

## **STANDARD SUMMARY PROJECT FICHE**

### **Project Number LI 2002.04**

#### **1. Basic Information**

##### **1.1 Désirée Number**

**1.2 Title** Implementation of EU Customs Information Systems

**1.3 Sector** Internal Market

**1.4 Location** Customs Department under the Ministry of Finance of the Republic of Lithuania.

#### **2. Objectives**

##### **2.1 Overall Objective(s)**

The overall objective of this **4.75 MEUR** project, of which **1.20 MEUR** is national co-financing, is to complete alignment of the Lithuanian Customs Information System with the *acquis*.

##### **2.2 Project Purpose**

The Integrated Customs Information System (ICIS) and manual procedures surrounding it are compatible with the computerised Customs systems operating within the European Community.

##### **2.3 Accession Partnership and NPAA priority**

The draft Accession Partnership 2001 defines the need for the following urgent action: accelerate the implementation of the IT strategy of the Lithuanian Customs Administration. Develop IT systems to allow for the exchange of computerised data between the EC and Lithuania.

The NPAA 2001 identifies the following medium term (2001-2003) priorities for Customs computerisation in the Internal Market sector:

3.8.3-P-A14 Development of CIS (Customs Information System)

3.8.3-P-B24 Creation of computerised programme of integrated tariff

3.8.3-P-B19 Introduction of NCTS

3.8.3-T-B13 Accession to the Convention on a common transit procedure

#### **3. Description**

##### **3.1 Background and justification**

On accession to the EU, the Lithuanian Customs Information systems will need to be able to interface with a number of computerized Customs systems operating within the European Community. There are nine of these systems in total. The most important ones include the Tarif Integre Communautaire (TARIC), which is essential to ensure that the proper duty rates and economic measures are applied, and the New Computerised Transit System (NCTS), which is essential to ensure the control of transit movements throughout the Community. These systems will be developed in accordance with the Lithuanian Customs Computerisation Strategy which addresses the totality of the Customs IT requirements ( see annex 5).

In this context, work will be required on a national level in order to:

- establish working practices and procedures, and an organisational framework within which each system can be operated in a proper and effective manner;
- establish the technical infrastructure required for each system
- develop information systems.

The implementation of all of the systems described in this document is an essential pre-condition for EU accession. Successful implementation is dependent upon close co-operation and working practices being established with DG TAXUD, who are responsible for their operation in the Community domain. DG TAXUD also support the idea of providing financial assistance to candidate countries, particularly through PHARE.

External assistance is essential, as knowledge and experience of the necessary systems, which represent mandatory components of the Integrated Customs Information System, is not available in Lithuania.

### **3.2 Linked activities**

The funding under Phare provides an essential contribution towards the strengthening of the institutional and administrative capacity of Lithuanian Customs.

In 1992 a Feasibility Study for the Lithuanian Customs Administration was carried out by the French/Danish Customs Bull-Sligos Consortium. Among other considerations, customs automation issues were evaluated.

In 1993-94, Phare, via national, regional and multi-country programmes, provided the means to acquire computer, telecommunications, office and laboratory detection equipment.

Technical assistance continues to be provided for computerisation and training at all levels.

Funding of about 1.4 MEUR has been received from the 1996 Phare National Programme for the introduction of the automated declaration processing system ASYCUDA. The funds were allocated to the Pilot phase of the project.

In order to ensure continuous process of implementation of the Customs modernisation programme, the 1998 funds are being utilised in the project's Roll Out phase.

In the period 1998-2000 technical assistance has been provided from the multi-country programme under Transit Project "North-South".

1999 Phare allocation of 1.5 MEUR is being used to design, develop and construct a computerised version of the Customs Master Tariff Register (CMTR), which will be used to process amendment data from source information and subsequently update all other systems, including ASYCUDA, using tariff information as reference data.

2000 Phare allocation of 2.0 MEUR is to be used to review and reorganise regional Customs administrations, improve public relations of the Customs Department and further harmonise Customs legislation, at the second and third levels, concerning Customs tariffs and combined nomenclature, Customs procedures with economic impact and simplified procedures.

The activities under this project will follow up previous Phare activities and will be co-ordinated with all the on-going projects. These activities contribute to the preparatory work for the implementation of the Customs Community systems, which is an essential component of the accession process.

These activities are also linked to the preparatory technical assistance provided under the Phare 2001 Twinning Light programme.

### **3.3 Results**

Implementation of the following EU systems:

- New Computerised Transit System (NCTS)
- European Binding Tariff Information (EBTI)\*
- Economic Tariff Management (ETM)\*
- European Customs Inventory of Chemical Substances (ECICS)
- Inward Processing Relief (IPR)
- Anti-Fraud Information System (AFIS)/ Customs Information System (CIS)

### **3.4 Activities**

Two tenders one for technical assistance including design and development of the necessary information systems and software development and one for supplies of existing off-the-shelf software to implement the following activities:

#### **3.4.1. Development of an Operational implementation plan for each functional area**

The operational implementation plan for each functional areas mentioned below should be based on the interconnectivity implementation strategy to be developed with assistance from the Twinning Light project and which will also take into account the generic strategy available from DG TAXUD October 2001.

The operational implementation plan should contain recommendations for change in the organisational structures, procedures and IT systems in order to facilitate integration into the European Community.

As a result of the above plan the following specific activities, concerning individual projects, are to be undertaken:

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\* It should be noted that developments in these two areas must take into consideration the Customs Master Tariff Register development being undertaken under the Phare 1999 Programme and preparation activities undertaken under the Phare 2001 Twinning Light Project.

### **3.4.2. New Computerised Transit System (NCTS/MCC)**

Building upon the operational plan to be produced under activity 3.4.1 and taking into account the CCN/CSI networking proposal to be proposed by DG TAXUD above,

- Plans and specifications are to be produced and followed for all actions necessary for the full implementation of the NCTS. These to include:
  1. Legal technical assistance concerning aspects of NCTS and computerisation relating to accession to the Common Transit Convention;
  2. Installation, testing and training of MCC software and production, testing, delivery and training of any necessary additions or modifications to fulfil national requirements in order to comply with NCTS.

### **3.4.3. European Binding Tariff Information (EBTI), Economic Tariff Management (ETM), European Customs Inventory of Chemical Substances (ECICS)**

Building upon the operational plan produced at 3.4.1. and taking into consideration the developments being undertaken in the Customs Master Tariff Register project,

- Plans and specifications are to be produced and followed for all actions necessary for the full implementation of these subsystems. These to include:
  1. Legal technical assistance concerning the introduction of the various regimes;
  2. Production, testing, delivery and training of any necessary additions or modifications to the existing Master Tariff System software in order to accommodate the new regimes.

### **3.4.4. Inward Processing Relief (IPR), Anti-Fraud Information System (AFIS)/ Customs Information System (CIS)**

Building upon the operational plan produced under activity 3.4.1.,

- Plans and specifications are to be produced and followed for all actions necessary for the full implementation of these subsystems. These to include:
  1. Legal technical assistance concerning the introduction of the various regimes;
  2. Production, testing, delivery and training of any necessary software in order to accommodate the new regimes.

## **3.5 Lessons learned**

The conclusions and recommendations of the OMAS Report of 1999 (Report No. R/LI/CUS/99056) have been considered. In particular, efforts have been made to ensure that the Overall Objectives of this project are clear and unambiguous. Equally any possible overlap between associated projects has been eradicated. Indeed, this project forms a natural sequential and harmonious extension of the activities and results specified in the 2001 Twinning Light Project Fiche.

## **4. Institutional Framework**

The Project will be implemented within Lithuanian Customs, which is an autonomous Department of the Ministry of Finance. This is a systems development project, and

technical assistance is required to develop legislation, policy, protocols, procedures, and the actual systems design.

The organisational structure of the department is as follows: the Director General, four Deputy Directors General, the main divisions: Legal; Legal Acts Harmonisation; Statistical Analysis; Control and Supervision; Tariff; Tax Administration; Management; Personnel; Anti-smuggling service; the Customs Information Systems Centre. The overall Lithuanian Customs organisation includes the Customs Department as headquarters, 10 Regional Customs administrations, and 73 Customs posts, the Customs School and Customs laboratory. The Information Centre will be responsible for this project.

The computerised systems will be implemented in the Customs Department as part of the overall Integrated Customs Information System (ICIS). The central databases will be located in the new premises of Customs Information Centre, Vytenio 7, Vilnius, and will be securely accessible, via telecommunication links, by the various Government institutions, the Customs Regions and the trading community.

A dedicated Project Team staffed by Customs technical and procedural experts, supported by external expertise will implement the Project.

The project will be controlled by the ICIS Steering Committee and Mr Kaskelis will be the Project Director. On completion of the project all the systems developed will be owned by the Customs Department.

## 5. Detailed Budget (in M€)

	Phare Support					
Project Components	Investment Support	Institution Building	Total Phare (=I+IB)	National Cofinancing	IFI	TOTAL
Technical Assistance	2.80		2.80	0.95		3.75
Supply	0.75		0.75	0.25		1.00
TOTAL	3.55		3.55	1.20		4.75

The Phare amount is binding as a maximum amount available for the project. The ratio between the Phare and national co-finance amounts is also binding and has to be applied to the final contract price.

The national co-financing commitment is a tax-excluded net amount.

## 6. Implementation Arrangements

### 6.1 Implementing Agency

**PAO:** **Zilvinas Pajarskas**, Director of the CFCU  
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                  2600 Vilnius                      Fax: + 370 2 22 53 35  
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Mr Viktoras Kaskelis, Director of Customs Information Systems Centre, will be responsible for the implementation of the system (Tel. 3702 362343, Fax 3702 362336 E-mail kviktoras@cust.lt). Responsibility for technical preparation and control will remain with the beneficiary, the Integration and International Relations Division of the Customs Department under the Ministry of Finance of the Republic of Lithuania.

## **6.2 Twinning**

Twinning arrangements are not envisaged.

## **6.3 Non-standard aspects**

The Practical Guide for the Implementation of Phare, Ispa & Sapard will strictly be followed.

## **6.4 Contracts**

There will be two contracts with several lots:

One **Technical assistance contract** with a total value of 3.75 MEUR, of which 0.95 MEUR is national co-financing, divided into four lots:

- Lot 1: Overall project management, elaboration of operational plan and legal technical assistance for each functional area. Lot 1 is expected to amount to 0,6 MEUR;
- Lot 2: Production, testing and delivery of any necessary additions or modifications to MCC to fulfil national requirements in order to comply with NCTS. Lot 2 is expected to amount to 0.7 MEUR;
- Lot 3: Development of software for the European Binding Tariff Information (EBTI), the Economic Tariff Management (ETM) and European Customs Inventory of Chemical Substances (ECICS). Lot 3 is expected to amount to 1.7 MEUR;
- Lot 4: Development of software for the Inward Processing Relief (IPR) the Anti Fraud Information System (AFIS) and the Customs Information System. Lot 4 is expected to amount to 0.75 MEUR.

One **Supply contract** for the purchase and installation/testing of MCC transit software system with the value of 1.00 MEUR, of which 0.25 MEUR is national co-financing.

## **7. Implementation Schedule**

<b>Component</b>	<b>Start of Tendering</b>	<b>Start of Project Activity</b>	<b>Project Completion</b>
Technical Assistance	2Q/02	4Q/02	2Q/04
Supply	2Q/02	4Q/02	3Q/03

## **8. Equal Opportunity**

The Constitution of Lithuania, the Law on Equal Opportunity between Men and Women, and other legal acts explicitly forbid the discrimination on the basis of sex, nationality, and religion. A Controller on equal opportunities between men and women is appointed by the Seimas (the Parliament). The institution involved in the project execution will observe equal opportunity of men and women in its recruitment and human resources development. Vacancies are equally open to both genders. The

Customs Department under the Ministry of Finance will also ensure equal access of men and women to the project activities and results.

## **9. Environment**

The investment components of this Project all relate to Institution Building activities.

## **10. Rates of Return**

The investment components of this Project all relate to Institution Building activities.

## **11. Investment Criteria**

The investment components of this Project all relate to Institution Building activities.

## **12. Conditionality and sequencing**

This project is conditional on

- National Co-financing being available;
- Technical assistance being provided under the Phare 2001 Twinning Light project. If this assistance is for any reason not forthcoming then contingency measures will be implemented to obtain this essential component from the State funded technical support contract.

The key milestones in this project are:

- Analysis reports on each subject area;
- Specifications production/preparation for software production;
- Software production, testing and delivery.

Having in mind the possible accession timeframe of 1 January 2004, the components on installation/testing of the MCC transit software system and development of additional modules to the tariff project will be implemented as early components of the project.

## **ANNEXES TO PROJECT FICHE**

- 1. Logical framework matrix in standard format**
- 2. Detailed implementation chart**
- 3. Contracting and disbursement schedule**
- 4. Reference to Feasibility/Pre-feasibility Studies**
- 5. Business Strategy of the Lithuanian Customs**



**Annex 1**

LOGFRAME PLANNING MATRIX FOR Project: <b>Implementation of EU Customs Information Systems</b>		Programme name and number	LI 2002-X-XX
		Contracting period expires: 2Q/2004	Disbursement period expires: 2Q/2005
		Total budget: 4.75 M€	Phare budget: 3.55 M€
<b>Overall objective</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	
Complete alignment of the Lithuanian Customs Information System with the <i>acquis</i> .	Lithuanian Customs Information System is in line with the <i>acquis</i> and interconnectivity of computer systems achieved.	Regular European Commission reports.	
<b>Project purpose</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
ICIS and manual procedures surrounding it compatible with the computerised Customs systems operating within the European Community	6 relevant EU customs information systems implemented, tested, and successful test results available.	Steering Committee Reports	Corresponding Customs legislation for operation of the systems is introduced.
<b>Results</b>	<b>Objectively verifiable indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
The following EU Customs Information Systems implemented: <ul style="list-style-type: none"> <li>Electronic Binding Tariff Information (EBTI), European Customs Inventory of Chemical Substances (ECICS) and Inward Processing Relief (IPR).</li> <li>Economic Tariff Management System (ETM), including Quotas and Surveillance</li> <li>New Computerised Transit System (NCTS)</li> <li>Anti-Fraud Information System/Customs Information System (AFIS/CIS)</li> </ul>	<ul style="list-style-type: none"> <li>6 systems in place and successfully tested</li> <li>Successful systems interconnectivity test results</li> </ul>	<ul style="list-style-type: none"> <li>Technical assistance reports.</li> <li>Project documentation.</li> </ul>	<ul style="list-style-type: none"> <li>Adequate provision from State budget.</li> </ul>
<b>Activities</b>	<b>Means</b>		<b>Assumptions</b>
Production/implementation of the following: <ol style="list-style-type: none"> <li>Migration strategy report for each of the systems.</li> <li>NCTS</li> <li>EBTI, ECICS and IPR</li> <li>ETM.</li> <li>AFIS/CIS.</li> </ol>	<p>One Technical assistance contract divided into 4 Lots</p> <p>One Supply contract</p>		<ul style="list-style-type: none"> <li>Sufficient personnel is provided for the implementation.</li> <li>Adequate technical skills are available in the marketplace.</li> </ul>
<b>Preconditions</b>			
<ul style="list-style-type: none"> <li>National co-financing available.</li> </ul>			

## Detailed Implementation Chart for the Project

Year	2002												2003												2004											
Month	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Technical Assistance																																				
Supply																																				
					Design																															
					Tendering																															
					Implementation																															

**CUMULATIVE CONTRACTING AND DISBURSEMENT SCHEDULE (Phare Contribution only - €Million)**

	Date												
	2002			2003				2004				2005	
	30/06	30/09	31/12	31/03	30/06	30/09	31/12	31/03	30/06	30/09	31/12	31/03	30/06
<b>Contracting</b>													
• Technical Assistance			2.8										
• Supplies			0.75										
<b>Total contracting (cumulative)</b>			<b>3.55</b>										
<b>Disbursement</b>													
• Technical Assistance			0.84	1.12	1.4	1.68	1.96	2.24	2.52	2.8			
• Supplies			0.45	0.45	0.45	0.45	0.75	0.75	0.75	0.75			
<b>Total disbursement (cumulative)</b>			<b>1.29</b>	<b>1.57</b>	<b>1.85</b>	<b>2.13</b>	<b>2.71</b>	<b>2.99</b>	<b>3.27</b>	<b>3.55</b>			

### **Reference to Feasibility/Pre-feasibility Studies**

Pre-feasibility studies in the field of Customs Union have been commissioned by European Commission services and conducted by specialised private companies. The study took part in Lithuania at the end of January – beginning February 2001.

The first study addressed the situation concerning the interconnectivity of the computer systems to be used in the field of Customs Union between the Commission and the Candidate Countries upon accession. The second study described the work ahead for candidate countries in terms of operational capacity to create and manage the IT systems required for the well functioning of the Customs Union for matters of Community competence.

The final report of the studies has been presented by mid September 2001 and the investment component has been specified on the basis of the pre-feasibility studies.

### **Indicative list of the investment component to be co-financed via PHARE 2002**

Title of Activity	Indicative PHARE Budget (MEUR)	Indicative Lithuanian Budget (MEUR)
Overall project management, elaboration of operational plan and legal technical assistance for each functional area	0.45	0.15
Production, testing and delivery of any necessary additions or modifications to MCC to fulfil national requirements in order to comply with NCTS	0.525	0.175
Development of software for the European Binding Tariff Information (EBTI), the Economic Tariff Management (ETM) and European Customs Inventory of Chemical Substances (ECICS)	1.275	0.425
Development of software for the Inward Processing Relief (IPR) the Anti Fraud Information System (AFIS) and the Customs Information System	0.55	0.20
Supply contract for the purchase and installation/testing of MCC transit software system	0.75	0.25
<b>Total</b>	<b>3.55</b>	<b>1.20</b>

**BUSINESS STRATEGY OF THE LITHUANIAN CUSTOMS**



# **Business Strategy**

## **Of the Lithuanian Customs**

The Business Strategy of the Lithuanian Customs has been approved by the Minister of Finance of the Republic of Lithuania on 23 July 1999 (Order No.191).

## INTRODUCTION

### **Background**

From the earliest times, the main function of Customs was to collect taxes for the states` or towns` budget. Later, when the state sought to protect, with the help of customs policy measures, the local producers from the competition which appeared due to cheaper goods produced abroad, the importance of the role of Customs in regulating foreign trade and protecting the internal market started to grow.

In more recent times, the international liberalisation of trade which started after the second World War, and the corresponding increase in the turnover of goods, has had a great influence on the functions and activities of present-day Customs services. While the importance of import duties as the means for regulating foreign trade reduces with the liberalisation of trade, the importance of other functions carried out by Customs increases. These functions and their importance vary in different countries, but in general Customs collect quite a considerable part of indirect taxes (excise duties, VAT), apply import, export and transit controls, enforce prohibitions and restrictions (eg drugs and weapons), protect intellectual property, and collect and process the statistical data of foreign trade. New technologies of production and transport, and commercial pressure to deliver goods to consignees at exactly the right moment, mean that customs procedures have to be accomplished as soon as possible, without reducing the efficiency of Customs examination at the same time.

### ***History***

In preparing a future work strategy, it is often useful to glance back. In doing so, we can reflect that the history of the Lithuanian Customs goes back several centuries.

Customs duties in the Grand Duchy of Lithuania were first levied in the XIIth century, and in the XIVth century they became an important source of the Grand Duchy`s revenue. 8<sup>th</sup> of May 1919 is considered to be the official date when the Customs of the Republic of Lithuania was founded. On that day provisional Customs regulations and tariffs came into force.

After the Soviet Union occupied Lithuanian in 1940, Customs of the Republic of Lithuania was abolished. Until its recreation, there were Customs units of the Soviet Union operating in the Republic of Lithuania (in Vilnius, Kaunas, Klaipeda, Lazdijai and Utena).

Lithuanian Customs was re-established on October 9, 1990, when the provisional Customs Law came into effect.

Lithuanian Customs posts were more than once attacked and destroyed. Three Lithuanian Customs officers were brutally murdered at their work place (the Medininkai customs post) on July 31, 1991.

On June 18, 1992, Lithuanian Customs became a full member of the Customs Co-operation Council (presently, World Customs Organisation).

#### **Present Day**

Today, the Customs of the Republic of Lithuania, which is comprised of the Customs Department, 10 territorial customs houses in the districts, customs posts, the Customs School and the Customs Laboratory, is subordinate to the Ministry of Finance of the Republic of Lithuania. Its activities are directed by the Customs Department. 3100 employees work in the Customs service.

The legal basis of customs activities is being developed and improved in accordance with the requirements of the legal acts of the European Union in Lithuania's pursuit of EU membership. The Customs Code of the Republic of Lithuania, effective since 1 January 1998, and complying with the provisions of the Customs Code of the European Union, constitutes a systematic and exhaustive basic Customs legal act.

The Customs Information System being developed, with automated declaration processing system as one of its parts, aims to simplify and speed up the customs procedures.

Large efforts have been put into developing the infrastructure, especially on the border with the Republic of Belarus and the Kaliningrad region of the Russian Federation, which will become the external frontier of the European Union after Lithuania's accession to the European Union.

The professionalism of our Customs officials constantly increases. While maintaining their basic ability to deal with a wide range of customs matters, we are increasingly developing specialised knowledge and skills in particular areas. We are also putting major efforts into the fight against any manifestations of dishonesty, abuse of office and lack of competence.

#### **The Future**

This strategy of Lithuanian Customs is only one of many milestones on a difficult path to a modern Lithuanian Customs service, positively estimated by the Lithuanian society and ready to reliably protect a part of the economic border of the European Union. To achieve the strategy, it will be necessary not only for every Lithuanian Customs official to make a major effort, and resolve not to stop halfway, but also for other Lithuanian institutions to give Customs their support and understanding. However, today, while choosing this way forward, we would like to tell ourselves and others that Lithuanian Customs sees its future clearly, is ambitious in the tasks it wishes to take to itself, and is determined to put every effort into accomplishing them.

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## MISSION

**LITHUANIAN CUSTOMS** is a state institution whose main purpose is to:

<b><i>Ensure</i></b>	collection of import and export duties and taxes, combating the violations of customs laws;
<b><i>Prevent</i></b>	illicit traffic in prohibited and restricted goods;
<b><i>Collect and Process</i></b>	foreign trade statistics.

**In performing its tasks**, the Customs of the Republic of Lithuania observes the rule of law and respects the rights and freedoms of individuals, applies national customs legislation correctly and consistently, and implements international agreements and conventions.

**In co-operating with public**, the Customs seeks to be honest, impartial and professional.

**The successful achievement of these tasks** will enable the Lithuanian Customs to become the equal partner of the customs administrations of the EU Member States.

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## OVERALL GOALS

<b>To improve</b>	the administration of import and export duties and taxes collected by the Customs, the fight against tax evasion, and the collection of and accounting for revenue;
<b>To seek</b>	that the Customs would be granted wider authorisations to prevent law violations and to carry out investigations;
<b>To strengthen</b>	the control of prohibited, restricted and highly taxed goods by paying special attention to the transportation of drugs, weapons, strategic goods, cultural valuables, CITES, and objects of intellectual property;
<b>To improve</b>	the image of Lithuania as a transit state by introducing efficient and reliable control measures which would create conditions for faster movement of flows of goods and passengers;
<b>To strengthen</b>	the control on the future external frontier of the EU;
<b>To improve</b>	the quality of statistical data collected by the Customs, and the efficiency of processing and presenting these data to users;
<b>To seek</b>	consolidation of the positive image of Lithuanian Customs in the society by preparing professional and honest customs officials;
<b>To ensure</b>	that the Lithuanian Customs would suitably observe the commitments assumed by international agreements, paying special attention to the future EU membership of Lithuania;
<b>To seek</b>	that the Lithuanian Customs would become a reliable partner of economic entities.

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## STRATEGIC OBJECTIVES

- 1. To develop** a modern system for administering import and export duties and taxes, based on an integrated tariff, qualified experts of goods classification, origin and customs valuation, and efficient organisation of control and audit.
- 2. To introduce** advanced control technologies, based on sufficient prevention of law violations and authorisations to carry out investigations, application of risk analysis, use of information and intelligence, and modern technical equipment.
- 3. To expand** the field of the application of simplified customs procedures, creating the necessary preconditions for “electronical” declaration of goods.
- 4. To concentrate** customs activities in the modern, well-equipped inland customs posts, provided with modern technology, while strengthening customs posts at the future external frontier of the European Union.
- 5. To prepare** **a public relations development strategy, to ensure that all persons related with customs activity would be able to receive promptly the accurate, exhaustive and objective information.**
- 6. To reorganise** legal acts regulating customs activity according to the legal norms of the European Union.
- 7. To introduce** a modern customs information system based on up-to-date information and communication technologies.
- 8. To develop** an advanced system for training and improving the qualification of customs officials.
- 9. To develop** a modern personnel system covering selection, acceptance to job, payment for work, reward and promotion, and career progression.
- 10. To introduce** modern methods for work organisation, planning, resource management.
- 11. To reorganise** the transit system according to the principles of the Common transit system.
- 12. To expand** co-operation with other Lithuanian institutions, the customs administrations of foreign states, the institutions of the European Union, and other international organisations.

## **STRATEGIC OBJECTIVE 1 :**

**To develop** a modern system for administering import and export duties and taxes, based on an integrated tariff, qualified experts of goods classification, origin and customs valuation, and efficient organisation of control and audit.

### **Key Tasks :**

- to prepare exhaustive, mutually harmonised legal acts based on the legal standards of the European Union regulating tax administration;
- to integrate the automated tax accounting system into the customs declaration processing system;
- to organise a regular internal audit of Customs units responsible for tax administration, carried out by a special unit of the Customs Department responsible for this function;
- to develop an automated system of integrated tariff creating the possibilities for automated computation of taxes payable for imported and exported goods;
- to ensure that there would be enough experts of goods classification, origin, customs valuation and audit in the Customs Department and every territorial Customs House;
- to strengthen the units responsible for tax administration, by improving the qualification of employees, and preparing methodical (eg risk analysis) and technical (eg improved software) means necessary for their work;
- to strengthen the Customs laboratory, supplying it with necessary technical equipment, premises, and raising the qualification of the employees constantly.

## **STRATEGIC OBJECTIVE 2 :**

**To introduce** advanced control technologies, based on sufficient the prevention of law violations and authorisations to carry out investigations, application of risk analysis, use of information and intelligence, and modern technical equipment.

### **Key Tasks :**

- to prepare legal acts granting the Customs sufficient authorisations to prevent legal violations and to carry out investigations, i.e. the authorisations to carry out pursuit activities, investigation of law violations, interrogation, personal search, to detain or to arrest persons, to stop and to search the means of transport, to conduct a search of premises, to possess and to use service guns and special measures; (see also Strategic Objective 6)
- to prepare a concept of customs intelligence system referring to the experience of the states of the European Union, to form intelligence units, to train their officials, to develop the methods of intelligence;
- to prepare a concept of control, to develop the methods for elucidating risk factors, analysis and customs control carried out on its basis, to regulate it legitimately and to introduce;
- to introduce modern measures for transit control, identification of goods and protection of documents, to organise transit control according to the risk analysis principles;
- to develop co-operation with other law enforcement institutions of the Republic of Lithuania, the customs administrations of foreign states, international organisations;
- to improve the supply of customs offices with modern control equipment;
- to grant special attention to the control of transportation of prohibited and restricted goods (drugs and psychotropic materials, precursors, weapons, explosives, strategic goods, dangerous goods, cultural valuables, CITES, the objects of intellectual property etc.) and highly taxed goods – to prepare experts responsible for the control of transportation of these goods, to exchange information about their transportation and to share experience with other Lithuanian and foreign state institutions controlling their transportation, to supply with special measures for their control.

### **STRATEGIC OBJECTIVE 3 :**

**To expand** the field of the application of the simplified customs procedures, creating the necessary preconditions for the “electronical” declaration of goods.

#### **Key Tasks :**

- to prepare legal acts, regulating the procedure for accomplishing the simplified customs procedures, based on the appropriate legal acts of the European Union, also legal acts necessary for acknowledging customs declarations and other documents presented “electronically” as equal to “paper” documents; (see also Strategic Objective 6)
- - to improve the methods for selecting economic entities for granting the rights to apply the simplified procedures;
- to develop a system, based on audit and risk analysis, for control of the economic entities which use the simplified customs procedures;
- to introduce the automated declarations processing system on application of which it would be possible to directly present “electronic” customs declarations and to check and clear them urgently.

#### **STRATEGIC OBJECTIVE 4 :**

**To concentrate** customs activities in the modern, well-equipped inland customs posts, provided with modern technology, while strengthening customs posts at the future external frontier of the European Union.

#### **Key Tasks :**

- to prepare the concept of enlarging the inland customs posts building upon the analysis of goods flows and the tendencies of their change;
- to improve the infrastructure of customs offices by creating suitable conditions for customs clearance;
- to introduce, in all customs houses, the automated customs declarations processing system for accomplishing the customs formalities of import, export and transit procedures;
- to improve the information infrastructure of customs offices, their supply with modern equipment for customs examination and communication;
- to create an integrated computer and communication network, covering all the customs offices, built upon up-to-date information and communication technologies; (see also Strategic Objective 7)
- to establish and equip, in the priority order, the modern customs posts on the future external border of the European Union.

## STRATEGIC OBJECTIVE 5 :

To prepare **a public relations development strategy, to ensure that all persons related with customs activity would be able to receive promptly the accurate, exhaustive and objective information.**

### Key Tasks :

- to concentrate the function of maintaining contacts with the public and business organisations in one unit of the Customs Department and of each territorial customs house;
- to prepare seminars, to issue reference books, other reference publications, to give information on legal acts regulating customs activities important to the public (travellers, businessmen, other interested persons) on the authorisations of customs officials, the work of customs offices by phone, in the Lithuanian Customs' web site and by other means, to issue reference publication about the Lithuanian Customs every year;
- to initiate the conclusion of Memoranda of Understanding, to explain to the public their mutual usefulness;
- to establish the Customs advisory committee which would include the representatives of the main business organisations and state institutions related with the customs activities;
- to acquaint business associations concerned with the projects of new customs legal acts.



## **STRATEGIC OBJECTIVE 6 :**

**To reorganise** legal acts regulating customs activity according to the legal norms of the European Union.

### **Key Tasks :**

- to review the laws and legal acts regulating customs activity, with a view to establish inadequacies with the legal acts of the European Union, and to prepare a plan for their approximation;
- to prepare and to approximate, systematically, the legal acts regulating customs activities according to the standards of the EU customs laws;
- to prepare legal acts granting the Customs sufficient authorisations to prevent law violations i.e. the authorisations to carry out pursuit activities, investigation of law violations, interrogation, search, to detain and to arrest persons, to stop and to search the means of transport, to carry out the search of premises, to possess and to use service weapons and special means; (see also Strategic Objective 2)
- to prepare legal acts necessary for acknowledging customs declarations and other documents presented “electronically” as equal to “paper” documents; (see also Strategic Objective 3)
- to prepare and to implement the efficient system of sanctions, applied for customs violations, which would be proportionate to the seriousness of violation.

## **STRATEGIC OBJECTIVE 7 :**

**To introduce** a modern customs information system based on up-to-date information and communication technologies.

### **Key Tasks :**

- to develop and to introduce the automated system ensuring the processing of all import, export and transit declarations presented for any customs procedure; creating possibilities to automatically compute taxes payable for the imported and exported goods according to the data of integrated tariff used in the system and according to the needs to present the necessary statistical information to the customs officials, interested states, business associations and individuals;
- to develop and to introduce the automated transit control system, integrated into the customs declarations processing system and complying with the requirements of the new automated transit control system (NCTS); (see also Strategic Objective 11)
- to develop and to introduce an automated system for the selection of customs examination based on the methods of risk analysis established by selection criteria and on parameters;
- to develop and to introduce the automated system of information analysis and intelligence information, aligned and having information connections with the CIS/SCENT systems of the European Commissions;
- to develop an integrated customs computers and communication network, covering the whole customs territory of Lithuania, based on the newest information and communication technologies and creating possibilities to integrate the appropriate control systems; (see also Strategic Objective 4)
- to develop and to introduce information connections with the other information systems of Lithuania's institutions, customs administrations of business and foreign states;
- to develop and to introduce the information connections with the information systems of the European Commission TARIC, CCN/CSI, BTI, NCTS, QUOTA;
- to relate the automated customs declarations processing, customs administration's support, management, the automated systems of information processing and other fields of customs activities into an integrated customs information system;
- to develop the organisational structure for provision and maintenance of the customs information system, ensuring uninterrupted, efficient and safe functioning of the system.

## **STRATEGIC OBJECTIVE 8 :**

**To develop** an advanced system for training and improving the qualification of customs officials.

### **Key Tasks :**

- to organise training, so that suitably qualified employees would be timely prepared for every field of customs activities;
- to prepare new modules for the training and improving the qualification of customs officials, taking into account constant changes of customs development;
- to include customs experts-practicians into the process of customs officials` training and improving the qualification;
- to relate the system of customs officials training and improving the qualification with the system for officials` strive for career;
- to develop the automated system for training and improving the qualification of customs officials and for accounting and forecast of training needs;
- to expand the diversity of methods for training and exchanging experience in training institutions and territorial customs offices by using the experience of the most experienced Lithuanian customs experts, other state institutions and foreign experts for raising qualification;
- to create a system for the evaluation of training;
- to include a special course about the European Union, its institutions and legal system into the customs officials` training programmes paying the biggest attention to those legal acts for the implementation of which, after Lithuania becomes the EU member, the Customs will be responsible for enforcing.

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## **STRATEGIC OBJECTIVE 9 :**

**To develop** a modern personnel system covering selection, acceptance to job, payment for work, reward and promotion, and career progression.

### **Key Tasks :**

- to develop the methods for selection on accepting to job, taking into consideration the experience of foreign country's customs administration;
- to prepare the methods for officials' performance measurement, on application of which it would be possible to regulate the payment for work, taking into consideration the exact results;
- to develop a system for reward and promotion allowing the customs administrations to encourage the officials' efforts to fight against the violations of customs laws and smuggling;
- to develop the system for officials' striving for career which would be advanced and would encourage the officials to improve;
- to establish the exact and clear working functions for all customs officials in all levels and to define their responsibility exactly; (see also Strategic Objective 10)
- to prepare the code of ethics of customs officials building upon the provisions of Arusha declaration and to include the lectures on it into the training programmes.

## **STRATEGIC OBJECTIVE 10 :**

**To introduce** modern methods for work organisation, planning, resource management.

### **Key Tasks :**

- to reorganise the structure of the units of the Lithuanian Customs` central administration built upon the clearly defined function of the structural units, close interaction between them and efficient management mechanism;
- to prepare the methods for annual work planning and the control of its accomplishing;
- to develop a system allowing to use human resources efficiently taking into consideration trading needs;
- to organise the work of customs offices in such a way that customs control and accomplishing the customs procedures would take as little time as possible without weakening control and even increasing its efficiency;
- referring to the results of goods and travellers flow analysis, to define the economically grounded number of customs offices complying with the business needs, their dislocation, working time and the number of officials working in them.
- to establish concrete and clear functions for customs officials in all the levels and to define their responsibility exactly. (see also Strategic Objective 9)

## **STRATEGIC OBJECTIVE 11 :**

**To reorganise** the transit system according to the principles of the Common transit system.

### **Key Tasks :**

- to prepare the order for accomplishing customs transit procedure regulating the legal acts built upon the Common transit convention and the legal standards of the European Union;
- to ensure that the Lithuanian Customs would appropriately implement the Agreement on the Baltic common transit procedure;
- to create in the Customs Department a unit of transit experts, fulfilling the functions of a central office in the transit control system;
- to reorganise a transit control system according to the implementing provisions of the Convention on Common transit and the practice of the European Union states, to prepare and to urgently update the reference books on the application of transit procedure and control intended to customs officials;
- to develop an automated transit system complying with the requirements of the New automated transit system (NCTS); (see also Strategic Objective 7)
- to introduce modern measures for transit control, identification of goods and protection of documents, to organise transit control according to the principles of risk analysis;
- to reorganise the transit guarantees system according to the requirements of the Convention on common transit;
- to inform regularly economic entities (executors, carriers, customs brokers, guarantors) using the transit system about its reorganisation and the changes important to those persons, to prepare the information publications and reference books necessary for their work;
- to apply more widely the simplified transit procedures, especially on transportation of goods by railway;
- to seek that Lithuania would be invited to accede the Convention on common transit as soon as possible, and that it would obtain an observes status until it happens.

## **STRATEGIC OBJECTIVE 12 :**

**To expand** co-operation with other Lithuanian institutions, the customs administrations of foreign states, institutions of the European Union, and other international organisations.

### **Key Tasks :**

- to better regulate legally the exchange of information between the Lithuanian customs and other state institutions and other co-operation between the central administrations on the level of regional and local units, to ensure that concrete persons responsible for this work would be appointed in the structural units of the Customs and other structural units;
- to expand co-operation with the customs administrations of other states paying special attention to co-operation with the customs administrations of other Baltic states, the European Union member-states and of candidate countries, to prepare the international agreements necessary for this co-operation;
- to seek that the customs officials of Lithuania and neighbouring states would work together when it is possible and efficient;
- to participate more actively in the activities of the World Customs Organisation and to expand co-operation with other states and international organisations whose activities are related with the functions carried out by the Lithuanian customs;
- to co-operate more closely with the Director General of the European Commission XXI, other institutions of the European Union, to create and to introduce the information connections with the information systems of the European Commission i.e. TARIC, CCN/CSI, BTI, NCTS, QUOTA.

## **MAIN PRECONDITIONS**

For the implementation of this strategic plan, it would be necessary that:

- a positive image of the Customs would gradually form itself in the society;
- the Government and other state institutions would acknowledge the Customs as an important institution and would understand the importance of its long-term strategy;
- the customs employees would apprehend the importance of the strategic tasks and would try to contribute to their implementation;
- customs modernisation would be sufficiently funded according to this strategy.



