

**CHAIRMAN'S STATEMENT OF THE FIFTH MEETING OF THE ASEM
DIRECTORS GENERAL AND COMMISSIONERS OF CUSTOMS
SEOUL, 30 SEPTEMBER TO 1 OCTOBER 2003**

"Trade Facilitation & Security through Customs Partnership in ASEM"

INTRODUCTION

1. The Fifth Meeting of the ASEM Directors-General and Commissioners of Customs was held in Seoul, Korea on 30 September to 1 October 2003. It was attended by the Directors General and Commissioners of Customs of 9 Asian partners, and 12 Member States of the European Union, the European Commission and Deputy Secretary General of WCO as an observer. The Meeting was chaired by Mr. Yong-duk KIM, Commissioner of the Korea Customs Service.

2. This was the fifth follow-up meeting in the customs field at Director-General and Commissioner level to the Asia-Europe Meeting (ASEM) between Heads of State and Government held in Bangkok, Thailand on 1 and 2 March 1996. Its objective was to respond to the ASEM Leaders' agreement to undertake facilitation and liberalisation measures involving the simplification and harmonisation of customs procedures, to deal with illicit drug trafficking and customs offences as well as to consider the development of closer co-operation in these areas among the customs authorities in Asia and Europe.

3. The Meeting was officially opened by Mr. Yong-duk KIM, Commissioner of the Korea Customs Service, host and chairman of the Meeting. Opening remarks were also delivered by the Chairman, and by Mr. Manuel Arnal Monreal, Director, General Affairs Directorate, Directorate General for Taxation and Customs Union, European Commission on behalf of Director General, Mr. Robert Verrue, Mr. Truong Chi Trung, Vice Minister of Finance and Director General of Viet Nam Customs, and Dr. Walter De Santis, Deputy Director, the Italian Customs Agency as the current Presidency of the EU.

**REPORT ON INTER-SESSIONAL DEVELOPMENTS CONCERNING THE
CUSTOMS ACTIVITIES**

4. The Meeting was reported by delegates of the People's Republic of China (PRC), Indonesia, Thailand, WCO secretariat and France on the outcomes of the discussion in ASEM, APEC, ASEAN, WCO and G8, respectively, and took note of the major progresses made in the various international fora since the 4th ASEM Customs DG-Commissioner Meeting held in Sweden in July 2001. The major developments are as follows:

- **The 5th ASEM Economic Ministers' Meeting:** Economic Ministers discussed the measures to promote the ASEM TFAP and IPAP, and exchanged views on the ASEM contributions to the WTO work on trade facilitation.

- **The 5th ASEM Finance Ministers' Meeting:** ASEM Finance Ministers stressed that administrative cooperation between ASEM Members takes on increasing importance in sustaining the momentum of world economic growth. Ministers welcomed the Bali Initiative proposed by Indonesia to enhance the partnership for the growth and development between Asia and Europe.
- **APEC SCCP:** The Sub-committee on Customs procedures (SCCP) was established in 1994 in response to the APEC Ministers accorded to harmonizing and simplifying Customs procedures in order to facilitate trade among APEC economies. In 2003, the SCCP, putting forward its work of realizing trade and investment liberalization and facilitation to reduce transaction costs of trade by 5% by the year 2006 in the APEC region. In this connection, the SCCP has been placing emphasis on strengthening the Multilateral Trade System, trade facilitation, pathfinder initiative, CAP evaluation, transparency standard and counter-terrorism and promoting growth in which substantial progress has been made. Apart from that, the SCCP also focused its attention on counter-terrorism and secure trade in the Asia Pacific region. In this context, the programs and strategies to implement the Secure Trade in APEC region or STAR Initiative and Common Data Elements have been placed on the menu. In addition, APEC Customs-Business Dialogue was organized on 11th August 2003 in Bangkok. The Bangkok Dialogue has produced various useful recommendations from the business sector.
- **The 11th Meeting of the ASEAN DG of Customs:** The Meeting was briefed on the outcomes and progress report of ASEAN-related activities prior to it. The key issues agreed and endorsed during the meeting were post clearance audit, cargo processing, customs valuation, tariff nomenclature, automation, enforcement, manual assistance and training and human resource development program. In addition, private sectors and non-ASEAN Customs, namely Japan and the PRC, were also invited to participate in the inaugural consultations.
- **WCO Activities:** The Meeting fully supported adoption of the Resolution on Security and facilitation of the International Trade Supply Chain in WCO as efforts to strike balance between trade facilitation and security, and WCO's approval of "a package of measures" for concrete implementation of the Resolution, with emphasis placed on the early entry into force of the Revised Kyoto Convention. The WCO committed itself to continuous and constructive engagement with WTO and business community to promote trade facilitation and its key instruments, and it underlined importance of integrity as a cornerstone of capacity building efforts. Responding to chairman's request, Mr. Kunio Mikuriya, Deputy Secretary General, WCO who headed the WCO delegation in the WTO Ministerial Conference in Cancun, reported to the Meeting the key developments concerning the Customs matters at the 5th WTO Ministerial Meeting.
- **G8 Activities:** The Meeting was briefed on the last G8 Summit, concerning growth and security, held in Evian, France from 1 to 3 June. The Summit agreed that economic recovery and promotion of growth largely rely on structural reforms and flexibility, improved corporate governance, enhanced market discipline, and enhanced

transparency, and it reaffirmed its commitment to achieve the timetable set out in the Doha agenda. The Meeting noted that G8 adopted an Action Plan on capacity building against terrorism including coordination of counter-terrorism financing measures, and in this regard emphasized the skills of the Customs administrations.

CUSTOMS PROCEDURES AND TRADE FACILITATION

5. The Meeting took note of the presentation made by EC on European Community's outlook on trade facilitation programs. In particular, it has stressed the importance of full operation of the Article VIII, the core GATT Article on trade facilitation. The EC suggests including a range of special and differential treatment provisions including less onerous initial commitments for developing countries, transitional periods for the assumption of commitments and more stable provisions regarding technical assistance.

6. The Meeting expressed disappointment at the postponement of the 7th ASEM Procedures Working Group Meeting and the 3rd ASEM Customs Seminar due to the sudden outbreak of SARS. The Meeting also encouraged active contribution of the ASEM member countries towards the successful conclusion of the 7th ASEM Procedures Working Group Meeting and the 3rd ASEM Customs Seminar to be held in Indonesia in December 2003.

7. The Meeting took note of the summary of the progress status, which WCO has followed, made by Mr. Kunio Mikuriya, Deputy Secretary General, and WCO, on the World Economic Forum Project on Trade Facilitation Initiative. The Meeting noted that the Project has received active participation, involvement, and supports from WCO, World Bank, private sector, inside and outside stakeholders, and many industries. The two key project areas are Time Release Study to improve Customs procedures, and integrity enhancement, respectively with funding supports from Japanese Agency for International cooperation (JICA) and United States Agency for International Development (USAID). The meeting noted that the full and successful implementation of this pilot project in the Philippines will serve as a showcase for the future reform and modernization of the Customs administrations.

8. With regard to the trade facilitation through simplification of Customs procedures, the Meeting took note of the presentation in which the PRC outlined its efforts towards simplification of Customs procedures such as paperless clearance system and high-tech equipment for container inspection, and enhancement of cooperative relationship with other agencies as well as foreign Customs. The Meeting took a special note that the Chinese Customs has made well-coordinated efforts in order to realize the integrated clearance. The Meeting also hoped for unremitting commitments of the Chinese Customs to these reform and modernization efforts.

ENFORCEMENT AND SECURITY

9. The Meeting was reported on the results of the 6th and 7th ASEM Customs Enforcement Working Group Meeting and the 1st ASEM Customs Enforcement Seminar held in Penang, Malaysia on March 2003. The Meeting emphasized that facilitated trade and improved security should be reconciled and this challenge can be better taken up through Customs cooperation and other bilateral or multilateral assistance programmes. The Meeting also noted that the Business Anti-Smuggling Coalition is an exemplary structure of cooperation between Customs and private sector, in particular for trade facilitation and security, and prevention of smuggling. It also agreed that these cooperative activities add constructive inputs and contribution to enhanced security. Towards this, it is recommended that the ASEM Customs Enforcement Seminar consisting of customs and the business sector as participants, be held back to back with the 8th ASEM Customs EWG meeting. The Meeting also noted that successful and effective enforcement work relies on sharing of data and information between Customs administrations, reliable risk management, sharing of best practices, and having scientific customs administration. The Enforcement Working Group is further required to work along these areas and to proceed with (i) the Action Plan on "fight against fraud" with deliverables having coordinating countries, (ii) joint projects by both RILOs on CRASH and developing more practical ways of using CEN. Realizing that drug trafficking is a global problem, there is a need for the enforcement group to continue working together in combating it.

10. The Meeting was given the opportunity to hear the Dutch experiences with its implementation of Container Security Initiative agreement with U.S. Customs. One of the most important lessons of the Dutch Customs was that the key to success are a constant monitoring and adaptation of the common set of targeting criteria and a good communication. It was noted that effective and efficient implementation of the CSI agreement can be accelerated by positive consideration of suggestions such as full and mandatory electronic submission of 24-hour pre-arrival information, and development of common set of risk indicators for CSI-participating ports. The Meeting indicated that practical experiences of the CSI-participating countries can be a good reference for other countries and facilitate the standardization of the relating procedures.

11. The Meeting was given briefing on Manifest Consolidation System (MFCS) of Korea Customs Service (KCS). KCS explained that MFCS operates as comprehensive cargo logistics management nexus centrally accessed by Korea Customs Service with addition of manifest consolidation function to the import and export clearance system. The Meeting emphasized that advance electronic transmission of cargo information enabled, for example, through the MFCS, would make effective and positive contribution to practical implementation of the CSI agreement, and involvement of the trading communities should be further encouraged with increasing and realizable benefits to them. The Meeting also acknowledged the importance of the Unique Consignment Reference (UCR) devised by the WCO to Customs administrations in the simplification and harmonization of the procedures.

12. The Meeting took note of the presentation by Italian Customs on the development of a methodology based on high-tech and IT tools for the security of international supply chain. Italian Customs reported that it has improved its efficiency of Customs

procedures by utilizing scanner equipment, and enhanced the Customs service and furthermore contributed to the decrease in burden and costs for traders. Members agreed that Customs performance in preventing smuggling and reducing logistics cost can be effectively improved by introducing advanced inspection machine such as container x-ray scanner. WCO reported that it developed draft guideline and databank on advanced technology including x-ray scanning system, which is good reference for new deployment and operation of sophisticated inspection system.

CUSTOMS COOPERATION IN ASEM

13. The Meeting took note of the progress in the Customs cooperation and mutual administrative agreement between the EU and ASEM Asian members. UK stressed the importance of timely exchanging of information between Customs administrations in effectively responding to the changing Customs environment and protecting the society from transnational organized crimes and terrorist attack. Furthermore, UK mentioned a forward-looking idea on the future of the Customs environment in which Customs administrations build a mutual trust and strengthen the partnership with business sector. The Meeting shared common interest in the enhanced Customs cooperation, and expressed its hope that Customs cooperative activities can be further expanded within the ASEM framework.

14. The Meeting was briefed by Japan on the capacity building for developing countries in ASEM. The Meeting expressed its appreciation on Japan's capacity building activities through acceptance of trainees, dispatch of experts, seminars and symposiums, etc., in particular meeting ASEM Asian countries' assistance needs in priority areas of Valuation, Post Clearance Audit, and the Revised Kyoto Convention. While stressing experience sharing in avoidance of duplication in capacity building efforts, Japan drew attention to benefits of mutual assistance among Asian developing members. Japan proposed joint ASEM capacity-building projects with the participation of developed members of both the Asia and Europe regions, and it was welcomed that concrete plans and priority items such as paperless Customs, Valuation and the Revised Kyoto Convention for such joint ASEM Customs projects in line with previous statement by the Economic Ministers' Meeting (EMM) will be discussed at next sessions of each of the Working Group Meeting. The Meeting also exchanged views on a regional approach to capacity building.

15. The Meeting was briefed by Germany on the cooperative activities and common regulatory instruments the EU engaged itself in the process of harmonization and simplification of the Customs system. The Meeting agreed that the experiences and expertise EU has accumulated in the process of the harmonization of the Customs procedures can make a substantial contribution to the ongoing efforts for economic integration in Asia. The Meeting stressed early and full operation of electronic paperless Customs procedures based on efficient risk management and continuous reform & modernization.

16. Korea Customs proposed a "SEOUL Initiative" at which the harmonization of the

Customs procedures and Customs systems in the Asia region can be pursued with benchmarking of the experiences of the EU. The Meeting supported the Seoul Initiative as added impetus to the efforts towards the harmonization of the Customs procedures in Asia. The Meeting acknowledged that the concrete arrangements including organization of the next year's seminar/workshop will be further discussed in the Procedure Working Group Meeting.

PREPARATIONS FOR FUTURE MEETINGS

17. In line with the agreement reached at the Second DG-Commissioner Meeting concerning the rotation of the chairmanship of the Meeting and the two Working Group Meetings, and the frequency and venues of Meetings, it was agreed that:

- The Sixth ASEM Customs DG-Commissioners Meeting will take place in 2005, chaired by UK. It will be prepared by the incoming chair in consultation with the outgoing chair.
- The Enforcement Working Group Meeting will be chaired by a European country, which will be chosen and notified to the Procedures Working Group Meeting in December, 2003.
- The Procedures Working Group Meeting will be chaired by the European Commission until the 7th Meeting to be held in this December after it will be chaired by an Asian country.
- The respective Working Group Meetings will be organized and prepared by the incoming chairs in consultation with the outgoing chairs as well as the incoming chair of the next DG-Commissioners' Meeting, using a contact network established by the two groups.