EUROPEAN
COMMISSION

Brussels, 9.9.2024
COM(2024) 395 final

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

pursuant to Article 278(a) of the Union Customs Code, on progress in developing the electronic systems provided for under the Code during 2023

{SWD(2024) 214 final}

Table of Contents

1. INTRODUCTION 2
2. CONTENT OF THE REPORT 2
3. PROJECT METHODOLOGY FOR THE UCC ELECTRONIC SYSTEMS 3
4. GLOBAL OVERVIEW OF PROGRESS WITH THE UCC ELECTRONIC SYSTEMS 4
4.1 Projects completed before 2023 4
4.2 Ongoing projects 4
4.2.1 Trans-European projects 5
4.2.2 National projects 8
4.3 Risks for delays to the UCC IT implementation 10
4.4 Mitigation actions 12
4.5 State of play for enlargement countries 14
5. MANAGEMENT SUMMARY AND CONCLUSIONS 15

1. INTRODUCTION

This is the **fifth annual report on the deployment progress of the outstanding electronic systems, in accordance with Article 278(a)** of the Union Customs Code (UCC)[1] on the progress in developing the electronic systems provided for under the UCC[2]. This report elaborates on the continuing progress in developing electronic systems and describes the developments towards a fully digital customs environment since the UCC entered into force. For this purpose, it draws on the UCC Work Programme[3] (UCC WP), established in 2019, which is considered as the baseline for reporting progress.

The UCC entered into force on 1 May 2016 and following its amendment in 2019[4], it established the deadlines of 2020, 2022 and 2025 for the progressive completion of the projects in terms of IT transition and implementation. The existing electronic and paper-based systems can continue to be used for the completion of customs formalities (the so-called 'transitional measures') until the new or upgraded electronic systems envisaged under the UCC are operational. This legal instrument is used to steer and support the gradual and complex three-dimensional transition process towards a fully digital customs environment, taking into account interdependencies between the systems. **.**

It should be noted that during the drafting of this report the UCC WP of 2019 had been subject to revision, amongst others based on the progress input received from Member States as part of the preparation of the report. The new UCC WP is the instrument to steer Member States towards a common and feasible implementation of the pending projects, leaving more flexibility to meet the final deadlines but nevertheless keeping the necessary pressure for a full implementation of the UCC WP by 31 December 2025. For this reason the report includes a forward looking approach as regards the readiness against the dates in the new UCC WP[5], which was adopted by the Commission on 15 December 2023.

2. CONTENT OF THE REPORT

The projects listed in the UCC WP can be divided into three categories of systems:

i) **Central trans-European systems** to be developed or upgraded by the Commission (often also requiring developments or upgrades of the national systems by the Member States);
ii) **Decentralised trans-European systems** that have to be developed or upgraded by the Commission but have a major national component to be implemented by the Member States and;
iii) **National systems** that have to be developed or upgraded exclusively by the Member States.

This report analyses the tangible progress made for all these systems, outlining the scope and planning of each project (section 3). It also highlights potential delays, where identified, as well as envisaged mitigating measures (section 4). The overall assessment of the progress of the implementation of the UCC WP is summarised in the conclusion of this report (section 5).

[1] 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.
[2] Report from the Commission to the European Parliament and the Council:
2019: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A52019SC0434;
2020: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020SC0339;
2021: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021SC0382;
2022: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52023SC0029.
[3] Commission Implementing Decision (EU) 2019/2151 of 13 December 2019 establishing the work programme relating to the development and deployment of the electronic systems provided for in the Union Customs Code, OJ L 325, 16.12.2019, p. 168–182, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019D2151.
[4] Regulation (EU) 2019/632 of the European Parliament and of the Council of 17 April 2019 amending Regulation (EU) No 952/2013 to prolong the transitional use of means other than the electronic data-processing techniques provided for in the Union Customs Code (OJ L 111, 25.4.2019, p. 54–58).
[5] Commission Implementing Decision (EU) 2023/2879 of 15 December 2023 establishing the work programme relating to the development and deployment of the electronic systems provided for in the Union Customs Code, OJ L_202302879, 22.12.2023, p.1-17, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302879.

More details of the planning and status of each project are provided in the Commission's Staff Working Document[6], published alongside this report. The report and Staff Working Document are constructed on the basis of of information collected **through the following sources:**

(1) **national plans** that the Member States are required to provide twice a year (January and June).

(2) **a survey** circulated to the Member States and to the Commission own services to capture the actual progress against the plans.

The data yielded are both quantitative, in the form of deadlines and milestones met or missed and qualitative, in the form of detailed descriptions regarding the estimated complexity of the projects, the challenges faced, the risks anticipated, the delays and reasons for any such delays as well as the mitigating measures planned and/or taken.

In this year's exercise, Member States were also asked to provide information on the lessons learnt during the development of the projects and on the possible additional support needs.

(3) bilateral high-level meetings between the Member States Customs IT Directorates and the Commission's Directorate-General for Taxation and Customs Union (DG TAXUD).

The outcome of the survey provided the Commission with a clear view of the status of each system. However, the Commission determined it important to acquire up-to-date knowledge to obtain a full and accurate understanding of the status of each of the UCC projects on the side of the Member States, comprehend the issues they were encountering and generate ideas for improving problematic situations.

(4) outputs from the trans-European coordination and monitoring programmes.

This report also contains an analysis based on more detailed information reported by the Member States in the framework of the Coordination Programmes in place since 2020 for the trans-European systems.

3. PROJECT METHODOLOGY FOR THE UCC ELECTRONIC SYSTEMS

Dependent on the system architecture agreed by the Member States and the Commission for each of the systems, there is a **role sharing** defined as regards the **responsibilities** for the development, deployment, operation and maintenance. This is laid down in the Implementing Reguation on the Technical Arrangements for the electronic systems (IRTA), which describes what components those systems should consist of, and what their nature is – national (developed at national level) or common (developed at EU level).

In accordance with Article 103 of the IRTA, the **common components** shall be developed, tested, deployed and managed by the Commission, and may be tested by the Member States. The **national components** shall be developed, tested, deployed and managed by the Member States. The Member States shall ensure that the national components are **interoperable** with the common components. The Commission shall design and maintain the **common specifications for the decentralised systems** in close cooperation with the Member States. The Member States shall develop, operate and maintain **interfaces** to provide the functionality for the decentralised systems necessary for the exchange of information with economic operators and other persons through national components and interfaces, and with other Member States through common components.

Since 2022, the **project methodology** for the development of the systems has been further optimised. On the side of the Commission, the business process modelling, data modelling and technical specifications have been developed more in parallel and through close collaboration from the start with legal, business and IT experts. This best practise method has also been incorporated by most of the Member States. Moreover, there is an evolution towards adopting more agile methodologies for the development of the UCC electronic systems, enabling gradual enhancements to user functionality through swifter and more manageable software releases. The Commission has adapted its approach and documentation for the trans-European systems to enable this agility as a support to the Member States

[6] Commission Staff Working Document Accompanying the Report from the Commission to the European Parliament and the Council pursuant to Article 278a of the Union Customs Code, on progress in developing the electronic systems provided for under the Code, SWD(2024) XX final.

to speed up the progress. This is also reflected in the new UCC WP.

The Member States and the Commission continued to meet regularly in the Electronic Customs Coordination Group (ECCG) to define and agree upon the project documents for each trans-European system. The ECCG is also the forum to steer and coordinate the activities amongst the Member States and the Commission. In addition, the Commission systematically consulted the trade community through the Trade Contact Group (TCG). The Member States have the responsibility to maintain direct contact with their Economic Operators regarding national plans and documentation for traders. Once a system is ready, it is of utmost importance that the Member States ensure a smooth transition from the existing systems to the upgraded ones. This is vital to prevent any impact on trade and customs operations.

4. GLOBAL OVERVIEW OF PROGRESS WITH THE UCC ELECTRONIC SYSTEMS

The UCC WP contains seventeen projects leading to the deployment of the required electronic systems including fourteen trans-European projects for which the Commission and the Member States are responsible and three falling under the sole responsibility of the Member States.

4.1 Projects completed before 2023

The Commission reports the successful deployment of the following **nine new systems or upgrades**:

- UCC Registered Exporter System – *REX* (new): Deployed in 2017;
- UCC Customs Decisions – *CDS* (new): Deployed in 2017;
- UCC Direct Trader Access to the European Information Systems – *UUM&DS* (Uniform User Management & Digital Signature) (new): Deployed in 2017;
- UCC Economic Operator Registration and Identification System 2 – *EORI2* (upgrade): Deployed in 2018;
- UCC Surveillance 3 – *SURV3* (upgrade): Deployed in 2018;
- UCC Binding Tariff Information – *BTI* (upgrade): Deployed in 2019;
- UCC Authorised Economic Operators – *AEO* (upgrade): Deployed in 2019;
- UCC Information Sheets for Special Procedures – *INF* (new): Deployed in 2020;
- UCC Import Control System 2 – Release 1 – *ICS2 - Release 1* (upgrade): Deployed in 2021.

4.2 Ongoing projects

This report aims to highlight the accomplishments and challenges encountered in the implementation of the ongoing projects in 2023.

Section 4.2.1 provides an overview of the **six trans-European projects** scheduled for deployment between 2023 and 2025. Four of these projects had deployment windows ending in 2023 as set in the UCC WP of 2019 but as some Member States reported difficulties, the UCC WP was revised in 2023.

Section 4.2.2 outlines the implementation of the **three national projects**, namely *Notification of Arrival*, *Presentation Notification* and *Temporary Storage*, *Special Procedures* and *National Import Systems*. These projects were originally planned to be operational by 31 December 2022, as defined in the UCC. However, due to the inability to meet this deadline and as previously identified in the UCC Annual Progress Reports, several Member States requested a derogation under Article 6(4) of the UCC. On 1 February 2023, the Commission adopted Implementing Decisions granting derogations to certain Member States, extending the deadline to 31 December 2023.

4.2.1 Trans-European projects

The trans-European projects follow a particular structure, which may involve a combination of central and national elements as well as multiple phases. As stated in Article 278(3) of the UCC, they are required to be completed no later than 31 December 2025. A concise description and progress for each project is presented below:

1) **UCC Guarantee Management** – GUM (new): aims to ensure real time allocation and management of different types of guarantees across the EU, focusing on improving processing speed, traceability and monitoring of guarantees between customs offices.

   Progress: A business guidance document, an eLearning module and IT training sessions were made available in 2023. A low risk was associated to the timely deployment *of GUM – Component 1* which is to implemented centrally by 11 March 2024.

   Concerning the *GUM – Component 2*, Member States are expected to establish operational connections with the central component between March 2024 and June 2025. Member States predominantly indicated a low-risk level for the timely delivery of the project. By Q2 2023, seven Member States reported the deployment of their national component as completed, while for others the work is ongoing. Two anticipated delays in achieving the milestone.

2) **UCC Import Control System 2** – *ICS2* (upgrade): aims to strengthen the safety and security of the supply chain by improving data quality, filing, availability and sharing of advanced cargo information.

   Progress: *ICS2 – Release 2* extends the scope of the system to all cargo (including express and postal consignments) entering the EU by air.

   The central *ICS2 – Release 2* system was deployed by the Commission on 1 March 2023 in line with the legal deadline.

   As regards the Member States readiness for their part in the implementation, twelve Member States deployed *ICS2 – Release 2* by 1 March 2023. Derogations were granted to twelve other Member States, extending the deployment deadline until 30 June 2023[7] due to high risk of delays. By end of 2023, twenty-six Member States were operational with Release 2. The remaining Member State envisaged to connect during the first half of 2024.

   Traders transitioned gradually until October 2023, however, by the year's end, approximately 40 air carriers were still pending. Member States are responsible for the economic operators` compliance with ICS2. The Commission monitors the phasing in of the economic operators together with the Member States and relevant trade associations. The Commission has reminded Member States to take all necessary actions (including possibly imposing penalties) against continued non-compliance of economic operators.

   The development of *ICS2 – Release 3* has started as planned. Most Member States indicated that the project is with low risk and on target to have the system fully deployed by the date specified in the UCC WP.

3) **UCC Proof of Union Status** – *PoUS* (new): aims to store, manage and retrieve all proofs to demonstrate that traders provide the Union status of their goods. Due to dependencies with the UCC Customs Goods Manifest (CGM) and the European Maritime Single Window environment (EMSWe), the project will be completed in two different phases to minimize risks and inconsistencies.

   Progress: *PoUS – Phase 1* is set to be operational by 1 March 2024, with low risk of delay.

[7] Commission Implementing Decision (EU) 2023/438 of 24 February 2023 granting a derogation requested by certain Member States pursuant to Regulation (EU) No 952/2013 of the European Parliament and of the Council to use means other than electronic data-processing techniques for the exchange and storage of information for Release 2 of the Import Control System 2 (OJ L 63, 28.2.2023, p. 56-58).

Regarding *PoUS – Phase 2*, Technical Specifications were completed by the Commission in Q2 2023, and Conformance Testing activities are scheduled to conclude in Q3 2025. The Commission is on schedule for a timely delivery of the project. However, it should be noted that in view of the difference in the deployment date of *PoUS – Phase 2* Customs Goods Manifest (CGM) (2 June 2025) and the deployment date of the European Maritime Single Window environment (EMSWe) (15 August 2025), an alignment has been sought for in the new UCC WP. As a result, the deployment was rescheduled in the new UCC WP to 15 August 2025[8]. A medium risk has been identified on the project in view of progress issues on the implementation of the EMSWe.

4) **UCC Centralised Clearance for Import** – *CCI* (new): aims to allow economic operators to place goods under a customs procedure by lodging at their place of establishment a customs declaration for goods which are presented in another Member State. Built upon the new *National Import Systems*, CCI will automate centralised clearance at the European level.

Progress: For *CCI – Phase 1*, the Commission is progressing according to schedule and with ongoing Conformance Testing with Member States. A medium to high risk level was assigned to the project due to dependencies on Member States' readiness with the National Import System (NIS) upgrade, a prerequisite for deploying CCI.

In view of reported delays in the deployment of *CCI - Phase 1* beyond 1 December 2023, the Commission is implementing a new iterative approach, prioritising standard declarations and the freedom to choose the message type, while extending the deadline for *CCI – Phase 1*[9], with the final deployment on the 1 July 2024, reflected in the new UCC WP.

As regards *CCI – Phase 2*, the Commission finalised the Technical Specifications in 2022, well in advance of the deployment window scheduled for October 2023 to 2 June 2025.

In terms of assessing the level of completeness of the full CCI system, most of the Member States reported that the developments are progressing, with a medium level of risk associated with the timely delivery of the project against the deadline for *CCI – Phase 2*.

Some Member States expressed their intention to deploy *CCI – Phase 1* and *CCI – Phase 2* together.

5) **UCC New Computerised Transit System** – *NCTS* (upgrade): aims to align the existing Union and common transit system to the new UCC legal provisions, including the new UCC data requirements and the interfaces with other systems.

Progress: Overall, for *NCTS – Phase 5*, significant progress has been achieved. However, a high risk was allocated to the project as the deployment deadline of 1 December 2023 could not be achieved by a number of Member States. Therefore, a new approach was agreed and reflected in the new UCC WP. This entails that *NCTS – Phase 5* can be implemented in two steps: core functionalities by 1 December 2023 with business continuity aligned with UCC, and non-core functionalities by 2 December 2024.

As illustrated in Figure 1, three Member States started operations by February 2023, while four others joined them by September 2023. All but six Member States committed to being operational with the core functionalities by 1 December 2023 and most confirmed they will be fully operational, for both core and non-core functionalities by 1 December 2024.

[8] Date updated accordingly in the 2023 UCC WP Revision.
[9] Approach presented in 2023 in the context of the revision of the UCC WP and MASP-C. The end of the deployment window for *CCI – Phase 1* is envisaged to run till the end of Q2 2024, with the final deployment deadline being 01/07/2024.

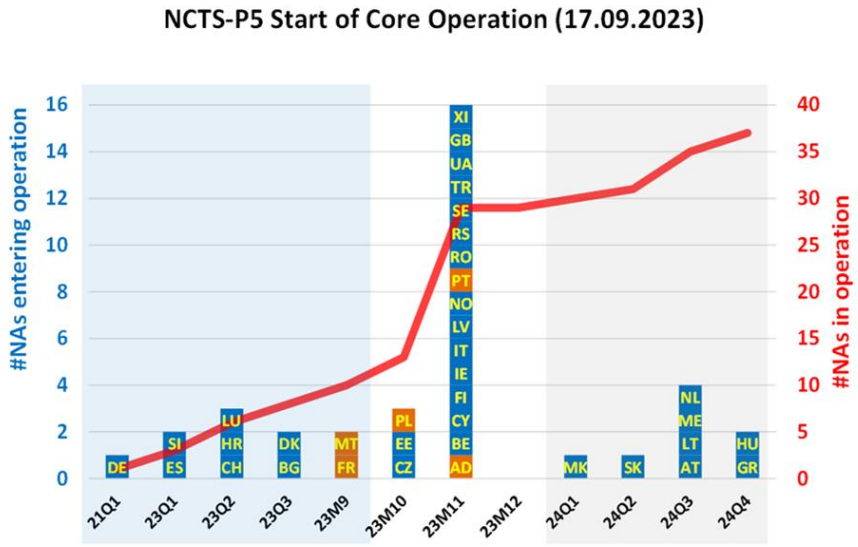

Figure 1 – NCTS – Phase 5 National Administrations entry into operations

For *NCTS – Phase 6* the timeline is synchronised with that of *ICS2 – Release 3*[10] in the new UCC WP and the new deployment window establishes a clear cut-off for NCTS-Phase 5. These changes should address the risk of delays and allow Member States and traders to define their strategy and actions to be ready by the new dates. Therefore, the risk associated to this project in view of its finalisation by 1 September 2025 is reduced to low.

6) **UCC Automated Export System** – AES (upgrade): aims to implement the UCC requirements for export and exit of goods.

Progress: For AES the Member States reported significant progress in deploying their national export applications in 2023. However, as the deployment deadline of 1 December 2023 could not be achieved by a number of Member States, leading to a revised plan in the UCC WP, a high risk is allocated to the project. AES may be implemented in three steps: first, core functionalities (1 December 2023), the second to interface with Excise (February 2024) and lastly, non-core functionalities (2 December 2024).

These changes should address the risk of delays and allow Member States and traders to define the strategy to meet the new deadlines, as failing to do so would pose a medium to high risk for a timely delivery by end 2024.

Figure 2 illustrates that eight Member States started international operations for AES by September 2023. Another eight Member States, along with the Commission, are currently executing their deployment plans to ensure their timely entry into operation. Most of the Member States confirmed their commitment to be operational with the core functionalities by 1 December 2023, and for core and non-core functionalities by 2 December 2024.

[10] As envisaged in the new UCC WP, *NCTS – Phase 5* will be fully deployed by 21 February 2025. The transition period from *NCTS – Phase 5* to *NCTS – Phase 6* is envisaged between 01/03/2025 and 01/09/2025, during the same period that *ICS2 – Release 2* will transition to *ICS2 – Release 3*, allowing for the synchronisation between both systems.

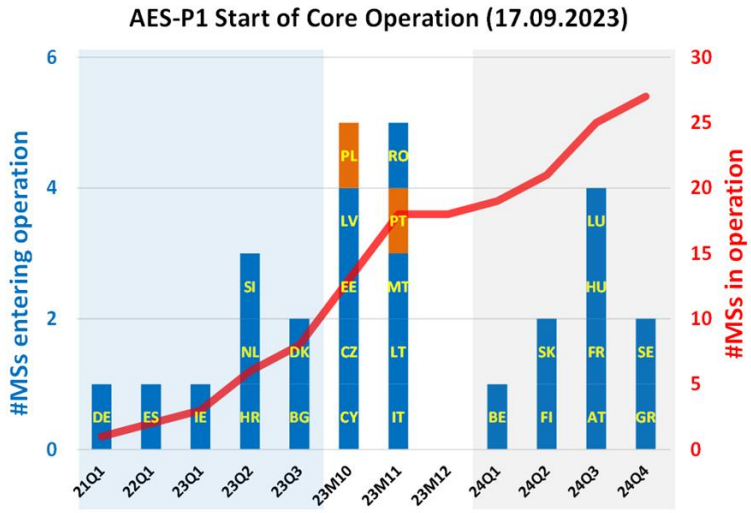

Figure 2 – AES Member States entry into operations

To summarise the status of the remaining trans-European projects, the Commission remains on track to meet the legal deadlines agreed upon in the context of the UCC and UCC WP. As regards the Member States' deployments of the national components of these trans-European systems, serious risks for delays have been identified, in particular for *CCI – Phase 1*, *AES*, and *NCTS – Phase 5* but they have been partially addressed with the new UCC WP (see section 4.3).

4.2.2 National projects

The Member States were due to complete the upgrade of their **three fully national projects** [11] by December 31, 2022, in accordance with Article 278(2) of the UCC. However, twenty two Member States could not meet this deadline and following their request, were granted a derogation, externding the deployment deadline to 31 December 2023[12].

The progress for each national project is presented below and illustrated in Figure 3:

1) **UCC Notification of Arrival, Presentation Notification and Temporary Storage** (*AN, PN and TS*) (upgrade): aims to automate national entry processes.

   Progress: The timely delivery of national systems was identified as being at risk in previous UCC Annual Progress Reports. As illustrated, most Member States completed the implementation by the end of 2023. For more details, please refer to section 3.1.2 of the Commission Staff Working Document accompanying this report.

[11] This timeline excludes the Export Component of the national Special Procedures system, for which the activity and planning is interlinked with the Automated Export System (AES).

[12] Commission Implementing Decision (EU) 2023/235 of 1 February 2023 granting a derogation requested by certain Member States pursuant to Regulation (EU) No 952/2013 of the European Parliament and of the Council to use means other than electronic data-processing techniques for the exchange and storage of information for the notification of arrival of a sea-going vessel or of an aircraft (OJ L 32, 3.2.2023, p. 220-222).
Commission Implementing Decision (EU) 2023/234 of 1 February 2023 granting a derogation requested by certain Member States pursuant to Regulation (EU) No 952/2013 of the European Parliament and of the Council to use means other than electronic data-processing techniques for the exchange and storage of information for the Presentation Notification related to goods brought into the customs territory of the Union (OJ L 32, 3.2.2023, p. 217-219).
Commission Implementing Decision (EU) 2023/236 of 1 February 2023 granting a derogation requested by certain Member States pursuant to Regulation (EU) No 952/2013 of the European Parliament and of the Council to use means other than electronic data-processing techniques for the exchange and storage of information for the Temporary Storage declaration related to non-Union goods presented to customs (OJ L 32, 3.2.2023, p. 223-225).
Commission Implementing Decision (EU) 2023/237 of 1 February 2023 granting a derogation requested by certain Member States to use means other than electronic data-processing techniques for the exchange and storage of information related to the customs declaration for goods brought into the customs territory of the Union laid down in Articles 158, 162, 163, 166, 167, 170 to 174, 201, 240, 250, 254 and 256 of Regulation (EU) No 952/2013 of the European Parliament and of the Council laying down the Union Customs Code (OJ L 32, 3.2.2023, p. 226-228).

2) **UCC National Import Systems –** *NIS* (upgrade): aims to implement all process and data requirements that relate to imports as outlined in the UCC.

Progress: Several Member States reported risks in the timely delivery of the project since 2022, resulting in derogations granted. By the end of 2023, NIS is deployed by nineteen Member States. A few Member States require a further update to have the project fully completed; others are not ready with the implementation by the end of 2023 (derogation deadline). For more details, please refer to section 3.2.2 of the Commission Staff Working Document accompanying this report.

3) **UCC Special Procedures** – *SP* (upgrade): aims to harmonise special procedures (i.e., customs warehousing, end-use, temporary admission and inward/outward processing).

Progress: Considering the interdependencies with the *National Import Systems*, twenty-one Member States completed *SP IMP* by the end of 2023. For more details, refer to sections 3.3.2 and 3.4.2. of the Commission Staff Working Document accompanying this report.

	AN	PN	TS	NIS	SP IMP
UCC WP Deadline	31/12/2022 with extension to 31/12/2023 (1)			31/12/2022 with extension to 31/12/2023 (2)	
AT	N/A	21-06-2023	Not Provided	Not Provided	03-02-2025
BE	30-06-2023	05-07-2023	29-11-2023	06-12-2023	06-12-2023
BG	01-03-2023	23-10-2023	23-10-2023	23-10-2023	23-10-2023
CY	07-11-2023	07-11-2023	07-11-2023	07-11-2023	07-11-2023
CZ	01-03-2023	01-03-2023	31-12-2023	01-12-2024	01-12-2024
DE	01-03-2023	06-03-2021	06-03-2021	06-03-2021	06-03-2021
DK	31-10-2023	31-10-2023	15-10-2024	15-10-2024	15-10-2024
EE	01-10-2023	01-10-2023	01-10-2023	01-07-2021	01-07-2021
ES	N/A	01-03-2024	01-03-2024	30-09-2023	30-09-2022
FI	31-03-2023	31-03-2021	31-12-2022	31-12-2019	30-12-2022
FR	01-07-2023	06-03-2024	06-03-2024	31-12-2024	30-09-2023
GR	31-12-2024	31-12-2024	31-12-2024	31-12-2022	31-12-2024
HR	01-07-2023	01-03-2023	01-12-2022	01-01-2023	01-01-2023
HU	31-12-2023	31-12-2023	31-12-2023	12-10-2023	12-10-2023
IE	N/A	23-11-2020	23-11-2020	24-06-2024	23-11-2020
IT	13-12-2022	13-12-2022	13-12-2022	01-07-2021	01-07-2021
LT	01-03-2023	28-02-2023	31-10-2023	31-12-2023	31-12-2023
LU	01-03-2023	10-01-2023	10-01-2023	02-05-2023	02-05-2023
LV	24-09-2017	24-09-2017	24-09-2017	03-06-2018	03-06-2018
MT	01-06-2024	01-06-2024	01-06-2024	01-02-2025	01-02-2025
NL	01-07-2023	01-12-2023	01-12-2023	01-04-2022	01-04-2022
PL	01-12-2023	31-12-2023	31-12-2023	31-12-2023	01-07-2021
PT	28-10-2024	28-10-2024	28-10-2024	28-10-2024	28-10-2024
RO	01-10-2023	01-10-2023	01-10-2023	01-10-2023	31-12-2023
SE	01-03-2023	27-09-2023	01-10-2024	15-03-2022	20-06-2023
SI	01-03-2023	01-03-2023	30-11-2023	01-01-2022	01-01-2022
SK	01-03-2023	01-10-2023	02-06-2025	01-01-2025	11-06-2016

Legend	
	In line with the UCC WP, the further update by 1 July 2024, and/or the granted derogation
	Beyond the deadline in the UCC WP and/or the granted derogation
	Not provided

(1) Until 31/12/2023 for the Member States that were granted a derogation.

(2) Until 31/12/2023 for the Member States that were granted a derogation or until 01/07/2024, where Article 2(4a) of Commission Delegated Regulation (EU) 2015/2446 applies, which is the case for instance for Bulgaria, Ireland and Poland.

Figure 3 – National entry/import systems deployment planning

To summarise, Member States are in the process of completing the upgrade of their three fully national projects. Although most Member States anticipate deploying their systems by the end of 2023, in line with the granted derogation deadline, a significant number of Member States still reported further delays, mostly for TS and NIS, resulting in deployments that will extend beyond 2023 and that impact other domains.

The delays in the deployment of the national entry systems (Arrival Notification/Presentation Notification/Temporary Storage) are disrupting the ICS2 end to end cycle and support processes, impacting supply chains and increasing costs for economic operators for setting up an interim solution.

The delays of NIS upgrade also have a negative impact on the economic operators, postponing the use of all the functionalities at import, simplifications in formalities of which the economic operators could benefit such as Entry Into the Declarant's Records (EIDR). Furthermore, it is an important prerequisite for the deployment of the electronic system related to CCI.

More details on the delays are reflected in section 3.2 of the Staff Working Document.

4.3 Risks for delays to the UCC IT implementation

This report distinguishes the progress made on the Commission's side from that of the Member States. The **Commission's** developments **are progressing as planned** and no delays beyond the legal deadline and no risks that could result in a delayed deployment were identified. Delays experienced by Member States impact the progress of the trans-European systems such as *ICS2*, *CCI*, *NCTS* and *AES* in their totality which, in turn, have an impact on the activities under the Commission's scope of action. This results in greater investment resources devoted to Conformance Testing activities and coordination and support activities in the trans-European projects. Furthermore, it also results in further assistance in alternative national development and deployment schemes and monitoring, and having to maintain central components for a longer time during transition periods.

Most **Member States are gradually progressing** in the developments under their responsibility, although some of them are advancing at a slower pace than originally planned. As a result, **delays beyond the legal or derogation deadlines were reported** in some national and trans-European projects.

The Member States provided several grounds for justification of the delays, most of which are recurring, leading to delays in the development of their systems. These include a lack of financial and human resources, competing priorities and the impact of the Russian invasion of Ukraine on customs. Additionally, Member States also reported the inability of national IT infrastructures to cope with the technical needs of the projects, capacity issues of contractors and dependencies with other stakeholders, transition and testing with the Economic Operators, delayed or unsuccessful calls for tenders to outsource pieces of work, burdensome public procurement procedures, governance issues and complex system integrations of the UCC projects.

Despite the Commission's timely delivery of the Functional and Technical Specifications for trans-European systems under the UCC WP, there are still a few Member States where tenders have not been awarded or where significant problems in national procurement processes remain, impacting the timely delivery of the systems.

Bilateral meetings between the Member States and the Commission were held to discuss and address issues and to emphasise the importance of prioritising the UCC projects. In this regard, the Commission also provided advice on possible follow-up actions and measures. **Twenty-two Member States submitted formal requests for derogations to the Commission** under Article 6(4) of the UCC concerning delays beyond legal deadlines in their **national projects**. The Commission reviewed the

requests and the justifications provided therein in light of the specific circumstances and **issued Implementing Decisions granting derogations** to the requesting Member States. Derogations for *Notification of Arrival*, *Presentation Notification*, *Temporary Storage*, *National Import System*, and *Special Procedures – Component 2* extended the deadline until 31 December 2023[13], while the derogation for *ICS2 – Release 2* extended the deadline until 30 June 2023.

An overview of the granted derogations to the Member States is provided below:

- For the implementation of ***Notification of Arrival***, a derogation was granted to the following Member States: AT, BE, BG, CY, CZ, DK, EE, ES, FR, GR, HU, HR, LU, MT, NL, PL, PT, RO, SE, SI, and SK. At the same time, BG, CY, DE, EE, ES, FI, FR, HR, HU, LT, LU, NL, SE, and SI reported that they would use the *AN* integrated in *ICS2 – Release 2* (deployed as of 1 March 2023 or 30 June 2023 for Member States that were granted a derogation). DE and IE indicated *Notification of Arrival* as not applicable.
- For the implementation of ***Presentation Notification***, a derogation was granted to the following Member States: AT, BE, CY, CZ, DK, EE, ES, FR, GR, HU, HR, LU, MT, NL, PL, PT, RO, SE, SI, and SK.
- For the implementation of ***Temporary Storage***, a derogation was granted to the following Member States: AT, BE, CY, CZ, DK, EE, ES, FR, GR, HU, HR, LT, LU, MT, NL, PL, PT, RO, SE, SI, and SK. Additionally, GR shared the need for an extended derogation.
- For the implementation of the ***National Import Systems*** **upgrade**, a derogation was granted to the following Member States: AT, BG, CY, CZ, DK, ES, FR, GR, HU, LT, LU, MT, NL, PT, RO, and SE. These delays will impact the trans-European *CCI* project and *Special Procedures – Component 2***,** which follows the same timeline as the *National Import System* upgrade. Additionally, GR and SK shared the need for an extended derogation.
- For the implementation of ***Special Procedures – Component 2***, a derogation was granted to the following Member States: AT, BG, CY, CZ, DK, ES, FR, GR, HU, LT, LU, MT, NL, PT, RO, and SE.
- For the implementation of ***ICS2 – Release 2***, a derogation was granted to the following Member States: AT, BE, DK, EE, FR, GR, HR, LU, NL, PL, RO, and SE. GR and RO submitted a formal request for a subsequent derogation. Additionally, GR and RO shared the need for an extended derogation. By end 2023, RO will still facing issues with the deployment of this release.

Based on the information received from the Member States, we can conclude that 71% of the total of extended 2023 deadlines granted under the derogations have been met. The other 29% is still facing issues with the deployment.

As reflected in the accompanying Staff Working Document, **several Member States informed the Commission about delays on the trans-European projects:**

- For the implementation of ***Special Procedures – Component 1***, the following Member States indicated a planned operations date that is later than the set deadline in the UCC WP: FI, FR, GR, HU, LU, MT, PT, SE, and SK. For more details, please refer to section 3.3 of the Staff Working Document accompanying this report.
- For the implementation of ***ICS2 – Release 3***, the following Member States reported deployment dates exceeding the deadline defined in the UCC WP[14]: FI, FR, HR, IE, MT, PT, and SK. For

[13] For modes of transport other than air, the derogations for Arrival Notification, Presentation Notification and Temporary Storage last until 29/02/2024.

[14] In the 2023 UCC WP Revision, the deployment of the full *ICS2 – Release 3* by all Member States is envisaged for 03/06/2024. The rollout of the *ICS2 – Release 3* system is planned in three steps: Step 1 concerning maritime and inland waterways carriers (with a deployment window starting on 03/06/2024 and ending on 04/12/2024); Step 2 related to the house level filers in the maritime and inland waterways traffic (with a deployment window starting on 04/12/2024 and ending on 01/04/2025); and Step 3 regarding the road and rail carriers (with a deployment window starting on 01/04/2025 and ending on 01/09/2025).

more details, please refer to section 4.2 of the Staff Working Document accompanying this report.

- For the implementation of ***CCI – Phase 1***, the following Member States indicated a planned operations date that is later than the deadline set in the UCC WP[15]: BE, CZ, DE, DK, ES, FI, HR, HU, IE, LT, LU, LV, MT, NL, PT, SI and SK. For ***CCI – Phase 2***, BE, DE, EE, ES, FI, GR, and NL indicated a planned operations date which is later than the deadline set in the UCC WP. For more details, please refer to sections 3.6 and 4.4 of the Staff Working Document accompanying this report.
- For the implementation of ***NCTS – Phase 5***, AT, ES, FI, GR, HU, IE, LT, LV, MT, NL, PT, SE, and SK indicated delays compared to the operations deadline set in the UCC WP[16]. For more details, please refer to section 3.7 of the Staff Working Document accompanying this report.
- For the implementation of ***AES – Component 1***, AT, BE, FI, FR, GR, HU, LU, MT, PT, SE, and SK indicated a planned operations date later than the deadline set in the UCC WP[17]. For more details, please refer to section 3.8 of the document accompanying this report.
- For the implementation of ***GUM – Component 2***, the following Member States indicated a planned operations date that is later than the deadline set in the UCC WP[18]: BE, DE, DK, GR, and HR. For more details, please refer to section 4.1 of the Staff Working Document accompanying this report.

The Commission is analysing and monitoring the situation for the above projects very closely and it is taking measures to increase its support – see the section 4.4 below.

To conclude, most Member States are targeting to deploy the **national projects** within the new deadlines provided for in the derogations. However, some Member States still reported delays beyond the derogation deadlines. These delays may in addition negatively impact the delivery of the national components of the trans-European systems with the implementation date in 2023, as additional effort is condensed in a shorter timeframe. As for the delivery of the **national components of the trans-European systems**, some Member States reported delays in certain projects.

4.4 Mitigation actions

Most of the Member States have made significant advancements in the development of the trans-European systems and several were striving to have their systems deployed by the end of 2023 in accordance with the initial deadlines and derogations provided. However, some are experiencing delays, pushing their deployment plans to the end or beyond the deployment window. The Commission has urged strict adherence to their National Project Plans for a timely deployment.

The **Member States** outlined the various mitigating actions aimed at addressing (potential) delays and ensuring compliance with the legal deadlines. These actions include allocating additional resources, adopting agile methodologies, breaking the projects into stages and reorganizing supplier relationships to improve the efficiency and enhancing collaboration. Other Member States plan to enhance organisational structures, streamline processes and refine planning to improve project management and decision-making. These measures were referred to for both national and trans-European projects.

[15] In the 2023 UCC WP Revision the end of the deployment window is envisaged for 01/07/2024.
[16] In the 2023 UCC WP Revision, the end of the deployment window for the core functionalities of the system is envisaged for 01/12/2023 and the remaining functionalities for 02/12/2024. By 02/12/2024, all Member States and traders should use the *NCTS – Phase 5* system. The end of the transition is envisaged for 21/01/2025.
[17] In the 2023 UCC WP Revision, the end of the deployment window for the core functionalities of the system is envisaged for 01/12/2023, the development of a harmonised interface with the EMCS for 13/02/2024, and the remaining functionalities for 02/12/2024. By 02/12/2024, all Member States and traders should use the AES system. The end of the transition is envisaged for 11/02/2025.
[18] In the 2023 UCC WP Revision, for *GUM – Component 1*, the deployment date is envisaged for 11/03/2024 and, for GUM – *Component 2*, the start of the deployment window is to be defined by the Member States, with the earliest possible deployment date being 11/03/2024.

In view of the delays on the side of the Member States, **the Commission has been increasing its support to Member States through several actions**.

Firstly, the Comission has **enhanced supervision and monitoring at UCC IT programme** by increasing the frequency of progress reports and organising bilateral meetings at Director level with each Member State. The implementation of the UCC WP has consistently been addressed in missions conducted by the Director-General and in plenary meetings with the Directors-General of the Member States (in the Customs Policy Group (CPG)). Member States were encouraged to take mitigating measures and submit funding requests under the Technical Support Instrument by 31 October 2023 to support customs IT developments.

The Commission continued using a Multi-Annual Strategic Plan – Customs (MASP-C) dashboard based on the MASP-C Revision 2019 and the UCC WP 2019 to monitor the progress, main project milestones and identify delays at an early stage. The dashboard is presented on a quarterly basis to the Member States in the ECCG and to the trade community in the TCG. Moreover, the UCC WP and the MASP-C is concurrently revised in line with strategic objectives.

Additionally, as indicated in the UCC WP and MASP-C Revision 2019, the Commission sets specific interim milestones to ensure a smooth deployment of the decentralised trans-European systems and to avoid additional costs .

Secondly, the Commission has **reinforced its assistance to the Member States for trans-European systems** by adopting an agile and iterative approach to developing and deploying the UCC electronic systems. This method, which includes prototyping, swift issue resolution and a balanced workload for both the Commission and the Member States, enhances system quality and facilitates tangible progress. Successfully implemented in the *AES*, *NCTS – Phase 5* and *ICS2* projects, this approach has been well-received by the Member States and traders.

Furthermore, the Commission has established a collaborative mechanism among stakeholders from the outset of the projects to enhance preparatory activities, prevent decision-making difficulties and ensure transparency through regular project updates.

The Commission also continued coordinating and monitoring programmes for each of the trans-European systems which require substantial work on the side of the Member States.

Further details on these measures were provided in the previous report of 2022.

- **For the trans-European system ICS2**, the Commission provided support to the Member States and Economic Operators in their development activities for *ICS2 – Release 2* and *ICS2 – Release 3* through various means. This included organising dedicated webinars, offering assistance through FAQs and coordinating plenary meetings. Additional guidance was provided to prevent disruptions at external borders due to delays in *ICS2 – Release 2* (section 4.3). Close monitoring ensured alignment of project plans with Commission's IT delivery milestones. Lastly, communication campaigns, online training sessions and tailored factsheets were provided along with documentation accessible in the public CIRCABC library.
- **For the trans-European systems *NCTS – Phase 5* and *AES***, the Commission continued with the 'National Administration Coordination Programme' to support the Member States in developing and deploying their national components. In 2023, the Coordination Programme was extended to oversee trader entry into operation, in collaboration with the Member States:
  Activities include a dedicated helpdesk, virtual meetings to mitigate Member States' development delays, updated information dissemination to the trade community and regular reporting to the ECCG and CPG. Since Q1 of 2021, the Commission issued quarterly consolidated progress reports on the transition to the new systems, providing KPIs for early alert detection.
- **For the trans-European system CCI**, the Commission established a dedicated team to address Member State's questions and coordinate Conformance Testing.

Thirdly, the Commission sought Member States's input on their constraints and the needed support to mitigate the risks. The Member States expressed via a **survey** that the bilateral meetings at director level

and technical dialogue with DG TAXUD had been highly beneficial. They assessed technical webinars and information-sharing activities provided by the Commission as useful. Some suggested additional operational guidelines, assistance to Economic Operators, and comprehensive trainings beyond current capabilities.

Fourthly, based on the outcome of the survey and on bilateral discussions with the Member States, the lack of appropriate funding was often revealed as a reason for delays. To this end, the Commission has established a dedicated **TSI 2024 flagship** under the Technical Support Instrument (TSI) for the digitalisation of customs and tax focusing on UCC IT implementation. This has resulted in six Member States having submitted proposals for support to customs IT systems. The assessments of the proposals are ongoing and will be finalised early 2024 with a view to have the support in place in Q2 2024.

Fifthly, to address the specific needs that Member States have in their daily management of the UCC customs IT projects, the Commission has established a **contract with a consultancy company** to provide direct support depending on needs and issues to address delays. The first pilot, covering 3 Member States (FR, MT, GR) started in Q4 2023 and is running till Q2 2024. Depending on the outcome further activities could be launched in 2024.

Finally, the Commission also initiated an exercise to gather lessons learnt and best practices for the development of the IT projects. A survey was conducted in 2023 and the outcomes were added to the Staff Working Document. For more details, please refer to page 6 of the document accompanying this report.

As we are gearing towards the end of 2025, the Member States have been requested to safeguard the deadlines in the new UCC WP. Only two more years are left for the full UCC IT implementation. **Exceptional efforts and inmediate action are necessary** to avoid delays and to ensure their business continuity for the trans-European systems.

While the Commission supports in many ways as shown above, such as by adjusting dates in the new UCC WP and enabling achievable deadlines, the responsibility for developing and deploying national components and systems lies with the Member States. Role sharing has been defined and agreed with all stakeholders from the outset and should be respected throughout the project lifecycles.

4.5 State of play for enlargement countries

Finally, in the transition towards the upgraded electronic systems envisaged by the UCC and also considering the new IT approaches set up by the reform proposal, the future EU Enlargement will need to be included in the picture.

For the time being the Commission does not systematically monitor the progress towards full electronic systems of candidate countries and there is no reporting obligation imposed on them under Article 278a of the UCC. However, the development of their IT systems supporting their alignment with EU customs legislation is a key element in the regular assessments carried out by the EU measuring the progress of the candidate countries in the enlargement path and under the Association Agreements with the EU.

There are two IT systems which some of these countries are already applying and others are preparing to do so:

(1) NCTS as the IT supporting system for the implementation of the provisions of the Common Transit Convention (CTC)
(2) Related IT systems for mutual recognition with the EU AEO programme.

The state of play of the preparedness of the candidate countries in relation to these two IT systems varies from one to another: North Macedonia, Serbia, Türkiye and Ukraine are already contracting parties of the Common Transit Convention and therefore fully using NCTS at different phases. Only Moldova has developed AEO mutual recognition with the EU, though Ukraine, Georgia and Türkiye are preparing to do so and therefore developing their national IT systems for that.

The candidate countries will need to progressively connect to or put in place the UCC systems in the path towards joining the EU customs territory, and depending on the planned date of accession they may also be required to meet the functionalities of the future customs data hub proposed in the Customs Reform package of 17 May 2023 and join this comprehensive project.

In the future, in the framework of the preparations of the candidate countries towards enlargement, a reporting from them, conformance testing to ensure interoperability between their national systems and those of the MS and of the Commission or the data hub, and assessment by the EU on their performance will need to take place regularly.

5. MANAGEMENT SUMMARY AND CONCLUSIONS

The UCC IT implementation has been a common project with joined interest. All stakeholders have strongly committed to it from the outset in 2014, when the first UCC WP was adopted.

In the context of drafting this report, the Commission carefully assessed the data provided by the stakeholders in the first half of 2023. It revealed a mixed picture of the progress in the UCC IT implementation: whilst the Commission is well on track with all its activities, on the side of the Member States the overall progress is not so positive and the difference between the Member States became more apparent than in the year 2022.

Member States Progress and Effect of Delays

There were clear spill-over effects from the delays in the national systems on the delivery of the national components for the trans-European systems, as such impacting directly other Member States and Economic Operators. Some of these delays are putting at risk the deadlines established in the UCC legislation and thereby potentially leading to: (a) infringement cases and (b) underdelivery of the full automation of customs procedures and facilitation and as such of the estimated benefits for the private sector and for the other impacted Member States, both having made huge investments to meet the deadlines.

To this end, these issues have been considered in the context of the revision of the UCC WP and a new approach has been agreed in the new UCC WP, prioritising core processes and providing more time for the finalisation of the full project implementation and of the complex transition with all economic operators, who had also highlighted in the TCG the delays encountered on their side.

Whilst the majority of the Commission's project activities are not dependent on national progress, certain types of activities require close collaboration between the Commission and the Member States, such as the Conformance Testing of a national component of a trans-European system. Due to this collateral impact, it can be observed that delays in the implementation of national components by specific Member States have an impact on the overall achievements in the delivery of the trans-European projects and on the delivery of the UCC in its entirety.

In compliance with Article 6(4) of the UCC, derogations to certain Member States can only be granted if they don't affect the exchange of information between the Member State to which it is addressed and other Member States nor the exchange and storage of information in other Member States for the purpose of the application of the customs legislation. The lateness of certain Member States to deploy some of the required systems has a negative effect on the level playing field for operators throughout the Union since these systems are meant to offer the same facilities to economic operators in all Member States. Moreover, due to the nature of the different systems, the changes necessary for the alignment to the UCC requirements have repercussions also on other related or dependant IT systems and some have significance in the protection of revenues and the fight against unfair and illicit trade.

The Commission has evaluated the derogation requests from Member States and assessed the delays in the trans-European systems. This resulted in 5 derogation decisions and the revision of the UCC WP during 2023. In parallel, the Commission also initiated the revision of the MASP-C. The endorsement of the new MASP-C 2023 by the Directors-General in the Customs Policy Group and the adoption of the new UCC WP by the Commission on 15 December 2023 provides for a revised legal and operational framework and for a new baseline to measure the progress for the ongoing projects.

The new UCC WP is the instrument to steer Member States towards a common and feasible implementation of the pending projects, leaving more flexibility to meet the final deadlines but nevertheless keeping the necessary pressure for a full implementation of the UCC WP by 31 December 2025. As illustrated hereafter in green, the progress in the implementation is continuing towards 2025.

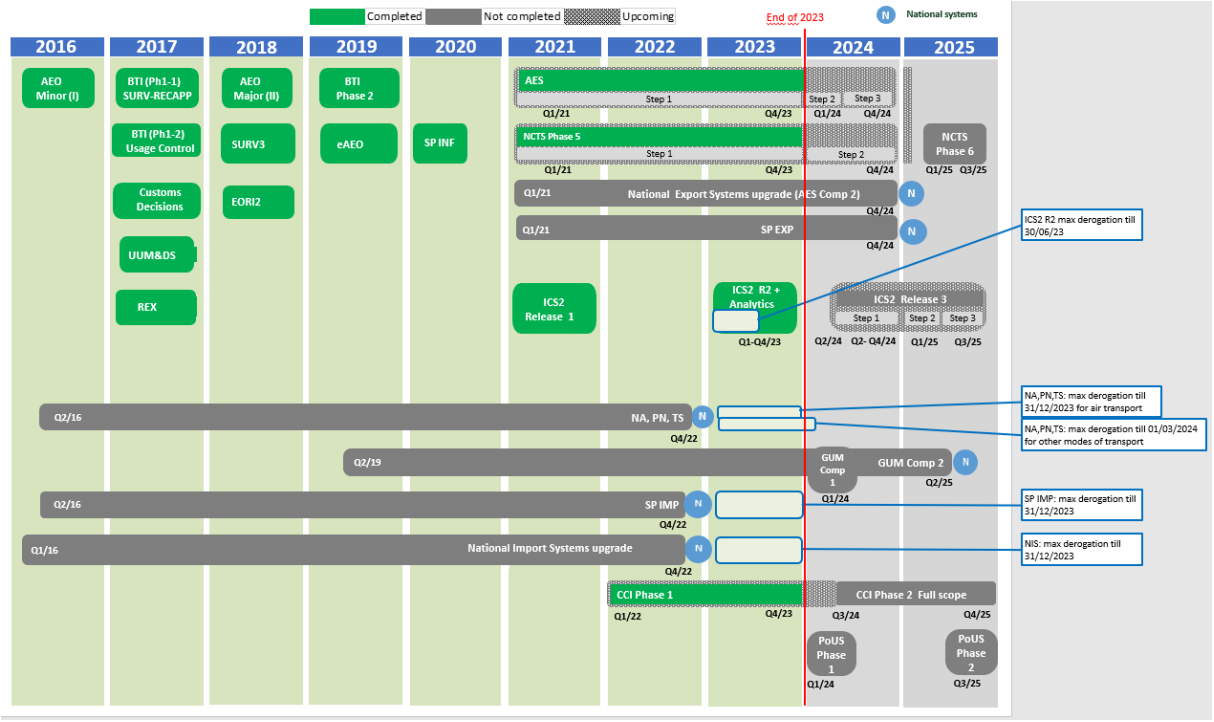

Figure 4 – Planning Overview

To summarise Member States' progress, it can be observed that a**bout 71% of Member States that were granted a derogation** for the national entry/import systems and ICS2 Release 2 are expected to meet the 31 December 2023 deadline. It should be noted that the pending deployments are mostly concerning Temporary Storage and the National Import System (NIS) upgrade. These delays are not only impacting trans-European projects such as Centralised Clearance at Import but extend the transition period for economic operators, hindering process, data harmonization.

Delays in the NIS additionally hinder data submission to the Surveillance 3 system. Given its critical role in monitoring transactions and trade flows, this has led to adverse effects in specific sectors, such as, the agricultural market. Additionally, having the NIS in place is essential to ensure a uniform implementation of the Union Common Customs Tariff. This means supporting Member States' risk assessment in respect of customs legislation and having uniformity of customs controls, fight circumvention of measures and sanctions, protecting the Union from unfair and illegal trade (including the requirements related to the Carbon Border Adjustment Mechanism (CBAM)).

When we look at the total picture against the new UCC WP, we identify three categories for the future development:

Approximately 60% of the Member States have announced that they will be able to deploy all their systems within the project deadlines scheduled in the new UCC WP for the coming two years. They have honoured their commitments and in case of a limited delay for only very few systems, they seem to have the appropriate management tools in place to navigate effectively around potential setbacks. The deadine of 2025 is at low risk.

About 25-30% of the Member States have indicated their situations worsened since 2022. It seems that the delays have been further accumulating. The revised UCC WP leaves them with more options to

reduce the degree of non-compliance with the deadlines, however, if they are not engaging into strong mitigating actions, they risk failing to meet the project deadlines for one or more systems. The deadline of 2025 is at medium risk.

About 10-15% of the Member States have serious delays for most remaining systems. These Member States are struggling to overcome their delays and will most probably miss a number of the project deadlines, regardless of the interventions provided. This is due to procurement challenges, no agile project management, lacking a stable and reliable planning to deliver and the persistance of structural issues in the administrations hitting almost all UCC projects. Even with the new UCC WP, there remains a significant challenge to accomplish the full IT implementation of the UCC. The deadline of 2025 is high risk.

All stakeholders are to concentrate their efforts and investmentst to the legal timelines set out in the new UCC Work Programme. The close monitoring of the Commission at programme as well as project level will continue over the next two years and be supported with bilateral and plenary meetings with the Member States. For some Member States the recently launched consultancy contract to support Member States UCC IT implemenaton could have some impact in facilitating the process, or partly helping in reducing delays. Member States could also benefit from the support provided under the Technical Support Instrument 2024, at least for the approved projects. The Commission is moving forward with a number of Member States on both tracks.

Within this context of cumulating delays in Member States' implementation of the UCC, it is important for the Commission to explore also the potential use of other instruments available to address the implications for Member States that are significantly behind on their deployment timelines.