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pursuant to Article 14(3) of Regulation (EU) 2019/880 of the European Parliament and of the Council of 17 April 2019 on the introduction and the import of cultural goods

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GLOSSARY

Business Case	The document that provides the IT project justification and defines its budgetary requirements
Vision Document	The Vision Document elaborates on the assumptions made in the Business Case Document. It records the system owner/system supplier partnership and understanding of the system at the time of writing.
ICG system	Import of Cultural Goods system - the centralised electronic system for the import of cultural goods
TRACES	Trade Control and Expert System - the European Commission's multilingual online platform for sanitary and phytosanitary certification
EU CSW - CERTEX	EU Customs Single Window - Certificates Exchange
MFF	Multiannual Financial Framework; the EU long-term budget, running from 2021 to 2027

1. INTRODUCTION

Regulation (EU) 2019/880 of the European Parliament and of the Council of 17 April 2019[1] on the introduction and the import of cultural goods ("the Regulation") aims to prevent the illicit trade in cultural goods, in particular when it contributes to the financing of terrorist activities, and to prohibit the import into the customs territory of the Union of cultural goods exported illegally from third countries.

The Regulation subjects the import of certain cultural goods that are considered to be particularly endangered heritage to import licences and others, which are considered as less endangered, to importer statements and ensures that they undergo uniform controls when imported into the Union. Certain imports of cultural goods that are intended for specific uses (educational, scientific or research-related) are exempted from these documentary requirements.

The obligation for importers to obtain an import licence or draw up and submit an importer statement to customs will only start to apply from the moment that a centralised electronic system (the ICG system) will become operational. The ICG system is to be developed by the Commission by 28 June 2025 at the latest.

The system will not only serve as a means for the accomplishment of formalities by operators, but also for the storage and the exchange of information between Member States administrations in charge of implementing the Regulation (customs and cultural authorities).

The development and functioning of the ICG system is also closely linked with another major initiative of the Commission in the field of customs: the EU Single Window Certificate Exchange System (EU-CSW CERTEX)[2].

The EU-CSW CERTEX interconnects EU centralised systems for Union non-customs formalities with national customs systems to allow the digital exchange of supporting documents, results of controls and the outcome of customs and non-customs procedures.

Every 12 months from the entry into force of the Regulation and, until the ICG system becomes operational, the Commission is to present a report to the European Parliament and to the Council on the progress made with establishing this electronic system.

The Commission presented its first annual progress report last year[3]. The report outlined the action taken by the Commission during the first year after the Regulation entered into force, namely: a) the preparatory work for adopting the necessary implementing provisions, and (b) the consultations with the Member States via the Expert Group for customs issues related to cultural goods and the Project Group for the import of cultural goods. As regards potential risks for delay in delivering the ICG system within the set deadline, the report identified the uncertainty surrounding the staff allocated to the project and its financing from the MFF.

This second annual progress report covers the period from July 2020 to June 2021 and presents the progress achieved with the adoption of the necessary implementing provisions and the roll-out of Phase 1 – 'Conceptualisation' of the ICG project. For the sake of completeness, the objectives to be met, the project architecture and the planning approach, which are detailed in the first annual progress report, are briefly mentioned here. The overall

[1] OJ L 151, 7.6.2019, p. 1–14
[2] https://ec.europa.eu/taxation_customs/general-information-customs/electronic-customs/eu-single-window-environment-for-customs_en
[3] COM(2020) 342 final.

assessment of the progress made and the identified risks for delay are summarised in the conclusions section of this report.

2. OBJECTIVES TO BE MET

The **ICG system is to become operational by 28 June 2025** at the latest, as on that date it will become mandatory for all operators to obtain import licences or submit importer statements to customs through that electronic system, in order for them to be able to import[4] cultural goods legally into the Union.

The Regulation sets also a **deadline of 28 June 2021 for the adoption of implementing provisions laying down the detailed rules for the electronic system**.

After the adoption of the implementing provisions and approval of the Vision Document, the development phase of the electronic system will begin. In the third phase, the ICG system will be interconnected to the EU-CSW CERTEX, to allow the exchange of documents with Member States customs systems. In parallel, training sessions will be organised to familiarise their administrations with the ICG system's operational functionalities.

Alongside other activities of the Commission in the field of customs, the project on the import of cultural goods is also planned in detail through the Multiannual Strategic Plan for electronic Customs 2019 revision[5] (MASP-C rev. 2019). An excerpt of the planning of the project on the import of cultural goods from MASP-C rev. 2019 is provided in Annex I to this report. It is to be noted that the project fiche will be updated in the next revision of MASP-C to reflect the actual progress on the project.

Part of the project on the import of cultural goods is developed also within the EU Single Window Environment for Customs (MASP-C rev 2019 Fiche 1.13) of which EU CSW-CERTEX is the key IT system. An excerpt of the planning of EU CSW-CERTEX from MASP-C Fiche 1.13 is provided in Annex I to this report.

3. PROJECT ARCHITECTURE AND PLANNING APPROACH

As already explained in the first annual progress report, the Project Architecture is based on the methodology provided for in MASP-C rev. 2019 and its Annexes, including the Governance Scheme[6], the EU Customs Business Process Modelling Policy[7] and the IT strategy[8]. A comprehensive roadmap, with the main project phases and the critical milestones is detailed in Annex II.

Despite of the project progressing on several levels at the same time, it can be figuratively divided into three phases:

Phase 1 – Conceptualisation: Initially, a **Business Case** is prepared, providing the project justification and defining budgetary requirements. Next a **Vision Document** is produced, using *Business Process Modelling* (BPM), which provides more detailed information on the project definition in terms of architecture, cost, time, and risk, as well as information such as milestones, deliverables and project organisation. These documents reflect the discussions, and the content of the implementing act to be produced by the Commission.

[4] The placement of goods under the following customs procedures is defined as 'import' in the Regulation: release for free circulation; storage in customs warehouses or free zones; temporary admission; end use, including inward processing.
[5] See https://ec.europa.eu/taxation_customs/general-information-customs/electronic-customs_en.
[6] https://ec.europa.eu/taxation_customs/sites/taxation/files/2019_masp_annex3_en.pdf
[7] https://ec.europa.eu/taxation_customs/sites/taxation/files/2019_masp_annex4_en.pdf
[8] https://ec.europa.eu/taxation_customs/sites/taxation/files/2019_masp_annex5_en.pdf

Phase 2 – System development: Following the provisions of the implementing act, and the production of user requirements and the functional specifications for the system, **technical specifications** on how the system will be constructed are developed. These technical specifications include: the architecture to be used, the messages to be submitted by economic operators, the interfaces to other systems, testing plans, etc.

Once the design of the system is ready from the conceptual perspective and the deliverables listed in Table 1, Milestones 1 and 3 (see Annex I) are produced, a more in-depth work begins and more technical aspects are taken into account in the **Application & Service specifications** and **Technical System Specification** documents, which are the concretisation of the Business Case and the Vision Document.

Phase 3 – Deployment and Operation: The actual IT development phase begins (**Construction Phase**), which is followed by a **Transition phase** where the early versions of the ICG system will be gradually rolled out to the different groups of users and tests are performed to ensure that, by 28 June 2025, operators and competent authorities are capable and well trained in the use of the system. To this phase will follow a 6 months after-care period, in which the system will be fine-tuned to match any operational needs that may become evident only after an IT system becomes mandatory, and to ensure that operations are running smoothly.

It is to be noted that the ICG system will be interconnected with Member States' customs administrations via the EU CSW-CERTEX by 3 March 2025, following the Commission proposal on an EU Single Window Environment for Customs[9] to allow customs automated controls on the documents issued for the import of cultural goods. This activity will require Conformance Testing.

4. PROGRESS OVERVIEW

Adoption of implementing provisions

During the first phase the Commission adopted[10] the necessary implementing provisions for the establishment of the electronic system. In order to get a better perspective from a practical implementation point of view, it consulted extensively with Members States representatives in the Expert Group on customs issues related to cultural goods and in the Cultural Goods Committee.

The Expert Group is a forum for the discussion of implementation issues of Union legislation on cultural goods pertaining to customs and, in particular, the Regulation (EU) 2019/880 on the introduction and the import of cultural goods and the Regulation (EC) 116/2009 on the export of cultural goods[11]. The latter is a set of EU rules that also provide for a licencing system – at export - which has been in force since 1993[12].

The Commission informed art market associations about the progress of work at every opportunity, in order to ensure that the practical implementation of the Regulation is well adapted to the realities of the market. As a formal step of the adoption procedure, the draft

[9] See Annex to the Proposal for a Regulation of the European Parliament and of the Council establishing the European Union Single Window Environment for Customs and amending Regulation (EU) No 952/2013, COM(2020) 673 final.

[10] At the time of drafting this report, the draft regulation had received a positive vote from the Committee and was scheduled for adoption by the College in June 2021.

[11] Council Regulation (EC) No 116/2009 of 18 December 2008 on the export of cultural goods (OJ L 39, 10.2.2009, p. 1–7)

[12] Before the creation of Expert Groups for the purposes of the Lisbon Treaty, these same discussions were taking place within the Committee of Regulation (EC) No 116/2009. The members of the Expert Group are mostly the same authorities that are meeting within that Regulation's Committee.

implementing act was also made available online for consultation to stakeholders for a 4-week period (24.3.2021-21.4.2021).

The implementing act comprises five sections, the last of which concerns the detailed arrangements for the establishment and operation of the ICG system.

The ICG is to be developed as an independent module of the existing TRACES system, which is managed by the Commission's Directorate-General for Health and Food Safety (DG SANTE). The Commission is to ensure its operation, maintenance, support and any necessary update or development.

In order to produce the required periodic reports and to ensure the development, functioning and maintenance of the system, the Commission is to have access to all data, information and documents in the ICG system. It will also ensure the interconnection between the ICG system and national customs systems, using the EU CSW-CERTEX.

In order to manage, develop, identify priorities for, and monitor the correct implementation of the ICG system, the Member States and the Commission will have to designate contact points.

It is very important that the licence applicants/holders or the declarants in importer statements are identified correctly in the ICG system. For this reason, the implementing act requires from operators to identify themselves using an EORI number[13].

For the completion of import licences applications and importer statements, the implementing act establishes in its annex a data dictionary, i.e. the kind of information which applicants and declarants will be required to enter in the ICG system in order to fill-in and submit the relevant forms.

Although the basic act makes reference to 'format', this should not be taken literally, as the fillable forms will be electronic, not typical paper documents. It will be possible to make a print-out of a licence, statement or general description, but contrary to the specifications found in the Regulation for the export of cultural goods, this can be done on any sort of paper (i.e. no mandatory dimensions of a page or thickness of paper or interlocking safety patterns). In any case, when customs or competent authorities need to verify a licence or statement, they will do so by retrieving it electronically from the ICG system. Moreover, such retrieved documents will be self-standing, meaning that the validity of electronic signatures and the integrity of the document is checked every time the document (or a copy thereof) is accessed, in line with the eIDAS[14] standard.

Since the documentation will exist in the ICG system and will be made available to customs electronically via the EU-CSW CERTEX, there will be no risk of falsification, as is the risk with paper documents. Furthermore, the implementing act provides a set of guarantees, in the form of electronic seals and signatures, which will prevent any unlawful alteration of the content and will certify the exact time and date that a form was submitted or received by the competent authority.

Specifically, electronic import licences will be signed by the authorising officer of the competent authority with their electronic signature, sealed with an advanced or qualified electronic seal of the issuing competent authority, and then sealed by the ICG system with an advanced or qualified electronic seal.

Additionally, the submission of a licence application; a request by the competent authority for

[13] EORI number is the Economic Operators Registration and Identification number, as defined in Article 1(18) of Commission Delegated Regulation (EU) 2015/2446.

[14] Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC, OJ L 257, 28.8.2014, p. 73.

additional information; a submission of additional information or document by the applicant; the decision made by the competent authority; and the expiry of 90 days without a decision by the competent authority will be all marked by the ICG system with an electronic qualified time stamp.

With regard to access to the documents in the ICG system, the implementing act provides that customs and the competent authorities will have access to the import licences for which a decision has been made and to the importer statements and general descriptions that have been submitted to customs. Operators will have access to their own licences, statements and general descriptions. In order to facilitate trade, they can also provide access in the ICG system to these same documents to other parties (e.g. to prospective clients, experts, etc.).

The Commission and the Member States will be data controllers of the processing operations necessary for the establishment of the ICG system. For this purpose, they will have to enter a joint controllership arrangement by 28 June 2022 at the latest.

In order to lay down the practical requirements for the availability and performance of the ICG system, as well as to ensure business continuity, the implementing act provides for the conclusion of operational agreements between the Commission and the Member States.

Although this is not expected to occur, certain contingency arrangements have been established, should the ICG system become unavailable for more than eight hours. Specifically, the ICG system contact points in the Member States are to maintain an online public repository containing a writeable electronic template of all documents that may be issued in the ICG system. Once the ICG system or the unavailable functionality become available again, operators can use the documents created in the online repository to record the same information in the system.

Lastly, the implementing act contains certain system security provisions to ensure reliable and secure operation, in particular, for checking the source of data and for protecting data against the risk of unauthorised access, loss, alteration or destruction. Each input, modification and deletion of data is to be recorded together with information giving the reason and the exact time of such processing and identifying the person who carried it out. Furthermore, Member States are to inform each other, the Commission and, where appropriate, the operator concerned of any actual or suspected breaches of security of the ICG system.

Project development – Work with the Project Group

The Commission has created a 'Customs Project Group on the import of cultural goods' ("PGICG"), which serves as a discussion forum for experts from Member States national customs administrations and competent (cultural) authorities with experience in carrying out licencing formalities in heritage matters, in particular digitally. The Group provided support in the preparation of the implementing act, and will help the Commission services in defining the parameters and elaborating the criteria for the functional specifications of the ICG system.

The Project Group[15] consists of 18 delegates from 11 Member States (AT, BE, BG, ES, LV, PT, RO, DE, NL, IT, FR) and to-date it has met nine times (four during the reporting period 29.6.2020 – 28.6.2021).

During this reporting period, the Project Group worked mainly on the definition of the scope of the IT system, minimum functionalities, and user requirements. The outcome of these discussions has been captured by the Business Case first, and further refined in the Vision Document.

[15] For more details on the Project Group's mandate and work, please see the Commission's first Progress Report COM(2020) 342 final.

Conceptualisation – Business Case

The Business Case has been approved by the ITCB[16] on 23 September 2020 and by the Electronic Customs Coordination Group on 16 October 2020 without comments. The Business Case explores the different alternatives and confirms that the TRACES system hosted by DG SANTE is the most suitable platform to develop the ICG system, as most of the functionalities required for certification and licencing schemes are well developed in that platform.

Project definition - Vision Document

The Vision Document further refines the initial assessment made in the business case, and it details the methodological approach, the project governance and the synergies with other projects. As a result, the ICG system will be developed in partnership between the Commission's Directorate-General for Taxation and Customs Union (DG TAXUD) and DG SANTE, leveraging on the long-term cooperation and synergy between these two Directorates-General for the collaboration between customs and partner competent authorities, which to-date has proven to be very successful in the field of import controls of animals, food and feed. The Vision Document is at its finalisation stage, and is expected to be approved by the Electronic Customs Coordination Group by the end of June 2021.

5. RISKS FOR DELAYS

Project Summary

The Commission is tasked to develop a centralised electronic licensing system and interface it with national customs within 6 years after the entry into force of the Regulation. Two Administrator (AD) posts in DG TAXUD are required to deliver on this initiative, as set out in the relevant Legislative Financial Statement.

Risk title & Description

The delivery of the ICG system is dependent upon the approval of appropriate funding and upon the allocation of resources in DG TAXUD, taking into account the various priorities facing that Directorate-General.

Risk 1 – Staff allocation

The initial proposal from the Commission did not provide for the creation of an IT system. Thus, resources were not allocated accordingly. However, in the course of the negotiations and at the request of the co-legislators, the creation of the ICG system was included in the Regulation, which called for unforeseen at that point, additional resources. The needs for this six-year project in terms of IT development personnel in DG TAXUD were estimated, at the time of the final political trilogues in December 2018, to be two full time Administrator posts. However, only one full time Administrator could be allocated from mid-July 2020.

Risk 2 – Covid-19 pandemic

In addition to the risks identified above, the COVID-19 public health crisis is affecting to some extent the team's capacity to deliver and especially the project activities and meetings with the Expert Group and the Project Group with the Member States. Meetings were held in

[16] The Information Technology and Cybersecurity Board (ITCB) of the European Commission is a permanent sub-group of the Corporate Management Board. It ensures that resources and investments in Information Technology are used efficiently and that business needs are supported by efficient, secure and resilient communication and information systems, in compliance with personal data protection principles. It oversees the implementation of the European Commission Digital Strategy.

a virtual format, with shorter agendas and limited interaction. Moreover, the public health crisis forced a rescheduling of priorities within Member States, thus limiting their capacity to provide input and feedback to the file. Such impact will depend on the duration of the public health crisis.

Risk 3 – Proposal for an EU Single Window Environment for Customs

The good functioning of the ICG system is tied with the success of the Commission's proposal for an EU Single Window Environment for Customs, which aims at providing a legal base for the functioning of EU CSW-CERTEX. The government-to-government (G2G) pillar of that proposal reflects how customs and partner competent authorities will exchange data digitally. Therefore, in case co-legislators will ultimately reach an agreement that is considerably different from the G2G approach as enshrined in the proposal, this will impact how the ICG system and EU CSW-CERTEX are interconnected and will affect as well the implementing provision for the ICG system described above.

Risk 4 – Budget availability

Budget uncertainty, due to the negotiations on the new MFF, rendered progress very challenging. It should be noted, however, that the favourable outcome of the MFF negotiations has mitigated that risk from end of 2020 and that budget-wise this initiative is fully covered under the new Customs programme.

Mitigation actions

The risks have been reported within DG TAXUD.

6. CONCLUSIONS

The main actions undertaken during the period covered by this second progress report to develop a centralised electronic system for the import of cultural goods (ICG system) are as follows: (1) the adoption of implementing provisions for the purposes of Regulation (EU) 2019/880; (2) the work carried out by the Project Group created for this purpose; and (3) the advancement of the Business Case and the Vision Document for the ICG project.

While so far the Commission has been on schedule, some potential risks for delay in delivering the ICG system within the set deadline have been identified. One risk concerns the uncertainty surrounding the staff allocated to the project, as this depends on current budget availabilities and overall customs IT development priorities[17]. The COVID-19 public health crisis was also identified as slightly affecting progress with the ICG project. The full impact will depend on the duration of the public health crisis.

[17] Such as the Union Customs Code (UCC) digitalisation exercise.

ANNEX I: MULTI ANNUAL STRATEGIC PLANNING

The MASP-C ensures an effective and coherent management of IT projects by setting out both a strategic framework and milestones. It is ultimately endorsed by the Member States in the Customs Policy Group (CPG) based on expert advice provided by the Electronic Customs Coordination Group (ECCG) and consultations with trade at the Trade Contact Group (TCG).

The planning for the electronic system has been discussed and approved by the Member States and is described in detail in Fiche 1.18 of the MASP-C rev. 2019.

Table 1 below provides an excerpt of the planning of the project on the import of cultural goods from MASP-C rev. 2019 Fiche 1.18.

Table 1 - Excerpt of MASP-C rev. 2019 Fiche 1.18

	Milestones	*Estimated completion date*
1	**Business Analysis and Business Modelling**	
	- Business Case Document	Q4 2020
	- Level 3 (User Requirements BPM)	Q1 2022
	- Level 4 (Functional Requirement detailed BPM)	Q1 2022
2	**Legal Provisions**	
	- Current provisions adopted*	Q2 2019
	- Future provisions adopted**	Q2 2021
3	**Project Initiation Phase**	
	- Vision Document	Q2 2021
	- GO decision	Q2 2021
4	**IT Project**	
	- Application & Service Specifications	Q2 2023
	- Technical System Specifications	Q2 2023
	Construction Phase	
	- Central services implementation	Q3 2024
	- Service integration in National Systems	N/A
	- National implementation	N/A
	Transition Phase	
	- Deploy and rollout	Q4 2024
	- Conformance tests	Q2 2025
5	**Operation**	
	- Commission, Member States administrations and Traders	Q2 2025
	- Non-EU Countries and non-EU traders (in case required)	N/A
6	**Implementation support (training and communication)**	
	- Centrally developed training and communication	Q4 2024
	- National training and communication	Q4 2024

*Current provisions refer to Regulation (EU) 2019/880
**Future provisions refer to the implementing provisions to be adopted according to Regulation (EU) 2019/880

Table 2 provides an excerpt of the EU CSW-CERTEX project, with a focus on Component 2 of the EU-CSW CERTEX project, interconnecting the ICG system.

Table 2 - Excerpt of MASP-C rev. 2019 Fiche 1.13 – Component 2 "EU CSW- CERTEX"		
	Milestones	*Estimated completion date*
1	**Business Analysis and Business Modelling**	
	- Business Case Document	Q1 2017
	- Business Case Annex	Q2 2023
	- Level 3 (User Requirements BPM)	Q1 2024
	- Level 4 (Functional Requirement detailed BPM)	Q1 2024
2	**Legal Provisions**	
	- Current provisions adopted*	In force
	- Future provisions adopted**	2021
3	**Project Initiation Phase**	
	- Vision Document	Q3 2017
	- Vision Document Annex	Q3 2023
	- GO decision	Q3 2023
4	**IT Project**	
	- Application & Service Specifications	Q2 2024
	- Technical System Specifications	Q2 2024
	Construction Phase	
	- Central services implementation	Q3 2024
	- Service integration in National Systems	From Q4 2024 onwards
	- National implementation	From Q4 2024 onwards
	Transition Phase	
	- Deploy and rollout	Q4 2024
	- Conformance tests	From Q1 2025 onwards
5	**Operation**	
	- Commission, Member States administrations and Traders (NB: This is the Operations date for the Commission, MS will conformance test from Q2 2020)	Q2 2025
	- Non-EU Countries and non-EU traders (in case required)	N/A
6	**Implementation support (training and communication)**	
	- Centrally developed training and communication	N/A
	- National training and communication	N/A

*Current provisions refer to Regulation (EU) 2019/880
**Future provisions refer to the implementing provisions to be adopted according to Regulation (EU) 2019/880

ANNEX II: MAIN PROJECT PHASES AND CRITICAL MILESTONES TIMELINE

