

## Draft Report 9<sup>th</sup> ASEM Working Group on Customs Matters

### Introductory note

The 9<sup>th</sup> Meeting of the ASEM Working Group on Customs Matters (AWC) was organized in Liège, Belgium on the 18<sup>th</sup> and 19<sup>th</sup> of June 2015. All together 70 participants took part in the meeting representing 41 ASEM members, namely: Austria, Belgium, Brunei Darrusalam, Bulgaria, Cambodia, People's Republic of China, Croatia, Czech Republic, Denmark, Estonia, European Union, , France, Germany, Hungary, India, Indonesia, Ireland, Italy, Japan, Kazakhstan, Korea, Lao PDR, Latvia, Lithuania, Malaysia, Malta, Mongolia, the Netherlands, Norway, Philippines, Poland, Russian Federation, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Thailand, United Kingdom, Vietnam. A representative of the World Customs Organization also attended as an observer. Participant list included as Annex 2.

### 1. Welcome and Opening of the Meeting

Mr. Herman Van Cauwenberghe, Counsellor-general National & International Collaboration and Deputy of the Director General, chaired the meeting. He welcomed all participants to Liège, in particular Kazakhstan who – being a new ASEM member – participated for the first time in the AWC.

### 2. Adoption of the agenda

The Chair introduced the draft agenda for consideration and comments. For practical reasons, some items swapped time slots, but no items were raised under AOB. Item 5.4 on IPR enforcement in AWC Trade Days was included in items 3.2 (review 8<sup>th</sup> AWC Meeting) and 4 (review 6<sup>th</sup> ASEM Customs-Trade Day). The draft agenda was approved as included in Annex 1.

### 3. Review of recent ASEM Customs meetings

The Chair invited respectively Italy and Cambodia to present the results of the 10<sup>th</sup> ASEM Summit 2014 and the 8<sup>th</sup> ASEM Working Group on Customs Matters 2014.

#### 3.1. 10th ASEM Summit 2014

The 10<sup>th</sup> ASEM Summit was hosted in Milan, Italy on the 16<sup>th</sup> and 17<sup>th</sup> of October 2014. The theme of the event was “Responsible Partnership for Sustainable Growth and Security”. The key topics of the summit were:

- Promoting financial and economic cooperation through enhanced Asia-Europe connectivity
- Synergies on global issues in an inter-connected world
- Promoting cooperation on employment, education, social and cultural issues
- Regional and international initiatives aimed at maintaining peace

During this meeting, the ASEM members welcomed the outcome of the 10th ASEM Customs Directors-General/Commissioners Meeting held in October 2013 in Vienna, for their initiatives aimed at addressing trade-distorting or protectionist measures, including non-tariff barriers, which inhibit trade growth and investment.

### **3.2. 8th AWC Meeting 2014**

Cambodia gave a report on the 8<sup>th</sup> ASEM Working Group on Customs Matters, which took place in Siem Reap on 19<sup>th</sup> and 20<sup>th</sup> of March 2014. This meeting was preceded by the 5<sup>th</sup> ASEM Customs Trade Day which focused on AEO, IPR and customs-business partnership. It was stressed that the ASEM Customs Trade Day is a valuable initiative with fruitful results. There were 44 ASEM members present at the 8<sup>th</sup> AWC Meeting. The meeting focused mainly on the progress of the 9 actions of the ASEM Customs Action Plan. In addition to that, a few other items were discussed. The WCO gave an update on their latest initiatives and on experiences gathered during WCO Joint Operation Demeter III aimed at waste management. Furthermore, the EU provided information on the PICS platform. Finally, the need to increase the visibility of the ASEM Customs work, potential work on the WTO Trade Facilitation Agreement and the possible introduction of an ASEM Coordination Committee were discussed.

### **4. Review of 6th ASEM Customs-Trade Day 2015**

Belgium provided a summary of the 6<sup>th</sup> ASEM Customs Trade Day. This day was organized around two overarching topics. The first main topic was IPR, as was agreed during the 10th ASEM Customs Directors-General/Commissioners Meeting. The second topic was innovation. In total 79 people participated in the 6<sup>th</sup> ASEM Customs-Trade Day: 68 customs officers and 11 trade representatives (from Belgium, the Netherlands and UK).

Mr. Noël Colpin, Director-General of Customs and Excise, welcomed all participants and underlined the importance of customs-business partnership. Moreover, he stressed that IPR continues to be one of the major challenges in the enforcement field and that innovation should be on the top of our agenda. As customs administrations around the world are confronted with an increased number of tasks and increasingly complex supply chains, while at the same time resources tend to decrease, it is important to continuously strive for innovative solutions.

During the morning session, Ms. Dákai, EU ASEM customs coordinator, introduced the work which is undertaken by the ASEM Customs Working Group. Then, a representative of the European Commission provided explanations on the EU legal framework to address IPR including statistical analysis. The WCO presented on IPM, its tool to combat counterfeiting, and the new mobile application they introduced. Finally, TNT and Belgian Customs shared their day-to-day experience in the airport of Liège. They illustrated how transparency from business – by giving customs access to the information in their IT systems – can lead to more predictability for their supply chain in return.

In the afternoon, a number of on-going innovations in the customs area were presented to the delegates. Vietnam customs presented its new e-customs system and how it leads to better performance and faster clearance. Belgian customs explained its enforcement vision concerning a System Based Approach and underlined the importance of trust between the top decision-makers in order to achieve true mutual recognition. Furthermore, the EU talked about its Authorized Economic Operator program and the opportunities that stem from AEO MRA initiatives. Moreover, prof. Tan from the Delft University of Technology elaborated on a new master program that was developed in the Netherlands in order to address the need for a new kind of customs official, as knowing the customs legislation is no longer sufficient. Finally, the European Shippers Council informed the group of the on-going activities in the CORE project, which is aimed at innovation and supply chain visibility.

## 5. ASEM Customs Action Plan

### 5.1 Action 1: Review Trade Facilitation Action Plan on Customs Matters

As one of the coordinators of Action 1, the EU gave a presentation informing the participants about the development of the Action. A survey on the 2014-2015 Action Plan was distributed to the ASEM members to monitor how members do on facilitation and to identify capacity building needs. Moreover, members can also indicate topics on which they are willing to share best practices or need technical assistance. All members are invited to answer this survey by the end of July 2015.

### 5.2 Action 2: Authorized Economic Operators

Japan and Poland presented on the results they gathered from the 'ASEM AEO Fact Sheet 2015', filled in by members. They indicated that the concept of AEO is widely implemented among ASEM members since 2007. It seems that all members' programs have similar objectives, authorization procedures and benefits. Moreover, the additional benefits asked by trade are also similar and can generally be divided into three categories: more expedited procedures, facilities for payment, burden relief measures.

Furthermore, the delegates underlined the importance of cooperating with other security programs and of raising public awareness of AEO. Also the importance of MRA and its implementation (e.g. IT systems for AEO data exchange) were highlighted.

Various delegates underlined the challenge and importance to introduce SMEs in our AEO programs, as for a lot of countries they constitute the biggest group of traders.

### 5.3 Action 3: Coordinated Border Management

During the 10<sup>th</sup> ASEM Customs Directors-General meeting, 'Coordinated Border Management' (CBM) was one of the actions that was added to the ASEM Action Plan. Both in the 8<sup>th</sup> ASEM Working Group Meeting and in the WCO SAFE Framework, 'Single Window' was/is mentioned as an effective tool to strengthen CBM. Therefore, Korea and the Netherlands launched a survey to understand the status of National Single Window (NSW) implementation among ASEM members and to identify challenges for further development. Altogether, 29 replies were received. 13 members indicated they have already established a NSW, 9 are in the process of establishing one and 7 are planning to implement one.

From the results gathered, it was clear that a Single Window supports CBM and improves trade facilitation by reducing the average clearance time, saving trade costs and increasing transparency. The most important challenges to overcome for customs are a lack of financial resources, a lack of human resources, and the complexity of inter-agency coordination. However, this last issue can be overcome by establishing a forum with representatives from all the agencies involved. The lack of resources can only be addressed with the necessary political support. Therefore, it is crucial to recognize that a NSW can greatly contribute to economic growth. It was suggested that Members with SW could conduct studies to share experience and help other members to overcome challenges in establishing a Single Window.

There are still wide gaps among ASEM Members regarding their states and capabilities on SW in terms of technology, finance, resources, knowledge and experiences. Therefore, each member should first focus on the implementation of a NSW, before we could potentially develop a Regional Single Window (RSW) or ASEM SW. Some members already indicated they would be interested to explore the topic of Single Window interoperability. In that respect it would be interesting to study the functionalities, the data formats, the business processes, the technical specifications, etc. of NSWs. It is crucial that data elements are defined in a uniform way and that members make use of international standards.

#### **5.4 Action 4: IPR Enforcement in AWC Trade Days**

This item was included in resp. agenda item 4 of the 8<sup>th</sup> AWC and this meeting.

#### **5.5 Action 5: IT tools in IPR Enforcement**

In October 2013, the Vienna Declaration confirmed the need for continued progress in a number of priority areas. One of these was combating IPR infringements, and particularly the focus on IT support for IPR Enforcement. Therefore, Germany and India conducted a survey to explore synergies between compatible IT tools and to develop a best practice guide regarding traceability devices and standards.

This survey can also be used by administrations as a self-assessment tool to measure the level of automation. It does not just address mere customs issues, but also the IT prevention level, promotion level, education level, etc.

Up to date, 35 members have submitted a reply, but members are still encouraged to contribute. The results will be used to develop a first draft of a good practice paper which will be made available by the end of August 2015. This leaves the opportunity to comment during September in order to prepare a final draft for the 11<sup>th</sup> ASEM DGs/Commissioners meeting in Goa.

#### **5.6 Action 6: Product Safety**

Czech Republic presented its proposal to kick off this new action together with Cambodia. It was explained that the intention is to use a three-phased approach. First, Cambodia and Czech Republic will hold a meeting in August in Prague to agree on an action plan. Secondly, they want to map the situation in all the ASEM members' countries and to share best practices. Therefore, a questionnaire will be drafted, including also questions on risk analysis and training. Thirdly, the action coordinators would like to host a seminar which will include some practical case studies and will elaborate on some best practices within the EU and Asia.

#### **5.7 Action 7: Trans-boundary waste shipments**

The coordinators of Action 7 – China and Denmark – reported on the results of a survey they conducted and on the outcomes of a trans-boundary waste shipments workshop hosted by Denmark. This event focused on four issues: the policy and legal context, enforcement, inter-agency cooperation, international cooperation. In respect of the policy and legal framework, it was echoed by many members that HS codes should be reviewed to distinguish new and used waste for example. Furthermore, it was mentioned that there are still legal differences between members and that it would be interesting to map those in order to try and resolve these differences. As an example of international cooperation, the delegates referred to operation Demeter organized by the WCO. They also stated it appears that members are ready to share knowledge on technology (e.g. X-ray), and underlined the importance of awareness raising and joint training. The summary of the outcome of the workshop will be presented during the next DG Meeting in Goa, India.

#### **5.8 Involving business**

The workshop package was developed based on the assessment of challenges that members face in trade engagement as highlighted in the paper "Further developing the model for dialogue with traders" by Sweden and Singapore which was endorsed at 10th ASEM DGs Meeting in 2013. Sweden reported back to the working group on a test they conducted jointly with the Swiss administration using the main

components from the model. The private sector evaluated this initiative positively. The most important reflections after the test were:

- It is advisable to make a plan for the whole process concerning a topic and then stick to it. Because no matter what the topic is, you might always want to have more meetings.
- It is important to create an open-minded atmosphere so people can speak freely. For this, it is important to establish a high level of trust between all the partners.
- We should strive to jointly identify specific CSFs.

The package is designed to be easy to understand and use. It is generic and aimed at all members. It can be used as a basis upon which each country can still elaborate as it wishes. Singapore invited their members, especially from the Asian region to test this package as well. The intention is to report the results of the workshop to the next ASEM DGs meeting.

Some delegates repeated the importance of adopting a client perspective and that we should cooperate on a day-to-day basis, both on the central and the local levels. Trade should be encouraged to be more compliant. Another delegate mentioned in this respect that we should strive to present ourselves as modern customs administrations. We should not only discuss among ourselves, but we should communicate more externally as well. Furthermore, we should look at the opportunities that new media offer to present ourselves in a more attractive manner. On top of that, it was suggested that possible links with the WCO Customs-Business Partnership Guidance could be explored and that members may wish to reflect on how they can feed into one another.

#### **5.9. Action 9: Joint Customs Operation Replica**

OLAF provided details on the outcomes of operation REPLICA, aimed at combating counterfeiting. During this JCO deep sea containers coming directly or indirectly from Asian countries were targeted. Participating Members were: Australia, Cambodia, China, Indonesia, Japan, Malaysia, New Zealand, Pakistan, Russia, Singapore, Thailand, the EU Member States, Norway, Switzerland, Europol, Interpol, WCO, DG TAXUD and OLAF. It was decided to focus particularly on only those goods that posed a danger to the health and safety of citizens and/or the environment. Examples are pesticides, cigarettes, toys, spare parts, electric appliances, etc. 1.238.000 counterfeit articles were intercepted during 109 seizures. On top of that, 130 million cigarettes were seized. In total these accounted for 65.500.000 EUR evaded from the EU budget.

#### **5.10. Progress on ASEM Customs Action Plan – report to DG Meeting**

The European Union presented a draft template to be used for reporting to the DG Meeting. As the feedback on the previous form was very positive and members felt it was a useful tool, it was proposed to keep a similar format with just two minor amendments. A first change was that each of the action coordinators is asked to propose two recommendations in a very simple format. It was felt that in the past these were phrased in a too complicated manner, making it hard to check if the recommendation was implemented or not. Secondly, coordinators are asked to propose a visibility action in order to publicize the results of the different actions.

#### **6. Member presentations on new topics for future ASEM Customs work**

The chair invited the participants to propose topics for actions for the next ASEM Customs Action Plan. Three delegates made a presentation to introduce new topics.

First, Japan provided an overview on the work they do on the Passenger Name Record (PNR). PNR contains essential data for risk management and passenger targeting. As not all ASEM members use PNR, it is important to share experiences and to engage in Capacity Building. Furthermore, it was stressed that for

the moment there are some difficulties to obtain PNR information of all inbound passenger, so stakeholder collaboration is very important. Japan also referred to the WCO recommendation on API and PNR to underline the importance of the topic. Russia supported this topic.

Secondly, the Netherlands noted that a lot of the work that is being undertaken in ASEM runs in parallel with what is being done in the WCO. Therefore, we should take initiatives to support the work of the WCO more and to influence WCO decisions. The Dutch delegate also mentioned that trusted trade lanes are an interesting subject to explore, as it is a way to offer extra benefits to AEOs and it allows customs administrations to devote more attention to high-risk consignments. Moreover, as our risk engines are still not equipped for this, we also engage work on the quality of data and how to exchange information worldwide. Particularly interesting in this respect are investigating interconnectivity and the possible exchange of NII images. Other subjects suggested were cash controls and elaborating on the on-going Coordinated Border Management Action.

Thirdly, the WCO gave an overview of new issues that are currently being discussed there and that could be taken up in the next action plan: e-commerce, performance management, the future of customs and collaboration with tax administrations. On top of that, currently many concrete tools are being developed on the basis of surveys.

## **7. New ASEM Customs Action Plan**

The chair opened the floor for comments on the proposals put forward during the three presentations. Many delegates recognized that all these proposals could be interesting to explore, yet at the same the meeting expressed a concern that the group should not run too many actions at the same time. Also, certain items need to be closed at some point, so action coordinators should be critical and assess if an action is still relevant. Therefore, it was decided to wait for a final decision on the introduction of new topics until all the action reports are published and that the number of future actions should not go beyond the current number (9). Delegates also emphasized the need to build on existing work and to avoid duplication of efforts. There was a general agreement on the necessity of going beyond mere surveys. Delegates expressed the view that the actions should be relevant to both developing and developed Members. It is noteworthy that the group indicated the biggest interest for PNR, CBM, trusted trade lanes and interconnectivity / information exchange. To facilitate the decision making at the DGs' Meeting in Goa, the European Union will present a proposal for the new action plan taking into account the discussions at the AWC, the evaluation reports by the action coordinators and potential further proposals by Members.

## **8. Next ASEM Meetings**

### **8.1. 11<sup>th</sup> ASEM DG Meeting**

India invited everybody to the 11<sup>th</sup> ASEM DG meeting, which will be held from 7<sup>th</sup> until 9<sup>th</sup> October 2015 in Goa.

### **8.2. 10<sup>th</sup> AWC Meeting**

The 10<sup>th</sup> AWC Meeting will be hosted by Brunei Darussalam in April 2016. The exact date and venue will be communicated later.

## **9. Communication and visibility**

The European Commission encouraged members that were not already registered on PICS before the meeting to do so as soon as possible. This would allow to use a single project space for document distribution which would increase the efficiency of the meetings. All documents can be found on the platform, issues can be discussed virtually and content can be prepared together. The European

Commission delegate gave a comprehensive overview on how PICS works and which opportunities it offers for the group.

The EU also draw the attention of delegates to the need to increase the visibility of the ASEM Customs work. Austria and Thailand volunteered to help taking the matter forward and proposed to get back to delegates before the DGs' Meeting with more concrete plans / ideas.

#### **10. Member presentations on topics of general interest**

The WCO gave an update on the latest Policy Commission and Council Session held in Brussels from the 8<sup>th</sup> until the 13<sup>th</sup> of June. Specific attention was given to the rising number of contracting parties to WCO Conventions, new tools developed in the past year, the new SAFE Framework of Standards 2015 version, partnership with business, the Customs Competency Framework, Security Initiatives, customs brokers and TFA developments.

#### **11. Closing**

The chair briefly summarized the work that was undertaken during the meeting and reminded the participants of the deadlines that were agreed upon. He thanked all the participants, and in particular the action coordinators, for their contribution to the successful organization of the meeting and wished everyone a safe journey home.