COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION TO THE COUNCIL
AND THE EUROPEAN PARLIAMENT

on the implementation

of the Customs 2000 Programme

(Article 17 of Decision No 210/97/EC of 19 December 1996)

By Decision No 210/97/EC of 19 December 1996,[1] the European Parliament and the Council adopted an action programme for customs in the Community (Customs 2000).

Under Article 17 (3) of the above-mentioned Decision, the Commission is required to submit to the European Parliament and the Council an interim report on the implementation and the impact of the Customs 2000 Programme, together with the guidelines the Commission intends to propose to improve the effectiveness of its operations in the future.

1. BACKGROUND

Following the abolition of customs checks at the Community's internal frontiers, it became apparent that administrative co-operation between the Member States needed to be strengthened in all the areas in which discrepancies in the implementation of Community law by the national administrations might give rise to malfunctions in the management of the single market. This approach, highlighted by the Sutherland Report in 1992, was considered in detail by the Commission, which presented a number of communications along those lines to the European Parliament and the Council.[2]

Customs was regarded as a priority sector from the outset. Here, legislative harmonisation, brought about through the entry into force of the Community Customs Code,[3] has to be supplemented by ensuring that the national administrations apply Community law uniformly at every point in the customs territory of the Community. The removal of customs checks on trade between the Member States means that customs has become the only point at which all the Community legislation with which goods entering or leaving the single customs territory must comply is implemented and monitored.

This sector has become all the more strategic because in addition to the traditional role played by customs as the collector of own resources and the guardian of the financial interests of the Community, its new tasks, involving the regulation of trade by monitoring the correct implementation of all the common policies and Community legislation governing imports and exports, are constantly expanding.

With this in mind, the Commission started a pilot project in 1989 covering the training of Member States' customs officials; this became the Community action

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1 Decision No 210/97/EC of 19 December 1996, OJ No L 33, 4.2.1997, p. 24.

2 Communication from the Commission to the Council entitled "Making the most of the internal market - Strategic programme" of 22.12.1993, COM(93) 632 final;
Communication from the Commission to the Council and the European Parliament on the development of administrative cooperation in the implementation and enforcement of Community legislation in the internal market, of 16.2.1994, COM(94) 29 final.

3 Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code, OJ No L 302, 19.10.1992, p. 1.

programme known as MATTHAEUS.[4] The programme involved common training schemes designed to ensure that Community law on imports and exports was applied uniformly and to encourage customs officers to become more aware of the Community dimension of their duties.

In 1994, in the context of the above-mentioned communications, that programme was extended and supplemented by a pilot scheme aimed at ensuring the transparency of customs operations throughout the Community and identifying the priority areas for co-operation between the Member States' customs administrations and between those administrations and the customs departments of the Commission with a view to developing new working methods in a co-ordinated manner so as to put in place checks and procedures which are equally effective at every point in the customs territory of the Community.

In the light of the experience gained during the pilot scheme, the Commission submitted a proposal to the European Parliament and the Council for the creation of an action programme for customs in the Community. The Customs 2000 Decision was adopted on 19 December 1996 on the basis of Article 100a of the EC Treaty.

2. OBJECTIVES OF THE PROGRAMME

The Customs 2000 programme covers the period from 1 January 1996 to 31 December 2000.

2.1. The programme's general objectives

The action programme aims to improve the effectiveness of customs procedures and controls at every point in the customs territory of the Community, ensuring transparency in the application of Community law and identifying the difficulties in implementing it and the priority areas for co-operation.

These procedures and controls must ensure that trade flows smoothly while at the same time guaranteeing the safety of the Union's citizens and traders. They must protect the financial interests of the Community and its Member States and afford all its traders equivalent treatment in their dealings with the customs services so as to prevent, *inter alia*, distortions of competition and the development of new types of fraud which would damage the proper functioning of the internal market.

In other words, in the absence of a single Community customs administration, the aim should be that "the customs administrations of the Member States may operate as efficiently and effectively as would one single administration".[5]

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[4] Decision No 91/341/EEC of 20 June 1991, OJ No L 187, 13.7.1991, p. 41.

[5] Decision No 210/97/EC, 6th recital.

2.2. A common framework of objectives

Implementation of the programme is based on the Commission and the Member States respecting a "common framework of objectives" (Article 4 of the Decision), a sort of charter for customs operations in the Community. Its purpose is to guide customs operations at both Community and national level to ensure that they match the needs of the Community's internal market.

This means that the Decision introduces both new measures that are to be implemented on the basis of a partnership between the Commission and the Member States and a new way of operating to ensure that customs can cope not only with the traditional tasks but with the new tasks of an economic nature that will form an increasing part of its duties.

2.3. Priority areas for action

Within the common framework of objectives, the Community and the Member States decide on the priority areas for action and the operations to be conducted jointly. To meet the Decision's objectives, the priority areas are geared to the following aspects:

- Ensuring transparency in the way the customs administrations of the Member States implement Community law;
- Promoting the co-ordinated development and application of new working methods;
- Strengthening the common training policy developed within the Matthaeus programme by establishing a "common core of training", to serve the objectives of customs policy;
- Improving the dissemination of information to and communication with those who use customs services;
- Helping to create an international customs environment conducive to optimum management at the external frontier, with particular attention to the customs administrations of the associated countries that wish to accede to the European Union.

3. IMPLEMENTATION OF THE PROGRAMME

Although the proposal was submitted by the Commission on 6 April 1995, the Decision was not finally adopted by the European Parliament and the Council until 19 December 1996 following a conciliation procedure.

This report, which was supposed to be submitted half way through the implementation of the programme, is accordingly being presented less than eighteen months after it was actually set in train because of the time that was needed to put in place the programme's management structures.

During that period, given the available resources, the Member States and the Commission gave priority to aspects of the programme which it was hoped would

open up customs administrations' activities and lay the foundations of a genuine Community customs network.

3.1. Ensuring transparency in the implementation of Community law by the customs administrations of the Member States

This operation is carried out by groups which monitor the implementation of customs procedures and controls.

Made up of officials from the Member States' administrations and the Commission departments, the monitoring groups carry out inspections on a thematic basis at particular points on the external frontier, with the aim of evaluating the implementation of Community legislation at the sites visited, the difficulties encountered and the working methods used. They may put forward recommendations regarding working methods and if necessary suggest desirable amendments to legislation. These may form the subject of formal proposals which will be considered in the appropriate fora.

The themes are selected by agreement between the Commission and the Member States and priority has been given to those areas in which the implementation of Community law faces the greatest difficulties, and which could benefit from the adoption of more effective working methods (checks using audit techniques, computerisation, risk analysis). Ten monitoring operations were carried out between 1994 and 1996 as part of the pilot project. Four operations have been carried out since adoption of the Decision and six others will take place between now and the end of 1999 (see Annex).

The practical impact of these operations has to be studied over time. Some have made it possible to identify difficulties facing both administrations and traders in the implementation of customs law, and have resulted in the Commission's proposing or considering adjustments to existing law (e.g. on customs supervision of Community free zones or evidence of the Community status of goods carried by sea under the transit procedure); others have provided invaluable information on which to base the preparation of legislative proposals, for instance in regard to reforming the transit procedures or modernising customs procedures with economic impact.

These operations have not all sought to change the law itself, but have helped improve the working methods of the administrations implementing the rules. Improvements have been noted in a number of fields (e.g. checking hand-baggage at airports and applying the rules governing "optional guarantees" in relation to inward processing).

Furthermore, monitoring helps to increase awareness of the European dimension of customs activities by encouraging regular contacts between senior European customs officials in the various areas that are studied.

On the other hand, the scant feedback of information regarding follow-up in the Member States means that not enough is known about the real impact of monitoring operations on customs administrations.

3.2. Promoting the coordinated development and implementation of new working methods

Coordinated development of new working methods makes it possible to help customs adjust to a changing economic environment while at the same time improving the uniformity and consistency of customs activities in the Community.

The following operations have been carried out in the five fields referred to in the Decision:

3.2.1. Structuring customs controls on the basis of risk-analysis techniques

The use of risk-analysis methods to target the checks carried out by the customs administrations on operations where there is the greatest likelihood of irregularities or faulty implementation of Community law is well developed in certain Member States.

In order to achieve a comparable level of controls with comparable effectiveness at every point within the customs territory of the Community it is necessary to develop these techniques on a coordinated basis in all the Member States.

On this basis the Commission, in cooperation with the Member States, has developed a first common methodological approach, reflected in the drawing up of a "Guide to Risk Analysis and Customs Controls", 4 200 copies of which are currently being published and distributed to all customs departments.

In addition, a pilot project is to be set up aimed at establishing risk profiles at Community level pursuant to Article 9(1) of the Customs 2000 Decision. This pilot project will be launched in 1998 and will be based on the findings of the preliminary study conducted with the Member States during 1997 and on the initial results produced on the occasion of a Matthaeus seminar held in Namur (B) in October 1997. It will involve the Commission and six Member States.

3.2.2. The use of audit techniques to check undertakings' accounts

An *ad hoc* group entrusted with the task of drawing up guidelines for audits was set up in 1995. Following an initial phase of collecting and analysing information on existing practices and studies in the Member States, and with the benefit, *inter alia*, of the findings of a Matthaeus seminar on business audits held in Athens (GR) in June 1997 with a view to developing a common approach, the group began its actual deliberations at the beginning of this year. It is anticipated that these will be concluded by April 1999.

3.2.3. The conclusion of memoranda of understanding with economic operators

Developing a climate of trust between customs and traders calls for a non-coercive framework that nevertheless allows joint initiatives in the management of customs arrangements and procedures. With this in mind, the European Parliament has strongly urged the conclusion of Memoranda of Understanding (MoU) with traders and has suggested an amendment to Article

9 of the Decision, while the Economic and Social Committee has firmly backed the concept. It is also dealt with under a measure included in the "Action plan for transit in Europe".[6]

Taking due account of the discussions that have been conducted with traders on the drafting of an MoU in connection with the new transit system, an ad hoc working party will be doing further work on this subject during 1998 with a view to drawing up a specimen "Customs/Operators Memorandum of Understanding" in cooperation with customs administrations and traders. This working group will be launched by a Customs 2000 seminar entrusted with the task of identifying the legal problems, the practical advantages and the practices that have been developed in the Member States.

3.2.4. Simplification of customs procedures

The simplification of customs procedures was the subject of a Council Resolution of 25 October 1996 and the European Parliament emphasised its importance when it discussed adoption of the Decision. It forms part of a much more wide-ranging operation which has repercussions within the G7 discussions, the "Transatlantic Dialogue" and ASEM, in which the Commission coordinates or expresses the Community's position. The introduction of simplified procedures in the European Union also enables the Community to adopt a forward-looking position in discussions on trade facilitation in the WTO.

In the context of Customs 2000, it underlies all the proposals for the amendment of the Community Customs Code put forward by the Commission.

The Commission has already put forward a proposal aimed at establishing the customs component of a centralised simplified procedure for release for free circulation. The proposal was discussed at a Customs 2000 seminar held in Brighton (UK) in October 1997. The seminar, open to traders, offered participants an opportunity to consider all the aspects of such a procedure and clarify their respective positions. Pilot projects will be set up in 1998 in a number of Member States, with firms that have indicated an interest.

The aim of simplifying procedures also underlies the proposals for amendment of the Code and its implementing provisions, which seek to modernise and simplify the customs procedures with economic impact and the transit procedure and also to standardise implementation of the rules on preferential origin that have been in operation since July 1997 in about thirty countries (EC - EFTA - CEEC - Malta - Slovenia), plus the Mediterranean countries.

DG XXI has also asked all the sections of the Customs Code Committee to examine the various aspects of the legislation and the procedures which could, without impairing the effectiveness of controls, be simplified to a significant extent. In this connection the Commission has also financed a study aimed at

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6 Communication from the Commission to the European Parliament and the Council, of 30.4.1997: "Action plan for transit in Europe - a new customs policy", COM(97) 188 final, OJ No C 176, 10.6.1997. Sheet 4.1.2.

evaluating the commercial policy repercussions of replacing the cost/insurance/freight basis (CIF) for calculating the value of imports by free-on-board (FOB).

3.2.5. Rational use of resources: customs laboratories

Pursuant to Article 12 of the Decision, a working party has been entrusted with the task of examining ways in which the customs laboratories of the Member States could cooperate with one another to create a fully-fledged European network of customs laboratories as efficient and effective as a single customs laboratory "without walls". The working party completed its deliberations in April of this year and it has made the following proposals:

- the setting up of a Laboratories Coordination Group (LCG);
- the development of a common bank of analytical methods and procedures;
- the development and validation of analytical methods and procedures;
- the introduction of laboratory quality and accreditation systems.

These guidelines were submitted to the Customs Policy Committee in April 1998; they were accepted by the heads of the national customs administrations and will be implemented between now and the end of the year 2000.

3.2.6. A common approach to management: measuring results

Article 4 of the Decision requires Community law to be applied "in such a way as to achieve equivalent results at every point of the Community customs territory". In order to provide an assurance that this objective is being met, a project involving all the Member States has been launched. The state of this work is monitored by a Steering Group comprising six Member States and the Commission. In the first phase, in the autumn of 1997, the existing measurement systems in Member States were examined but were found to serve national rather than Community needs. The second phase has therefore concerned itself with developing a Community measurement system and proposals have been developed which were examined in detail at a seminar involving all Member States in June 1998. It is anticipated that this will lead to some pilot studies to test measurement hypotheses.

3.2.7. Coordinated development of computerised handling of customs procedures

The coordinated development of computerised handling and communication systems is a response to the combined challenges of the growth of trade - and thus of customs operations that have to be carried out with limited resources - and the increased need for exchange of information and data between the Community's customs administrations within the single market. It also constitutes an important factor in ensuring consistency in the management of the customs union.

This is a priority area within Customs 2000 and it is also addressed by the IDA programme,[7] which identified certain customs computerisation projects as meeting "a specific need requiring a Community contribution to render them operational throughout the Community".

The first phase of the IDA programme (1995-1997) included eight customs-related projects, namely VIES, TRANSIT, QUOTA, EBTI, TARIC, SCENT-CIS/FISCAL, SEED-EXCISE CONTROL, CCN/CSI. IDA continues without customs projects, while these projects are regrouped under FISCALIS (VIES, SCENT) and Customs 2000 (TRANSIT and the rest).

The former IDA budget is split, based on the allocations of 1997, such that from the original 39.3 MECU, IDA 2 will receive 23,6 MECU and the Customs projects will receive 15.7 MECU.

Finance for Customs projects is guaranteed by a total budget initially put together with these 15.7 MECU plus credits transferred from other budget lines. This total, which in 1997 represented 22 MECU, has grown in 1998 to an overall amount of 27,9 MECU (of which Customs 2000 represents 20.5 MECU) and the Commission proposes 29.8 MECU in 1999 (of which Customs 2000 represents 22.4 MECU) – meaning that there is a net growth of 35% in two years, which guarantees the feasibility of customs projects.

In order to take account of the completion of the IDA programme and in the interests of transparency, the budgetary authority has, since 1 January 1998, combined all the computerisation appropriations for customs under heading B5-3030, which finances the Customs 2000 programme activities. Computerisation accordingly accounts for the majority of the budget for the heading covering Customs 2000 internal policies (ECU 16.4 million out of a total of ECU 20.4 million in 1998).

- The bulk of these budgets (almost half the appropriations earmarked for computerisation in 1998) is intended for projects that contribute to computerisation of the transit procedures:

- There have been delays in implementing the New Computerised Transit System (NCTS) about which the European Parliament and the Council have been informed. The Commission has devised a new strategy, which the countries participating in the system accepted in February 1998, to enable the application's central offices to become operational from the end of the first quarter of 1999.

- The Common Communication Network/Common System Interface (CCN/CSI) aims to put in place a common platform between the Member States' customs and tax administrations and between the Member States and the Commission which will make possible the rapid, economical and large-scale transfer of information with the best possible security

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7 Council Decision No 95/468/EC of 6 November 1995 on a Community contribution for telematic interchange of data between administrations in the Community (IDA), OJ No L 269, 11.11.1995, p. 23.

guarantees. Financed jointly with the FISCALIS programme for applications which meet the requirements of indirect taxation (notably the VIES system for exchanging VAT information), this platform will be used by the transit application from the first quarter of 1999 onwards, as well as by the other customs systems, such as the system for exchanging information on fraud (AFIS), binding tariff information (EBTI), the computerised integrated tariff (TARIC) and QUOTA (management of tariff quotas), which use it already or which will use it as from the last quarter of 1998.

- Electronic Data Interchange (EDI) makes it possible to define a common architecture for messages and thus helps to standardise the provision of customs information. The Commission is focusing its activities on the specifications for the Single Administrative Message, the computerised version of the Single Administrative Document, which will be used for import and export procedures and also in the context of computerised transit once that becomes operational during the first quarter of 1999.

A number of other projects aimed at transferring information from Member State to Member State and between them and the Commission for the purposes of managing the customs union have been or are being developed. They include the following applications:

- Tariff data banks:

- The QUOTA system manages tariff quotas and imports of goods subject to customs surveillance at Union level;

- The TARIC system provides the Member States' customs administrations with continually updated information on all Community measures relating to imports and exports of goods.

The binding tariff information system (EBTI) centralises in real time the Common Customs Tariff (CCT) classification decisions taken by the Member States for the benefit of traders, since a classification decision taken by the administration of one Member State can be relied on as against the other administrations of the Union for a period of six years. This system makes it possible to ensure that traders are afforded equal treatment irrespective of where they choose to carry out their customs clearance operations and to rectify any errors or irregularities resulting from incorrect application of the CCT. This application has been a great success with traders, who lodge, on average, 20 000 requests each year (the data bank is currently able to provide 120 000 BTIs).

- A comparable application covering information on origin (ORNET) is being developed and will become operational during the first quarter of 1999.

- Systems being developed or enhanced, which are used by the Commission to improve official publications, such as:

- Management system for combined nomenclature legislation: a system designed to improve management of the publication of legislation

concerning the combined nomenclature. The project is at the prototype stage and should be operational shortly.

- Tariff suspensions: a system designed to provide support in connection with negotiations and the publication of legislation on autonomous tariff suspensions. The system has been in operation since 1996; improvements were made in 1997 and additional functions provided at the request of users.

- Anti-fraud applications

In the fight against fraud, computerised systems provide specialist departments of the Commission and the Member States with a technical medium offering applications for the rapid exchange of confidential and sensitive information (in cases involving fraud, illicit trafficking, sensitive products).

The principal applications used, which are integrated in the Anti-fraud Information Systems (AFIS) technical architecture, are the Early Warning System (EWS), used for transit pending the development of the NCTS application which, although already operational in the transit procedure, is not yet used in a generalised way, the Customs Information System (CIS), which is in the process of being implemented, and the System for Customs Enforcement Network (SCENT 3).

3.3. Strengthening the common training policy, developed within the Matthaeus programme through the establishment of a "common core of training", to serve the objectives of customs policy

Training is central to the modernisation of the customs administrations and their adjustment to new, efficient working methods and control techniques. At Community level, joint training schemes are conducted and developed within the framework of the Matthaeus programme. That programme is, accordingly, at the centre of the arrangements put in place by Customs 2000.

Since 1996, Matthaeus programme training schemes have been planned in the light of the priorities identified at customs policy level. In this respect the Matthaeus programme may be regarded as dealing with the training component of Customs 2000.

In pursuance of Article 14 of the Customs 2000 Decision and running alongside the other measures carried out under the Matthaeus programme, the following operations were set in train in 1997 and 1998:

3.3.1. The setting up of a network of heads of Member States' customs training centres

An initial meeting of the heads of training centres was held in Paris in February 1998 and a second meeting is planned in London in November 1998.

The aim of this network, which constitutes a first step towards a Community customs academy, is to organise exchanges of instructors and students between the Member States' training centres, as well as teaching materials, and

to prepare training seminars for senior officials (to follow up a seminar held in Elsinore (DK) in June 1997).

3.3.2. Further development of the common training programme

The common programme of initial training set out in the Commission Decision of 13 December 1992 (OJ No L, 23.1.1992, p.14) describes the minimum common basic training to be followed by the Union's customs officers. During 1996 and 1997 the programme was amplified, on the basis of cooperation between the Commission and the Member States, so as to tailor the content more closely to the training needs of staff in the light of their particular tasks. To that end, sixteen course units setting out the content and the objectives of the different chapters of the common programme of initial training were finalised at the beginning of 1998 and are to be used by the national training centres from this year onwards.

3.3.3. Finalisation of training modules that are to be taught in the national training centres

These modules for the in-service training of customs officers form part of a common core of training. They are prepared in close cooperation with the national administrations. So far, there are three of them (covering counterfeit goods, waste management and the common agricultural policy). A number of other modules are currently being planned or prepared, including one on transit.

3.3.4. Extension of training to the associated countries.

The training of customs officers under the Matthaeus arrangements has been extended to cover the associated countries on the basis of a pilot project financed from the Customs 2000 budget. Since 1996, those countries have participated in the exchange programmes for customs officers and in Matthaeus seminars and they will be able to use the common training programmes.

In view of the success of this pilot experiment, the Decision will be amended so as to extend of the programme to the associated countries of Central and Eastern Europe, enabling them to participate in accordance with the terms of the Europe Agreements or in the additional protocols relating to their participation in Community programmes, as well as to Cyprus and Turkey, insofar as Community customs legislation so permits.

3.4. Improving the dissemination of information to and communication with those who use customs services

Adapting customs to the requirements of international trade is inconceivable without an in-depth dialogue with those who use customs services, namely international traders.

Alongside the discussions which the Commission and the national administrations conduct with traders, efforts have focused on the development

of a structured dialogue aimed at improving communication and the reciprocal provision of information with firms involved in international trade.

In this connection, a number of operations have been mounted:

- Seminars open to traders:
  - Brighton (UK), October 1997 on the proposed centralised simplified procedure for release for free circulation;
  - Prague (CZ), November 1997, on the evaluation of a year of common transit with the Visegrad countries;
  - Münster (D), April 1998, on the reform of the transfer and transit procedures.
- Support for information seminars for traders organised in the Member States: Lisbon (September 1997), Ireland (November 1997). A number of other projects in this field are planned for 1998.
- In connection with reform of the transit procedures, the Commission set up a transit contact group in 1997 which brings together the administrations of the twenty-two countries involved in the procedures and traders represented by twenty-two European trade organisations. This group meets twice a year.

In this context, the Commission is studying possible reforms to enhance the effectiveness of its procedures for consultation with business circles by giving priority to targeted consultations geared to particular subjects. This approach has been followed in connection with reform of the transit procedures, and with the Joint Commission Economic and Social Committee "hearing" in Brussels in April 1998, involving the business circles concerned, on the management of preferential tariff agreements as an instrument of the Community's commercial policy.

3.5. Helping to create an international customs environment conducive to optimum management at the external frontier

Rapid changes in the international environment since the beginning of the decade and greater liberalisation of international trade bring with them a very considerable increase in the risk of fraud and a matching "globalisation" of illicit trafficking in every field.

From the standpoint of customs, this means that cooperation and technical assistance between the Union's customs administrations and those of third countries, in particular the customs administrations of the associated countries, must be strengthened in preparation for their future accession to the European Union.

Since the beginning of 1997, the following operations have been mounted:

3.5.1. *Support for the implementation of the pre-accession strategy*

In this area, the Customs 2000 programme has served as a medium for operations to help the customs administrations of the applicant countries prepare for their future accession, in addition to the operations of a more general nature financed by the Phare programme, and also for cooperation operations bringing together those countries and the countries which will in future have a common border with an enlarged Union. These have focused on the following fields:

- Training: financing the pilot project enabling the associated countries to participate in the Matthaeus and Matthaeus Tax training programmes;

- Implementation of the pre-accession strategy in the context of the accession partnership and "road maps", notably through the organisation of working parties for the development of "blueprints" to assist with the reorganisation of the customs administrations of the CEEC;

- Organisation of seminars involving Member States and applicant countries (new pan-european cumulation system for rules of origin under the Europe Agreements - EU, EFTA, CEEC, seminars with the customs administrations of the Baltic Sea States, Tallinn.)

3.5.2. *Computerisation geared to the needs of non-member countries*

- Expansion of the functionalities of Electronic Data Exchange (EDI) as part of the computerisation of transit for the third countries involved in the common transit system (the Visegrad countries);

- Preparatory work on expanding the department dealing with the dissemination of customs information to the administrations of non-member countries.

3.5.3. *Technical assistance*

Many *ad hoc* technical assistance projects have been organised for the customs administrations of non-member countries which have requested them, especially in connection with implementation of the customs component of trade agreements concluded by the European Union with those countries.

In addition, a seminar will be organised in 1998 with the Mediterranean countries on application of the rules of origin between the countries of the region.

3.5.4. Cooperation and the establishment of structured relations with non-member countries and international bodies

The establishment of a high-level structured dialogue between the EU's senior customs officials and those of non-member countries is a response to the need to set such relations in a framework that enhances their effectiveness;

Meetings were organised in 1997 and 1998 with the Directors-General of the ASEM countries (Vienna, 1997) and with those of EFTA and the CEEC (Reykjavik, 1997). A meeting between EU Directors-General and those of the CEEC will also be held in 1998.

4. BUDGETARY IMPLEMENTATION OF THE PROGRAMME

All the appropriations scheduled in the initial decision for the period in question have been used. Because of the delay in adopting the decision, it was not possible to use the ECU 2 million earmarked as redeployment of "internal market" appropriations in 1996, which were carried over to the 1997 financial year. However, all the appropriations entered in 1996 for "Customs 2000 computerisation" (ECU 1 million) were used up in that financial year.

In the interests of financial transparency the budgetary authority agreed to combine, all the appropriations assigned to the implementation of computerisation projects in the customs sector under heading B5-3030 (Customs 2000) with effect from 1 January 1998, to take account of the completion of the IDA programme on 31 December 1997. Computerisation thus became the largest budget item in the Customs 2000 budget (ECU 16.4 million out of a total of ECU 20.5 million for projects associated with "internal policies" for 1998). Financing the projects set up to develop and implement transit computerisation accounts for almost half that amount.

Expenditure on the development and implementation of computerised applications for the exchange of data and information between the Union's customs administrations to enable them to effectively discharge their obligations as regards controls and protection of the Community's financial interests was slightly higher overall than planned. The relatively smaller percentage of expenditure on financing joint projects with the Member States is explained partly by the fact that such projects require high levels of human and logistical resources and are proportionately less costly financially.

5. TAKING STOCK

5.1. The nature of the exercise

It is difficult to judge the effectiveness of a project of the scale of Customs 2000 over such a relatively short period of time. Any project of this nature must be regarded as an investment for the future, the impact of which can be assessed only in the medium or long term.

It is not yet possible to assess the experience gained in implementing the programme in terms of the final objective, which is to improve the functioning of the customs union. Such an evaluation would require an analysis criteria such as the degree of satisfaction of private individuals and traders (measured e.g. by examining the trend in the number of legal proceedings dealt with at Member State or Community level), or improved collection of own resources (as reflected e.g. in audits carried out by the Court of Auditors of the Community). Such findings are obviously not yet available.

We can, however, already identify the strengths and weaknesses of the current programme and put forward certain ideas on how to make it more effective in the future.

5.2. Customs 2000 and subsidiarity

Customs is undoubtedly the field in which legal integration has been taken furthest, symbolised by the existence of the Common Customs Tariff and the Community Customs Code.

Beyond the regulatory approach, the success of the single market in the eyes of private citizens and traders depends on the way in which the law is applied by the administrations of the different Member States. To make the most of the benefits afforded by the single market, the application of Community law must ensure that the customs procedures and controls carried out at every point of the customs territory of the Community are of equivalent quality.

In order to secure such uniform application of Community law, regulatory harmonisation needs to be supplemented by improved cooperation between the national administrations and the use of working methods that have been developed jointly. It is only through joint action on the part of the Community and the Member States that practices can be changed and the operations carried out by each national administration set in a framework that encompasses the Community dimension of customs.

5.3. Customs 2000 and partnership

Implementation of the programme is founded upon a close partnership between the Commission and the Member States, the legal basis for which is to be found in Article 3 of the Decision. The instrument that renders that partnership operational is the Customs Policy Committee, made up of the Directors-General of Customs of the Member States, which meets twice a year.

That Committee has shown itself to be an ideal forum for partnership between the Commission and the Member States and for the involvement of the senior management of EU customs administrations in policy formation. Alongside the Commission, it stands as a guarantor of adherence to the guidelines and the objectives of the Customs 2000 Decision and its "code of conduct" designed to enhance the uniformity of customs operations within the Community.

The guidelines and priorities adopted by the Committee find expression in practical joint projects, in the implementation of which the national

administrations act as genuine partners. Their success depends on the degree of involvement and active participation of each of the partners in carrying them out, and the level of Member State participation has been very high. By way of example, more than 140 projects were proposed by the national administrations when the national action plans for 1997 and 1998 were drawn up, and the Commission made its selection on the basis of criteria for identifying priority projects that were agreed jointly within the Committee.

Implementation of the projects has required the deployment of considerable human and logistical resources. The efforts made by the national administrations demonstrate their interest in the programme's success and the benefits they expect to derive from it.

5.4. Awareness of the Community dimension of customs operations

Implementation of the programme has generated a very high level of cooperation between the Member States' customs services and between them and the Commission. Such cooperation in areas that have traditionally been the responsibility of the national administrations was initiated under the Matthaeus programme as part of staff training and it is of great help in creating joint working practices and a genuine "Community reflex" when seeking common solutions.

Even over a period too short to cover its entire scope, therefore, the programme has been given instrumental in ensuring that the Community dimension is taken into account in the discharge of customs responsibilities, in line with the wish expressed when the Decision was adopted. The focus has been on areas such as the targeting of customs controls using jointly agreed methods and criteria (risk analysis and audit techniques), the coordinated development of tools, the future establishment of a genuine network of customs laboratories in the Community and organisation of the network of customs training centres.

In this connection, the Decision called on the Member States to arrange for officials to wear a distinctive Community symbol on their uniform. Although this is not mandatory, a number of Member States have already arranged for such a symbol to be worn by their customs officers and some of them have erected signboards bearing the twelve star European symbol at the main points at which travellers enter the Community.

5.5. The need to improve the consistency of customs operations

When assessing the effectiveness of the Customs 2000 programme, account has to be taken of the fact that a number of other programmes with different objectives are operating alongside it in the customs sector:

- Matthaeus, in the field of joint training;
- Measures to improve control of fraud or organised crime under programmes and budgets managed by different Commission departments (as well as certain operations conducted as part of customs cooperation within the meaning of Title VI of the EC Treaty);

- PHARE, TACIS and MEDA in the field of external operations.

The existence of a considerable number of such instruments means that coordination of operations in the various fields is needed to ensure that they are consistent and to prevent duplication and waste of resources.

Such coordination is achieved to a certain extent within the Customs Policy Committee, where the heads of the customs administrations ensure, *ex officio*, that operations having a legal basis in Titles II and VI of the Treaty dovetail with one another.

The Commission takes the view, however, that there could be a greater degree of rationalisation between training operations which come within the ambit of the Matthaeus Decision and those covered by the Customs 2000 Decision.

6. PROPOSED GUIDELINES FOR THE FUTURE

On the basis of the findings made during the period in which the programme has actually been in operation, the Commission's view is that operations that have been launched must continue and be further developed and that improvements must be made in seeking to achieve the objectives of the Decision of 19 December 1996.

As it stated in response to the request by the committees of the European Parliament in the course of the preliminary discussions on the amendments proposed on 3 September 1997 aimed at adjusting the "priority amounts" and the financial statement included in the original Customs 2000 Decision of 19 December 1996, the Commission plans to submit a new proposal shortly, based on the findings of this report. That proposal would, therefore, give priority to the following guidelines:

6.1. Development of a more unified approach to customs operations

Community operations are currently governed by a number of different legal instruments, each of which lays down specific administrative procedures.

Bringing all the operations together within a single Decision would have the advantage of ensuring a consistent approach to customs operations, along the lines of what has been achieved in the field of indirect taxation with the FISCALIS programme.

- It would provide a clear legal basis and sufficient certainty for computerisation projects extending over several financial years to be completed.

- It would bring greater uniformity to the conduct of operations in the customs field, allowing more rational use of the instruments available and making the most of the synergies and areas of complementarity that exist between them (e.g. monitoring, working methods, training/information)

- It would answer Member States' concerns about distinguishing, in many cases, between operations under Customs 2000 and Matthaeus, which are often dealt with by different departments, depending upon the particular programme and the budget for it.

The legal instrument in question should adopt an overall approach and combine all the operations relating to:

- computerisation, currently covered in part by Customs 2000 and by the first IDA programme;

- joint operations with the Member States aimed at developing new working methods, covered by the existing Customs 2000 Decision;

- training schemes, currently covered by the Matthaeus programme;

- opening up access to non-member countries through cooperation and technical assistance operations in the customs field.

6.2. Strengthening the partnership

Success in implementing the programme depends on the national administrations taking an active part in the operations that are conducted jointly. The commitment made by the national administrations is given practical expression within the Customs Policy Committee, both in its role as a committee steering and evaluating the programme and in ensuring adherence to the customs policy guidelines set out in the Decision.

Alongside the Customs Policy Committee, an institutional committee should assist the Commission in the practical implementation of the guidelines laid down in the different operational areas covered by the amended Decision. That management committee would replace the existing management committee set up under the Matthaeus Decision, whose role is confined to training schemes. Setting up this new committee would help strengthen the management structure of the programme and make it more effective.

6.3. Duration

The new proposal must aim to ensure the continuity of the operations launched under Customs 2000, and must extend over a period that is sufficiently long to demonstrate the effectiveness of the proposed reform.

The new proposal will, accordingly, provide that the implementation period currently prescribed in the Customs 2000 Decision should extend further to cover the period from 1 January 1999 to 31 December 2002. This will make it possible:

- to stipulate a period that will be long enough to implement the new Decision;

- to set in train a genuine "rolling programme" of operations, which will ensure continuity of the action taken to modernise customs in the Community.

7. CONCLUSION

The action taken at Community level initially with the Matthaeus programme, and further developed and supplemented by the Customs 2000 programme has demonstrated the existence of genuine Community momentum in the customs field.

Work under the Customs 2000 Decision to date does not support any firm conclusions about the impact of the programme on the routine implementation of Community law by customs administrations, nor has it produced measurable results in terms of the effectiveness of controls.

It nevertheless demonstrates the commitment of those administrations to the operation and confirms their determination to set their activities within a stronger Community framework.

Annex

Monitoring operations

Under the pilot project, ten monitoring operations were organised between 1994 and 1996, covering the following areas:

- free zones (2 phases: May - July 1994 / April - June 1995),
- external maritime frontier (2 phases: May - July 1994 /April - June 1995),
- customs procedures and checks in the textiles sector (TAFI): Nov. 94 – March 95,
- airports: October – December 1994,
- inward processing: April – July 1995,
- transit (central offices) : November 1995 – February 1996,
- simplified procedures : October 1995 – February 1996,
- preferential origin: April – September 1996,
- customs warehouses: May – July 1996,
- transit (functioning of the procedure in general) : October 1996 – February 1997.

The following operations have been conducted since the Decision was adopted:

- binding tariff information (2 operations): January – April 1997,
- inward processing (2nd phase): February – April 1997,
- application of the rules of origin: May – October 1997,
- system for managing tariff quotas and surveillance of imports (QUOTA): February – May 1998.

The following operations are planned for the period between July 1998 and December 1999:

- customs warehouses (phase 2): September 1998 –January 1999,
- inventory of equipment for physical checks at the external frontier: implementation of sheet 4.3.5 of the Action plan for transit in Europe (Recommendation No 8 of the Parliamentary committee of enquiry on transit: Sept. – December 1998,
- procedures for issuing authorisations for simplified declarations and local clearance: January - April 1999,
- implementation of Council Regulation (EEC) No 338/97 on frontier checks on specimens, prescribed by the CITES convention: April – July 1999,

- checks for conformity with the rules on product safety in the case of toys imported from third countries (implementation of Council Regulation (EEC) No 339/93): July - October 1999.

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