

**REPORT**  
**of the 3<sup>rd</sup> Meeting of the ASEM Working Group on Customs Matters**  
**(AWC)**

**28-29 April 2009**  
**Budapest/Hungary**

**Introductory Note**

The 3rd meeting of the ASEM Working Group on Customs Matters (3rd AWC Meeting) took place on 28-29 April 2009 in Budapest, Hungary. There were 65 participants from 32 ASEM countries, namely Austria, Bulgaria, China, Cyprus, Czech Republic, Denmark, European Commission, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Italy, Japan, Korea, Latvia, Luxembourg, Malaysia, Netherlands, Poland, Singapore, Slovakia, Slovenia, Spain, Sweden, Thailand, The Philippines, United Kingdom and Vietnam attended the Meeting. The World Customs Organization (WCO), RILO A/P, RILO ECE, RILO WE attended as Observers. The list of participants is enclosed as **Annex 1**.

The AWC focused on 3 priority themes as decided by ASEM Customs Directors General/Commissioners' at their 7<sup>th</sup> meeting in Yokohama in November 2007:

- Trade facilitation and security of the supply chain;
- Combating counterfeiting;
- The fight against fraud

Further, on Chinese initiative, a seminar on "Experiences sharing of the SSTL Pilot Project: Promoting Asia-Europe Trade Facilitation and Security" was held back to back to the AWC meeting on 29 April. The agenda and separate minutes of the seminar are enclosed as **Annex 2**.

**Report**

***1. Opening session***

The meeting was formally opened by Lieutenant General the Commissioner of the Hungarian Customs and Finance Guard János Nagy Dr and chaired by Customs Director of the Hungarian Customs and Finance Guard Colonel Csaba Torda.

The agenda of the meeting was adopted as proposed.

***2. Adoption of the Report of the 2nd Meeting of AWC , Chiang Mai, Thailand***

Thailand gave a brief presentation on the report of the 2nd AWC meeting in Chiang Mai. The meeting adopted the report.

***3.1 Trade Facilitation Action Plan (TFAP)***

Japan gave a progress report on the implementation of TFAP 2006-2008. The report is incomplete as there are still missing replies on the Japanese questionnaire on TFAP 2006-2008 implementation from Asian countries. **Asian countries which did not reply yet should send their response to Japan till 15<sup>th</sup> May 2009 ([asem@mof.go.jp](mailto:asem@mof.go.jp)).**

Japan presented a first draft TFAP 2008-2010 (**Annex 3**), underlining that a better draft can only be prepared once the overview of TFAP 2006-2008 implementation is complete. 2 new actions are proposed in the current version and participants were invited to present ideas/proposals for actions to be included in the TFAP 2008-2010, which should be approved at the DGs/Commissioner meeting in October 2009.

The following comments were made:

- The inclusion of AEO in TFAP was welcome. The relation between simplifications and AEO should be addressed too;
- The importance of the Harmonized System and especially the translation of its explanatory notes should be emphasized. The open issue of WCO copyright should be solved to tackle this task;
- The issue of the special annexes of RKC (Revised Kyoto Convention) should be further elaborated;
- The preparation of an overview of AEO programmes and simplifications granted to trade in ASEM countries should be included as action (questionnaire under preparation, see agenda item 3.2.);
- A separate column should be inserted in the TFAP to visualise items completed/already achieved (including to future questionnaire on AEO/simplifications);
- More importance should be given to put mutual assistance into practice

The Dutch delegate suggested adapting the period of the TFAP to the Customs DGs/Commissioners meeting and proposing rather a TFAP for the period 2010-2012. Japan and EC explained that there are several TFAPs under the ASEM ministerial meetings and the ASEM AWC only deals with one, the TFAP on customs matters. The TFAPs have all the same period of validity and corresponds to the agenda of ministerial meetings. Japan agreed to look into the possibility of asking approval from the ministerial meeting to change the period of the TFAP on customs matters.

The EC suggested in that context to name the TFAP clearly, i.e. Trade Facilitation Action Plan on Customs Matters. Japan agreed to take this into account in the preparation of the draft.

Some remarks on structure and form of the TFAP were also made. As the coordinator Japan will evaluate the comments made.

**Asian ASEM members should send proposals for actions for TFAP 2008-2010 to Japan by 15<sup>th</sup> June 2009 ([asem@mof.go.jp](mailto:asem@mof.go.jp)).** EU ASEM members are requested to submit proposals to the DG TAXUD by **15<sup>th</sup> May 2009 ([christiane.klahr@ec.europa.eu](mailto:christiane.klahr@ec.europa.eu)).**

### ***3.2 AEO/Supply Chain Security***

Thailand started the topic of AEO with a presentation of common understanding for ASEM members on AEO on the basis of the Thai AEO programme.

Indonesia and the Czech Republic shared their ideas on possible elements of a questionnaire on AEO/simplifications. As proposed at the 2<sup>nd</sup> AWC meeting in Thailand, a questionnaire should be sent to all ASEM members to get an overview of the different AEO programmes/simplifications available in the ASEM countries. The results should be presented at the DGs/Commissioner meeting in October.

Several ideas were raised on how to enrich this questionnaire, e.g. the possible role of 3<sup>rd</sup> party valuers (i.e. parties other than customs to validate AEO criteria, IT tools supporting the implementation of the AEO concept, the monitoring of AEO certificates....) **ASEM members are invited to submit proposals for questions to be included in the questionnaire** by **20<sup>th</sup> May 2009** to the coordinators (Czech Republic and Indonesia at [ille@cs.mfcr.cz](mailto:ille@cs.mfcr.cz) and [anitaiskandar@yahoo.com](mailto:anitaiskandar@yahoo.com)).

In this respect the WCO informed on its survey on the implementation of the FoS (Framework of Standards).

#### ***4.1 Fight against Fraud: Joint Operations***

OLAF briefed the meeting on the pre-briefing seminar for Asian ASEM countries, which took place in Singapore on 30/31 March 2009 and presented the draft recommendations (**Annex 4**). OLAF introduced the main elements and business plan of the planned operation Diabolo 2: focusing on maritime containers from Asian ports destined for EU ports, targeting counterfeit cigarettes, but not excluding other counterfeit goods. To keep the operation manageable, the range of goods/commodities has to be clearly defined and limited.

OLAF will provide a direct access to the V-OCU (Virtual Operation Coordination Unit) in AFIS (Anti-Fraud Information System) for the Asian partners via a secured internet connection. For the operation the ASEM partners will be able to share information with only one communication tool, the V-OCU.

The meeting approved unanimously the recommendations and business plan as outlined at the meeting.

As requested by the Asian partners OLAF will organise a briefing and a technical training on AFIS in Kuala Lumpur (Malaysia). The briefing will deal with all the business aspects and the structure of the operation. The designated national project manager and an IT expert from every Asian partner should participate in that meeting. The details will be sent by OLAF to the contact points in the Asian ASEM countries in due course.

The "lessons learned" of operation FairPlay related to IPR violations in connection with the Olympic Games were presented by RILO Western Europe.

Delegates emphasized the need for a better cooperation with the private sector to tackle this problem. The scope of this task should be extended in order to be able to identify goods infringing IPR before they are actually imported.

#### ***4.2 Fight against Fraud: Cigarette smuggling***

Singapore presented its new "SDPC (Singapore Duty-Paid Cigarettes) marking regulation", which entered into force on 01.01.2009. The new regulation requires that every single stick of cigarette imported into or manufactured in Singapore for local sale is required to be marked with the letters "SDPC". It is an additional enforcement measure to reinforce Singapore Customs' intensified island-wide operations to curb the peddling and possession of contraband cigarettes.

#### ***4.3 Fight against Fraud: Drug trafficking***

A presentation on methamphetamine trafficking trends was given by RILO Asia/Pacific indicating statistics on seizure trends, countries/region involved, routes, means of transport and concealment methods. Both the number of cases and the amounts seized show an increasing trend.

#### ***4.4 Fight against Fraud: Precursor chemicals***

Germany gave a report on the monitoring of non-controlled chemicals. A survey was compiled on national practices to tackle this challenge and its results were summarized. Monitoring in nearly all countries is primarily conducted via licensing arrangements and individual ASEM countries are partially exchanging information amongst each other in this area.

A presentation on precursor chemicals was delivered by France highlighting that precursor chemicals are licit products which are diverted from their legitimate trade for the manufacture of illicit drugs. An update on international activities in 2008–2009 was also given.

#### ***4.5 Fight against Fraud:***

Japan shared the results of several questionnaires sent out to ASEM members after the last meeting of the ASEM Enforcement working group meeting:

- **"Experience in signature analysis on synthetic drugs"**: customs in East Asia have their own signature analysis schemes of methamphetamine, and work together with other law enforcement agencies whereas in Europe customs do not have signature analysis schemes, while the police and forensic laboratories do have them.
- **Passenger Name Record(PNR)/Advanced passenger information:** : in some countries airlines/shipping companies need to report API to customs or passenger information is obtained by customs through accessing airline reservation systems. Regarding detection of suspects the customs administrations of some countries cooperate with law enforcement agencies such as immigration and the police.
- **Exchange of information on new technological tools:** most countries have already used large container X-ray inspection systems and introduced radiation-detection equipment and use drug-detecting dogs.

Japan requested missing replies from ASEM countries to these questionnaires (Agenda Point 4.3.1., 4.5.1 and 4.5.2) till **15<sup>th</sup> May 2009** ([asem@mof.go.jp](mailto:asem@mof.go.jp)).

#### ***4.6 Fight against Fraud: Other***

Finland gave a report on the experience on law enforcement co-operation through Memorandum of Understanding in the ASEM Member States. This form of cooperation is widely utilized and expanding in EU Member States. However, MOU's are not very familiar or widely in use in Asia.

Hungary presented its application nicknamed Tudorka. This application enables customs to make simultaneous queries with key words in numerous law enforcement and criminal IT databases in an efficient way.

RILO Eastern and Central Europe gave an update on the SEZAM project operated under the auspices of CEN to combat currency smuggling and money laundering. The number of seizures is increasing. The report on this issue is available on the WCO website.

## **5. IPR**

Japan emphasized in its presentation the importance of customs cooperation in order to protect IPR introducing the cooperation mechanisms between Europe and Asia.

Thailand presented an overview of its survey on practices on disposal in infringing goods. The survey was conducted to identify best practice for Thai Customs in disposal of IPR infringing goods which are not harmful to public health and safety. Thai Customs assessed the practices of 26 countries from both ASEM members and non-members. The destruction method is the most common practice used by all countries. However, in parallel with the destruction, some also use other alternative methods to dispose IPR infringing goods outside commercial channels (such as donation, auction, training/educational aids etc.) under certain conditions.

WCO summarized its initiatives on IPR enforcement, highlighting that customs should remain the authority primarily responsible for the fight against IPR infringements at borders using modern methods such as Coordinated Border Management. Customs can be responsible for IPR enforcement also within national borders. This approach was supported by delegates since the coordination between customs, police and other authorities is vitally important.

RILO offered its existing mechanisms (i.e. communication channels) to those participants which expressed the need to have appropriate communication channels.

The need to provide feedback on consignments infringing IPR rules to evaluate the information exchange was reiterated.

## **6. The 8<sup>th</sup> ASEM Customs DGs/Commissioner Meeting**

Greece informed the meeting that it is honored to host the 8<sup>th</sup> ASEM customs DGs/Commissioner Meeting, which should be held on 15-16<sup>th</sup> October 2009 in Heraklion, on the island of Crete. Invitations will be issued in due course.

The EC made a presentation with elements and questions for consideration and reflection with a view to preparing the ASEM Customs DGs/Commissioners meeting. The main task of the DGs/Commissioners is to provide guidance to the AWC and set priorities for the next two years. It was reminded that the AWC is tasked to support preparations for that meeting and could present a working paper, making proposals in that context.

The Netherlands proposed as issue for discussion in Greece whether the ASEM AWC could not be made directly responsible for at least one of the TFAP deliverables.

**ASEM members are requested to submit comments and proposals for the agenda and a potential working paper on the basis of the presentation made -by 30<sup>th</sup> June 2009 to Hungarian customs ([vpop\\_asebudapest@vam.gov.hu](mailto:vpop_asebudapest@vam.gov.hu)).**

All countries were reminded to reply to the outstanding/open issues, as results and follow-up actions should be reported/suggested to Customs DGs/Commissioners in October.

### ***7. Next ASEM AWC Meetings***

The 4<sup>th</sup> AWC meeting should be held in Asia in the first semester 2010, while the 5<sup>th</sup> AWC meeting should take place in Europe in the second semester 2010. ASEM members should consider who could arrange these meetings so that the hosts can be announced during the 8<sup>th</sup> ASEM Customs DGs/ Commissioner Meeting in Greece.

### ***8. Update of contact list***

The contact list was distributed for possible updates. Final version is enclosed as **Annex 5**.

### ***9. AOB***

EC presented the state of play of the study on the role of customs on enforcing controls of shipments of waste and hazardous substances. The Terms of Reference is finalised along the lines discussed at the last AWC meetings and should be published in the coming days/weeks. Asian countries were reminded to urgently reply on the ***questionnaire on the shipment of waste***, as agreed during the last AWC. The questionnaire has already been distributed by Thailand. It was stressed that this information is important input for the study and required to ensure its successful implementation. Asian ASEM countries should send their replies to Thailand by **30<sup>th</sup> April 2009** ([awc.thaicustoms@yahoo.com](mailto:awc.thaicustoms@yahoo.com)).

### ***10. Conclusions and closing remarks for AWC***

The chairman summarized the findings/outcomes of the meeting highlighting the deadlines as follows:

- Asian countries to send missing replies for the ***TFAP 2006-2008*** to Japan by **15<sup>th</sup> May 2009** ([asem@mof.go.jp](mailto:asem@mof.go.jp));
- Asian countries to submit proposals for ***TFAP 2008-2010*** to Japan by **15<sup>th</sup> June 2009** ([asem@mof.go.jp](mailto:asem@mof.go.jp));
- EU ASEM countries to submit proposals for ***TFAP 2008-2010*** to DG TAXUD by **15<sup>th</sup> May 2009** ([christiane.klahr@ec.europa.eu](mailto:christiane.klahr@ec.europa.eu));
- Asian countries to reply on ***questionnaire on "Shipment of waste"*** to Thailand by **30<sup>th</sup> April 2009** ([awc.thaicustoms@yahoo.com](mailto:awc.thaicustoms@yahoo.com));

- All ASEM members to submit *input/elements for on questionnaire on AEO/simplifications* by **20<sup>th</sup> May 2009** to the Czech Republic and Indonesia ([ille@cs.mfcr.cz](mailto:ille@cs.mfcr.cz), [anitaiskandar@yahoo.com](mailto:anitaiskandar@yahoo.com));
- All ASEM members to submit replies to *Japanese questionnaires* relating to Agenda Points 4.3.1., 4.5.1 and 4.5.2 by **15<sup>th</sup> May 2009** ([asem@mof.go.jp](mailto:asem@mof.go.jp));
- All ASEM members to submit *proposals for agenda/discussions at the next ASEM customs DGs/Commissioner meeting* by **30<sup>th</sup> June 2009** to Hungarian customs ([vpop\\_asembudapest@vam.gov.hu](mailto:vpop_asembudapest@vam.gov.hu));
- The recommendations and business plan for the operation Diabolo 2 were approved by the meeting as suggested by OLAF.

The Chairman invited all participants to ensure their input/replies for the outstanding or open issues and to reply within the deadlines. He reminded that full cooperation from all countries is a precondition to hold a smooth and successful Customs DGs/Commissioners meeting in October in Greece and to achieve progress and good results.

All presentations held during the meeting were distributed to the delegates on USB sticks, as well as a summary of main points and deadlines. The full report of the meeting would be circulated for comments in May 2009.

List of abbreviations used

AEO	Authorized Economic Operator
API	Advance Passenger Information
ASEM	Asia-Europe Meeting
AWC	ASEM Working Group on Customs Matters
CEN	Customs Enforcement Network
CSD	Container security devices
FoS	Framework of Standards
IPR	Intellectual Property Rights
OLAF	European Anti-Fraud Office
RILO	Regional Intelligence Liaison Offices
RKC	Revised Kyoto Convention
SSTL	Smart and secure trade lanes
TFAP	Trade Facilitation Action Plan
WCO	World Customs Organization