

## *Chairman's Summary*

### **Introductory remarks**

11-th Meeting of the ASEM Working Group on Customs Matters (AWC) was held in Sopot, Poland on 25-27 April 2017. 65 delegates representing 38 countries-ASEM members-participated in the event: Australia, Austria, Belgium, Bulgaria, Cambodia, Peoples' Republic of China, Cyprus, Czech Republic, Denmark, Estonia, European Union (European Commission), France, Germany, Hungary, India, Indonesia, Ireland, Italy, Japan, Kazakhstan, Korea, Latvia, Lithuania, Luxemburg, Malaysia, the Netherlands, Norway, Philippines, Poland, Russian Federation, Singapore, Slovakia, Spain, Sweden, Switzerland, Thailand, United Kingdom, Vietnam. The World Customs Organisation took part as an observer. Agenda of the meeting and list of participants are attached (Annex 1 and 2).

The 11<sup>th</sup> AWC meeting was preceded by the 8<sup>th</sup> ASEM Customs Trade Day.

Both events were chaired by Mr Tadeusz Senda- Director of Customs Department in the Ministry of Finance and by Mr Jan Zralek - Coordinator for International Customs Cooperation.

### **1. Opening address**

Participants of AWC were welcomed by Mr Piotr Walczak, Undersecretary of State in the Ministry of Finance Deputy Head of the National Revenue Administration. He referred to the increasingly significant role Customs plays in the ASEM activities and wished the participants fruitful discussion on implementation and possible follow-up of the Customs ASEM Action Plan for 2016-2017.

### **Summary of discussion**

### **2. Adoption of the agenda**

The Agenda was adopted without changes and is attached to this report (Annex 1)

### **3. Review of recent ASEM meetings**

Information was provided on 11<sup>th</sup> ASEM Summit 2016 (held in Mongolia in 2016) and on 10<sup>th</sup> AWC meeting held in 2016 in Brunei. At the absence of delegates from Mongolia and from Brunei, Mr Zsuzsanna Dakai from the European Commission agreed to present brief overview of results of 11<sup>th</sup> ASEM Summit 2016 and Ms Kavita Bhatnagar from India agreed to inform on the outcomes of 10<sup>th</sup> AWC meeting in Brunei.

#### **3.1 11<sup>th</sup> Asia-Europe Meeting (ASEM11)**

The 11th Asia-Europe Meeting (ASEM11) was held in Ulaanbaatar, Mongolia on 15- 16 July 2016 under the theme “**20 Years of ASEM: Partnership for the Future through Connectivity**” Deliberations were carried out in three main dimensions: political, social and economic (Economic prosperity and development). From among 20 areas of discussion, about 1/3 were more or less related to customs (sustainable.g. sustainable , predictable business environment, Trade Facilitation Agreement, IPR protection , digital connectivity, etc.). This gives an opportunity for customs to draw attention on its significant role played in a number of areas subject to ASEM interest. The speaker informed on two upcoming ASEM events where customs contribution could be of relevance:

- Pathfinder Group on Connectivity (21 June in Brussels) to discuss , among others the meaning of connectivity in the context of trade facilitation and
- Meeting of ministers for economy (September 2017 in Seoul) where discussion will focus on trade, investment, economic connectivity and sustainable growth.

It was proposed to explore the most effective form of customs message to both gatherings.

For consideration also – possible Customs involvement in an annual ASEM Day next year (1 March).

### 3.2 10<sup>th</sup> AWC meeting in 2016

10<sup>th</sup> Meeting of ASEM Working Group on Customs Matters took place in Darussalam/ Brunei on 25-27 April 2016. The meeting took note of the reports from implementation of a new Action Plan for 2016-2017 adopted during the 11<sup>th</sup> ASEM DGs-Commissioners Meeting held in Goa on 8-9 October 2015 in form of “Goa Declaration”, which includes new proposals:

- I. Trade Facilitation Action Plan - coordinators EU and Korea (continuation).
- II. AEO - coordinators: Japan and Slovakia (continuation).
- III. Coordinated Border Management - coordinators Korea and the Netherlands (continuation).
- IV. Product safety - coordinators Cambodia and Czech Republic (continuation).
- V. Joint Customs Operations - coordination EU- OLAF (continuation).
- VI. Passenger Name Record - coordinators Japan, Indonesia and Switzerland (new proposal).
- VII. Implementation of Trade Facilitation Agreement - coordinators China and Spain (new proposal).
- VIII. Paperless Cargo Clearance - coordinators Benelux and India (new proposal).
- IX. Combating Counterfeiting and Customs IPR enforcement: a)update of best practice guide – coordinators Australia and Switzerland, b) study on the use of statistics - coordinators France and Russian Federation (new proposal).
- X. Enhancing visibility of ASEM Customs activities - coordinators Austria, EU and Thailand (continuation).

#### 4. Review of the 8<sup>th</sup> ASEM Customs-Trade Day 2017

Chair provided a summary of the 8<sup>th</sup> ASEM Customs Trade Day which was held on 25 April in Sopot. The event was attended by over 60 customs officers and representatives of business/trade operators. The leading theme was e-commerce. In this context the agenda was divided in three thematic modules: I Customs perspective, II Perspective of retailers, and III Perspective of delivery operators.

There were 3 presentations within **module 1 Customs perspective** by: WCO, Korean Customs and Polish Customs.

Ms Asha Menon of WCO reviewed WCO activities related with customs role in managing e-commerce. She drew attention on attempts to define e-Commerce phenomenon, focus on efficiency in clearance of low value consignments in particular in relation to business to customer (B2C) and customer to customer (C2C) flows. Areas of particular concern: facilitation and security, revenue collection, protection of society. The speaker informed also on activities of Working Group on e-commerce consisting of over 170 participants, working on 4 areas: facilitation, safety and security (incl. product safety, IPR), revenue collection (incl. role of intermediaries), Measurement and analysis. The Group is cooperating and taking stock of studies and actions taken by stakeholders/ organizations like UPU, OECD and UNCTAD. Additional comments were made by the WCO- PTC Chair Mr R. Van-Kuik (pointing, among others, on difficulties in controlling C2C movements), and by Mr Cezary Sowinski of DHL (who commented that e-Commerce is too broad phenomenon to define, there are concerns related with *de-minimis* rule. According to DHL there is no evidence of abuse in this area and the costs of revenue collection in case of abolition of the rule could be too high).

Mr Jae-Hue Lee of Korean Customs focused on statistics (6-fold growth of e-commerce in recent years), legal framework (act, ordinance, public notices, three kinds of declarations: list, simplified decl. and general declaration – for higher values), risk management (e.g. centralized image interpretation, IT platform to identify counterfeit items on export, HS navigation tool).

Ms Anna Pierzchała of National Revenue Administration (Polish Customs) informed on procedures, legal base, irregularities and main risks observed (undervaluation seen as a main challenge). She also referred to perspectives for *de-minimis* threshold and new models of VAT collection.

#### **Module 2 – Retailers’ perspective**

Presentation by Allegro- one of the biggest e-trade platforms in Poland and in central Europe Ms Natalia Rakowska and Ms. Iwona Nowak, focused on aspects of cooperation with Customs in particular in the area of protection of intellectual property rights and combating grey market. The importance of efficient communication was underlined, including

reasonable feedback from Customs to operators following notifications on goods suspected for infringements.

### **Module 3 - View of delivery operators.**

Presentation “Revolution in a supply chain” by Mr Dominik Landa of DCT (Deep Water Container Terminal) Gdańsk **focused** on current achievements and promising perspectives of the biggest and the only deep-water container terminal on the Baltic Sea. Appreciation for good cooperation with Customs (very efficient Single Window solutions were praised in particular).

Ms Wiesława Mażarska of Poczta Polska (Polish Post). Presentation of one of the biggest employers in Poland (75 thousand employees) on cooperation with Customs, including application of Customs Declaration System developed by UPU and WCO.

Mr Cezary Sowiński of DHL- Customs and Regulatory Affairs Europe, in his presentation “Global Trade in the Era of Cross-border E-commerce” referred to achievements, guiding values, innovative and practical solutions applied by DHL for efficient and effective handling of e-commerce consignments. The speaker, among others, focused on the rising role of SMEs and Micro SMEs, implementation of TFA solutions, and on efficiency in managing resources.

Among the outcomes of deliberations during the Trade Day the following recommendations should be recalled: need for enhanced exchange of information between customs and trade operators, need to harmonize controls (e.g. scanning results) to avoid duplication and to multiply effects. In this context the importance of trust between stakeholders (customs and operators) was particularly stressed.

## **5. ASEM Customs Action Plan 2016-2017 reports from action coordinators.**

### **Action 1: Customs Trade Facilitation Action Plan (TFAP)**

Coordinators Ms Zsuzsanna Dakai of the EU and Ms Minju Jung of Korea, reported on developments in implementation of **TFAP** based on monitoring and the new reporting template. According to Goa Declaration the intention is to continue monitoring (via TFAP survey), and, among others, to match members’ training needs and offers. It was also proposed to reflect on the new name and formula of TFAP as it is more related to monitoring rather than concrete actions, as well as in view of concurrent developments in the process of implementation of the WTO Trade Facilitation Agreement.

### **Action 2: Authorised Economic Operators (AEO)**

Mr Inoue Yusuke of Japan and Ms Denisa Diriova of Slovakia presented the current state of play on the basis of updated Fact Sheet. Steady growth of AEOs and MRAs (from 31 to 24 currently) has been noted, but there is a clear room for further improvements. In discussion

the following issues were listed: need for new benefits, need for harmonization with SAFE FoS, need to raise public awareness and need to better respond to business expectations. Of particular importance is extension of AEO recognition by other domestic agencies involved in cross-border trade (eg. SPS, vet. etc). Coordinators expect to receive comments to a draft evaluation report and a fact sheet by the end of June 2017 in order to prepare the evaluation report for DGs summit in Berlin (October 2017).

### **Action 3- Coordinated Border Management (CBM)**

Korea -Ms SuKyeong Park and the Netherlands – Mr Albert Imming presented the outcome of joint examination of CBM aspects of air trade lanes between Seoul and Amsterdam airports. The exercise consisted of descriptive and diagnostic part as well as part on best practices and challenges. The CBM simplification and facilitation measures which are already in place are relatively advanced in both countries (Single Window, IT solutions, one-stop, pre-arrival information, joint inspection centres and the use of AEOs). Interagency coordination between Single Window solutions at the national and international level, automatic exchanges of information, mutual recognition of AEO and non-customs trusted traders schemes were mentioned among the main challenges for the future.

### **Action 4: Product Safety**

Cambodia- Mr Buntha Hul and the Czech Republic – Mr Lubomir Duskocil presented the results of the questionnaire distributed between ASEM Members. Among the main opinions presented in replies were: the need for political support for customs (coordinating) role in product safety controls, improved cooperation of customs with market surveillance authorities and potential for share of experience and information. These views were also reflected during the workshop held in Prague in 2016, where participants recommended to establish network of contact points for rapid exchange of alerts, ensure proper training, address gaps in capacity, raise awareness of the problem and to consider organization of Joint Customs Operation(s) on product safety. Having prepared these recommendations for the way forward, the coordinators proposed to conclude this activity.

### **Action 5: Joint Customs Operation**

Mr Siegmar Reiss of the EU - OLAF (action coordinator) informed about Joint Customs Operation “Renegade” focused of counterfeit automobile and airplane spare parts. 29 ASEM countries took part in operation which was carried out on 6-18 March and brought good results (detailed report will be available in June following de-briefing). It is confirmed that JCOs are particularly important tool for enhanced coordination, for gathering experience and building multi-agency approach. Protection of IPR is considered a relevant domain for future operations. Issues for particular attention are: commitment, allocation of resources, coordination and visibility. The latter can create good opportunity to demonstrate customs contribution to the concept of interconnectivity- one of the leading recently themes and priorities for ASEM relations.

### **Action 6: Passenger Name Record (PNR)**

Action coordinated by Japan, Indonesia and Switzerland. Mr Inoue Yusuke of Japan and Mr Rolf Schrefel of Switzerland presented draft report based on the questionnaire circulated to ASEM members in 2016. It should be noted that EU Member States did not participate due to the legal constraints related mainly to personal data protection and limited customs access to passenger data. Report contains information on legal, institutional, procedural, IT and partnership aspects of the use of PNR. Report includes also part on identified gaps, priorities and lessons learned. Coordinators request members' comments to the draft final report and fact sheet by the end of June and will then present an evaluation report elaborated from the draft final report at the ASEM Customs Summit in Berlin (October 2017).

### **Action 7 Implementation of Trade Facilitation Agreement**

Coordinators Ms Maria Prieto of Spain and Mr Jun Xu of China informed about the outcomes of the survey on the TFA status of implementation in ASEM member states. Good feedback (40 responses) to the questionnaire which contained general questions (eg on administrative measures), specific questions on implementation of particular TFA articles, part on achievements and challenges encountered and proposals for next steps. It appears from the replies that majority of ASEM members fall under TFA category A (advanced in implementation), however there is a room for improvement and need for assistance in capacity building for a number of countries. In the discussion which followed the presentation most countries supported continuation of the action in modified form, to continue monitoring the progress, priorities, challenges and needs of member customs' implementation of TFA and to prepare the package of best practices focused on the priority areas. Possible coordination with action 1 (Trade Facilitation Action Plan) was also raised.

### **Action 8: Paperless Cargo Process**

Ms Kavita Bhatnagar of India, Messrs Aydin Ilker-Selim of Belgium and Rob van Kuik of the Netherlands presented results of the survey carried out to assess maturity of digitalisation in ASEM members, preparedness for interconnectivity and the level of parallel paperwork. 36 countries responded to the questionnaire. Results show high level of automated process (70-90%), higher level of preparedness for interconnectivity in Asian countries, high level of legal base for electronic communication. There is still a significant level of parallel paperwork (higher in Asia). It is proposed to continue the action in form of pilot projects and sharing of best practices in order to assist in cross-border integration of customs processes (India and Benelux countries are already involved in project on SPS certificates).

### **Action 9a: IPR Best Practice Guide**

Coordinators Ms Alison Smart of Australia and Mr Rolf Schrefel of Switzerland informed on preparation IPR Best Practice and Enforcement paper. The updated questionnaire has been circulated and replies collated in 2016. The questionnaire requested specific information

about: volume of infringements, regulatory measures for IPR enforcement, penalties applicable for IPR infringement, and Members' views on challenges and opportunities in IPR enforcement. On the basis of responses the paper has been developed which: provides an overview of Good Practice on IPR Enforcement in ASEM member states, helps to strengthen international dialogue, serves as a catalyst for improving domestic and international polices, and form the basis for any further actions to combat counterfeiting and piracy. ASEM members are asked to submit any comments and feedback to the draft paper by 30 June 2017. Australia will be coordinating comments for Asian Members and Switzerland will be coordinating for European Members. By end of July 2017, Australia and Switzerland will distribute a final draft of the paper for any final comments and feedback which are expected by 10 September 2017. The coordinators will collate responses and finalise the paper for endorsement at the 12<sup>th</sup> ASEM Direction Generals and Commissioners' meeting in Berlin. Draft paper: "Composition of the "ASEM Good Practice on Customs IPR Enforcement" has been distributed during the meeting.

#### **Action 9b: IPR Statistics**

Action coordinated by France and Russian Federation. Ms Mireille Romboni-Lasserre and Mr Sergey Sigachev updated participants on the study on the use of statistics in IPR enforcement, the aim of which is to analyse the methods of collection of data on IPR infringements, analyse the standards for collection and to come-up with recommendations based on the best practice. In 2016 the questionnaire was circulated and replies collected from 22 European and 14 Asian ASEM Members (replies from 16 countries still missing). It is important for the quality of the study to receive complete replies both in terms of responding countries and number of replies to particular questions. Among the main recommendations formulated on the basis of the questionnaire so far are: need for harmonisation of measurement units, use of HC code for description of seized goods (4 digits), taking into account specific, regional restrictions and prohibitions, as well as protection of confidential information while sharing statistics. It is also recommended to pay closer attention on movement of goods (routes), operations in free trade zones and the emerging challenge of e-commerce. Coordinators will continue works and prepare report for October ASEM summit in Berlin. Draft paper "*Best Practice Recommendations*" on IPR statistics has been distributed during the meeting.

#### **Action10: Visibility of ASEM activities.**

Coordinators: Ms Putporn Nilasevi of Thailand and Mr Michael Prashak of Austria presented initial results of a survey on visibility strategies and policies in ASEM member countries. Initial report covered analysis of the closed questions (with ready replies to choose), while complete analysis of replies to open questions is still pending. The report specifically covered the issues of stakeholders (for communication), communication tools applied (according to the audience/type of internal or external stakeholders), key messages and specific recommendations. The general observation is that although most administrations adopted national communication strategies and relevant structures, information on ASEM is

practically absent in messages which are produced. It gives a clear room for improvement and there are workable recommendations (39) already formulated on how to do it. Recommendations refer, among others, to organizational and procedural solutions, communication tools, standards for messages. It is planned to prepare a road map to achieve the general objective of this action, which is to make customs involvement and role in ASEM cooperation more visible to relevant stakeholders. The road map would be presented to ASEM Customs DGs Summit in October for endorsement. During discussion which followed the issue of ASEM Secretariat at Asian side (lack of) was mentioned, which makes coordination and monitoring, as well as effective internal and external communication more difficult. It was also suggested to update and maintain the list of stable national contact points for ASEM issues to ensure continuity and coordination of activities.

## 6. Future ASEM Customs Action Plan

Brain storming session was opened with EU presentation of modified (simplified) template for evaluation of actions and for new proposals. New evaluation form is available on PICS for coordinators to fill in (before end of May). WCO intervention referred to the visibility issue and reminded on the availability of WCO website for information on ASEM activities and achievements also for share with other non-ASEM countries. At the same time it is important not to duplicate but to complement actions and initiatives already taking place. In this context the speaker reminded the audience on current WCO initiatives, actions and tools. Korea, supported by China proposed new action on e-commerce (share of practice, meet the challenge and opportunities). China preliminarily declared to coordinate the action. The Netherlands followed by the EU drew attention on many initiatives and actions taking place already on e-commerce on different fora which makes it necessary to define precisely the specific scope and the added value of the proposed action if it is to be approved by DGs. Several speakers shared the view that any new action proposal should be complementary to initiatives already taken elsewhere, be result driven and deliver concrete and measurable results. Within this context the following proposals for new actions were put forward with approval of the participants:

- Customs management of cross-border e-commerce trade lanes already dynamically developing between Asia and Europe (China and Korea)
- Connectivity-Transit: share of experiences and development of transit procedures with the guidance of the WCO Transit Guidelines (proposed by China)
- Customs tools for security controls in the context of terrorist threat (proposed by Japan). Japan proposed also theme on “Deferred payment of tax and customs duties”

It was noted that in particular actions on e-commerce and on transit correspond with the leading motto “Connectivity” adopted in 2016 at the ASEM Summit in Ulan Batar

It was also proposed by coordinators to conclude the following actions which are considered as completed: action 2- AEO, 4 – Product safety, 9a – IPR best practice guide and 9b- IPR statistics. Coordinators proposed also to conclude (suspend) action 6 on PNR due to legal constraints which prevent EU Member States from taking part.

Participants agreed on continuation of remaining 6 actions:

- ✓ Trade Facilitation Action Plan (EU proposed to reflect on the new name of this action which is now focused mainly on monitoring of developments),
- ✓ Coordinated Border Management,
- ✓ Implementation of Trade Facilitation Agreement (possible coordination/merger with TFAP action was suggested)
- ✓ Paperless Cargo Process
- ✓ Visibility of ASEM customs activities.
- ✓ OLAF informed that a proposal on possible continuation of action 5- JCOs could be formulated after the de-briefing meeting (20/21 June 2017) and, as in case of other actions, would depend on approval of DGs summit, reinsured commitment and availability of resources.

## 7. Next steps

In the context of visibility, participants agreed on the need of clear message to relevant stakeholders on custom role and involvement in ASEM activities all the more that the leading theme of ASEM is connectivity of which custom is the part of by nature. The EU proposed to address two upcoming events: “Pathfinder Group on Connectivity” which will meet on 21 June in Brussels to, among others, defines the term connectivity. The second event is the meeting of ministers of economy of ASEM member countries scheduled for September 2017 in Seoul (before ASEM Customs Directors General/Commissioners Meeting in Berlin). For formal reasons, it was suggested that the heads of customs will pass such a message at national level “bilaterally” to the ministers of economy, as the joint customs message could be adopted only by ASEM Customs Directors General/Commissioners Meeting in October. Participants agreed also to review the format of ASEM Customs Trade Day in order to make it more interactive and focused on concrete issues reflecting the needs of business.

## 8. Next ASEM Meetings

Germany presented detailed information on organization of 12<sup>th</sup> ASEM Customs DGs/Commissioners Meeting to be held in Berlin on 16-17 October 2017.

China informed on the possibility to host 12<sup>th</sup> AWC meeting next year. It is expected that following internal procedures, China will provide final information during DGs meeting in Berlin.