with trade representatives with the aim to improve cooperation, they further organise training for main stakeholders after major changes in EU legislation and address Departmental Circulars to EOs informing them of new legislation

and procedures. Another customs authority reported that in the preparation of ICS2 they have established working contacts with the EOs concerned in order to inform about the requirements and coordinate the activities and timelines. In another Member State, consultation between customs and the business community with an international, national or customs office-transcending character takes place under the umbrella of the national trade facilitation committee. In addition, customs participates in other public-private partnerships for ports and airports. Three Member States reported participation in the Smart and Secure Trade Lanes (SSTL) pilot project between EU and Asia, which allows testing end-to-end supply chain security instruments and mechanisms in line with WCO SAFE Framework of Standards (FOS).

Turning to cooperation with postal operators, one customs authority reported an ongoing organisational and operational cooperation project between the Ministry of Finance and the postal service to prepare processes and risk management for the implementation of e-commerce and ICS2. Another Member State reported intense cooperation with the national postal operator and the national representative of the European Express Association (EEA) focused on compliance also relating to the new ICS2 requirements for safety and security, and the new requirements for low-value consignments (VAT package). One Member State reported cooperation with postal services for the development of a clearance system for parcel post, the cooperation with couriers has been enhanced – providing information on high-risk consignments at the time of importation and for post control purposes, particularly as regards financial risks. Finally, two other administrations also reported cooperation with national postal services related to consignment declarations. Several Member States also reported agreements with trade for access to information. One Member State reported that in 2018 the Customs and Excise Administration sealed a cooperation agreement with a platform of enterprises and professional associations within one port and within the setting of a regional Chamber of Commerce. This agreement has set the framework for the development of several MOU with different professional associations representing amongst other shippers and forwarders, independent and shipping company-bound shipping agencies, freight handlers, etc. One Member State referred to an MOU with trade representatives (associations, federations, chambers etc.) including general issues about cooperation, and the development of a new access point for authorisation of traders called ‘cPortal’ for the purpose of data submitting. One Member State stated that in cooperation with the Railways company, the National Customs Board now has access to the documentation of rail freights in customs information systems. Moreover, one Member State reported they have formalised cooperation in place including partnerships, joint projects, and MOU with trade. While another Member State stated that they have cooperation agreements with trade to strengthen business confidence, and to promote compliance of EOs and facilitate administrative work. One Member State reported that a national agreement was signed for the recognition of programmes between the AEO programme and the authorities responsible for the control of chemical drug precursors, and a national programme agreement between the customs administration and the civil aviation directorate. One Member State referred to an agreement with EOs to provide relevant

supply chain information concerning low-value consignments by electronic means instead of 'declaration by any other act'.

- **Strengthening the AEO Programme via efforts to raise awareness among AEOs about AEO benefits**

Those were mentioned by most Member States. For example, one customs authority reported they hold regular meetings with trade aiming at raising the awareness and clarifying the requirements and procedures in order to support and facilitate the application and granting of AEO status. It reported they have held information sessions for business operators in which the AEO programme and benefits were presented.

The authorities of another Member State reported that they hold meetings and talks with applicant companies and business associations, in addition to organising courses for officials. In another Member State, the customs administration has organised special seminars for business representatives on obtaining AEO status for traders at several Chambers of Commerce, Industry and Crafts on dual-use goods and AEO, and freight forwarders / carriers on the implementation of AEO.

One Member State's customs have provided training for EOs in the context of Article 39 of UCC (granting of AEO status) in collaboration with the Chamber of Commerce, they have also held several meetings on demand of EOs for information purposes relating to the AEO programme.

One Member State reported that in consultation with the Commission and other MS it was agreed that action needed to be commenced in raising awareness of the AEO programme amongst traders. As a result, a group was established to examine communication and cooperation with AEOs and awareness raising. The Member State reported contributing to this work which is ongoing at present. The outcomes from this group will guide future interactions with traders in relation to the AEO programme. The Member State also reported taking part in Trader Outreach and seminars, which assist in transmitting the AEO message to EOs.

- **Strengthening the AEO Programme via concepts for measuring and monitoring its implementation**

Developing concepts for measuring / monitoring the implementation of the AEO programme with regard to its benefits for risk management was indicated as ongoing or complete by nineteen (19) Member States and an additional two (2) noted that they are planning activities in the future. Activities mentioned included monitoring and analysis of implementation of the AEO programme including addressing weaknesses – several Member States referred to monitoring and action plans including tests / monitoring visits.

One Member State mentioned the implementation of the AEO action plan developed by the Commission. While another one reported that customs offices are obliged to follow an annual monitoring and evaluation process for all AEO authorisations. One Member State

reported that the AEO process is interlinked with the risk management process through determination in national instruction for the AEO programme and national instruction on the risk management analysis system. To facilitate continuous analysis, after an AEO authorisation is issued, a monitoring plan is prepared as determined in the national instruction for AEO. Within the monitoring plan, the issuing authority collects information on potential risks related to the AEO's conditions and criteria during the year. This monitoring plan is amended annually.

One Member State reported that the AEO area is establishing an IT monitoring plan for all authorisations prior to May 2016 as well as those granted after that date. The AEO area has re-evaluated the maintenance in compliance with AEO requirements of all of the authorisations issued prior to May 2016. An IT monitoring plan for these and subsequent authorisations is being established. The processes of results of risk management measures applied to EOs, including AEOs, are reviewed on a continuous basis. Similarly, one Member State reported they are reassessing all AEO authorisations.

Another Member State reported some activities in this regard scheduled for 2020: a meeting to discuss how holders of AEO status should implement annual monitoring activities (in relation to ICS2, regularity, documentation, reporting); two internal monitoring activities planned specifically for AEO postal operators and express couriers to verify their internal control systems to control low-value consignments entering the customs territory of the Union; a joint meeting between AEO and risk management experts with special focus on improving implementation of AEO benefits (the identification of risks and reduction of controls level), and reviewing the monitoring process involving risk management experts.

Most respondents stated that addressing weaknesses and difficulties in the implementation of the AEO programme is a continuous process.

In one Member State, there is continuous monitoring of AEO authorisation procedures performed by local and regional offices, and periodical assessment of AEO facilitations in terms of risk profiles impact (numbers, type and assessed positivity of controls performed). Another Member State mentioned that monitoring the implementation of the AEO programme by the Customs Authorities is regular and cooperation with experts (AEO, Risk Management, audit etc.) is encouraged in order to deal with issues that may arise. This Member State informed that a team has been established with the aim to develop and study several KPIs for AEOs including the proportion of declarations submitted by AEOs and the proportion of controls performed on them, in order to detect if problems arise.

Similarly, another Member State reported they have regular internal meetings on AEO issues (joint meetings between AEO, Risk Management and post-control audit teams) and that regular monitoring visits on AEOs are completed every three years according to the EU AEO Guidelines. Another Member State reported they do regular verification checks of AEO holders twice per year, involving reliability tests, the results of which are also used for additional risk analysis.

The authorities of one Member State reported that their AEO monitoring / compliance process is critical to the continued success and functioning of the programme. This is especially important for risk management and data gathering in relation to risk. New AEOs are monitored intensively during the first 12 months and thereafter reviews are carried out every three years, once the first 12 months of intensive monitoring indicate appropriate compliance. To ensure compliance with AEO authorisation the following risk areas are included in an examination during monitoring:

- A physical walk through for safety and security checks
- Check of risks identified during the evaluation stage
- Selection of a random sample of Single Administrative Documents (SAD) for quality and accuracy
- Check of operator's general tax compliance
- Reports of any audits, assurance checks or aspect queries are checked for issues affecting the AEO status.

This Member State informed that all monitoring actions are recorded in a national database. The administration has devised a reporting template / monitoring plan for AEOs, which acts as a guide to Control Officers in identifying any potential risk areas that may require closer scrutiny than others. This reporting template / monitoring plan will evolve on an ongoing basis as the situation changes with the AEO. It helps identify weaknesses, which can be addressed at an early stage thus ensuring that they do not become a serious risk. This reporting / template has been identified by the Commission as best practice and has been recommended for use throughout the EU.

One Member State reported that the implementation of the AEO programme is continuously monitored by the supervision of customs offices (on-the-spot checks). There is also an annual workshop for AEO inspectors where practical experiences and best practice can be shared. At the national level, it has announced a reform of the AEO programme, which aims to address some of the weaknesses identified by the Commission in MS practice and to create more detailed internal regulations for more efficient and consistent regulatory work.

Other Member States reported participation in project groups related to the AEO programme.

- **Other**

Respondents were able to provide examples of action taken related to improving cooperation with trade that was not captured in the above categories. For instance, one Member State pointed to ongoing analysis in the form of a feasibility study and stock-taking of requirements concerning the implementation of a Cargo Community System (CCS) used by different stakeholders in the air cargo sector. Another Member State referred to use of data from commercial databases in the process of risk analysis and management, particularly integrating systems in the area of maritime transport. One

Member State noted ongoing collaboration with port authorities and concessionaires of cargo terminals, with the objective of increasing the visibility of the supply chain and to guarantee its integrity. Some noteworthy examples were provided by another Member State. This Member State referred to an application to face the challenge of the very fast increase of e-commerce shipments and to allow operators to have a level playing field with regard to customs simplification and facilitation, the customs developed the application which allows certified operators to upload full datasets about shipments in advance, and to receive direct notifications when the goods are released by customs. The application is only available for certified operators with restrictions on the type of goods and range values. This customs administration further referred to publishing a vision document for the promotion and use of Port Community systems as a unique interface for the exchange of additional data and information with economic operators. Developments of particular platforms are ongoing.

2.6.1.2. Results

Extent to which actions described have improved the integration / utilisation of data from EOs in risk management practices

Not at all	To a limited extent	To some extent	To a great extent	No reply
2	1	11	7	5

Nearly half of respondents (11) indicated that the actions described above have improved the integration / utilisation of data from EOs in risk management practices in their countries to some extent, and seven (7) respondents noted a great improvement. Results described related to increased access to data, including specifically postal consignments data, as well as increased awareness of the AEO programme and enhanced cooperation and communication with trade.

2.6.1.3. Outcomes

- **Improved risk management practices**

Extent to which the actions described above have improved risk management practices

Not at all	To a limited extent	To some extent	To a great extent	No reply
2	2	13	5	4

Half (13) of the customs administrations that responded to the questionnaire stated that the actions described under objective 6 have improved risk management practices in their

countries to some extent, and five (5) Member States reported actions have improved risk management practices to a great extent. In terms of the explanations of these improved risk management practices, there was considerable overlap with responses to the previous question relating to results.

In general, respondents expressed that the results – including increased access to and quality of data, and the increased awareness of the AEO programme and enhanced cooperation and communication with trade – have led to better focused control activities and the facilitation of legitimate trade. For instance, one Member State reported that the enhanced cooperation and exchange of risk information between AEO and risk experts have helped the customs department, through risk management, to implement measures to avoid unnecessary disruption to legitimate business and deploy resources efficiently in areas posing the highest risks. The enhanced cooperation with trade and particularly with couriers has helped the department to receive information on high-risk consignments and perform controls at the time of importation and post controls, with good results.

One Member State reported that the AEO programme has strengthened the cooperation between Risk Management and the other units involved in supply chain security and facilitated the movement of legitimate trade.

Another one stated that the improvements made to the risk profiling system led to more focused and less customs controls for AEOs - which supports legitimate trade and ensures the protection of financial interests. Similarly, one Member State stated that their work with AEOs has enabled them to focus control activities on high-risk areas.

Yet again, another Member State stated that enhanced quality of data has implied effective targeting and risk management activities also in terms of trade facilitation including fast lanes and less disruptive customs controls.

One Member State reported that strengthened risk analysis processes at the notification stage in maritime transport have resulted in more effective control activities of the National Revenue Administration while supporting the activities of low-risk entities by reducing the burden of control. This Member State further reported that the legal and substantive awareness of enterprises with AEO status has undoubtedly improved and that access to information and regulations results in the right quality of customs operations carried out by the AEO. Because the knowledge of AEO entities is constantly updated, the risk of irregularities involving AEO is lower compared to entities without AEO status. In addition, the knowledge of officers responsible for granting AEO status has improved, regular meetings of auditors organised at central level and trainings have resulted in raising their knowledge and ensuring uniformity of operations. The development of monitoring rules ensures a uniform approach of customs authorities to check whether the holder of the AEO status fulfils its customs duties properly and whether internal procedures in the company that were the basis for granting the status are still observed. The above-mentioned actions allow for maintaining a sufficiently low level of risk of irregularities being committed by holders of AEO status. The lower risk level of AEO entities affects the way and criteria of

creating directives related to the selection of shipments for inspection. Control activities at AEOs also play a preventive role – the entity is and must be aware that it may lose these rights and privileges granted to AEOs if it violates the law. Compliant entrepreneurs also reduce the risk level in the supply chain.

Another Member State again referred to the agreement from which they receive relevant supply chain information concerning low-value consignments by electronic means instead of 'declaration by any other act'. The data is processed by a dedicated system for risk analysis purposes. Hence, this is expanding the application of electronic risk analysis to low-value consignments that still could be declared 'by any other act'. By doing so, they contribute to secure and facilitate legitimate supply chains and at the same time enhance data availability and quality.

2.6.1.4. Encountered challenges, difficulties and barriers

Have you encountered any significant challenges, difficulties or barriers that have kept you from implementing desired actions or making more progress in the cooperation with EOs?

Yes	No	No reply
11	12	3

Positively, less than half (11) of the customs administrations that answered the questionnaire indicated that they have encountered significant challenges, difficulties or barriers that have kept them from implementing desired actions or making more progress in the cooperation with EOs. The few challenges reported varied but broadly related to IT systems, lack of human capacity and expertise, and legislation including GDPR.

Challenges related to IT systems were reported by five (5) customs administrations. For example, one Member State stated that their current customs clearance system does not support the AEO concept in a satisfactory way from an IT-perspective. The customs department of another Member State explained that there is a weakness in the department's IT system to recognise AEOs of third countries under MRAs. One Member State also reported difficulties in relation to MRAs, they explained that the main difficulty arises for import declarations, when the depositor of the ENS who is in charge of inputting the data in ICS, does not use either the third party AEO MRA code or its own AEO / MRA code. This Member State also reported challenges relating to ICS, including implementing the notification of safety / security controls for AEO operators in the system and supporting the development of ICS2.

The authorities of one Member State referred to the significant financial resources required to make changes to IT systems. While the authorities of another Member State reported no significant challenges, they commented that as the number of AEOs increases, it has become difficult to monitor them individually, which requires the development of data processing tools that facilitate adequate monitoring.

Lack of human capacity and expertise was reported by three (3) Member States. One administration stated that they have limited staff resources due to difficulties in recruiting qualified staff, and the training process for new staff is lengthy. Another one referred to lack of expertise in specific areas such as financial auditing and IT Security audits, while a third administration simply stated that they have limited human capacity.

Challenges related to legislation including General Data Protection Regulation (GDPR) was pointed by two (2) Member States. One referred to GDPR as a barrier, especially related to personal data. Since the e-commerce business model is business-to-consumer (B2C), GDPR creates a big legal barrier against cooperation and data sharing in order to properly address common threats at EU level. While the second one reported that most challenges are related to the time needed to implement the legislation.

Other challenges reported included for example issues related to data formats, which often are not readable to the extent desired, as reported by one administration. While one Member State reported that inputting information from EOs in the risk management process has low priority due to high number of ICT projects related to the UCC.

2.6.2. Actions taken by the Commission under Objective 6

2.6.2.1. e-AEO direct trader access

The EU Customs Trader Portal provides a single point-of-access to the AEO and BTI systems. The aim of this portal is to harmonise the access to different EU customs systems. It is expected that in the near future all other EU customs systems will be connected to this portal.

The AEO module (e-AEO) of the EU Customs Trader Portal has been designed by the Commission together with the Member States and started its operation on 1 October 2019 (for the first phase) and 16 December 2019 (for the second phase). In the context of a paperless environment, traders submit their AEO application and receive their authorisations electronically via e-AEO. The e-AEO trader portal facilitates and speeds up the exchange of information, communications and notifications related to AEO applications, authorisations and their management processes as set out in in the UCC and related UCC DA and UCC IA.

2.6.2.2. Strengthening the robust implementation and awareness raising of the AEO programme

The Commission and the Member States have agreed on a comprehensive strategy and methodology to improve the robust implementation of the programme, including by strengthening the links to customs risk management. It is also foreseen to further increase the understanding of the programme through awareness raising strategies to be jointly developed with traders.

The agreed activities include in particular fact-finding/field visits by the Commission to all Member States to assess how the AEO programme is implemented, to identify best practices that could be used by all Member States and to detect possible problems in the

implementation and propose remedies. In addition, the fact-finding visits have the purpose to address the recommendations by the European Court of Auditors (ECA) (see ECA special reports n. 19/2017 and n. 12/2019). The visits started in July 2019, but have been disrupted in 2020 due to the COVID-19 situation so that the finalisation originally scheduled by summer 2020 had to be delayed.

First findings include a number of best practices, which will be made available to all Member States. Moreover, there are a number of weaknesses, which have also been identified by the ECA, and which relate in particular to internal controls, monitoring, cooperation between AEO and risk management services as well as the specific situation of express couriers/postal services. These topics will be need to addressed through *inter alia* an amendment of the AEO Guidelines and, where necessary, legal provisions.

2.6.2.3. Detection technologies

Any new emerging technology should have a positive impact on the SMART borders principle: Secure, Measurable, Automated, Risk-management based and Technology Driven. Under H2020 there are two important projects currently running:

- **PROFILE**

This project leverages state-of-the-art data analytics and incorporation of new data sources for effective customs risk management. The project customises solutions that build on machine learning, graph-based analytics, and natural language processing, to help targeting officers and strategic analysts identify high-risk cross-border movements. PROFILE also connects customs risk management systems to logistics Big Data and provides customs an improved access to online data, especially valuation-relevant data of e-commerce sites. PROFILE also strengthens cooperation and data exchange among customs and other competent authorities: PROFILE enables customs-to-customs systematic sharing of Entry Summary Declarations and other risk-relevant information through the EU-wide PROFILE Risk Data Sharing Architecture.

- **PEN-CP (Pan-European Network of Customs Practitioners)**

PEN-CP contributes to the future of customs security innovation. PEN-CP[29] collects and analyses ideas and needs coming from customs security users, across six PEN-CP customs security themes. It also monitors and categorises security innovations and innovators – projects, products, prototypes, patents, companies, research institutions, university labs etc., seeking innovation ideas even outside of customs domain (e.g. police or forensics). The outcomes are shared on the PEN-CP platform. Customs partners can also share user experiences between each other.

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[29] https://www.pen-cp.net/

The platform generates matches and analyses gaps between the security innovations and innovators versus, security user need ideas. This process takes place in the PEN-CP Innovation Funnel. PEN-CP facilitates matchmaking between user needs and existing solutions. When it comes to high-priority user need ideas, PEN-CP can opt to develop tailored content.

2.7. Objective 7: Tap the potential of international cooperation, to improve risk management of the supply chain, for better identification of risks, more effective risk mitigation and cost reduction for operators and authorities

As mentioned in the previous implementation report, cooperation and exchange of customs-related information with third countries play an important role in the area of the Customs Union and common trade policy. Cooperation and exchange of information can improve customs risk management and may make legitimate trade faster and less costly by targeting customs controls and simplifying customs procedures. Along with mandatory pre-arrival declarations, it contributes to the security and safety of the EU by strengthening controls to block the entry of hazardous goods, arms, explosives and dual-use goods and to prevent IPR infringements and the entry and trafficking of drug precursors. The objective consists in the development of international cooperation models in the area of risk management and supply chain security, including AEO mutual recognition schemes, development of trusted and fluid trade lanes and necessary exchanges of information

2.7.1. SSTL

The EU – China Smart and Secure Trade Lanes (SSTL) is a pilot project launched in 2006 between the EU and China to allow testing end-to-end supply chain security instruments and mechanisms in line with the WCO SAFE Framework of Standards[30]. SSTL aims at testing specific safety and security-related recommendations of the WCO SAFE Framework of Standards as regards security measures applied to containers, facilitating 'Customs-to-Customs' data exchange, risk management cooperation, mutual recognition of customs controls and trade partnership programmes. The number of operators, SSTL ports and trade lanes have increased over the years under the 'EU-China Strategic Framework for Customs Cooperation'. SSTL was expanded to other transport modes under the current data exchange conditions. In particular, the number of rail lanes between the EU and China has increased and several Member States have started air lanes. Both rail and air lanes are mostly operated in the e-Commerce context. Two e-Commerce platforms have also joined SSTL, thereby facilitating tackling high volume items.

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[30] In June 2005, the WCO Council adopted the SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework) that has the objective to deter international terrorism, secure revenue collections and promote trade facilitation worldwide.

Eight (8) Member States are currently actively participating in SSTL to introduce ways to facilitate and speed up the entry processes of consignments moved by trusted traders allowing them to enhance the security, while facilitating and accelerating the Customs exit and entry processes.

SSTL cooperation is on a voluntary basis and one-third of the MS participate with different levels of commitment.

SSTL is an example of the kind of customs-to-customs information exchanges that is interesting in implementing on a broader basis. A current challenge is the lack of a legal basis for SSTL with China and Hong Kong, meaning it cannot be scaled beyond the current pilot project status.

2.7.2. Bilateral relations

- **Exchanges of information**

The lack of a legal basis for systematic exchanges of customs information between the EU and third countries can be an obstacle to potential risk management cooperation. In general, the EU takes a more cautious approach compared to other trading partners over data exchange, data mining and processing. For example, difficulties may arise in the organisation of AEO data exchange with third countries because of the need to be in line with EU data protection. The EU therefore currently uses the opportunity of ongoing Free Trade Agreement negotiations with third countries to introduce a legal basis allowing for bilateral exchanges of information.

- **Customs security agreements**

Since 2016, the Commission, together with Switzerland and Norway, has conducted preliminary discussions in view of updating the legislation of the customs security agreement on the simplification of inspections and formalities in respect of the carriage of goods and on customs security measures, which entered into force on 1 July 2009.

These Agreements are based on the principle that both Switzerland and Norway, together with the EU, set up and apply the same security measures to the carriage of goods to and from third countries as the EU, thus ensuring an equivalent level of security at the external borders. By integrating these two Parties in the future participation in the Import Control System 2 (ICS2), the AEP programme and the update risk management framework, there will be an equivalence of security and safety measures fully complied at the external borders.

- **EU - Norway dialogue on dual use.**

A dialogue with Norwegian Ministry of Foreign Affairs, the competent authority for dual-use items, is currently in place. In this agreement, an information exchange on the

implementation of dual-use export controls, on licensing data and denials issued both in EU and in Norway is foreseen. Within the framework of this agreement, the EU has granted access to Norwegian competent authorities to the Dual Use electronic System (DUeS) in order to enhance the information exchange on denials and the bilateral consultations between Norway and EU Member States.

Similar initiatives could be envisaged in order to enhance cooperation with Norwegian authorities (licensing and customs) on dual-use topics.

- **Belarus**

An EU-Belarus project group – Customs Dialogue, has implemented its action plan up to 2020 and has also agreed on a new action plan from 2020 to 2023. The next major step will be the start of the negotiations on an Agreement on Customs Cooperation and Mutual Administrative Assistance.

- **Ukraine**

An Association Customs Subcommittee led the work for the approximation of Ukrainian legislation in the fields of transit, Intellectual Property Rights, Authorised Economic Operators (AEO). Cooperation continues to implement the approximated legislation and assisting Ukraine joining Common Transit Convention (CTC) and NCTS. Ukraine is interested to have mutual recognition of AEOs, which could be assessed in one year time after the start of the implementation of Ukrainian AEO programme

- **Russia**

The strategic framework for EU — Russia customs cooperation includes the following objectives: (i) trade facilitation on the basis of operator reliability: (ii) identify the possibility of creating an EU-Russia expedited lines initiative on a voluntary basis for Member States;

A meeting of the EU-RU Working Group on border issues was held in Brussels on 15 November 2018. The last bilateral meeting took place on 24-26 October 2019 in Moscow in the framework of the International Customs Forum organised by the Russian Customs. The next meeting of the Working Group is not foreseen in near future due to the COVID-19 situation and broader context of bilateral EU-RU cooperation.

The Commission plans to organise a meeting with Member States to discuss their current positions on a possible future customs cooperation with Russia (postponed due to COVID-19 travel restrictions).

- **Moldova**

In March 2020, the EU and Moldova have updated and agreed on the action plan for EU - Moldova MRA.

The last Customs Subcommittees took place on 21 November 2019 and on 25 November 2020. The EU has verified the Moldovan legislation and has sent its recommendations to the Moldovan Customs service. The EU has also prepared and sent to Moldova an Interface Control Document (ICD) explaining the data specification and platform that need to be in place for MRA AEO. Moldova and Romania are continuing an AEO pilot project on unilateral recognition of EU AEOs.

- **Georgia**

The Customs Subcommittee took place on 5 June 2020.

Georgia has adopted a national customs code fully in line with the UCC and is currently working on the implementation of this code. Georgia has started working on the deployment of NCTS 5, which is a necessary step for its accession to the Common Transit Convention. Georgia has expressed its interest in an AEO MRA with the EU.

- **United States**

The cooperation with the US is wide in scope, ranging from the mutual recognition of AEOs to dialogues under the Joint Customs Cooperation Committee ('JCCC'), responsible for overseeing the implementation and ensuring the proper functioning of the agreement. Recent work conducted under the 2016 JCCC cooperation agenda included exchanges on the development of single window systems. IT exchanges related to AEO mutual recognition have encountered some technical difficulties.

- **Canada**

Cooperation is based on the 1998 Agreement on Customs Cooperation and Mutual Administrative Assistance in Customs Matters. Recent focus has been on the conclusion of work on the mutual recognition of the EU and Canada AEO programmes, expected in 2021. Previous exchanges in the Joint Customs Cooperation Committee also include air cargo security.

- **China**

Cooperation is based on the 2004 EU-China Agreement on Cooperation and Mutual Administrative Assistance in Customs Matters and the 2018 Strategic Framework for Customs Cooperation, soon to be renewed. It is managed by the Joint Customs Cooperation Committee and its Steering Group. Cooperation areas include SSTL, AEO mutual recognition, IPR enforcement, fight against fraud and risk management.

- **Japan**

During the 9th Joint Customs Cooperation Committee in June 2019, the EU and Japan discussed the need to move towards a more operational phase and concrete results on risk management. To this end, a meeting of AEO and risk management experts was scheduled for March 2020, but was postponed due to COVID-19. On AEO MRA with Japan, it is

essential to ensure the compatibility of IT systems and or data models to ensure continued exchange of data.

3. INPUT FROM MEMBER STATES TO SUPPORT FUTURE DEVELOPMENTS FOR THE POST-2020 PERIOD

3.1. Main achievements through the current Risk Management Strategy, according to the Member States

Extent to which the current strategy is used to guide action taken to improve the management of customs risks

Not at all	To a limited extent	To some extent	To a great extent	No reply
1	2	12	11	-

Nearly all respondents indicated they use the strategy to guide action taken to improve the management of customs risks - 10 customs administrations indicated they use it to a great extent and 12 to some extent.

Respondents were then asked to comment on the role and main achievements of the strategy since its adoption in 2014 and if or how this has changed over its duration. They were asked to describe the strategy's role and main achievements in: (1) improving the management of customs risk on a national level; and (2) improving the coordination and harmonisation of customs risk management at the EU-wide level.

3.1.1. At the national level

Respondents varied in their views of the strategy's role and achievements at national level. Nonetheless, several themes emerged. Respondents attributed certain achievements to the strategy. For example: **increasing awareness of risk management within national administrations** and **galvanising support for making risk management a bigger priority.**

Member States also mentioned several of the main progress areas under objectives 4, 5 and 6. These included enhanced IT systems and risk engines resulting in better risk management, and increased cooperation and sharing of risk information leading to better targeted controls and facilitation of legitimate trade.

However, respondents rarely gave details on the relative importance of the strategy compared to other factors such as EU interventions, tools such as ICS and CRMS, and national priorities or initiatives.

On the role of the strategy at national level, most Member States noted that it is integrated in and in line with national risk management strategies. However, some considered it more as a background document.

Increased awareness of risk management within customs administrations and galvanising support for making risk management a bigger priority was highlighted as one of the strategy's main achievements by five Member States.

One national customs administration stated that the strategy has changed its understanding of the role of risk management and its importance in customs activities. As a result, the administration was able to employ more staff and received funding to strengthen the risk management division and make improvements to the national risk engine. The risk management division has become involved in changing and modernising all the main customs working processes.

One Member State mentioned that the strategy had led to funding for the further development of the risk management IT system, and another one said that it had increased awareness of common risk areas and improved risk management capacities in general. Another Member State mentioned that the strategy's primary benefit is that it brings together the vast range of individual risk management-related programmes and activities into a single structure. This has improved visibility and helped illustrate the all-encompassing nature of the risk management agenda. The strategy can also help to prioritise related initiatives.

On **the role of the strategy at national level**, the authorities of one Member State reported that it has provided their customs administration with a tool for reviewing risk management procedures and processes to achieve a higher level of performance. Another Member State said that priorities and key issues included in the Strategy were integrated at national level in the strategy of its State Revenue Service. Under this national strategy, tasks were defined to achieve the EU Strategy goals.

Achievements which were mentioned previously as progress under the objectives included:

- Enhanced IT systems and risk engines resulting in better risk management (mentioned by eight Member States). For instance, one national customs administration said that thanks to the strategy it had improved its risk management system by: (i) adding new data sources for automated data comparison; (ii) adopting new and more sophisticated methods for the creation of risk profiles; and (iii) assessing the risks of new types of declarations.
- Enhanced cooperation (reported by four Member States). For instance, one referred to strengthened interagency cooperation and strengthened cooperation with trade.

- Increased exchange of risk information (mentioned by five Member States). For instance, a key achievement highlighted by one of them was the systematic approach to the regular exchange of risk information through the CRMS and subsequent evaluation, implementation of measures, and regular monitoring of the results of the implemented measures.
- Enhanced cooperation and information sharing, which has resulted in better targeted controls and the facilitation of legitimate trade (mentioned by five Member States). For instance, one Member State stated that one of the strategy's main achievements has been to promote a balance between legal trade facilitation and effective customs controls, and that better targeted controls have improved revenue collection and the tackling of risks.

A minority of Member States noted that the strategy had had a less prominent role in their customs administrations. For instance, one administration stated that their national annual enforcement planning is based on the input received from the principal ministries and that this input is not necessarily in line with the EU strategy.

One Member State noted that initiatives, developments, and projects to improve risk management are driven by legal obligations (e.g. the UCC) and the need to solve problems related to new realities (e.g. e-commerce), but that the strategy as such is not taken into account when setting priorities.

Similarly, another Member State explained that the strategy serves as an internal exercise for the customs administration to implement its principles, but that it has not received much visibility or prioritisation at national level.

3.1.2. At the EU level

Generally, Member States reported that **the strategy has improved the coordination and harmonisation of customs risk management at EU level**, but they had difficulties in distinguishing between the strategy and other EU-level initiatives mentioned therein. For example, several Member States mentioned the CRMF (the CRMS and common risk criteria) and the upcoming implementation of ICS2 as the main achievements.

On **improving the coordination and harmonisation of customs risk management at EU level**, according to the authorities of one Member State, the strategy's role has been to help develop common work procedures and a common approach to risk, and to increase efficiency and efficacy by enabling the fast exchange of information. These **common work procedures and the common approach to risk management** were mentioned by six other Member States.

For instance, one of them stated that the Strategy is a useful tool where for the first time all relevant activities connected to or interlinked with risk management are concentrated in one place – the seven main objectives and more than 50 sub-actions show the complexity and comprehensiveness of the risk management agenda and its intersections into almost all customs areas. The authorities of another Member State mentioned the strategy's central

role in improving the coordination and harmonisation of customs risk management at EU level, as it provides national customs authorities with a common and coordinated approach to risk management activities and ensures more effective cooperation between Member States. A third Member State mentioned its key role in aligning efforts to improve customs risk management at EU level. A fourth noted that, although the strategy has brought about a great improvement, it should have been given more attention and visibility.

Under the CRMF, CRMS and the common risk criteria were highlighted as being among the great achievements by 11 Member States. One of them explained that as organised crime switches between fraud schemes and Member States very fast, common rules and guidance to identify and tackle all kind of customs risks are needed. Another stated that it is essential to have a commonly-agreed strategy to follow in a matter of such scale, and referred to the decision on financial risk criteria and the related guidance aiming at equivalent controls at EU-level as key CRMF milestones.

The upcoming implementation of ICS2 was also mentioned by seven Member States as an aspect that will considerably improve risk management in the EU and nationally. For example, one Member State stated that developing a common EU entry system (ICS2) and common risk analysis system with all the planned functionalities will be the biggest achievement. Another one stated that the ICS2 project can be considered as an 'embodiment of the strategy in the IT dimension'.

3.2. Key challenges currently faced in customs risk management

Under this question, respondents were asked about the main customs risk management challenges (both internal and external) currently faced by their administration. Challenges were defined as issues that affect administrations' ability to achieve effective customs risk management, strengthened supply chain security and/or the facilitation of legitimate trade.

3.2.1. Internal challenges

The internal challenges mentioned related to:

- IT, e.g. outdated equipment and the high costs of setting up new IT systems;
- lack of human resources and expertise, e.g. an ageing customs workforce and limited ability to attract new staff;
- lack of financial resources, e.g. related to both IT systems and staff.

3.2.2. External challenges

The external challenges mentioned were due to constraints and barriers outside of the customs administrations' control, such as wider political developments, economic and trade trends, and new security threats - the main ones being:

- the increased volume of trade;
- dealing with new security threats;
- data protection requirements / poor-quality data.

Eight Member States reported an **increasing volume of trade** as one of the main external challenges faced by their customs administrations. For instance, one Member State noted that the ongoing growth in world trade, particularly the increase in small consignments, can challenge even the capacities of electronic systems. One Member State specifically mentioned e-commerce, whose increased share could hamper the effectiveness of risk management.

One Member State considered the main challenge to be the fast **emergence of new business models**, which affect the speed, demand and characteristics of international trade. The switch between business-to-business (B2B) models with big cargo loads, to business-to-consumer (B2C) and consumer-to-consumer (C2C) models is a huge challenge for customs administrations.

The dividing up of cargo into small packages and the diversification of consignments (from millions to billions) - many of which customs have never dealt with before - requires new approaches, strategies and operational and technological skills (including AI, the internet of things (IoT), and machine learning) by customs authorities and their risk management systems. One customs administration noted that these challenges need to be dealt with at EU level, swiftly and with a top down approach, in order to achieve equivalent levels of control and integrity of the supply chain along the EU's external borders.

Dealing with new security threats was mentioned as a challenge by six customs administrations. In this regard, one Member State mentioned the increase in illegal online trade, related to fraud, economic and narcotic offences and identity theft. Another mentioned new security threats, such as terrorism, hazardous substances and ensuring the safety of the population. A third mentioned the very rapid spread of new information and communication technologies which implies quick changes of threats and reactions to countermeasures implemented by customs. These threats are often linked to the activities of criminal networks that master technology increasingly well – customs authorities must therefore constantly reinvent themselves to face new threats that appear. One administration pointed to the threat of COVID-19.

Data protection requirements or poor-quality data, sometimes due to a lack of cooperation, was highlighted as a challenge by four Member States. One noted that the efficiency of risk management and controls related to other non-customs policy areas depend on the input received from other competent authorities. If cooperation turns out to be difficult, the outcome of risk management is irrelevant. Similarly, another Member State referred to data protection requirements (GDPR) and limited willingness of other institutions to communicate and share data. In terms of data quality, one Member State mentioned a lack of standardisation of data on customs declarations in Member States, e.g. address details; such standardisation is essential to conduct data mining. They also referred to a lack of a sufficient number of validation rules, e.g. goods nomenclature. The authorities noted that data quality needs to improve and suggested this can be achieved by

cooperating with trade e.g. postal services, to raise awareness and provide declarants with the necessary understanding.

Some Member States advocated for a more coherent approach to risk management at EU level. One noted that the priorities of different EU or national authorities do not always align and that certain activities can only be carried out when both sides have the same priorities and capacities. One administration expressed they want to see a consistent approach which is communicated in a clear manner to Member States, referring to the various pathways that the EU Commission pursues in meetings and projects related to different risk management matters. One Member State considered the main external challenge to be the complexity of Commission guidelines and a lack of guidance on common standards.

Other external challenges mentioned included delayed IT projects and dealing with the implications of Brexit.

3.3. Priorities for the future

3.3.1. Customs administrations' priorities

A high priority, mentioned by 15 Member States, is to enhance risk analysis capabilities, including by improving or developing new national risk engines and improving human risk analysis capabilities. This includes adding new functions to risk management engines, employing data analysts, and using new working methods and technology including datamining and AI. Another key priority is to launch new IT projects, notably ICS2. Others include increasing cooperation (including data sharing) and mitigating specific risks related to e.g. e-commerce and financial risks.

One Member State stated that they are prioritising improvement of their risk management engine by enhancing the use of new technological developments like predictive analytic instruments. Another plans to develop the risk analysis concept by setting up new collaborative and multidisciplinary teams made up of specialists in data analytics (which is currently a rare skill in customs), risk analysts and risk managers, and providing them with new modern tools and techniques (e.g. machine learning, neural networks and other advanced analytics) to properly address the new challenges. Another Member State will continue to use datamining techniques in risk management to help select the foreign trade operations to be controlled. Two Member States specifically mentioned the use of data analysis methods and AI. The authorities of one of them also mentioned ensuring the interoperability of systems - principally in the area of justice and home affairs (Europol and the Schengen Information System).

Another Member State is prioritising updates of the current import declaration system AIS, the NCTS system for phase 5, and the AES/ECS system. The administration of another Member State reported that their priority for the next years is to further develop their risk engine, adding ICS2 related functions and interfaces linked to other customs and external data sources and relevant functionalities of automated analysis, in addition to employing

additional personnel, especially for ICS2 purposes. The main priority for another Member State is to develop and introduce into the risk management system more data analysis techniques. These should in turn act as a tool to better understand fraud patterns and predict emergent and new risks.

Launching new IT projects, particularly ICS2, was mentioned as a priority by 10 Member States - even as the main priority by some of them. For instance, one Member State said that in the short term it aims to ensure that it can cope with release 1 of ICS2, and in the medium term to have the necessary human and IT resources for releases 2 and 3. Another reported that its main customs risk management priority is to develop an IT entry system to implement ICS2.

Cooperation - including on data sharing - was mentioned as a priority by eight customs administrations. For instance, one stated that its priorities for the coming years include data-driven risk analysis, more generalised sharing of datasets between European customs, and sharing of knowledge of datamining models and profiles, as well as prioritising access to reliable and real-time data on the global supply chain. Another Member State noted that to perform effective risk management customs needs to know 'who' is moving 'what', to 'whom', from 'where' – data on the real parties behind the transaction (buyer and seller or owner) and the routing of the goods throughout the supply chain involved, is crucial. It further stressed that it is also critically important that this data is available as early as possible, is relevant and of high quality - this is fundamental to risk management but the current input data does not meet minimum requirements. This administration explained that in this context, the AEO programme adds value but has limitations when it comes to the e-commerce B2C business model. This is due to the consignments mainly being small and delivered through the international postal supply chain and air express. To address this specific issue, the administration reported they are cooperating with the major online e-commerce platforms in order to receive transactional payments data to overcome poor data quality and to perform effective risk management.

One customs administration stated that it would continue the operational collaboration and MOU with the border police. Another Member State stated that they aim to develop further interagency cooperation with other authorities in the area of product and health safety, and enforcement and security. Another administration mentioned that its main priorities include operational cooperation with Member States that face similar challenges as them (e.g. large seaports and e-commerce), as well as cooperation with third countries in the supply chain. One Member State also referred to cooperation with third countries and specifically mutual data exchange agreements that allow the immediate and systematic monitoring of specific shipments from notification of exports in a third country to an import procedure in the EU.

Risk mitigation of specific risks including e-commerce and financial risks is a priority in six Member States. The rapid increase in the volume of e-commerce was highlighted as a priority by the six customs administrations. On financial risks, three of them highlighted mitigating risks of undervaluation as a key priority. One Member State also referred to the

implementation of the 'fuzzy random method' in risk mitigation measures. Another Member State's main priority is the implementation and testing of newly deployed technical solutions and significant changes in existing systems in connection to FRC.

3.3.2. How a successor to the strategy could support the priorities of Member States

The last question in the questionnaire asked respondents their views on how a successor to the strategy could best support the priorities of national customs administrations, considering the challenges and priorities described above to strengthen customs risk management. Responses to this question broadly related to ensuring the availability and quality of data, development / revision of common risk analysis supporting tools, and training for data analysts at EU level.

- **Ensuring the availability and quality of data.**

One Member State suggested that a successor strategy should focus on strategic or legal incentives for enhancement and support for the exchange of risk information among Member States. Another suggested more ambitious actions to increase this information sharing amongst EU Member States including the increased use of CRMS. The same administration also suggested to focus on improving data quality and ensuring the availability of data and risk-relevant information, which depends on the development of the necessary IT systems.

The administration of one Member State emphasised that the ICS2 project represents progress in terms of collaboration between Member States on risk analysis. However, they noted that safeguards on the transmission and use of data will need to be ensured. Two other Member States also stated that cooperation should be ensured.

One Member State suggested that the entire strategy should have a solid legal basis, particularly for cooperation and data and information sharing among national and EU bodies so as to overcome the GDPR barrier. Another suggested that a successor to the strategy should support national interagency cooperation by promoting cooperation at relevant Commission DG-level, as they explained that sometimes there is a need of an initiative 'from the top'.

- **Development / revision of common risk analysis supporting tools**

This was suggested by four Member States. One noted that at a time of exponentially increasing volumes, old techniques may no longer be appropriate risk management tools, the tools of the future should therefore be a core element of any future strategy. Another suggested that sufficient resources should be made available and greater emphasis should be placed on developing of central EU applications such as a single system for targeting shipments at EU level.

- **Training for data analysts at the EU level**

This was suggested by four Member States. One explained that a focus on additional ways of sharing best practices and expertise among Member States would further strengthen capacities, and human resources training in risk management related areas such as data analytics should continue. Another suggested training courses coordinated at EU level on 'big data' analysis technology. A third stated that targeted training for Member States' data analysts / scientists and setting up an EU multidisciplinary expert team including data analysts / scientists and risk experts would be a great support.

Two administrations mentioned the need to address rising threats related to e-commerce, while other responses were less specific.

For example, one Member State noted that a successor of the strategy must not stand in the way of developments that must occur in response to unforeseen developments, and that the focus should be on the follow-up of Objectives 1, 2 and 5 of the current strategy.

Another Member State suggested that a successor should build upon the previous approach and the progress achieved, as the main objectives are still vital but they need to be updated or redefined in line with current and future legislative, business and technical requirements with regard to data quality, information sharing, capacities and cooperation (interagency, with trade, and international). Another administration suggested it could focus on certain key elements instead of attempting to depict a larger scale of objectives.

One Member State considered an update of the action plan to be necessary, whereas the strategy itself could continue for a few years without major revision. Another noted that risk management is a process that is not limited to specific actions with a definitive beginning and end. Faced with new threats and challenges, customs must continuously act and adapt to contribute to the security and safety of EU citizens, while avoiding any undue negative impact on the fluidity of international trade. Several of the strategy's actions are marked as being 'in progress' as they cannot have set deadlines due to their continuous nature.

One respondent expressed the belief that the strategy should be revised and updated in view of new realities and what has already been accomplished, and that updates should be in line with the upcoming Customs Action Plan, which will likely consider the importance of customs risk management and the interoperability of security and border management and customs IT systems.

4. PERFORMANCE AND MONITORING FRAMEWORK

In the Council Conclusions on the second progress report on the strategy, the Commission was invited to develop in close cooperation with Member States, based on the proposals mentioned therein, an efficient reporting mechanism to measure the impact of outcomes and results of specific actions deriving from the strategy.

While the current strategy covers 2014-2020, the monitoring framework needs to cover an expected successor strategy. Importantly, though the precise features of the future strategy are not yet known, it is likely to address and follow-up on many of the same issues as the present strategy. It has therefore been possible to develop a draft monitoring framework, even if some aspects concerning final operationalisation will need to be defined when the new strategy is in place.

The second progress report noted that while the strategy's actions and sub-actions provide a useful framework for categorising planned activities, they are also fragmented in a way that risks the ability of standardised monitoring tools (such as surveys and questionnaires) to capture the 'big picture' in a consistent and un-burdensome way.

The performance and monitoring framework therefore focuses on a limited number of strategic elements, as encapsulated in the strategy's intervention logic. The intervention logic outlines the causal chain between activities and expected results, thereby illustrating what should be measured/monitored in order to assess performance, and providing a foundation to develop the indicators and sources of evidence that will inform the monitoring framework.

4.1. The Strategy's intervention logic

An intervention logic lays out the main elements of an intervention (in this case, the Strategy and the Action Plan), from the pre-existing problem it is meant to address to desired long-term impacts, and shows how they relate to each other in a series of causal relationships. These obviously simplify reality, which is too complex to represent accurately on a single page. Nonetheless, by pinning down the strategy's key features and how they fit together, the intervention logic helps figure out where to look for evidence of success. **The intervention logic will naturally change when the new strategy is decided. However, many of the key issues and areas of action could be assumed to remain valid.**

Figure (1) below presents the current strategy's intervention logic. The following bullet points outline its main features to make the diagram easier to follow.

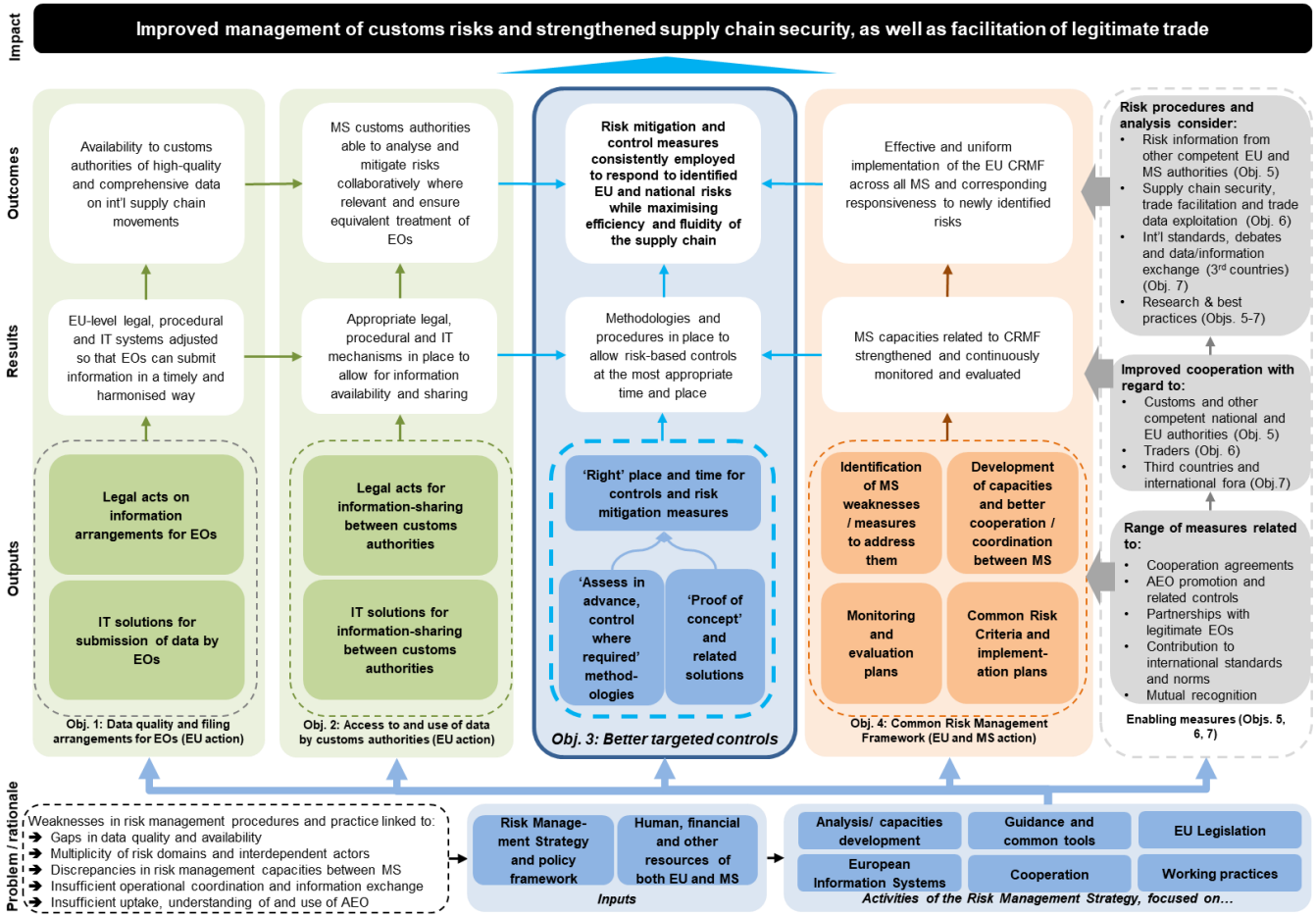
- **Overall structure**: the strategy describes action to be taken across seven objectives, but does not explicitly say how they relate to each other. In fact, there is an implicit hierarchy between the different objectives. At the highest level, Objective 3 encapsulates the desired outcome of the strategy, which is that risk

mitigation and control measures are consistently employed. This is achieved through strategic/infrastructure action carried out under Objectives 1, 2 and 4, which relate (respectively) to arrangements with economic operators (Eos), access to and use of data by customs authorities and the CRMF. Objectives 5, 6, and 7 play an enabling role by fostering cooperation at various levels. This structure implies that Objectives 1-4 comprise the 'core' of the strategy that should be the focus of future monitoring efforts.

- **Problem/rationale**: the Communication on Customs Risk Management and Security of the Supply Chain (COM(2012)793final) described specific gaps relating to the approach to customs risk management and supply chain security. These showed a need for more concerted action that led the Council to invite from the Commission a 'coherent strategy on risk management and supply chain security'.
- **Activities**: while the strategy's 54 sub-actions cover a wide range of issues, the activities undertaken to implement them can be grouped reasonably neatly into six main categories (albeit with some overlap):
    - **Analysis and capacities development**: focused on conducting an analysis of a given issue or problem and coming up with solutions to address it.
    - **Guidance and common tools**: action to develop guidelines, recommendations, standards, criteria, training programmes, factsheets or other tools.
    - **EU legislation**: any activity related to preparing, proposing and/or adopting legal provisions at EU level to ensure the legal base for progress in risk management.
    - **European Information Systems**: work related to the whole development cycle of EIS with risk management aspects, such as (but not limited to) ICS2 and CRMS2.
    - **Cooperation**: mainly under Objectives 5, 6 and 7 these activities relate to the development, strengthening and enforcement of arrangements with third parties, such as non-customs authorities, EOs, third countries and international organisations.
    - **Working practices**: this includes action by national customs authorities to broadly improve working practices, e.g. risk management and related processes, work flows, use of relevant information, capacities and capabilities, etc.
- **Outputs**: this level depicts the immediate products of the above-mentioned activities, which can range from new IT solutions and pieces of legislation to the identification of new measures that are needed to address identified weaknesses in risk management practice and specific methodologies.
- **Results**: taken together, the different outputs should make a real improvement to risk management methodologies and procedures in the areas covered by the strategy's objectives. These ultimately flow into the improved methodologies and procedures of Objective 3.

- **Outcomes**: the desired outcome is that the improved methodologies and procedures, drawing on better practice across the strategy's core areas, lead to better, more efficient and/or uniform EU-wide customs risk management.
- **Impact**: at the highest level, the strategy should play a contributing role towards the objectives of the Customs Union, namely the improved management of customs risks and strengthened supply chain security, in addition to the facilitation of legitimate trade.

Figure (1): The strategy's intervention logic



4.2. The indicator framework

4.2.1. Developing the indicators for the new strategy

The work on the monitoring framework has consisted of assessing, refining, updating and operationalising the existing **indicators in line with the RACER criteria** defined in the Better Regulation Toolbox[31]. This ensures that the future monitoring framework corresponds to the real needs of stakeholders and is likely to add value for them, as well as being manageable in terms of reporting requirements.

This section provides some practical insights and examples for operationalising the monitoring framework with a view to the advice on monitoring in the Better Regulation Guidelines and Toolbox and tailored to the strategy's specific characteristics[32]. The recommendations primarily concern considerations for ensuring that the data collection and reporting plans are appropriate and that complementary activities, such as periodic evaluations, are also carried out.

The evidence that needs to be collected is covered in the indicator tables in Section 4.2.2. One should note that while the indicators have been developed with the future strategy in mind, at least some aspects are likely to change by the time it is in place. Moreover, some indicators may become obsolete once certain initiatives (e.g. specific IT systems) are implemented or completed, or if important new initiatives are launched. It is therefore suggested to revisit the indicators at each reporting cycle. The vast majority of indicators should be maintained for purposes of comparing performance over time, but a small number could be adapted as needed on an ongoing basis. Some indicators might be collected but not made public for sensitivity reasons.

As for the **monitoring framework's reporting cycle**, a 1-2 year time frame is suggested, depending on what is considered appropriate and feasible. This corresponds roughly to the cycle under the present strategy, and has worked well in terms of placing only a manageable burden on stakeholders (e.g. for Member State officials to respond to a questionnaire).

Finally, **attention should be paid to the links between the new strategy and other initiatives** such as the Customs Union Action Plan, the Customs Control Equipment Programme, the Joint Analysis Capacity project, the Customs Union Performance project,

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31 See tool #41. Monitoring arrangements and indicators. RACER stands for Relevant, Accepted, Credible, Easy to monitor and Robust. The Toolbox is available on the Commission's website. https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox/better-regulation-toolbox_en

32 Better Regulation Guidelines Chapter V on Monitoring: https://ec.europa.eu/info/sites/info/files/better-regulation-guidelines-monitoring.pdf

the AEO programme and the post-Customs 2020 programme. In different ways, these initiatives will address issues of relevance to the new strategy, while in some cases having their own monitoring frameworks.

4.2.2. Indicator tables

The below tables present the indicators for the strategy's seven objectives. Given the similarities between some objectives, indicators for Objectives 1 and 2, and for Objectives 5, 6 and 7 are presented together. The **tables show the type of evidence that could be collected, as well as from whom**.

The tables contain the following six columns:

- Level: part of the intervention logic that the indicator refers to (outputs, results or outcomes);
- Intervention logic text: box from the diagram that the indicator relates to;
- Indicator: the actual indicators, phrased to be as RACER as possible;
- Purpose / definition: overview of the rationale of the indicator and what it means in practical terms;
- Unit of measurement: number of, level of, or existence of an element that can be used to record the indicators;
- Source of data: already existing from e.g. CUP reporting or needing to be collected from e.g. Commission departments or questionnaire to Member States.

Table (1): Indicators for Objectives 1 & 2

#	Level	Intervention logic text	Indicator	Purpose / definition	Unit of measurement	Source of data
1	Outputs	IT solutions for submission of data by EOs and information sharing between customs authorities	Number of projects completed to develop new systems / improve existing systems to submit data by EOs and to facilitate sharing of risk-relevant information between customs authorities	Keep track over time of new IT projects aimed at making it easier for EOs to submit data and customs authorities to obtain and share risk-relevant information	Number of IT projects	Commission departments
2			Number of external data sources MS customs authorities' IT systems are linked with	Gauge the number of external data sources MS customs authorities have access to	Number of external data sources	Data would need to be collected from: Questionnaire to be filled in by MS
3	Results	Appropriate legal, procedural and IT mechanisms in place to allow for information submission, availability and sharing	Level of implementation of new / updated IT systems with relevance for customs risk management	Measure whether and to what extent the IT system(s) have been implemented and identify problems with e.g. certain aspects or MS	Implementation status for different aspects of the system among different actors	Commission departments
4			Legislation on ENS data collection, other relevant EO data collection/access, and legislation to facilitate sharing of risk-relevant supply-chain data *implemented*	Gauge whether relevant legislation has been *implemented* in the MS	Number of legislative act(s)	Implementation reports Commission departments
5			Number of EOs registered for ICS2	Keep track over time of how many EOs are registered for ICS2	Number of EOs registered	Commission departments
6			Existence of fora and tools for sharing supply-chain information among customs authorities including solutions allowing traceability to be implemented	Gauge whether envisaged fora and tools have been established and are functioning	Number of specific fora and tools	Commission departments
7	Outcomes	Availability to customs authorities of high-quality and comprehensive data on int'l	Level of perceived usefulness of IT systems to submit data by EOs and to facilitate information sharing between	Keep track over time of the usefulness of the IT systems to submit data (entry, exit,	Views of customs authorities of perceived usefulness on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS

#	Level	Intervention logic text	Indicator	Purpose / definition	Unit of measurement	Source of data
		supply chain movements MS customs authorities able to analyse and mitigate risks collaboratively where relevant and ensure equivalent treatment of EOs	customs authorities	export summary declarations) by EOs and to facilitate information sharing according to customs authorities		
8			Level of perceived usefulness of information shared through relevant fora and tools	Keep track over time of the usefulness to customs authorities of the information from given fora and tools	Views of customs authorities for different fora and tools on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS

Table (2): Indicators for Objective 3

#	Level	Intervention logic text	Indicator	Purpose / definition	Unit of measurement	Source of data
1	Outputs	'Assess in advance, control where required' methodologies Note: also relates to 'Right' place and time for controls and risk mitigation measures	Number of projects to develop 'assess in advance, control where required' methodologies (per type of risk)	Keep track over time of projects focused on 'assess in advance, control where required' methodologies (per type of risk)	Number of projects per type of risk covered	Commission departments
2		'Proof of concept' and related solutions Note: also relates to 'Right' place and time for controls and risk mitigation measures	Number of tools created / updated in main policy areas (i.e. health safety, financial risks, intellectual property rights, and product safety and compliance)	Keep track over time of tools created / updated in the relevant areas	Number of tools	Commission departments
3	Results	Methodologies and procedures in place to allow risk-based controls at the most appropriate time and place	Number of 'assess in advance, control where required' methodologies implemented by MS customs authorities (per type of risk)	Gauge extent to which methodologies developed in this area are actually implemented (per type of risk)	Number of methodologies per type of risk covered	Data would need to be collected from: Questionnaire to be filled in by MS
4			Extent of use / usefulness of 'Toolbox' recommendations	Gauge extent to which 'Toolbox' recommendations are actually used / useful	Views of Commission officials on a scale of 1-4	Commission departments

#	Level	Intervention logic text	Indicator	Purpose / definition	Unit of measurement	Source of data
				when Commission departments review legislative acts		
5	Outcomes	Risk mitigation and control measures consistently employed to respond to identified EU and national risks while maximising efficiency and fluidity of the supply chain	Number of controls of different types carried out based on (different types of) risk analysis	Keep track over time of extent to which risk analysis leads to concrete actions of different kinds, and how this varies by e.g. type of declaration and MS.	Numbers of controls of different types divided by import, export and transit declarations of different types)	Commission departments
6			Proportion of (different types of) controls leading to the detection of irregularities	Gauge extent to which different types of controls become better targeted over time	Number of irregularities detected during: documentary control; documentary control based on electronic risk analysis; physical control; physical control based on electronic risk analysis; other Post-Release Controls divided by import, export and transit declarations of different types	Commission departments

Table (3): Indicators for Objective 4

#	Level	Intervention logic text	Indicator	Purpose / definition	Unit of measurement	Source of data
1	Outputs	Identification of MS weaknesses / measures to address them	Number of completed pieces of analysis carried out at EU level on MS weaknesses and / or measures to address them (per type of border)	Gauge progress with ongoing analytical work on MS weaknesses (per type of border)	Number of pieces of analysis per type of border (air, sea, road, rail, inland water)	Commission departments
2		Common Risk Criteria and implementation plans	Number of new common risk criteria defined	Keep track of the evolution of the common risk criteria for the 11 policy areas concerned	Number of criteria per type of risk / policy area	Commission departments
3	Results	MS capacities related to CRMF strengthened and continuously monitored and evaluated	Change in capacities in relation to the implementation of the CRMF (CRC, PCAs, CRMS)	Gauge extent to which capacities in relation to the implementation of the CRMF have been strengthened	Views of MS on extent of progress on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS
4			Level of implementation of CRMS2	Measure whether and to what extent the CRMS2 has been implemented and identify problems with e.g. certain aspects or MS	Implementation status for different aspects of the system among different actors	Commission departments
5			Number of Risk Information Forms (RIFs) issued through CRMS for different categories	Gauge actual usage of RIFs and sharing of information between MS	Number of RIFs	Commission departments
6			Number of risk profiles	Gauge comprehensiveness and breadth of RIF system	Number of profiles	Commission departments
7	Outcomes	Effective and uniform implementation of the EU CRMF across all MS and corresponding responsiveness to	Number of hits based on CRC (automated and after assessment)	Gauge extent to which CRC informs risk	Number of hits	Data already exists in: CRC quarterly reports

#	Level	Intervention logic text	Indicator	Purpose / definition	Unit of measurement	Source of data
		newly identified risks		analysis		
8			Level of perceived usefulness of RIFs in different MS	Gauge extent to which RIFs are useful in practice for risk analysis in different MS	Views of MS on usefulness on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS
9			Extent to which CRMS2 has improved customs risk management	Gauge extent to which CRMS2 has improved customs risk management	Views of MS on extent of improvement on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS

Table (4): Indicators for Objectives 5, 6 & 7

#	Level	Intervention logic text	Indicator	Purpose / definition	Unit of measurement	Source of data
1	Outputs	Cooperation agreements	Number of relevant interagency agreements made at MS and EU level	Gauge extent to which the Commission, MS customs authorities and other authorities are forming agreements to facilitate risk management	Number of formal agreements	Data would need to be collected from: Questionnaire to be filled in by MS and Commission departments
2			Participation in Customs 2027 collaborative actions	Gauge extent to which MS participate in Customs 2027 collaborative actions to facilitate risk management and improve cooperation	Number of Customs 2020 collaborative actions MS customs authorities participate in	Commission departments
3		AEO promotion	Number of AEOs in different MS	Measure evolution in uptake of AEO in different MS	Number of AEOs	Commission departments
4			Extent to which MS provide the benefits for AEO allowed in the UCC	Gauge progress with action to strengthen the AEO concept	Number of additional national benefits introduced	Data would need to be collected from: Questionnaire to be filled in by MS
5		Partnerships with legitimate EOs	Number of relevant partnerships between MS customs authorities and EOs	Gauge extent to which customs authorities are forming	Number of partnerships	Data would need to be collected from: Questionnaire

#	Level	Intervention logic text	Indicator	Purpose / definition	Unit of measurement	Source of data
				partnerships with EOs that facilitate risk management		to be filled in by MS
6		Mutual recognition	Number of mutual recognition agreements with third countries	Keep track of level of cooperation with third countries	Number of agreements	Commission departments
7			Number of ENS submitted by third country AEOs	Keep track of how cooperation with third countries evolves in terms of mutual recognition of AEOs	Number of ENS	Commission departments
8		Research and best practices	Number of international cooperation models developed	Gauge progress with action to strengthen international cooperation	Number of international cooperation models developed	Commission departments
9	Results	Improved cooperation	Level of agreement that cooperation between customs and other competent national and EU authorities has improved	Gauge whether key stakeholders feel that cooperation has improved	Views of MS on extent to which cooperation has improved on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS
10			Number of joint customs operations that MS customs authorities participate in (per risk area)	Gauge extent to which MS participate in joint customs operations to facilitate risk management and improve cooperation	Number of joint operations MS customs authorities participate in (per risk area)	Data would need to be collected from: Questionnaires to be filled in by MS
11			Level of agreement that cooperation with EOs has improved	Gauge whether key stakeholders feel that cooperation has improved	Views of MS on extent to which cooperation has improved on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS

#	Level	Intervention logic text	Indicator	Purpose / definition	Unit of measurement	Source of data
12			Level of agreement that international cooperation has improved	Gauge whether key stakeholders feel that cooperation has improved	Views of MS on extent to which cooperation has improved on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS
13			Extent to which data obtained from other national authorities is exploited for risk management purposes	Gauge the extent to which data from other national authorities is exploited for risk management purposes	Views of MS on extent to which data from other national authorities is exploited for risk management purposes on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS
14			Extent to which data obtained from EOs is exploited for risk management purposes	Gauge the extent to which data from EOs is exploited for risk management purposes	Views of MS on extent to which data from EOs is exploited for risk management purposes on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS
15			Extent to which data obtained from international cooperation / third countries is exploited for risk management purposes	Gauge the extent to which data from international cooperation / third countries is exploited for risk management purposes	Views of MS on extent to which data from international cooperation / third countries is exploited for risk management purposes on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS
16			Extent to which data from AEOs is exploited for risk management purposes	Gauge the extent to which data from AEOs is exploited for risk management purposes	Views of MS on extent to which data from AEOs is exploited for risk management purposes on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS

#	Level	Intervention logic text	Indicator	Purpose / definition	Unit of measurement	Source of data
17	Outcomes	Risk information from other competent EU and MS authorities	Level of agreement that cooperation between customs and other competent national and EU authorities has improved risk management practices	Gauge whether key stakeholders feel that cooperation has improved risk management practices	Views of MS on extent to which cooperation has improved risk management practices on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS
18		Supply chain security, trade facilitation and trade data exploitation	Level of agreement that cooperation with EOs has improved risk management practices	Gauge whether key stakeholders feel that cooperation has improved risk management practices	Views of MS on extent to which cooperation has improved risk management practices on a scale of 1-4	Data would need to be collected from: Questionnaires to be filled in by MS
19			Extent to which data from AEOs improves risk management practices	Gauge the extent to which data from AEOs improves risk management practices	Views of MS on extent to which data from AEOs improves risk management practices on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS
20			Level of detected irregularities for AEOs versus non-AEOs	Measure performance of the AEO programme as a security measure	Difference in number of irregularities detected (during documentary control; documentary control based on electronic risk analysis; physical control; physical control based on electronic risk analysis; other Post-Release Controls) for AEOs and non-AEOs	Commission departments
21		International standards, debates and data/information exchange	Level of agreement that international cooperation has improved risk management practices	Gauge whether key stakeholders feel that cooperation has improved risk management practices	Views of MS on extent to which cooperation has improved risk management practices on a scale of 1-4	Data would need to be collected from: Questionnaire to be filled in by MS

5. ANNEX: IMPLEMENTATION TABLE

The tables below provide an overview of the status of all actions under the action plan. While some actions have been completed, especially those related to legislation or the analysis of a situation, a large number of them are categorised as 'ongoing' or 'permanent'. These actions have been initiated as foreseen in the action plan.

COMPLETED	The Action is completed.
PERMANENT	The Action is a process of a permanent nature with no end date.
ONGOING	The Action has started, but is not yet finalised.
NOT STARTED	The Action has not started.

5.1. Objective 1: Improve data quality and filing arrangements for effective risk management

Action 1.1		Exercise the empowerment granted in the Union Customs Code to adopt Commission acts
1.1.1	COMPLETED	For goods brought into the EU customs territory; conclude the analysis for the necessary improvement of entry summary declaration (ENS) data taking into account different business models, the results of air cargo security pilot actions, and the evaluation of the Import Control System (ICS)
1.1.2	COMPLETED	For goods brought into the EU customs territory; propose a harmonised solution for collecting and integrating ENS data from trade sources, based on an analysis of costs and benefits and associated implementation issues (including technical, financial and organisational aspects)
A Customs 2020 project group concluded the analysis of the implementation feasibility for Objectives 1-2 of the EU risk management strategy.		
1.1.3	COMPLETED	Adopt provisions within legal acts
This action was completed with the adoption of the Code, the delegated regulation and implementing regulation. The legislation applies since 1 May 2016.		

Action 1.2		Develop and implement appropriate IT solutions
1.2.1	ONGOING	Adjust and further develop necessary IT systems for ENS data submission by economic operators, and its collection and integration for customs authorities
The Commission is working to ensure the completion by 2025 of all 17 Union Custom Code electronic systems, and publishes annual progress reports. In total, this work requires the upgrading or creation of 14 trans-European systems and three purely national systems. (see § 2.1.3)		
1.2.2	ONGOING	Develop IT access by customs to economic operators'

		systems in the area of aviation security (Article 127(8) Union Customs Code)
This action is (to be) pursued at the national level. One Member State has already started working in this direction of gaining access to express carriers' systems. This action touches more on access to express carriers' systems, and less on postal systems.		

5.2. Objective 2: Ensure availability of supply chain data, sharing of risk-relevant information and control results among customs authorities to analyse and mitigate risks and ensure equivalent treatment of economic operators

Action 2.1		Exercise the empowerment granted in the Union Customs Code to adopt Commission acts
2.1.1	COMPLETED	Identify options for availability and sharing among customs authorities of supply chain data for risk management purposes
2.1.2	COMPLETED	Identify options for availability and sharing of risk-relevant information, including control results, among EU customs authorities to analyse and mitigate the risks on a real-time basis

- The Commission and Member States have made progress on the necessary modifications to the legal base under the Union Customs Code. Most of the legal provisions have been agreed upon and the relevant Commission implementing and delegated acts should be adopted in course of 2020.
- For customs procedures after entry and in particular concerning the 'Surveillance 3' system, drafting of the business process model (BPM) (functional requirements/specifications) has been completed.
- The Surveillance 3 system was successfully deployed on 1 October 2018 although some data migration is ongoing as the full use and benefits of the system will manifest when all Member States submit the legally defined import and export data from the Member States 'upgraded national systems'. The data analytics platform went live in March 2019, allowing the Commission to exploit surveillance data.
- For transit, the amendment of Council Regulation (EC) No 515/97 on mutual assistance offered a clear legal basis for the Anti-Fraud Transit Information System (ATIS) and enlarged the scope of the information to be exchanged between customs authorities and between the Commission and the national authorities.
- The common guidelines for customs authorities have been finalised (all guidance documents are now in place).

Action 2.2		Develop and implement appropriate IT solutions
		Adjust and further develop necessary IT systems for availability and sharing of supply chain data, and risk-relevant information, including control results, among EU customs authorities
2.2.1	ONGOING	For entry
For entry, the analysis has been completed and laid down in the business case and vision document for ICS2.		
2.2.2	ONGOING	For customs procedures after entry
For customs procedures after entry, particularly those concerning the Surveillance 3 system, drafting of the L4 business process model (BPM) (functional requirements/specifications) has been completed. The business case has been updated and reviewed.		
2.2.3	ONGOING	For export and exit

Commission proposal for a Regulation of the European Parliament and of the Council, setting up a Union regime for the control of exports, transfer, brokering, technical assistance and transit of dual-use items (recast)[33] In April 2020, the Council adopted new rules[34] creating a uniform legal framework for the use of electronic freight transport information for all modes of transport, which will make it easier for freight transport companies to provide information to authorities in digital form. Increased digitalisation of freight transport and logistics will bring significant cost savings for businesses, and make the transport sector more efficient and sustainable. The new rules will apply in full from 21 August 2024.		
2.2.4	ONGOING	For transit
In 2016, the new computerised transit system (NCTS) project group began work on developing in more detail the functional transit system specifications, including the phasing of the progress changes related to safety and security. It is a system of electronic declaration and processing that traders must use to submit Union Transit (UT) and Transports Internationaux Routiers (TIR) declarations electronically. Paper declarations are only allowed when transit declarations cannot be made on the NCTS system or for travellers with goods in excess of their duty-free allowance.		

Action 2.3		Propose solutions for traceability of goods' movements during various customs control stages
1.	ONGOING	Identify options for the traceability of goods' movements in the various stages of supply chain movements involving more than one Member State and through data provided by economic operators. Identify appropriate customs supervision solutions from goods' entry into the EU customs territory to their final customs clearance, taking account of ongoing initiatives and/or by adjusting the existing customs transactions systems.
Several initiatives have been launched as reported in section 2.2.3.		
2.	ONGOING	Put forward the appropriate approach, taking into account relevant aspects.
The implementation of this action will depend on the outcome of projects like the ones mentioned above.		

33 COM(2016) 616 final of 28.9.2016.

34 Regulation (EU) 2020/1056 of the European Parliament and of the Council of 15 July 2020.

5.3. Objective 3: Implement the concept of 'Assess in advance - control where required' to respond adequately to identified EU and national risks while maximising efficiency in the use of resources and fluidity of the supply chain

Action 3.1		Develop methodologies to implement the concept of 'Assess in advance - control where required'
3.1.1	PERMANENT	Propose a methodology to determine the most appropriate place and time for the application of customs controls and risk mitigation measures based on the type/level of risk, control and supply chain constraints (availability of information, documentation, and control possibilities)
Section 2.3.1. describes the credibility checks and the Systems-Based Approach. Credibility checks are automated checks introduced at the clearance stage of imports. They check the compatibility of entries in the customs declaration against three parameters: (i) legal checks; (ii) mass-related checks; and (iii) price-related checks. To date, 429 such measures have been introduced via the integrated Tariff of the European Union (TARIC). This is a permanent exercise.		

Action 3.2		Perform 'proof of concept' within the main policy areas and propose appropriate solutions
3.2.1	PERMAMENT	Identify the main policy areas and undertake operational actions to test solutions e.g. through priority control area (PCA) actions in cooperation with relevant stakeholders
Priority Control Area (PCA) is the key mechanism in the CRMF (see details under Objective 4) that enables the EU to designate specific areas to be treated as a priority for customs control. The PCA tool has been used to coordinate EU customs actions in most major risk areas already since 2007, delivering operational results and strategic lessons. During crises, PCAs are replaced by crisis. This was the case for COVID-19 in 2020.		
3.2.2	COMPLETED	Taking into account outcomes of the 'Toolbox': recommendations to provide guidance in the preparation or review of legislative acts which provide for customs controls, by describing how customs action can be envisaged in line with EU customs legislation and international trade practices.
The Toolbox has been finalised and distributed to Commission's departments and national customs authorities.		

5.4. Objective 4: Strengthen capacities to secure equivalence in effective implementation of the common risk management framework and to increase responsiveness to newly identified risks

Action 4.1		Identify and address weaknesses and inappropriate variances in the current implementation of the CRMF at Member State level, where relevant through EU-level support
4.1.1	PERMANENT	Analyse, determine and put forward appropriate IT solutions, where relevant through EU-level support
The vast majority of Member States have either completed or are in the process of carrying out analysis in this area, while nearly all the remaining Member States have some planned. Nearly half (13) of the Member States reported planned, ongoing or completed work to analyse and develop their IT systems. These involve various IT systems and capacities, the most commonly reported is analysis related to the forthcoming implementation of ICS2. This is a permanent action.		
4.1.2	PERMANENT	Identify and address weaknesses and inappropriate variances by non-IT solutions
Identifying and addressing weaknesses and inappropriate variances by non-IT solutions is a permanent activity. A significant non-IT solution to address variances in harmonised implementation of customs competences throughout the EU is the EU Competency Framework (EU Customs CFW) which primarily aims to harmonise and raise customs performance standards throughout the EU.		

Action 4.2		Develop possible further capacities and enhance cooperation and coordination between customs authorities
4.2.1.	ONGOING	Identify and determine - at Member State and EU level - possible further capacities that might be necessary to support more effective and efficient risk management, including increased responsiveness to newly identified risks
The Commission, in close cooperation with Member States, has improved the use of CRMS for exchanging risk information. A complete reshape (‘CRMS2’) was decided on the basis of 2 years work with the Member States and with the users of the system. The development phase of CRMS 2 has now been completed and the construction phase has begun. This will be followed by a transition phase, which includes testing. CRMS2 is expected to go live in Q4 2021.		
4.2.2.	PERMANENT	Analyse and identify options for further enhanced proactive cooperation, coordination and better risk assessment of the supply chain on a real-time basis in cooperation with the Member States
This is a permanent activity. Numerous experts and contact groups continuously work to further enhance proactive cooperation, coordination and better risk assessment of the supply chain on a real-time basis (ODYSSUD, ICARUS, LFCG, RALFH, CDTPG, ConTraffic-ENS,		

ConTraffic-SAD, Europol SOCTA, security risk rules, financial risk rules, and different CRMS network subgroups).		
4.2.3.	ONGOING	Put forward and implement appropriate solutions (including IT) for developing necessary further risk management capacities at Member State and EU level (also considering solutions proposed by EU-funded research projects), including enhanced cooperation and coordination between the customs authorities
The Commission and the Member States carried out detailed work and progress was made towards the introduction of massive new flows of better data under Release 2 of ICS2 that will collect a full set of pre-arrival information for the entire air transport. The Surveillance database records and centralises on a daily basis all EU trade data (imports and exports) provided by national customs authorities. The SURV3 system introduced an upgrade to the standard exchange of information in the earlier (SURV2) system to align the system with UCC requirements. The upgrade implemented electronic data-processing techniques and established adequate functionalities needed for processing and analysing the full surveillance dataset obtained from Member States		

Action 4.3		Develop further national and EU level customs threat and risk assessments for the full range of threats and risks
4.3.1.	PERMANENT	Work on a strategic analysis to identify trends of illicit trade crossing EU borders with a view to better identifying common profiles of illicit trade within the CRMF
This is a permanent activity. For instance, over the last few years, the relevant Commission departments and customs authorities have become more and more involved Europol's work on Strategic Organised Crime Threat Assessment (SOCTA) in order to better match terminology and include the customs angle.		
4.3.2	PERMANENT	Develop customs threat and risk assessments at national level and ensure that their results are shared and deployed in the CRMF and used for development and refinement of the common risk criteria and standards, where appropriate
This is a permanent activity. Member States share the results of their threat and risk assessments through RIFs via CRMS.		
4.3.3.	PERMANENT	Develop customs threat and risk assessments at EU level and ensure their results are shared and deployed in the CRMF and used for development and refinement of the common risk criteria and standards, where appropriate
This is a permanent activity. Commission departments share the information they obtain and the results of their analysis through RIFs via CRMS (e.g. RIF on fulfilment traffic (ICARUS), all the work on COVID-19, CRC on firearms, Ebola, etc.).		

Action 4.4		Further develop EU common risk criteria and standards (CRC) for the full range of risks, in cooperation with the competent services
4.4.1.	ONGOING	Develop further, under the CRMF, EU common risk criteria, where relevant, together with competent authorities for the full range of

		risks associated with goods' movements
A Commission implementing decision on common risk criteria and standards for air cargo security pre-loading risk analysis should be adopted in the second half of 2020 at the latest and will be supported by the common operational guidance.		
4.4.2.	COMPLETED	Propose and adopt appropriate legal acts for the new EU common risk criteria
As already reported in 2016, this action is completed.		

Action 4.5		Systematically monitor, evaluate and improve implementation of the EU risk management by the Member States and measure performance of the CRMF
4.5.1.	PERMANENT	Continue to evaluate and improve the effectiveness and efficiency of the existing CRC; improve the arrangements for CRC review
The Commission developed the CRMF evaluation cycle model with all Member States and will continue its work in this area.		
4.5.2.	PERMANENT	Develop a structured approach (evaluation cycle) for systematically monitoring, evaluating and improving implementation of EU risk management by the Member States and measuring the performance of the CRMF, to ensure harmonised, effective and efficient implementation
This is a permanent activity. CRC evaluation reports are provided every year on the implementation of the security and safety risk assessment at entry, export and transit. For financial risks, it is under development in the context of the FRC decision. Further actions need to be engaged to set up a review cycle. The first review cycle for the FRC decision is planned for the end of 2021.		

5.5. Objective 5: Promoting interagency cooperation and improving information sharing between customs and other authorities at the Member State and EU level to ensure effective risk management

Action 5.1		Develop further cross-sectoral cooperation arrangements, improve sharing and accessibility of (risk) information and customs involvement in risk and threat assessments
5.1.1	PERMANENT	Develop further the cooperation arrangements between customs and other competent authorities, with a view to ensuring complementarity of roles in supply chain risk management
• Achievements made in respect to this sub-action include the Official Control Regulation (OCR) 2017/625. The new OCR gradually became applicable with the main application date being 14 December 2019. In total 33 delegated and implementing acts have been developed to supplement the OCR and, were adopted prior to 14th December 2019. 21 Delegated and Implementing acts developed to supplement OCR are directly related to the official controls of the animals and goods entering the Union. • Together with Interpol and Europol, various coordinated actions were carried out to tackle illegal wildlife trafficking, including joint police and customs operations in April-May 2019 targeting the illegal trade in reptiles.		

- On Forest Law Enforcement Governance and Trade (FLEGT), the Commission updated the 2014 'Customs and FLEGT implementation Guidelines' and published the related 'Guidance' in January 2020. This updated guidance also explicitly refers to the use of risk management in profiling and controls on timber and timber products under the FLEGT licensing scheme.

- In 2018, with the modification of the Council Regulation (EU) No 904/2010 on administrative cooperation in the field of VAT, the cooperation between tax and customs authorities on VAT exempt importations (CP42 and 63) has been significantly enhanced. Customs authorities now have access to the VAT information exchange system for validating VAT numbers at the moment of importation and for controlling the correct reporting of these transactions for customs and VAT purposes. Tax authorities were also granted access to Surveillance 3 to identify unreported transactions. Once the practice in using these tools will be established, the communication between tax and customs on this issue will be streamlined and fraud detection will be more efficient.

5.1.2	PERMANENT	Ensure customs participation in relevant supply chain security threat and risk assessments at national and EU levels and ensure the integration of this work into customs risk management of the supply chain
This is a continuous action. Member States reported substantial progress on this action, notably regarding the exchange of and access to information between authorities (see § 2.5.1).		

5.1.3	PERMANENT	Develop together with the competent authorities the EU common risk criteria and standards and mechanisms for their regular evaluation and review, where appropriate
This is a permanent activity, which is ongoing for product safety, cash control and to be started for IPR.		
5.1.4.	PERMANENT	Improve accessibility, sharing and utilisation of risk information from other authorities and ensure its timely integration into the risk management of the supply chains, including in ad hoc/crisis situations
Actions were taken towards enhancement of customs cooperation with security and border management authorities to support more joined-up external border management and timely, more effective and coherent actions across agencies to counter border security risks. The EU introduced new legislative rules in 2019 on interoperability between EU information systems in the area of justice and home affairs. In 2018, Commission and Member State practitioners carried out a preliminary assessment of the interoperability of security and border management systems with customs systems. The expert group presented their assessment report to the Council's Standing Committee on Operational Cooperation on Internal Security (COSI) in February 2019. The Commission and Member States will continue activities in this area.		
5.1.5.	PERMANENT	Promote complementarity and coherence of initiatives from other

		authorities aimed at improving security of the supply chain to avoid undue disruption or burden to trade
This is a permanent exercise. The new EU Security Union Strategy for 2020-2025 adopted on 27 July 2020 underlines the importance of a secure external border and states that 'Customs activities in detecting safety and security risks in all goods before they arrive in the EU and in controlling goods when they arrive are crucial in the fight against cross-border crime and terrorism'.		

Action 5.2		Strengthen the EU Authorised Economic Operator (AEO) programme through broader recognition and promotion by other authorities
5.2.1	ONGOING	Strengthen the EU Authorised Economic Operator (AEO) programme through its broader recognition by other authorities in the relevant existing or future partnership programmes or in the control regimes stemming from other policies
Trade partnership programmes have been set up by various government authorities. Further streamlining such programmes with the AEO programme can potentially help close security gaps, while avoiding duplication of administrative efforts for both authorities and the operators.		

Action 5.3.		Promote use of good practices and cooperation methods between customs and other national authorities
5.3.1	PERMANENT	Encourage the exchange of good working practices and cooperation methods between Member State customs and other national authorities (Customs 2020, CCWP)
This is a permanent action. Progress during the reporting period included in particular: • In May 2017, the EU adopted new crime priorities for the 2018-2021 EU Policy Cycle for serious international and organised crime ('EMPACT'). • Work is ongoing to further strengthen the synergies between the 2018-2021 EU Policy Cycle / EMPACT and the 10th CCWP Action Plan for 2020-2021. • The Reporting Formalities Directive 2010/65 has been replaced by Regulation 2019/1239 establishing a European Maritime Single Window environment. The new regulation will be fully applicable by 2025.		

5.6. Objective 6: Develop cooperation with trade to secure and facilitate legitimate trade

Action 6.1		Continue to strengthen and promote the AEO programme, by addressing any relevant weaknesses identified and providing further benefits
6.1.1.	PERMANENT	Continue to strengthen the AEO programme by addressing any relevant weaknesses identified through the monitoring and evaluation of the implementation of the programme and by ensuring its harmonised implementation throughout the EU.
This is a permanent activity. During the reporting period, particular progress was achieved. The Commission and Member States have agreed on an action plan to further strengthen the EU AEO Programme. Activities include fact-finding/field visits to all Member States to find out how the AEO programme is implemented and to identify best practices. The visits started in July 2019, but have been disrupted due to the COVID-19 crisis.		
6.1.2.	PERMANENT	Identify and develop enhanced benefits for AEOs to be given by customs, propose and adopt adequate legal acts.
This is a permanent activity. During the reporting period particular progress was achieved through the implementation of the UCC.		

Action 6.2		Improve the knowledge of supply chains, raise trade awareness and exploit valuable data available to trade
6.2.1.	PERMANENT	Increase supply chain visibility by ensuring that valuable additional data (not required by customs legislation) available to traders and made available to customs is exploited for risk management purposes by getting access to economic operators' knowledge and information
The PEN-CP (Pan-European Network of Customs Practitioners) continuously collects and analyses customs security user need ideas, across the six PEN-CP customs security themes. (see § 2.6.1.12)		
6.2.2	ONGOING	Improve data quality and knowledge on supply chain vulnerabilities through close engagement with trade organisations at EU and Member State level
The Commission has made notable progress in implementation of this action within the framework of the ICS2 programme. It focused on improvements of supply chain data quality in the context of the advance cargo information requirements, i.e. new entry summary declaration and functional / technical design of the ICS2 system. Actions were taken in close work with the national authorities and trade both at the legal and technical level. On the legal side, necessary amendments to the UCC Annex B Delegated and Implementing Regulations were integrated in order to provide to economic operators clear and transparent data requirements, and as well as requirements for the format and structure of ENS data, consistent with the EU customs data model. On the technical side, COM completed common functional and technical specifications for the ICS2 Harmonised Trader Interface for Releases 1 and 2 of the ICS2 system.		
6.2.3	ONGOING	Identify existing solutions and, where necessary, put forward appropriate solutions
The Commission has made notable progress in implementation of this action within the		

framework of the ICS2 programme. Details are described under Action 6.2.2.		
6.2.4	ONGOING	Implement the appropriate IT solution(s), if necessary, to ensure that valuable data available to operators is exploited by authorities for risk management purposes
This action is partly supported by ICS2. In this context, The Commission finalised construction of two core central ICS2 components, notably Shared Trader Interface and Common Repository, for start of implementation of ICS2 Release 1 (15March 2021 - postal and express consignments for air pre-loading data submissions and risk analysis). These components will be critical in ensuring that in future trade provides ENS data in compliance with the legal requirements and EU level harmonised trader interface specifications. It also started work on Releases 2 and 3 of ICS2 that will implement new, improved ENS and risk analysis processes for pre-arrival processes for all transport sectors and business models.		

Action 6.3		Promote compliance management by customs administrations in close cooperation with trade
6.3.1.	COMPLETED	Identify best practices in the implementation of compliance management by comparing national programmes, and continue raising awareness among economic operators of the importance of managing their own compliance with customs regulations
This sub-action was regarded as completed in the previous progress report. The respective Project Group on Compliance, which was mapping practices including client segmentation, presented its findings in December 2015.		
6.3.2.	COMPLETED	Explore possibilities for establishing a harmonised approach to client segmentation as an element of the overall concept; complementing the AEO programme and supporting more effective and efficient risk management
The action is finalised. The presentation of the roles of AEO in the supply chain are made available in the Customs Union Performance.		
6.3.3.	NOT STARTED	Subject to the feasibility of harmonised standards in the area of client segmentation and their possible incorporation into customs risk management, put forward the appropriate approach, supported by the business case.
Not being pursued at this time given other high priorities in the risk management area.		

Action 6.4		Promote the re-use of customs data submitted electronically by economic operators to streamline customs procedures, reduce costs and improve efficiency
6.4.1.	ONGOING	With the proposed legal amendments of UCC Annex B, the Commission introduced data requirements to ensure a stronger link between different phases of customs entry processes. This will allow, once the new IT systems under the UCC are fully implemented, national authorities and economic operators to re-use a wealth of data already submitted at an earlier stage for subsequent processes. This data will be made available without legal obstacles (e.g. ENS-Presentation-Temporary Storage). The Commission harmonised the data requirements as well as the format of that data between the different procedures and IT systems. For example, on entry procedures. Even though the implementation of presentation, temporary storage declaration systems will be national, the requirements will be harmonised and very much aligned to the ENS. The ENS data structure has been taken over to presentation notification and to temporary storage declaration, which enables the trade to have a simpler IT system on their side.
6.4.2.	COMPLETED	Analyse, in cooperation with trade, whether re-use of data will increase efficiency of identified procedures for economic operators and customs administrations
The data requirements as defined in the UCC legislative package have been aligned with the WCO data model.		
6.4.3.	COMPLETED	Put forward appropriate proposals to agree with Member States and economic operators
As already reported in 2016, the EU customs data model can be seen as a supporting instrument for Member States and trade. This data model also provides for specific views such as the 'consignment view', which allows for the mapping of the EU safety and security data against the WCO data model.		
6.4.4.	COMPLETED	Draft adequate legal basis to enable and support implementation in practice
As already reported in 2016, the analysis of the UCC delegated and implementing act data requirements has been finished and agreed with Member States and trade stakeholders.		

5.7. Objective 7: Tap the potential of international cooperation, to improve risk management of the supply chain, for better identification of risks, more effective risk mitigation and cost reduction for operators and authorities

Action 7.1		Develop international cooperation through multilateral and bilateral initiatives
7.1.1.	PERMANENT	On the basis of the objectives and priorities of the overall strategy, develop international cooperation models in the area of risk management and supply chain security, including AEO mutual recognition schemes, development of trusted and fluid trade lanes and necessary exchanges of information
This is a permanent activity. The following activities took place during the reporting period (i) on AEO mutual recognition: implementation of the existing agreements with China, Japan, US, Norway and Switzerland; negotiations with Canada; and preparatory steps with Singapore (ii) on the EU-China Smart and Secure trade Lane Pilot (SSTL): the number of operators, SSTL ports and trade lanes have increased and the pilot was extended to other modes of transport under the current data exchange conditions. In particular, the number of rail lanes between the EU and China has increased and several Member States have started air lanes. Two e-commerce platforms have also joined SSTL, thereby facilitating the tackling of high volume items.		
7.1.2.	PERMAMENT	Pursue the existing bilateral cooperation, including piloting with third countries, with a view to reaching a stable operational and legal basis for full implementation
This is a permanent activity. During the reporting period the Commission continued its bilateral cooperation with third countries as described in detail in Chapter 2.7.2 of this report.		
7.1.3.	PERMANENT	Develop international cooperation through multilateral and bilateral initiatives
This is a continuous activity. During the reporting period, cooperation continued through multiple multilateral and bilateral initiatives.		

Action 7.2		Implement appropriate cost-effective IT solutions to enable international cooperation
7.2.1.	ONGOING	Implement necessary cost-effective IT solutions enabling international cooperation to support EU customs authorities in detecting risks with the use of utility blocks (UB 1 - exchange of AEO mutual recognition data and information from customs transaction systems; and UB 2 - relevant risk information)
The UB1 is used for the five AEO mutual recognition agreements on data exchange (US, China, Japan, Switzerland and Norway) and works well. It will also be the basis for the future MRA data exchange.		

Discussions on UB 2 took place in the WCO SAFE Working Group. An implementation is currently not pursued.

Action 7.3		Ensure that the EU and its Member States play a proactive role in the development of global standards in the relevant multilateral fora
7.3.1.	PERMANENT	Continue ensuring the EU's input and leading role in establishment of international standards
The EU's input has contributed to the development of international standards, namely the 'utility blocks' that are either approved or still under development. There are three utility blocks that the EU has helped/helps develop: (i) UB1 - exchange of AEO MR data; (ii) UB2 - exchange of information from customs transaction systems; and (iii) UB3 - exchange of risk-relevant information. The EU will continue its activities.		
7.3.2.	PERMANENT	Ensure that the international norms and standards are respected and implemented in the EU
The Commission and Member States continuously strive to ensure that international norms and standards are respected and implemented in the EU.		