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To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2024) 672 final
Subject:	COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT Accompanying the document Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing an application for the electronic submission of travel data ("EU Digital Travel application") and amending Regulations (EU) 2016/399 and (EU) 2018/1726 of the European Parliament and of the Council and Council Regulation (EC) No 2252/2004, as regards the use of digital travel credentials

Delegations will find attached document SWD(2024) 672 final.

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EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT REPORT

Accompanying the document

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

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Executive Summary Sheet
Impact assessment on the digitalisation of travel documents and facilitation of travel
A. Need for action
Why? What is the problem being addressed?
Over half a billion passengers enter or leave the EU every year, putting a strain on the EU's external borders. When crossing these borders, all travellers are subject to systematic checks, which include verifying their identity and nationality, and the validity and authenticity of their travel documents. They are also checked in the Schengen Information System (SIS) and in INTERPOL's stolen and lost travel documents (STLD) database. For non-EU nationals, border authorities additionally check that the relevant entry conditions are met, and they will check that the traveller is registered in the Entry/Exit System (EES),[1] once that system is up and running in 2024. Given the pressure at the external borders of the Schengen area and varying levels of digitalisation in the Member States, new challenges are emerging in terms of a) ensuring smooth travel and b) tackling the problems of security risks and inefficient border management. The advantages of digitalisation became apparent during the COVID-19 pandemic in a range of situations, but the EU is only now exploring the potential of digitalised travel documents, such as the digital travel credential (DTC). The DTC is essentially a replica of the personal data (excluding fingerprints) on the chip of a travel document, and it can be stored securely on electronic devices such as mobile phones for one-off or multiple use. DTCs can be shared ahead of travel, for example with border authorities and carriers, via an interface such as a mobile application. By using (verified and authentic) chip data, DTCs can address the following problems that currently hamper smooth travel and may cause security risks: • **Errors in capturing and transmitting data** required by border management and immigration authorities. The advance passenger information transmitted by carriers often relies on self-declarations, including the context of ETIAS authorisation or visa applications, or in the case of EU nationals. Errors in these data can lead to security risks, inefficient border management and additional hassle; indeed, individual travellers may be refused entry and carriers fined. • **Possible divergences in standards in the implementation of DTCs and varying levels of digital maturity.** These may cause fragmentation, leading to further security risks associated with document fraud, and may hamper the efficiency of external border management in the area without internal controls. • **Over-reliance on physical checks,** which puts significant pressure on border control processes, leads to potential security risks and stress for travellers. Whereas the traditional travel document control process starts with travellers presenting their travel documents to the border authority, the use of DTCs means that most checks can be carried out in advance before travellers even arrive at the border-crossing point.
What is this initiative expected to achieve?
The purpose of the initiative is to **bolster security in the Schengen area, to enhance the efficiency**

[1] Regulation (EU) 2017/2226 of the European Parliament and of the Council of 30 November 2017 establishing an Entry/Exit System (EES) to register entry and exit data and refusal of entry data of third-country nationals crossing the external borders of the Member States and determining the conditions for access to the EES for law enforcement purposes, and amending the Convention implementing the Schengen Agreement and Regulations (EC) No 767/2008 and (EU) No 1077/2011, OJ L 327, 9.12.2017, p. 20.

of external border management and to provide a framework for a smoother, easier cross-border travel for individual travellers. In order to achieve these objectives, the initiative sets out to:

- **establish a uniform standard for DTCs** based on passports and EU identity cards, thereby fostering interoperability and cooperation;
- **enable travellers to submit DTCs securely on a voluntary basis** before they travel, thus increasing the reliability and quality of the information provided**;**
- **allow border authorities to carry out advance checks** to reduce bottlenecks and the time spent by travellers at border-crossing points;
- **ensure that, in the field of border management, all Member States achieve the minimum level of digital maturity** required for interoperability of systems, mutual trust and more efficient management of external borders.

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

The current EU legal framework does not allow digital solutions for verifying the authenticity and integrity of travel documents for border checks or for other purposes related to free movement ahead of travel. Given the nature of the issue, the Member States cannot unilaterally introduce a uniform format for DTCs to facilitate cross-border mobility, and therefore cannot facilitate the exercise of free movement by EU citizens on the basis of such DTCs.

EU action could add considerable value in terms of addressing the challenges of security and ease of travel, given that the current situation adversely affects security at the EU's borders. Not only its external borders but also the EU as a whole have been placed under considerable strain, and joint EU action would ensure harmonised measures to enhance integrated border management.

The EU needs to take action before Member States and private stakeholders develop individual, less effective and potentially fragmented solutions to facilitate travel within the current legal framework. Joint action at EU level will also give the EU greater influence over future global standards. Preserving the status quo is not going to solve these problems, neither for the Member States' authorities nor for individual travellers. Objectives would be better achieved through action at EU level. The need for a uniform EU approach was confirmed by a targeted consultation process that was carried out among representatives of relevant Council preparatory bodies: 96% of them believe that a uniform approach across EU Member States is essential or very essential, and 82% think that truly integrated management of borders and facilitation tools within the EU (without overlapping border-management rules and laws that would cause operational inefficiencies) is essential or very essential.

B. Solutions

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

All the policy options considered entail changes to existing EU law, particularly as regards travel documents and border checks. A 'soft-law' approach (e.g. exchanging good practices, recommendations, training and workshops) was ruled out from the start, as the current EU legal framework does not allow for the use of digital travel documents for travel and border checks.

All policy options have certain common building blocks, including a transition period, reliance on an existing international technical standard (developed by the International Civil Aviation Organization - ICAO), the voluntary nature of the use of DTCs by travellers, and a central EU technical solution for the creation and submission of DTCs. The main difference between the three policy options concerns the amount of flexibility for the Member States in areas such as 1) the possibility for individuals to have DTCs (some have explicitly prohibited access to the chip data by anyone other

than the authorities) and 2) allowing travellers to use DTCs for cross-border travel.

Policy option 1 allows Member States to make DTCs available to travellers and to facilitate border checks for people with DTCs.

Policy option 2 obliges Member States to make DTCs available to travellers, and allows Member States to implement measures at border-crossing points for their use.

Policy option 3 obliges Member States to make DTCs available to travellers and to implement measures at border-crossing points for the use of DTCs. This would remove legal obstacles to the use of digital travel-document data for border checks and establish a harmonised approach to their use across Member States.

The preferred option is a combination of Options 2 and 3 with a suitable transition period, to allow EU citizens and non-EU nationals to:

a) obtain their DTCs from existing ICAO-compliant travel documents (passports and EU identity cards);
b) to use DTCs to cross the external borders of Member States that have chosen to implement DTCs during the transition period; and
c) to use DTCs to cross the external borders of all Member States after a reasonable transition period and once the shared EU technical solution is ready**.**

Who supports which option?

Most of the consulted stakeholders welcomed the digitalisation of all travel documents initiative, and this favourable view came through in strategic interviews, a written questionnaire, in-depth interviews and a Special Eurobarometer survey. Only in the public consultation did a majority of respondents (individuals and other stakeholders) express a negative opinion. However, the much more favourable results of the Special Eurobarometer survey involved a significantly larger and more representative sample. Among the stakeholders consulted, opinions were mixed on whether implementation of DTCs should be mandatory or voluntary. All agreed, however, that the scheme should always be voluntary for the public.

Despite the impact on national systems, among experts working in Member State administrations that took part in the survey, 65% said that it should be mandatory to accept DTCs and 71% said that it should be mandatory to enable the use of DTCs for facilitating travel. As for the creation of DTCs, 77% stated that this should be done using a shared EU technical solution. Similarly, two thirds of respondents in the Eurobarometer survey supported a single technical solution. Lastly, 94% of the Member States' expert respondents thought that their Member State would be successful in introducing DTCs for external border-crossings, provided there was a gradual transition period.

Most stakeholders consulted (outside the public consultation) supported the different measures proposed as part of the preferred option.

C. Impacts of the preferred option

What are the benefits of the preferred option (if any, otherwise main ones)?

The preferred option is expected to have the most positive impact on:

1. **bolstering security in the Schengen area and enhancing the efficiency of external border management, and**
2. **providing for smoother, easier cross-border travel for individual travellers.**

This is mainly because the Member States will be obliged to allow individuals both to have DTCs and to actually use them for border-crossing purposes. Of all the policy options, this one has the highest expected uptake of DTCs. It would give the authorities the best chance of carrying out advance checks and would enable all travellers (with a travel document containing a chip) to use DTCs.

The standardisation of DTCs and their use in external border management across the Member States would also bring further benefits, such as increased efficiency for carriers as they could integrate DTCs into their workflows. DTCs could also be used by EU citizens if an attribute is established for the EU Digital Identity Wallet that can be used for as a form of identification within the EU, for example.

What are the costs of the preferred option (if any, otherwise main ones)?

The preferred option does not place an excessive burden on Member States, and it is offset by the expected positive impact of the measures, in making border checks more effective and efficient and ensuring better use of resources at local level. This option mostly involves **improving existing arrangements rather than creating new obligations; in particular, travellers would be cleared for travel by means of pre-arrival border checks**. An obligation to allow travellers to use DTCs for external border-crossings would create one burden: building the technical infrastructure to allow DTCs to be processed in national border-management systems. Due to the 'backwards compatibility' of the DTC standard (i.e. its resemblance to existing travel documents) this should not be very complicated or expensive. Member States involved in the DTC pilot projects have estimated that it will cost between EUR 300 000 and EUR 700 000 per Member State. In addition, server capacity may need to be increased, depending on the Member State and the exact border-crossing points, which could cost up to EUR 250 000 per Member State. Taking account of changes to national systems, differences in technological maturity and capacities, and reasonable overhead, it is estimated that an average of EUR 2 million per Member State is required to prepare for handling DTCs at their external borders.

The costs for the EU institutions are limited to those incurred by eu-LISA (the EU Agency for the operational management of large-scale IT systems in the area of freedom, security and justice). The agency will need to develop and maintain the central EU system for obtaining a DTC from an existing travel document and for submitting that DTC (along with necessary travel data) to the Member State in question. eu-LISA has estimated the one-off costs for the development and deployment of such an EU-wide application at EUR 49.5 million up to 2031. Additional staff needs are approximately 20 full-time equivalent staff from 2028 to 2031.

How will businesses, SMEs and micro-enterprises be affected?

Businesses, SMEs and micro-enterprises are not directly affected. However, with the establishment of a harmonised EU-wide definition of DTCs, businesses and other entities may benefit from being able to integrate the use of DTCs into their customer-management applications and workflows, in accordance with national law and private contractual relationships.

Will there be significant impacts on national budgets and administrations?

As described above, the preferred option will have a limited impact on national administrations, which will mostly have to adjust their legislation to allow the use of DTCs, as referred to in the Regulation. Member States may also need to make limited investments in terms of technical infrastructure, software and hardware, depending on the existing equipment at their border-crossing points.

Will there be other significant impacts?

The initiative will support the Commission's Digital Europe strategy, which is aimed at ensuring the integrity and resilience of the EU's data infrastructure and boosting the uptake of technology that will make a real difference to people's daily lives. The preferred option will also contribute to the EU's Digital Decade and in particular to the target of 80% of citizens using a digital identity by 2030.

D. Follow up

When will the policy be reviewed?

The proposed legislation should be reviewed once the Member States have had sufficient time to implement it. The measures for using DTCs under the preferred option would be mandatory for Member States after a transition period, making it simpler to collect data on their use and added value.

The specific objectives for evaluation are:

1) improved security in the Schengen area and enhanced efficiency of external border management, and;
2) a smoother, easier travel experience for travellers.

Monitoring and evaluating the fulfilment of these and other general objectives will involve several indicators such as figures on DTCs used and submitted, forgery in relation to their use, cost savings for authorities and feedback from individual travellers.

The data would feed into separate reports from the Commission to the European Parliament and the Council. The Schengen Handbook (Practical Handbook for Border Guards)[2] should be updated to incorporate the changes to the legal framework and to provide the Member States with guidelines and recommendations on the implementation of DTCs for external border management.

The implementation of the measures under this initiative would also be examined as part of the Schengen evaluation and monitoring mechanism – and covered in the annual State of Schengen reports and in the Schengen Barometer and the Schengen Scoreboard, which accompany the reports. At the same time, the Commission must closely monitor global developments in travel and in the digitalisation of travel documents in order to ensure interoperability, reciprocity and competitiveness.

[2] https://home-affairs.ec.europa.eu/system/files/2022-11/Practical%20handbook%20for%20border%20guards_en.pdf