Import Control System 2 (ICS2):
You Need to Know

Accounting Plus Corporate Advisory

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Abstract

This document provides an overview of the Import Control System 2 (ICS2), a new protocol for customs security and safety in the European Union (EU) that aims to increase the protection of EU citizens and the internal market against security and safety threats. The paper explains what ICS2 is, its purpose and benefits, and the implementation phase. It also includes recommended actions for shippers, forwarders, and carriers to prepare for ICS2 and comply with its requirements.

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I. Introduction:

Import Control System 2 (ICS2) is an electronic system introduced by the European Union (EU) to enhance the safety and security of its citizens through customs control. It is an upgraded version of the previous system, Import Control System (ICS), with more efficient and effective capabilities. ICS2 enables EU Customs authorities to better identify high-risk consignments and intervene at the most appropriate point in the supply chain to increase the protection of EU citizens and the internal market against security and safety threats [1].

This paper aims to provide a comprehensive understanding of ICS2 and its significance in the EU customs security and safety framework. It will also define key terms related to ICS2, highlight its benefits, and discuss the implementation phase, including the challenges and opportunities it presents.

Key terms:

Import Control System 2 (ICS2):	An electronic system introduced by the EU to enhance customs control and ensure the safety and security of its citizens.
EU Customs authorities:	The agencies responsible for implementing customs regulations and enforcing compliance with them.
High-risk consignments:	Goods or shipments that have a high potential for security or safety threats, such as hazardous materials, weapons, or illegal substances.
Supply chain:	The network of entities involved in the production, distribution, and delivery of goods, from manufacturers to consumers.
Economic Operators:	Postal operators, express and air carriers, and freight forwarders that are required to comply with ICS2 regulations [2].

In the next section, we will discuss the benefits of ICS2 for EU customs security and safety.

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[1] "ICS2 introduces more efficient and effective EU customs security and safety capabilities that will: Increase protection of EU citizens and the internal market against security and safety threats; Allow EU Customs authorities to better identify high-risk consignments and intervene at the most appropriate point in the supply chain;" URL: https://taxation-customs.ec.europa.eu/customs-4/customs-security/import-control-system-2-ics2-0_en

[2] "Import Control System 2 - Release 2 ICS2 Release 1 Release 2 Release 3 FAQ Privacy Statement Who? Postal operators, express and air carriers and freight forwarders. When? The second release becomes effective on 1 March 2023. Learn more about the ICS2 Release 2 go-live procedure for Economic Operators here." URL: https://taxation-customs.ec.europa.eu/customs-4/customs-security/import-control-system-2-ics2-0/import-control-system-2-release-2_en

II. What is ICS2?

Overview of ICS2 and its purpose
The Import Control System 2 (ICS2) is a large-scale electronic customs system established by the European Union to ensure safety and security at customs for its citizens and to increase the protection of the internal market against security and safety threats. ICS2 is an efficient and effective customs security and safety capability that allows EU Customs authorities to better identify high-risk consignments and intervene at the most appropriate point in the supply chain.

How ICS2 works?
ICS2 works by receiving electronic pre-arrival cargo information from carriers and freight forwarders. The system checks this information against its databases to identify any risks associated with the consignments. If a risk is identified, the system automatically generates a security referral message to the relevant customs authorities. Customs authorities can then use the referral message to target their interventions and enhance the security of their supply chains.

Key features of ICS2
ICS2 has several key features that make it an efficient and effective customs security and safety capability. These features include the ability to receive pre-arrival cargo information electronically, identify high-risk consignments, generate security referral messages, and facilitate targeted interventions by customs authorities.

Information on the data elements required by ICS2: ICS2 requires several data elements to be provided by carriers and freight forwarders. These data elements include information on the consignor and consignee, the goods being transported, the means of transport, and the route taken.

Comparison of ICS2 with its predecessor, ICS
ICS2 is the successor to the Import Control System (ICS), which was established in 2011. ICS2 builds on the capabilities of ICS and has several improvements, including increased automation, enhanced risk analysis, and more efficient communication between customs authorities.

Benefits of ICS2
The benefits of ICS2 include increased security and safety for EU citizens, improved protection of the internal market against security and safety threats, and enhanced efficiency and effectiveness of customs interventions. ICS2 also facilitates faster clearance times for low-risk consignments, reducing the overall burden on carriers and freight forwarders.

Benefits for shippers, forwarders, and carriers
Shippers, forwarders, and carriers benefit from ICS2 as it reduces the likelihood of cargo delays and disruptions caused by customs interventions. ICS2 also provides greater predictability and transparency in the customs clearance process, enabling companies to better plan and manage their supply chains.

Benefits for EU customs authorities
ICS2 provides EU customs authorities with a more efficient and effective means of managing customs interventions. The system allows for targeted interventions, reducing the overall burden on customs authorities and improving the security and safety of the internal market.

III. Implementation Phase

Timeline of ICS2 Implementation

The implementation of ICS2 began in March 2021 with the first release date. The second release date is set for March 1, 2023, and the final release date is March 1, 2024. During this time, Economic Operators (EOs) will be required to comply with new customs pre-arrival security and safety programme regulations by filing an Entry Summary Declaration (ENS) containing advance cargo information.

Overview of the Different Phases and Deadlines

The Import Control System 2 (ICS2) implementation is divided into three releases, each with different requirements and deadlines.

Release 1 of ICS2, which became effective on 15 March 2021, requires express carriers and designated postal operators established in the European Union to provide the minimum set of advance electronic data using the electronic Entry Summary Declaration (ENS) to the ICS2. This release is applicable for all goods in consignments that these carriers are responsible for bringing into the EU customs territory.

Release 2 of ICS2, which becomes effective on 1 March 2023, expands the pre-loading filing requirements to all goods transported by air in postal, express, and general cargo consignments. In addition to the pre-loading filing requirements, complete pre-arrival ENS data requirements for these goods will be mandatory. Declarants must ensure that all required information is obtained from their customers and provide adequate descriptions of goods in a plain language. Failure to provide complete data may result in risk mitigating referrals, creating delays in processing and entry of consignments. Customs may also impose administrative sanctions for non-compliance.

Release 3 of ICS2 applies to operators carrying goods on maritime and inland waterways, roads, and railways. It requires the completion of the ENS dataset for all goods in these sectors, including postal and express consignments. This release includes maritime, road, and rail carriers, as well as logistic providers and final consignees established in the EU in certain circumstances.

Requirements for Shippers, Forwarders, and Carriers

To comply with ICS2 regulations, shippers, forwarders, and carriers must provide accurate and complete advance cargo information to the EU customs authorities. This includes information on the consignor and consignee, the goods, the means of transport, and the routing.

Information on the Data That Must Be Provided to Comply with ICS2

ICS2 requires EOs to provide information such as the commodity code, description of the goods, value of the goods, and the identity of the parties involved in the transaction. Additionally, the ENS must include information about the means of transport, the container or other packing, and the expected date and time of arrival.

Explanation of the Security and Safety Criteria

The security and safety criteria for ICS2 are designed to identify potential security and safety risks before the goods arrive in the EU. The customs authorities will analyze the advance cargo

information to determine if any security or safety risks are present. This will allow them to intervene at the most appropriate point in the supply chain to prevent any potential threats from entering the EU.

Changes in Processes and Technology

Compliance with ICS2 requires changes in processes and technology for shippers, forwarders, and carriers. For example, EOs must provide advance cargo information earlier in the transportation process than was previously required. Additionally, ICS2 will require EOs to use new technology to communicate with the customs authorities and provide the necessary information. These changes may require additional resources and training to ensure compliance with the new regulations.

IV. How to Prepare for ICS2

Recommended actions for shippers, forwarders, and carriers

With the implementation of ICS2, Economic Operators (EOs) are required to provide security and safety data for all goods entering the EU prior to their arrival. Therefore, it is recommended that shippers, forwarders, and carriers take the following actions to ensure compliance:

1. **Understand the ICS2 requirements**
   Shippers, forwarders, and carriers should familiarize themselves with the ICS2 requirements. They should understand the data elements required for each type of cargo and ensure that the information provided is accurate and complete.

2. **Establish a process to collect and submit data**
   Shippers, forwarders, and carriers should establish a process to collect and submit the required data to ICS2. They should ensure that the data is submitted in a timely manner and that any errors or omissions are corrected promptly.

3. **Update IT systems**
   Shippers, forwarders, and carriers should ensure that their IT systems are updated to comply with ICS2 requirements. They should work with their software vendors to ensure that their systems are capable of collecting and submitting the required data.

4. **Train staff**
   Shippers, forwarders, and carriers should train their staff on ICS2 requirements. They should ensure that their staff is aware of the data elements required, the process for submitting data, and the consequences of non-compliance.

Checklist for compliance

To ensure compliance with ICS2, shippers, forwarders, and carriers should use the following checklist:

1. Understand the ICS2 requirements
2. Identify the data elements required for each type of cargo
3. Establish a process to collect and submit data
4. Update IT systems to comply with ICS2 requirements
5. Train staff on ICS2 requirements
6. Ensure that the data submitted is accurate and complete
7. Submit the data in a timely manner
8. Monitor compliance and correct any errors or omissions promptly.

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V. Conclusion

Throughout this document, we have provided an overview of ICS2, explaining its purpose and key features. We have outlined the information required by ICS2 and compared it to its predecessor, ICS. We have also discussed the benefits of ICS2 for shippers, forwarders, carriers, and EU customs authorities. Additionally, we provided information on the timeline for ICS2 implementation, the different phases and deadlines, and the requirements for compliance, including the data that must be provided and the security and safety criteria.

Looking to the future, the implementation of ICS2 marks a significant step in the EU's efforts to improve customs security and safety. It is expected that the new system will bring about greater efficiency and effectiveness in customs controls, ensuring better protection of the EU's internal market and citizens. As technology continues to advance, it is likely that further developments will be made to enhance the capabilities of ICS2. In this way, it will remain a crucial tool in supporting the EU's customs risk management framework and facilitating legitimate trade while mitigating security and safety risks.