

REPORT
of the 1st meeting of the ASEM Working Group on Customs Matters (AWC)
14/15 May 2008
Lille/France

Introductory Note

At the 7th ASEM Customs Directors General/Commissioners' meeting in Yokohama in November 2007, the ASEM Customs Director Generals/Commissioners discussed, amongst other matters, the future priorities of work under the ASEM customs fora and decided to focus on five priority themes:

- Trade facilitation and security of the supply chain;
- Standardisation and simplification;
- Combating counterfeiting;
- The fight against fraud; and
- Protecting society and the environment.

The Customs role in the protection of the environment has been introduced as a new topic for ASEM customs cooperation, in line with the priorities set at the last ASEM 6 summit.

The ASEM Director Generals/Commissioners adopted a Chairman's Summary and the Yokohama declaration at their last meeting, setting the above-mentioned priorities for future work in the ASEM customs fora and also adapting the structure of the customs working groups. It was agreed to move from the existing working group structure (enforcement (EWG) and procedures (PWG) working groups) to a thematic approach.

The merged "ASEM Working Group on Customs Matters" (AWC) should hold three meetings in two years, continue work already started and focus on the agreed topics.

The 1st meeting of the ASEM Working Group on Customs Matters (AWC)

The first meeting of the AWC under the newly agreed structure (hereinafter, "the Meeting") was hosted by French Customs and was held on 14-15 May 2008 in the French Customs Training Centre in Tourcoing, France.

Delegates from Austria, Belgium, Brunei Darussalam, Cambodia, China, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Italy, Japan, Republic of Korea, Laos, Latvia, Lithuania, Luxembourg, Malaysia, Netherlands, Poland, Singapore, Slovenia, Spain, Sweden, Thailand, United Kingdom, Vietnam and the European Commission attended the Meeting. Representatives of the World Customs Organisation (WCO) and the RILO for Western Europe participated as observers to the Meeting.

A full list of attendees is enclosed.

It was agreed that the meeting would discuss three of the five priority themes agreed by the ASEM Customs Directors General/Commissioners, namely "Combating counterfeiting", "Fight against fraud" and "Protecting society and the environment".

1. Opening statements

Mr Philippe Kearney, Director for International Trade in French Customs, opened the Meeting and introduced the chairman, Mr Patrick Jankowiak, Head of Unit in French Customs Headquarters. He also mentioned that Mr Jérôme Fournel, Director General of French Customs would be present to close the Meeting.

He referred to the DGs/Commissioners meeting in Yokohama and introduced the three main themes of the current meeting, highlighting their importance for trade between ASEM members and the role Customs plays.

2. Adoption of the agenda

The Meeting adopted the agenda set out in the enclosed document.

3. Organisational announcements

The **Chairman** and the **Secretariat** made some organisational announcements.

4. Information on other relevant ASEM meetings (item 2 of the Agenda)

Japan informed the Meeting of the outcome of the last ASEM DG/Commissioners' meeting in Yokohama (9-11 November 2007).

5. Combating counterfeiting (item 3 of the Agenda)

France, Korea and Italy each made presentations of the work of combating counterfeiting and the protection of intellectual property rights (IPR) being undertaken by their Customs administrations.

Germany presented the results and conclusions of the German G8 Presidency in the field of IPR. The issue of protection of innovations had appeared on the agenda for the Heiligendamm process. In this context the G8 Summit declaration had endorsed guidelines for customs and border enforcement cooperation and supported the development of the INFO-IPR data exchange system.

Germany gave a short general presentation of the relevant results and the Action Plan of the 10th ASEM EWG meeting in the area of IPR, including the results of joint customs operation Diabolo 1. Germany underlined the importance of having a coordinator for the Action Plan.

The **WCO** gave a presentation concerning best practice for customs action on IPR protection and on the state of play of SECURE. This showed some of the commercial routes employed in such traffic and pointed out that unfortunately some countries do not as yet have sufficient legislation to fight this trade.

Japan gave a presentation on the state of play of ACTA – the anti-counterfeiting trade agreement proposed by Japan as the new framework for IPR protection. IPR protection is a main topic for the G8 Hokkaido-Toyako G8 summit. Currently discussions are taking place on how to carry forward the ACTA legal framework concept. SECURE is also seen as an important practical approach in Japan; ACTA and SECURE complement each other.

The **European Commission** explained the latest customs IPR statistics are nearly finalised and will be available by the end of May on its website. It could already be reported that trends in this area remain the same, but a particularly worrying feature is the continuing growth in imports of counterfeit goods which pose a threat to health and safety. This is an asymmetric threat – few counterfeit items are produced in the EU and the Commission is looking for reinforcement of export controls elsewhere in the world. Another trend is the growth in imports via internet mail order.

The **Chairman** added that an anti-counterfeiting strategy would be high on the agenda of the forthcoming French Presidency of the European Union.

Finland commented that Customs needs to exploit all the tools available, which is why SECURE is so important. It is necessary to be proactive, exchange experience and reinforce cooperation. The whole supply chain for counterfeit goods must be understood in order to develop tools to fight them at every stage.

Germany added that the G8 countries endorse the SECURE project. The guidelines produced include e.g. radio frequency identification technology development. New technologies are needed to carry out the identification of fake goods.

The **WCO** said that capacity building was also important in this area.

Korea spoke of the cost of storage and destruction of counterfeit goods; this is currently borne by the government in Korea. The possibility of rights holders covering the costs should be considered, and ACTA/SECURE should look at preparing guidelines on this. Japan added that ACTA discussions on this had just begun.

The **European Commission** agreed that capacity building was a priority and key issue; it informed the Meeting that Customs IPR enforcement is also part of the new Customs Blueprints. Information exchange for IPR is also important, although we must ensure the information is handled correctly and study how it can be made more operationally effective.

The **United Kingdom** saw this as an important, high priority issue and they will be happy to assist the forthcoming French Presidency in this area. For the UK, the main problem was the smuggling of

counterfeit cigarettes from China, increasingly by post; they were now targeting all postal imports from this source.

6. Fight against fraud (item 4 of the agenda)

Drug trafficking

RILO Western Europe presented conclusions and recommendations from an analysis of heroin smuggling in the ASEM region. The wish for such an analysis was agreed upon in the 10th working group meeting in Berlin, 2007, and was a part of the EWG Action Plan. The report “Heroin smuggling in the ASEM region – a review of the situation 2005-2007” is available on the CD-ROM distributed to the delegates at the end of the Meeting.

Japan gave a report on the new EWG Action Plan regarding two items: Passenger Name Records/Advanced Passenger Information and signature analysis on synthetic drugs in ASEM. As coordinators regarding these items, they have circulated questionnaires for completion by 31 May. They will then prepare a summary of the answers and circulate it to members.

ACTION POINT: Members to complete questionnaire by 31 May; Japan to circulate summary of replies.

Cigarette smuggling

OLAF gave a presentation on cigarette smuggling and Unit B3’s work on this matter in OLAF, to coordinate and support major international cigarette fraud cases.

China drew the Meeting’s attention on this subject to Operation Crocodile, a WCO operation in 2004-5; China had carried out a similar operation and China Customs would be happy to share information on this operation.

Joint operations

RILO Western Europe gave a presentation on the ongoing Project “Fair Play”. This covers counterfeit goods related to the 2008 Beijing Olympics and involves 52 countries and 96 users around the world. The project’s objectives are: to collect, collate & analyse IPR violations worldwide; to promote use of the WCO Customs Enforcement Network and of the CEN-COMM operational tool; to enhance customs cooperation worldwide, within the RILO network and with the private sector. RILO WE considers that although there have already been some significant seizures the most relevant consignments are still on their way. **They therefore made a strong appeal to participants to continue to participate actively in the project and stressed that it is still possible to join the operation.** In answer to a question from **Finland**, RILO WE explained that they were looking for any information on modus operandi at the point of seizure.

OLAF gave a presentation on joint operation “Diabolo I”, which took place in April 2006 and covered maritime containers exporting cigarettes from Asia. A second similar operation – “Diabolo II” – is now proposed, with participants from the EU and Asia and Europol, Interpol and the WCO as observers. A pre-briefing with Asian partners and a briefing will take place in the first quarter of 2009, with the operation itself in the second quarter of 2009. The exchange of information between Asia and the EU

will be facilitated during the operational phase by the use of the AFIS Secure Web Connection managed by the European Commission (OLAF).

Precursor chemicals

Germany reported on the EWG Action Plan item regarding “Monitoring non-controlled chemicals”; a questionnaire had been prepared which required a reply by 20 June (appears in a “read-only” version on the CD-ROM distributed to delegates at the end of the Meeting). France will also e-mail this to delegates.

ACTION POINT: France to circulate questionnaire by e-mail. Members to reply by 20 June.

France presented the system for precursor chemical controls in France.

Other

Malaysia introduced their “Customs Verification Initiative” (CVI), a new system for risk management.

7. Protecting society and the environment: Customs contribution to environmental issues (item 5 of the agenda)

France, China and **Japan** each gave a presentation on the work of their Customs administrations on environmental issues.

The **WCO** mentioned that they had dedicated half a day for discussing Environmental issues during the WCO Enforcement Committee Meeting in February 2008. The WCO also consider the fight against environmental crimes as being very important. Therefore, a detailed Action Plan was developed and endorsed by the WCO. The “WCO Action Plan for Combating Cross Border Environmental Offences” in the area of customs was sent by the WCO to be circulated to ASEM AWC members for information.

The **European Commission** gave a presentation on European Union initiatives in the enforcement of environmental legislation involving Customs. In particular the work undertaken and ongoing by the IMPEL secretariat was presented, which is an informal network of European agencies enforcing environmental legislation. They also informed the Meeting that DG TAXUD was preparing a study in this context, focussing on customs enforcement of the export of waste to Asia. The start of the study is expected before the end of 2008 and results will be reported at the next ASEM DG/Commissioners' meeting in 2009.

The **European Commission** suggested, as this is a new topic for ASEM, to exchange information on the role of customs in the enforcement of environmental legislation at the 2nd AWC meeting in Thailand. It further requested Asian partners to report on problems they encounter with exports of waste, dangerous substances or similar goods from Europe. It was therefore proposed that Thailand should collect information from the Asian ASEM members in this context and on problems with relevant exports from the EU. The information collected should be presented at the 2nd AWC and could probably lead to a similar study as undertaken in the EU. **Thailand** agreed to the proposal.

ACTION POINT: Thailand to collect information from Asian partners and present findings at the 2nd AWC meeting.

8. AOB (item 6 of the agenda)

The **European Commission** gave a presentation of the revised version of the “Customs Blueprints”; copies of the CD-ROM were distributed to delegates. Blueprints had been developed, together with EU Member States experts, in 22 customs key areas as a guideline for planning and implementing customs reforms, programmes projects and also international standards. They will also form the basis for EU assistance in the customs field. The background methodology is a gaps-and needs analysis: the administration's own situation should be compared with the best practice recommended in the blueprints, to identify gaps and formulate and plan needs. They provide also an excellent management tool, supporting evaluation, progress monitoring, donor coordination etc. It is planned to hold a detailed Customs Blueprints Workshop with China after the Olympics. It has been suggested that China then shares its experience with other Asian partners at the meeting in Thailand.

Slovenia highlighted their good experience with the Customs Blueprints. These helped particularly in building capacity and best practice. The experience was not easy at first; time was needed to take ownership and to adopt the methodology. The Blueprints are useful as a management tool, for obtaining finance and particularly in the revision and inclusion of new areas.

9. Final business (item 7 of the agenda)

2nd AWC meeting in Thailand

Thailand announced that it was their intention to hold the 2nd ASEM AWC meeting on Ko Samui in southern Thailand at either the end of November or the beginning of December.

It was suggested to Thailand that **the next meeting should discuss the two remaining priority themes "Trade facilitation and security of the supply chain" and "Standardisation and simplification" and to continue the discussions started under the new topic "Customs contribution to environmental issues"**.

Thailand agreed to the proposal.

3rd AWC and next ASEM DGs/Commissioner meeting in Europe

The **European Commission** reported that it was intended to hold the 3rd ASEM AWC during the first half of 2009, and the next ASEM DG/Commissioners' meeting during the second half of 2009 in Europe; more details will be provided soon.

Other

A discussion followed on the need to follow up on the existing action plans from the Procedures Working Group (PWG) and the Enforcement Working Group (EWG). **Japan** proposed that the AWC should continue to coordinate the ASEM Trade Facilitation Action Plan (TFAP). The **European Commission** agreed with this proposal, reminding the Meeting that the last DGs/Commissioners' meeting decided that work started should be finalised and that the TFAP does not, like the enforcement Action Plan, stem from the ASEM customs working groups, but from a ministerial meeting and has to be coordinated by the AWC. The **Commission** suggested discussing the organisation of work of the AWC further at the next meeting in Thailand. The group should reflect whether other Action Plans, e.g. on a thematic basis,

should be prepared, whether subgroups should be created etc., but at the same time bearing in mind that each action has to have a responsible coordinator.

10. Closing remarks

A closing speech was given by **Mr Jérôme Fournel**, Director General of French Customs and Indirect Taxes. He suggested: that the AWC should continue with the agreed thematic approach to its work, whilst maintaining the Trade Facilitation Action Plan; that the next meeting should discuss how to organise the ASEM customs work in an efficient and result oriented way. He pointed out that there certainly was a need to put environmental issues on the agenda of the next meeting to be organised by Thailand next autumn and that consideration should be given to enlarging debate within the AWC. Mr Fournel also expressed the meeting's sympathy to the Chinese delegation following the recent earthquake in China. He concluded by thanking all the participants for their active participation in this first AWC meeting.

A CD-ROM containing all the presentations made at the meeting was distributed to all delegates.