

**FINAL REPORT**  
**On the 9<sup>th</sup> ASEM Customs Enforcement Working Group Meeting**  
**20-21 April 2006**  
**Seoul, Korea**

The 9<sup>th</sup> ASEM Customs Enforcement Working Group (EWG) Meeting (hereinafter, “the Meeting”) was held from 20-21 April 2006 in Seoul, Korea.

Delegates from Austria; Belgium; China; Denmark; the European Commission (EC); Finland; Germany; Indonesia; Japan; Laos; Latvia; Luxembourg; Malaysia; the Netherlands; the Philippines; Poland; Singapore; Slovenia; Slovakia; Spain; Sweden; Thailand; the United Kingdom (UK); Vietnam and Korea attended the Meeting. The World Customs Organization (WCO) Regional Intelligence Liaison Office (RILO) for Asia-Pacific and Western Europe, the Asia-Pacific Regional Office for Capacity Building (ROCB) also attended the Meeting. The List of Participants appears as Doc. No. 06ewg-12-01.

## **1. Opening remarks**

In his keynote speech, Mr. Chin-Heon PARK, Deputy Commissioner of the Korea Customs Service, emphasized the role of Customs in protecting Customs border and suggested that every Customs work closely to fully implement EWG’s two Action Plans on Supply Chain Security and Trade Facilitation and IPR, and on Fight against Fraud.

In his welcome remark, Mr. Michel DANET, Secretary General of the World Customs Organization first updated WCO’s activities regarding WCO Framework of Standards to Secure and Facilitate Global Trade (“SAFE”) and the Columbus Program, emphasizing the importance to balance trade facilitation and security. Mr. Danet also informed the Meeting of agendas of the WCO Council to be held in June, 2006 and the High Level Strategic Group Meeting to be held in April, 2006. In particular, as regards to trade facilitation, he stressed that the members should do more to make sure that a new Harmonization System can be implemented in 2007.

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

The agenda was adopted by the Meeting as shown in the document Doc. No. 06ewg-02.

## **3. Report and discussion of the relevant ASEM Meetings**

Singapore informed the Meeting about the results of the ASEM Customs Procedures Working Group (PWG) held in April 2005. The EC briefed the Meeting on the results of the 8<sup>th</sup> ASEM Customs Enforcement Working Group held in May 2005. The UK outlined the result of the 6<sup>th</sup> ASEM Directors-General/Commissioners meeting held in June 2005.

Poland informed that the next meeting of the PWG will be held back to back with an EWG Meeting on security issues on 19-21 September 2006 in Poland. Invitations and further information will be sent to members in due course.

## **4. EWG Action Plan I “Supply Chain Security, Trade Facilitation and IPR”**

EC outlined the background of adopting the Action Plan on Supply Chain Security, Trade Facilitation and IPR. It informed that for some actions coordinators could be nominated and asked members to inform whether they might be interested in taking the role of a coordinator of the actions.

Japan, Sweden and the Netherlands briefed the current status of implementation and future plans to implement the action plans. Japan outlined best practices on authority and legislation, risk management, and Customs control based on the answers of responding members to questionnaires distributed prior to this Meeting. Japan also informed that it would continue to update the result. Sweden, as a coordinator of Customs to Business cooperation for Security and Trade Facilitation, noted that it is establishing a list of contact points and will develop a “best practice model” for Customs to Business cooperation. The Netherlands submitted the list of contact points and the short draft inventory of existing IPR Customs legislation.

The Meeting stressed the vital role of coordinators for successfully implementing the action plans.

Further, the Meeting discussed whether the Action Plan should be reviewed or not. The Meeting concluded that the Action Plan should not be changed as it had been endorsed by Customs DGs and Commissioners, and its implementation was still ongoing.

## **5. Intellectual Property Rights**

Korea outlined the results of the International Conference on Customs Enforcement and Protection of IPR held on 19 April 2005 in which participants acknowledged the seriousness of counterfeiting and piracy, and the need to enhance Customs IPR enforcement and cooperation with parties concerned. Korea also introduced its online Intellectual Property Protection Centre and a counterfeit exhibition Web site. China informed the Meeting about the recent progress in the fight against piracy and counterfeiting.

Further, Korea presented a Draft Conclusion Paper on IPR issues, following the IPR conference held on 19 April 2006 in Seoul. The Meeting agreed to the proposed contribution.

## **6. Trade Security**

The EC gave an overview of the new EU Security Model and provided information on the concept of Authorised Economic Operators (AEO). The importance of striking the balance between security and trade facilitation was highlighted, being one of the main challenges for customs, requiring close cooperation between Customs administrations on one side and Customs and business on the other. Incentives should be provided for legitimate traders cooperating actively with Customs, leading to greater efficiency and effectiveness of controls, based on risk analysis, as a mutual benefit.

As a structure for Customs to Business cooperation, Sweden introduced the Swedish model for working within the Stairway Concept based on the EU wide concept of Authorized Economic Operators against Customs crimes via Memorandum of Understanding (MOU).

Singapore gave an update on the progress of the ASEM Informal Working Group on WCO Framework of Standards. The group had met in the Netherlands in November 2005 and Singapore in February 2006. The Meeting was informed that the working document produced from the sessions was currently in circulation to members of the informal working group and would be presented at the joint EWG/PWG Meeting for discussion. Followed the presentation, the ROCB informed the Meeting of the discussions made at the Framework of Standards seminar held in February in Malaysia, saying that most Asian countries implemented Pillar 1 (Customs-Customs Cooperation) of Framework of Standards, but Pillar 2 (Customs-Business Cooperation) was not fully implemented due to historical and other issues. The Working Group had agreed to come up with a draft working document for implementation of Framework of Standards, and to implement pilot projects.

The Meeting was also informed that the ASEM Minister of Finance Meeting on 8-9 April confirmed the issue of supply chain security as a priority of Customs work in its Chair's Statement.

China agreed that the objective of "Customs to business partnership" was to realize the maximum advantage of Customs and trade sectors in international trade. China pointed out the Meeting that it made efforts to enhance the partnership with trade sectors by using the concept of "Red and Black List" different from AEO defined in Framework of Standards.

## **7. Risk Management and Control Methods**

Korea gave a presentation on the Intelligence Risk Management. The Meeting noted its enhanced selection criteria for examination and post-audit, and link analysis on data of passengers, foreign currency transactions and smuggling organizations.

The Meeting confirmed the importance of highly professional risk management to increase efficiency and effectiveness of Customs controls, given the enormous volume of cross border trade.

## **8. EWG Action Plan II “Action Plan on Fight against Fraud”**

Luxembourg outlined the Action Plan on Fight against Fraud while explaining how the Action Plan was redrafted. RILO strongly stressed that there should be more inputs on CEN database.

There was a discussion over two issues of the action plans, i.e. stolen cars and phytosanitary & health issues, as some members pointed out that the matters were not the direct subject of Customs. As members had not reached an agreement of whether the two points should consequently be kept on the Action Plan, members agreed to discuss the matter in the next EWG Meeting by arranging a working group session.

The Meeting decided that the Action Plan should not be changed, as it had been endorsed by customs DGs/Commissioners in Peebles and as implementation was still ongoing.

## **9. Customs Fraud**

With regard to commercial fraud, Malaysia outlined its measures taken to tackle valuation and transit fraud, and false declaration.

As for drug trafficking, Korea highlighted its legislative framework on drug trafficking enforcement and recent drug smuggling trends. In particular, the Meeting noted increasing cases of Koreans exploited by traffickers as drug couriers outside of Korea, and Korea’s intensified precursor chemicals control. In a followed presentation, Indonesia briefed its good practices on drug enforcement such as controlled delivery and surveillance.

RILO WE presented Project Cooperation of RILOs in the framework of ASEM on ATS trafficking (CATS) based on an analysis of amphetamines, methamphetamines and ecstasy seizures made by Customs administrations of the Asia/European region and provided to the CEN database. RILO WE, particularly, requested members to insert more details of data on the drug seizures. Some members including RILO AP, and the Netherlands stressed that members should actively put data on CEN.

The Netherlands made a presentation on measures to be taken in order to respond to a growing cyber crime with technological development and a wide use of the Internet such as new legislation on mutual partnerships and public awareness enhancement. The Meeting was especially briefed on the Xenon Project.

The EC (OLAF) presented a global overview of the cigarette contraband scenario and indicated its close links to the phenomenon of counterfeit cigarettes. They shared European experience related to specific surveillance operations aimed at targeting and intercepting goods involved in trafficking. OLAF presented details of the business plan/operational strategy to be adopted in the surveillance exercise agreed during the ASEM DG/Commissioners Meeting held in Peebles in June 2005. The initiative would form part of the operational action plans previously agreed within the ASEM Customs Enforcement Framework.

## **10. Capacity building on Customs enforcement**

China reported that it submitted a letter of intent to the WCO with regard to the implementation of Framework of Standards, and that it had a two-week diagnostic mission in March 2006. In addition, China informed that it has a plan to dispatch its Customs attaché to the WCO Capacity Building Directorate to support the WCO's activity. It also offered the ASEM members to use Shanghai Customs College as a Capacity Building Center.

Meanwhile, ROCB made a presentation on its recent activities related to enforcement matters such as Diagnostic Mission to Malaysia Customs on IPR and regional seminars on CEN.

## **11. Enhancement of cooperation**

The Meeting took note of the presentation of RILO WE on the structure and a new development of the CEN system as well as the tool of CEN-COMM and the intelligence exchange between the RILOs for Western Europe and Asia Pacific.

## **12. Any Other business - Avian Flu**

The EC informed ASEM members about import restrictions and prohibitions on animal products, which are subject to enforced controls since the outbreak of the avian flu. Problems are occurring especially with travellers entering the EU, who often are not well informed about the strict rules (for animal products coming from Asia there is practically an import ban). The EU Member States, therefore, decided to implement information campaigns, targeting especially travellers, and the EC requested assistance and cooperation from Asian countries to support this campaign in their home countries (e.g. informing the regulation to passengers departing for Europe at departure airports).

## **13. Conclusions and Follow-ups**

- The Meeting agreed to consider a review of all aspects and elements of the two Action Plans at the next EWG Meeting in 2007.
- The Meeting agreed on the Draft Contribution Paper following the IPR conference and suggested to present it to the next DG/Commissioners Meeting in 2007 for adoption. (The Contribution paper is enclosed as Annex.)
- The Meeting confirmed the suggested line on security issues and to discuss further details and possible measures at the Joint ASEM EWG-PWG Meeting in Warsaw, Poland.
- The Meeting confirmed the intention of ASEM members to proceed with the EC OLAF/ WCO coordinated surveillance exercise to combat counterfeit cigarettes that is scheduled to take place in December 2006 and January 2007.

#### **14. Next ASEM Customs meetings**

##### Next EWG meeting

Germany offered to organise the next EWG Meeting in 2007.

##### Next PWG meeting

Poland informed that the next Meeting will take place on 19-20 September 2006 in Warsaw, Poland

##### Joint EWG/PWG meeting on supply chain security

Poland informed that the Meeting will take place on 21 September 2006.

##### Next DG/Commissioners meeting

Malaysia informed the Meeting that no decision has been taken yet on the venue of the Meeting.