



Brussels, 8.6.2018
SWD(2018) 322 final

COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

Proposal for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing the 'Customs' programme for cooperation in the field of customs

{COM(2018) 442 final} - {SEC(2018) 295 final} - {SWD(2018) 321 final}

Executive Summary Sheet

Impact assessment on a Proposal for a Regulation establishing the 'Customs' programme for cooperation in the field of customs

A. Need for action

Why? What is the problem being addressed?

Over recent years, customs performance has been influenced by **trends** such as globalisation inducing exponentially growing volumes of goods – and corresponding data – and ever-increasing security threats and transnational crime. In reply thereto, a modernisation of the customs union through the Union Customs Code has been initiated¹ requiring multiple new European electronic systems. Rapidly changing technologies (digitalisation, connected-ness, Internet of things, blockchain), new business models (e-commerce, supply chain optimisation) and reduced public financial means create additional new challenges for customs administration.

Against this backdrop, the functioning of the customs union suffers from a problem of insufficient uniformity and customs administrations lacking efficiency. The drivers at the root of this problem are three-fold: unequal capacity of customs administrations; uneven interpretation and implementation of legislation (UCC and other); obstacles for cooperation between customs administrations and with other stakeholders.

The **effect** of this performance problem is that the customs union has not reached its full potential, which in turn jeopardises the functioning of the internal market, wrecks social fairness and undermines EU competitiveness.

What is this initiative expected to achieve?

1. The Programme has the general objective to support the customs union and customs authorities to protect the financial and economic interests of the Union and its Member States, ensure security and safety within the Union and protect the Union from unfair and illegal trade while facilitating legitimate business activity.

2. The Programme has the specific objective to support the preparation and uniform implementation of customs legislation and policy as well as customs cooperation and administrative capacity building, including human competency and the development and operation of European electronic systems.

What is the value added of action at the EU level?

Although customs is an area of exclusive competence with a high degree of harmonised EU legislation, the implementation remains entirely with the individual Member States and the customs union can therefore only be as strong as its weakest link. Facing global and trans-European challenges in an efficient and coherent way across Europe cannot be achieved by the EU or Member States individually. Cooperation and operational integration between national customs administrations are needed. Added value is most present in the area of IT where the programme allows developing and running a series of commonly defined European electronic systems at a reduced cost than if done nationally.

B. Solutions

What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why?

Various policy options were considered, which mainly depend on the level of political ambition for the programme. Key options are "option 2 – critical mass" and "option 3 – continuity plus" (preferred option):

- Option 2 – Critical mass: this option aims at funding all UCC and some new (non UCC) electronic systems, ensuring the continuity of EU customs operations and complying with new obligations under EU customs legislation. With no other ambition than achieving the UCC implementation and already proposed legislation, this scenario would impose a thorough reconsideration of EU customs ambition.
- Option 3 – Continuity "plus": this option proposes to effectively address the present and upcoming challenges of the customs union. It aims at allowing actions necessary to strengthen the performance of EU customs administrations. Concretely, IT capacity building would ensure that new (non-UCC) customs IT projects can be on-boarded and innovation is possible. Cooperation would be increased and improved to reinforce the capacities of customs administrations to engage with other authorities, to ensure compliance, to fight fraud and increase security, to work more in clusters on a thematic or geographic basis and to accompany the deeper integration brought about by the new IT environment. With limited additional means, this option would increase significantly the programme's overall EU added value.

¹ The Union Customs Code (UCC) is part of the modernisation of customs and serves as the new framework regulation on the rules and procedures for customs throughout the EU. Its substantive provisions entered into force on 1 May 2016.

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| Who supports which option? |
| All stakeholders favour option 3. The European Parliament, Council and Court of Auditors all expressed their support for an ambitious EU customs programme contributing to a better and more uniform implementation of the customs union. Stakeholder's consultations mainly focused on customs administrations as direct beneficiaries of the programme. They also strongly supported the continuation of this well-functioning programme and suggested reaping exponential benefits by reinforcing marginally its actions as per option 3. |
| C. Impacts of the preferred option |
| What are the benefits of the preferred option (if any, otherwise main ones)? |
| Customs administrations are the direct beneficiaries of the programme. Under option 3, the programme will provide them with the necessary (operational, organisational, methodological and budgetary) framework for cooperation. Administrative capacity building, including IT and human capacity, will help them evolve further towards modern administrations able to deal with the increased number of core tasks incumbent on them. The preferred option would improve the functioning of the customs union and customs authorities by substantially reinforcing cooperation among Member States and with third countries, as well as by strengthening the performance of customs administrations everywhere in the EU. Equally, this option would allow the evolution of IT capacity in line with EU customs policy over time. Improving customs performance through joint IT solutions and cooperation directly affects the fluidity of legitimate trade of goods entering and leaving the Union territory as customs will better and quicker detect and stop unsafe and illicit goods at the border. Citizens and businesses are benefitting mostly indirectly from actions carried out under the programme, thanks to communication networks and European electronic systems allowing exchange of information and cooperation between customs administrations. Due to a lack of comprehensive quantitative data, the benefits were mainly assessed based on gathered qualitative information. |
| What are the costs of the preferred option (if any, otherwise main ones)? |
| No specific economic, social and environmental negative impact is expected. |
| How will businesses, SMEs and micro-enterprises be affected? |
| The programme does not include any measure targeting directly businesses, SMEs and micro-enterprises. Some indirect benefits for businesses will come from common portals, available training tools and progress made towards a single window. |
| Will there be significant impacts on national budgets and administrations? |
| The programme aims at financing actions in favour of customs administrations. The main expenditure will happen through public procurement for developing and running European electronic systems. Those systems not being fully centralised, investments are also needed at national level for putting them in place. |
| Will there be other significant impacts? |
| There are no other significant impacts. |
| D. Follow up |
| When will the policy be reviewed? |
| To facilitate the evaluation of the programme, a framework for monitoring the results achieved by the programme will be put in place. Full transparency with regular reporting on monitoring and evaluation to the European Parliament and to the Council will be ensured. An interim evaluation looking at the achievement of the objectives of the programme, its efficiency and its added value at European level will be carried out. A final evaluation will deal with the long-term impact and the sustainability effects of the programme. |