

The 9th ASEM Procedures Working Group Meeting. Warsaw 19-20.09.2006

Report

Introductory information

Following the decision agreed during the 6th ASEM Customs DG-Commissioners Meeting (Peebles, UK, June 2005), the 9th ASEM Procedures Working Group met in Warsaw on 19-20 September 2006 at the invitation of the Polish Customs Service.

The representatives of Cambodia, China, Indonesia, Japan, Laos, Malaysia, Singapore, South Korea, Thailand, Vietnam, Austria, Belgium, Cyprus, Czech Republic, Estonia, Finland, France, Germany, Italy, Ireland, Latvia, Luxemburg, Malta, Netherlands, Poland, Slovakia, Slovenia, Spain, Sweden, United Kingdom, the European Commission and of the World Customs Organization participated in the meeting.

The list of participant is attached as an Annex 1

The 9th PWG meeting was the first ASEM meeting to be held in the new ASEM member state after the ASEM enlargement in 2004.

1. Opening statements

The meeting was chaired by the Polish Customs and was officially opened by the Director General of Customs Service - Deputy Minister of Finance **Mr. Marian Banaś**, who welcomed the participants and wished them to achieve further progress in building up of joint solutions for facilitation and security of the trade connections between Europe and Asia. He highlighted the challenging role of customs in facilitating trade and pointed out the necessity of simplified and harmonized procedures and efficient and effective controls in the international trade context.

Mr. Banaś underlined the leading and unique role of Customs in protecting and securing international trade in view of existing and growing threats related among others with international terrorism. Within this context Mr. Banaś stressed the importance of harmonization of international customs practices, and of the WCO Framework of Standards.

The Chair presented the agenda and made the reference to the Statement of the 6th ASEM Customs DG-Commissioners Meeting in Peebles- UK, 27-28 June 2005 when they identified the enforcement of the fight against counterfeit and piracy and IPR protection as a top priority for ASEM. It was also agreed that the 9th ASEM Customs Procedures Working Group will be extended to cover procedural and enforcement issues in the area of supply chain security as another identified priority. One of the most concrete proposals formulated in Peebles within this context was to carry-out a pilot project on secure trade lanes between ASEM European and Asian countries.

It was accepted that these issues will be discussed separately during the second part of the Warsaw meeting.

2. Information on other relevant ASEM meetings

Singapore informed on the results of the 8th ASEM PWG meeting held in Singapore on 27-28 April 2005. It was stressed that many actions were undertaken with regard to simplification and harmonization of customs procedures. Time release studies, Single Window and paperless trading were noted as good examples for further developments. Also

capacity building and technical assistance need to be continued and enhanced to strengthen customs performance within the ASEM countries. Good practices concerning the above issues were presented by the ASEM members.

The **European Commission** reported on the outcome and conclusions of the 6th Customs DG/Commissioners meeting in Peebles, UK, on 27-28 June 2005, where priority areas for the 2 ASEM Customs Working Groups were identified (supply chain security at ASEM level, the importance of and the crucial role of customs in combating counterfeit, including the infringements of other IPRs). They also formulated important recommendations amongst which are the development and use of international standards, such as the introduction of WCO FoS, the use of a unique consignment reference, and data model.

Austria presented the customs aspects of the Finance Ministers meeting in Vienna, April 2006 where the importance of facilitation and security of the supply chain was stressed. The ASEM Ministers of Finance recommended that ASEM Customs cooperation should result in “useful contribution” to the WTO and WCO initiatives in this area.

Finland informed on the customs related results of the ASEM 6th Summit held in Helsinki on 10-11 September 2006. The ASEM Leaders took note of the progress made in ASEM customs fora. The Summit attached high importance to international cooperation in the field of supply chain security, capacity building and IPR protection. The ASEM Leaders also recognized the importance of the Trade Facilitation Action Plan (TFAP) and the need for its review and further actions. The Finnish delegate informed also on the accession of 6 new members to ASEM in near future: Bulgaria, India, Mongolia, Pakistan, Romania, and the ASEAN Secretariat.

3. Update on development within simplification and harmonization of Customs procedures

The **WCO** delegate presented detailed information and comments on the state of play in the World Trade Organization negotiations on trade facilitation and the WCO actions taken within this context. He made reference to the WCO instruments addressed in the WTO proposals and plans of their review in the context of the suspension of Doha negotiations. The delegate stressed the need to continue the work started within Doha in particular on trade facilitation. He referred also to WCO initiatives in the field of capacity building and SAFE.

The **European Commission** highlighted the very positive attitude to trade facilitation and constructive contacts with customs officials from ASEM Members in the course of WTO negotiations. The Commission is confident that this constructive work will continue and see progress before long. She underlined the commitment of the EC that customs are part of international efforts to develop new commitment and enhanced cooperation, such as alignment of customs procedures and practices with the Revised Kyoto Convention. She further briefed the meeting on the current developments and initiatives taken within the EC with regard to simplification and harmonization of customs procedures and operations. Presentation was focused mainly on general principles of the Modernized Customs Code. Listing the key changes the EC representative underlined that the trade facilitation and security as well as adaptation to the changing environment are the main objectives of the new Code.

The delegate of **Korea** reported on the current state of play in the implementation of the Seoul Initiative on Customs Harmonization and Economic Cooperation in East Asia. The report indicated that current works are primarily focused on automation (computerization), the

Single Window concept, Customs data warehousing and risk management as the key areas of capacity building. The report pointed out also on the importance of and progress in building-up of the “ASEAN +3 Web Site” - an important tool for mutual exchange of information on clearance procedures, tariff, origin, and relevant regulations between the customs administrations of East Asia countries. Korea expects great cooperation from China and Japan for collecting data via the ASEAN secretariat. Korea informed that it will host another seminar on capacity building on risk management, IT and Single Window.

Cambodian delegate informed on the current development within the ASEAN CCC (Coordinating Committee on Customs). He presented an overview of Terms of Reference, the main objectives and activities of this Committee, which is also responsible for enhancing and coordinating international cooperation. The **European Commission** recognized the useful role of the Committee and confirmed its interest in being associated with the activities of the CCC. The Commission suggested the need of good coordination of the CCC and ASEM customs events

TFAP

The delegate of **Japan** informed that he would like to finalize the report on the implementation status of the current TFAP for 2004-2006. Japan received the input from 6 ASEM members so far and requests the missing ones to be submitted by 31 October 2006. Following the ASEM 6th Summit the TFAP should be reviewed and updated for the period 2006-2008 (covering the period 2007/2008) by the Customs ASEM PWG. Japan will maintain its coordinating role for the next period.

The practical modalities of the organizational frame for this review were discussed and the conclusion was reached that Japan as TFAP coordinator (for Asian countries) and the EC (for European countries) would be responsible to prepare the draft TFAP 2006 – 2008. Interested members can provide in advance their comments and suggestions to the coordinators, who would incorporate them into the first draft TFAP where possible. In any case it was agreed that a draft version will be submitted via Japan (Asian countries) and the EC (for European countries) to all ASEM members for consultations. Ideally the revised TFAP 2006-2008 should be discussed at the next PWG meeting in 2007 in Malaysia and further presented to the ASEM DG/Commissioners meeting for final endorsement, if possible before SOMTI 11.

Other options, such as electronic exchange of comments between all ASEM members, or the creation of small Task Force for preparing the first draft TFAP 2006-2008, were also discussed. **Japan** suggested to the Asian side to create a small task force of 3 countries. Singapore and Malaysia volunteered to join this group, which was accepted by the Asian countries.

The Japanese delegate made the presentation of the ASEM PWG homepage, which has been set-up and is managed by Japanese Customs. Japan also proposed to change its name to ASEM PWG Website, which was accepted. The WebSite can be visited on the following address: <http://www.customs.go.jp/asem/asem.htm>.

4. Trade facilitation and simplification. Examples of good practice and approaches

EU Single Window

Austria presented the results of the High-level Strategic Seminar of an EU concept of a Single Window. The seminar agreed on:

- A possible definition of “Single Window” and “One-Stop-Shop”;

- Importance and modalities for the allocation of roles and responsibilities between all stakeholders involved;
- Justification of a leading role of Customs in the Single Window mechanism;
- Necessity of definition of minimum standards incorporating international standards where possible;
- Implementation of an electronic system.

The **Austrian** delegate explained that discussions on the Single Window were in the past based on technical issues mainly and underlined that the real challenge is related to political, legal and organizational context. The successful implementation of a Single Window depends on the full support at the political level and willingness to adopt necessary changes at the legal and organizational level.

The **Belgian** delegate completed the presentation by informing on the EU MS project on the Single European Access Point. This project is running in parallel with the Single Window project. It aims at offering economic operators one access point for different national administrations. While the Single Window project is aiming at bringing different functionalities together from different national administrations in one application that might still be offered through different access point for each MS, each using their interface specifications.

While acknowledging the usefulness of an electronic environment, the **WCO** delegate pointed-out that a Single Window as a practical solution can be also operational without IT support, as it is rather an organizational concept (e.g. the physical location of various agencies under “Single Roof” with one coordinating agency). He also emphasized the importance of the WCO Data Model as a platform for a Single Window.

The **Cambodian** delegate informed the meeting that the Royal Government of Cambodia has recently appointed Customs as the single leading agency for inspection and control of goods in implementing trade facilitation. He explained that there are still difficulties to be overcome in coordination and definition of the roles and responsibilities of other agencies involved. Within this context he asked for advice and assistance.

Singapore`s TradeNet System

Singapore presented their TradeNet System as an illustration of the Single Window concept, which is the result of cooperation between national agencies and the private sector. The system supports collection of customs duties, trade statistics and enhanced enforcement.

ASEAN Single Window (ASW)

Singapore informed on the Single Window initiatives undertaken in ASEAN. This project is to be implemented in ASEAN countries by creating single submission of data and information, single processing of data and information and single decision making for customs release and clearance. All participating countries are expected to implement successfully National Single Window (NSW) systems prior (by 2008 (ASEAN 6) and 2012 (ASEAN 4)) to their regional integration into one ASW which is to be completed by 2020.

eCustoms

The **European Commission** briefed on the current state of discussion on European eCustoms approach and presented the elements included.

Japan informed about the current e-customs situation in Japan. Japan also explained about its Optimization Plan for Customs Operations and Its System, which is now on process.

Poland briefly informed about its Integrated IT Customs System, which was twice nominated to the European e-Government Award by the European Commission and the European Institute of Public Administration in 2003 and 2005. The system fulfills also the conditions of the paperless customs.

Security and Facilitation of the Supply Chain

The delegate of **China** presented current activities undertaken by the Chinese Customs administration in order to secure international supply chain. They include, among others, new legislation infrastructure and enforcement measures. China Customs attached important role to international cooperation and constant improvement in application of modern IT technology.

AEO

The **WCO** updated on the current state of international discussion on the implementation of the Authorized Economic Operator (AEO) formula. He indicated the basic features of the AEO concept and referred to the basic document adopted at the Council session in June 2006. He informed also on pending discussion on the US proposal on a new section N to SAFE FoS and on the initiative to set-up a small customs/trade working group on mutual recognition of AEO and implications for SMEs.

The representatives of the **EC** and the **United Kingdom** informed on the European developments and actions taken within this area. Detailed lists of benefits for the AEO and for Customs have been discussed. Both underlined the need for broad international cooperation towards mutual recognition and equivalent levels of control and security.

5. Capacity building

The **European Commission** gave some concrete examples of the EU involvement in the area of capacity building and EC technical assistance provided to Asian countries in the field of Customs and trade facilitation. The representative of the Commission also informed about the initiative on customs cooperation at the Eastern border of the EU in the context of the European Neighbourhood Policy which takes up similar priorities as ASEM. She also informed on the ongoing revision of the Customs Blueprints, which should serve as a guidelines to build up a modern customs administration and necessary operational capacity in 20 key areas.

The representative of **China** presented information on the capacity building activities undertaken by the China Customs, especially related to the implementation of WCO SAFE Framework. By making use of Customs International Research Centre, the China Customs prepared reports on the SAFE Framework, which then have been presented to all customs districts and other national government agencies for reference. The meeting took note of technical assistance programmes provided by China customs to its neighbouring countries and good intention to support the work of WCO by dispatching customs technical attaches.

The **WCO** briefed on the progress in the implementation of the WCO Columbus Program. The delegate informed among others on the ownership approach, significant support offered

by donor administrations, missions accomplished so far and planned , as well as on the way forward.

6. Next ASEM meetings

Malaysia informed that, following the conclusions of the Peebles meeting, they have addressed a formal letter to the Asian ASEM Customs Commissioners to consult and agree who in Asia would host the next- 7th ASEM DG -Commissioners meeting in 2007. It was suggested to hold the meeting in September 2007.

Malaysia kindly offered to chair the ASEM PWG for next year and to organize the Group's 10th meeting in 2007. It was suggested to hold the meeting in early April 2007 (to be further coordinated with the EWG host and the European Commission).

Germany informed that it is planned provisionally to hold the next EWG meeting in May 2007 in Berlin (to be coordinated as above).

The meeting thanked the future hosts and suggests to have information on the place and date the next DG/Commissioners meeting in due course, to ensure co-ordination between the different events, as also requested by the European Commission.

7. Other Business

The delegate of the **Netherlands** referred to the close linkage of procedures and enforcement issues and indicated the risk of duplication or omission of work in the two customs working groups and suggested to consider this problem for the future structure of the ASEM customs cooperation. This view was also shared by a number of other participants.

Conclusions and recommendations

1.

The meeting thanked **Japan** for the professional and still ongoing coordination of the Trade Facilitation Action Plan, and reminded that the countries which have not yet provided replies to submit their current state of play within implementation of TFAP 2004- 2006 as soon as possible so that Japan can draft the final report.

The Meeting congratulated **Japan** on the excellent work of setting up of the ASEM PWG WebSite.

Next steps:

Japan (for Asian Countries) and the **European Commission** (for European countries) would be responsible to prepare draft **TFAP 2006 – 2008**. **Japan** suggested to the Asian side to create a small task force of 3 countries for this purpose. **Singapore and Malaysia** volunteered to join this group, which was accepted by the Asian countries.

Interested members can provide in advance their comments and suggestions to the coordinators, who would incorporate them into the first draft of the new TFAP. In any case, it was agreed that a draft version will be submitted via Japan (Asian countries) and the EC (for European countries) to all ASEM members for consultations. Ideally, the revised TFAP 2006-2008 should be discussed at the next PWG meeting in 2007 in Malaysia and further presented to the ASEM DG/Commissioners meeting for final endorsement, if possible before SOMTI 11.

2.

The participants took note of the developments on the **Single Window** within the EU and ASEAN countries and recommended more detailed, mutual share of experiences between the European and Asian Countries in this difficult and complex subject.

One of the most important steps is to define the Single Window term to ensure mutual understanding of its scope and concept.

Next step: It is proposed that the results of such exchange will be coordinated by the PWG Chair and will be presented during the next PWG meeting.

3.

The participants acknowledged the progress in **computerisation** of customs procedures in the ASEM countries. With this in view it was indicated that the possibly prompt development and use of international standards for customs messaging would facilitate and streamline efforts to the benefit of customs and trade.

4.

The Meeting took note of the revision of the **Customs Blueprints** by the EC and its Member States, and on its usefulness for third countries undergoing customs modernization and reforms.

Next step: The Commission will present the revised Customs Blueprints to the ASEM countries at the next meeting for further discussion and consideration in the ASEM context.

5.

The Meeting recommended further and ongoing **consultations between ASEM and WCO** in order to properly assess and respond to the needs in a coordinated and most effective way.

Next step: With this in view the Meeting agreed to exchange, in advance of the next PWG meeting, the information on potential expertise to be offered on the basis of the WCO FoS Self Assessment Guide. It is proposed that the exchange of such information will be coordinated by a PWG Chair.

6.

The meeting agreed to **review the working structure** of the ASEM customs groups in view of overlapping areas and activities and to discuss this issue further at the next PWG and EWG meetings in order to elaborate concrete proposals for the future structure for endorsement by the Customs DGs/Commissioners.