

WIADOMOŚĆ [©] special
edition

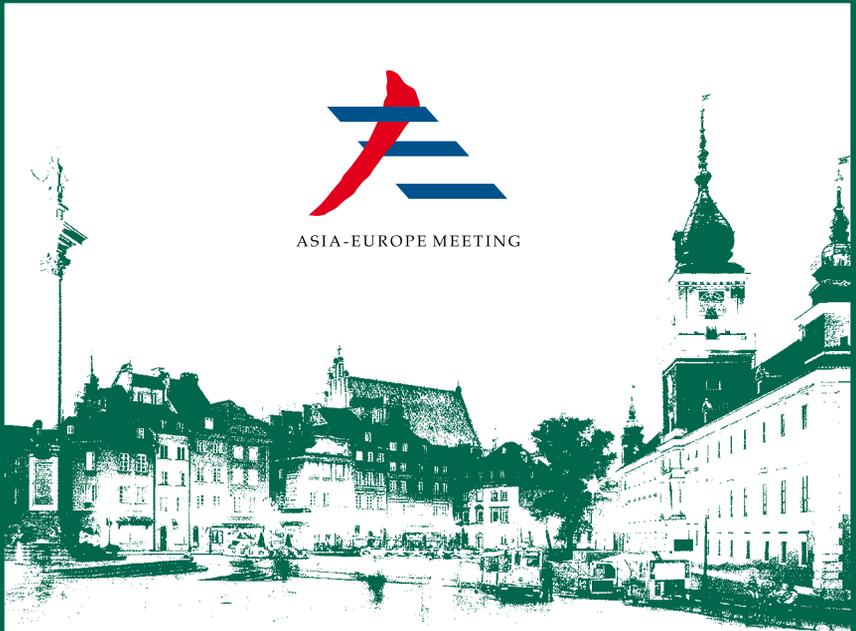
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ASIA-EUROPE MEETING



9th 19 - 21 SEPTEMBER 2006
ASEM CUSTOMS PWG & EWG MEETING

W A R S A W

SŁUŻBA CELNA RZECZYPOSPOLITEJ POLSKIEJ 

WIADOMOŚCI CELNE

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Dear colleagues,

We are pleased to present you a special edition of Polish "Customs News" – "Wiadomości Celne" dedicated to an important international event in the field of customs co-operation which took place in Poland in 2006.

From among the ten new Member States of the European Union Poland was the first country which was honored to chair the ASEM Customs Procedures Working Group and to host the ASEM Meeting.

We hope that the brief information presented in this edition will make you familiar with the idea of ASEM and rise your awareness of global context of international co-operation among customs administrations.

*Management of Customs Policy Department
and International Customs Co-operation Division
Ministry of Finance*

More information on ASEM available at:
http://ec.europa.eu/comm/external_relations/asem/intro/index.htm
<http://www.customs.go.jp.asem.htm>

The Warsaw Meetings of the ASEM Customs Working Groups

On September 19-21, 2006 the Polish Customs Service arranged international conference on Customs cooperation between countries of the European Union and South-East Asia in the framework of the Asian-European ASEM Dialog Process: Asia-Europe Meeting.

The conference consisted of two parts:

- **9th Meeting of the ASEM Customs Procedures Working Group (PWG)**

and

- **Joint Meeting of ASEM experts of Customs Procedures Working Group (PWG) and Enforcement Working Group (EWG).**

The ASEM PWG Meeting was devoted to the questions of facilitation of European-Asian trading and implementation of simplified procedures. Following the ASEM rules the PWG meetings are chaired alternatively by the European Union and Asian side. During 2005-2007 the UE holds the chairmanship and on its behalf Poland acts as a chair of the PWG. The 9th PWG Meeting was the first ASEM meeting to be held in the new ASEM member state after the ASEM enlargement in 2004.

The Joint Meeting of the ASEM PWG and EWG discussed the questions related to the regional and inter-regional international cooperation including procedural and legislative issues on security of supply chain based on initiatives taken by the World Customs Organisation (Framework of Standards – FoS).

FRAMEWORK OF STANDARDS (SAFE Framework)

- **Securing the international trade supply chain is only one step in the overall process of strengthening and preparing Customs administrations for the 21st Century. World Customs Organization (WCO) endorses strategy to secure the movement of global trade in a way that facilitates the movement of that trade.**

Accordingly, to strengthen and go beyond existing programmes and practices, World Customs Organization's Members have developed a regime that will enhance the security and facilitation of international trade. This is the WCO Framework of Standards to Secure and Facilitate Global Trade (hereafter referred to as the „WCO Framework” or “Framework”). This WCO Framework to secure and facilitate global trade sets forth the principles and the standards and presents them for adoption as a minimal threshold of what must be done by WCO Members.

- **The Framework aims to :**
 - Establish standards that provide supply chain security

and facilitation at a global level to promote certainty and predictability.

- Enable integrated supply chain management for all modes of transport.
- Enhance the role, functions and capabilities of Customs to meet the challenges and opportunities of the 21st Century.
- Strengthen co-operation between Customs administrations to improve their capability to detect high-risk consignments.
- Strengthen Customs/Business co-operation.
- Promote the seamless movement of goods through secure international trade supply chains.
- The WCO Framework consists of four core elements:
 - First**, the Framework harmonizes the advance electronic cargo information requirements on inbound, outbound and transit shipments.
 - Second**, each country that joins the Framework commits to employing a consistent risk management approach to address security threats.
 - Third**, the Framework requires that at the reasonable request of the receiving nation, based upon a comparable risk targeting methodology, the sending nation's Customs administration will perform an outbound inspection of high-risk containers and cargo, preferably using non-intrusive detection equipment such as large-scale X-ray machines and radiation detectors.
 - Fourth**, the Framework defines benefits that Customs will provide to businesses that meet minimal supply chain security standards and best practices.
- The WCO Framework, based on afore-mentioned four core elements, rests on the twin pillars of Customs-to-Customs network arrangements and Customs-to-Business partnerships. The two-pillar strategy has many advantages. The pillars involve a set of standards that are consolidated to guarantee ease of understanding and rapid international implementation. Moreover, the Framework draws directly from existing WCO security and facilitation measures and programs developed by Member administrations.

Representatives of the below mentioned countries participated in the meetings:

Asia

Cambodia	
China	
Indonesia	
Japan	
Laos	
Malaysia	
Singapore	
South Korea	
Thailand	
Vietnam	

Europe

Austria	
Belgium	
Cyprus	
Czech Republic	
Estonia	
Finland	
France	
Germany	
Italy	
Ireland	
Latvia	
Lithuania	
Luxemburg	
Malta	
Netherlands	
Poland	
Slovakia	
Slovenia	
Spain	
Sweden	
United Kingdom	
as well as	

the European Commission and



the World Customs Organization.



ASEM

Basic information on ASEM

The origins of the ASEM process lay in a mutual recognition, in both Asia and Europe, that the relationship between the two regions needed to be strengthened, reflecting the new global context of the 1990s, and the perspectives of the new century. In July 1994, the European Commission had already published „Towards a New Strategy for Asia”, stressing the importance of modernising relationship with Asia, and of reflecting properly its political, economic and cultural significance. The Commission Communication of September 2001 („Europe and Asia: A strategic framework for enhanced partnerships”) reaffirmed this objective. In November 1994, Singapore and France proposed that an EU-Asia summit meeting be held, to consider how to build a new partnership between our two regions. Following Singapore’s proposal, the first ASEM Summit was held in Bangkok in March 1996 which marks the beginning of the ASEM Summit.

ASEM (the Asia-Europe Meeting) is an informal process of dialogue and cooperation bringing together 25 EU member states and the European Commission, with thirteen Asian countries (Brunei, Cambodia, China, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam).

The ASEM 6 Summit held in September 2006 decided to admit Bulgaria and Romania on the European side, and India, Mongolia, Pakistan and the ASEAN Secretariat on the Asian side to the ASEM process, upon their completion of the necessary procedures (for Bulgaria and Romania, upon their accession to the EU).

The ASEM dialogue addresses political, economic and cultural issues, with the objective of strengthening the relationship between the two regions, in a spirit of mutual respect and equal partnership.



Key characteristics of the ASEM process include:

- It is **informal**. It provides an open forum for policy makers and officials to discuss any political, economic and social issues of common interest. In this way it **complements** work carried out in bilateral and multilateral fora, such as the United Nations (UN) and World Trade Organisation (WTO).
- It is **multidimensional**, covering the full spectrum of relations between the two regions, and devoting equal weight to political, economic and cultural issues.

- It emphasises **equal partnership**, through a process of dialogue and cooperation based on mutual respect and mutual benefit.
- It provides a platform for meetings at a **high level** (heads of state or government, ministers and senior officials), and with an increasing focus on fostering **people-to-people** contacts in all sectors of society.

Structure

Within the process, ASEM has Summit meetings which is held every other year in Asia and Europe alternatively. This is the highest level of decision making in the process. Besides the attendance of the heads of states, the Summit also features accompanying ministers, Head of the European Commission and other stakeholders.

Apart from the Summit meetings, the ASEM process is carried forward through a series of Ministerial and working-level meetings, as well as a number of activities arising from this.

ASEM Foreign Ministers meet in the intervening years of the Summit. In addition to pursuing the ASEM dialogue under the first and third pillars, the Foreign Ministers' Meeting is also responsible for the overall coordination of the ASEM process. Reporting to Foreign Ministers, a Senior Officials' Meeting (SOM) is held normally twice a year.

In addition to that, ASEM Finance Ministers also hold meetings to discuss financial matters and launch initiatives for both regions. Reporting to Finance Ministers, a **Finance Deputies' Meeting (SOM)** has been held at irregular intervals. For coordination purposes, ASEM finance officials also meet regularly at a „**Core Finance Group Meeting**”, held in Washington on the margins of the spring and autumn WB / IMF meetings.

In its effort to create a strong partnership in the growing economic links of the two regions, ASEM Economic Ministers also meet normally every two years. A Senior Officials' Meeting on Trade and Investment (SOMTI) is held normally twice a year and is responsible to report to the Economic Ministers Meeting. Also in the economic field, an annual Asia-Europe Business Forum (AEBF) has brought together private-sector representatives from the two regions. ASEM economic coordinators (currently Japan and Vietnam, plus EU Presidency and European Commission) also meet as and when required.

Other than the regular ministerial meetings, ASEM also holds ministerial conferences in other fields such as Ministerial Conference on Science and Technology in 1999, ministerial meeting of Ministers of the Environment, Ministerial Conference on Cooperation for the Management of Migratory Flows between Europe and Asia.

Outside the official ASEM process, civil society representatives from Asia and Europe have organised „alternative ASEM” meetings in Bangkok in March 1996, in London in March 1998 and in Seoul in October 2000 and

in Copenhagen in September 2002.



Customs Aspect, Working Groups

The Asia-Europe Meeting (ASEM) was established with an aim to strengthen Asia-Europe relations. ASEM provides opportunities for dialogues and cooperation between Asia and Europe in wide areas covering politics, economy, culture and others. On the First Asia-Europe Meeting (ASEM 1) held in Bangkok in March 1996, leaders agreed to consider the development of closer cooperation among **customs** authorities in Asia and Europe in the areas of **customs** procedure and prevention of illicit drug trade.

Responding to the agreement, the first meeting of the ASEM Directors General and Commissioners of **Customs** was held in June 1996 in Shenzhen, China. The meeting discussed issues surrounding the development of the proposed framework for international **customs** cooperation, and agreed to establish two Working Groups, namely:

- Customs Procedures Working Group (**PWG**),
- Customs Enforcement Working Group (**EWG**).

Since then, the PWG has been discussing measures to promote cooperation with respect to the harmonization and simplification of customs procedures.

Groups meet once a year, meetings are held alternatively in Europe or Asia.

In last two years the following meetings were held:

2005

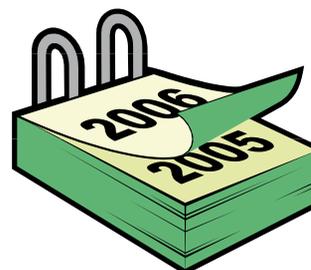
April 2005,
June 2005,

- Singapore, 8th Meeting of PWG
- Peables, United Kingdom, 6th ASEM
- Customs DGs/Commissioner Meeting

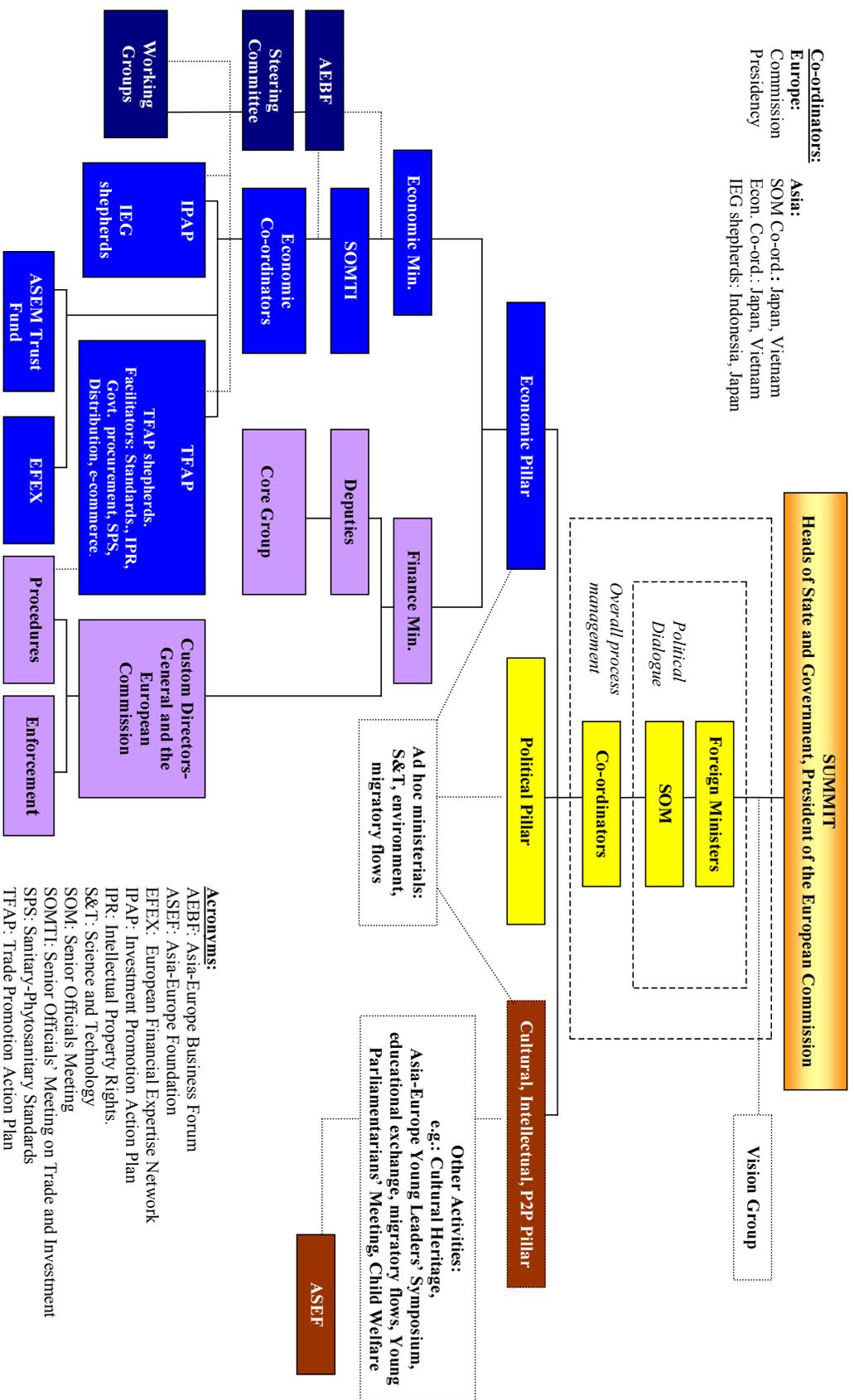
2006

April 2006,
September 2006,
September 2006,

- Seoul, Korea, 9th Meeting of EWG
- Helsinki, Finland, 6th Summit
- Warsaw, Poland, 9th Meeting of PWG and Joint PWG & EWG Meeting



The ASEM Structure



Co-ordinators:
Europe: Commission Presidency
Asia: SOM Co-ord.: Japan, Vietnam
 Econ. Co-ord.: Japan, Vietnam
 IEG shepherds: Indonesia, Japan

Acronyms:

- AEBF: Asia-Europe Business Forum
- ASEF: Asia-Europe Foundation
- EFEX: European Financial Expertise Network
- IPAP: Investment Promotion Action Plan
- IPR: Intellectual Property Rights
- S&T: Science and Technology
- SOM: Senior Officials Meeting
- SOMTI: Senior Officials' Meeting on Trade and Investment
- SPS: Sanitary-Phyosanitary Standards
- TFAP: Trade Promotion Action Plan

WARSAW MEETINGS

The Warsaw meetings of the two Groups has concluded with adopting two official final documents.

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

Report

Introductory information

Following the decision agreed during the 6th ASEM Customs DGs/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, Lithuania, Luxemburg, Malta, Netherlands, Poland, Slovakia, Slovenia, Spain, Sweden, United Kingdom, the European Commission and of the World Customs Organization participated in the meeting .

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 DGs/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 DGs/Commissioners meeting in Peebles, UK, 27-28 June 2005, where priority areas for the two 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.

Modernized Customs Code

The Commission submitted in December 2005 to the Council a proposal for a Modernized Customs Code. Single Window, centralised customs clearance and customs representation are among the most important questions.

- „Centralised clearance” is a facilitation that allows an importer or exporter to lodge his customs declarations in electronic form from his premises to the customs office where he is established irrespective of the place where the goods are entering into or leaving the customs territory of the Community.

Such a facilitation implies that two customs offices are involved in the import or export transaction and that the customs duties are collected, repaid and remitted by the customs office responsible for the place where the trader is established. This is of particular relevance when these customs offices are located in two different Member States. Centralised clearance is optional for the trader. However, it is an attractive alternative to the standard procedure consisting of releasing the goods for free circulation at any competent customs office - generally the customs office of entry - having presented the goods and paid the customs duties at this office. Under the proposal for a Modernised Cu-

stoms Code, centralised clearance beyond the territory of a Member State is restricted to Authorised Economic Operators (AEOs) - a status recognised by customs authorities of all Member States to operators granting them simplifications and facilitations when they satisfy certain criteria.

- “customs representation” - under the customs legislation in force, Member States have the possibility to restrict to customs agents the right to lodge a customs declaration in the name and on behalf of another person.

The fact that some Member States only make use of this possibility has led to a heterogeneous situation of the customs representation in the EU, resulting sometimes to higher costs for traders due to lack of competition between customs service providers and to discrimination against traders, because they cannot use the services of customs agents established in other Member States.

The proposal for a Modernized Customs Code abolishes this possibility, as incompatible with the Internal Market and with an electronic environment where the trader has direct electronic access to the EU customs authorities.

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

Trade Facilitation Action Plan (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 DGs/Commissioners meeting for final endorsement, if possible before SOM-TI 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.



SINGLE WINDOW

- **Single Window/one-stop shop is an essential part of the Electronic Customs initiative which will provide important benefits to economic operators. The proposals on a modernized Customs Code and on an Electronic Customs Decision foresee the legal basis for the customs authorities to co-operate with other authorities and agencies involved in the movement of goods across Community borders.**

- **Single Window concept aims at co-ordination, by customs, of all cross-border operations and the sharing of related electronic documentation with all border agencies involved in the movement of goods across Community borders.**
- **Single Window will consist of a co-ordinated approach between authorities and agencies involved in the movement of goods across Community customs borders and the exchange of information between them.**

Single Window is a trade facilitation concept, which can be defined as:

- **covering a common electronic entry point for standardized information (including accompanying electronic documents or paper documents transferred to an electronic document)**
- **allowing to lodge standardized information and documents with a single electronic entry point to fulfil all import, export and transit related regulatory requirements. If information is electronic, then individual data elements should be submitted only once**
- **making available standardised information to customs and other authorities involved in import, export or transit movements- delivered to one single portal by electronic means.**

In a modern, service-oriented administrative environment, a Single Window rests on two pillars:

- **co-operation between authorities: all administration departments (customs, but also agriculture, veterinary, environment, etc.) involved in the administration of import, export, and transit-related activities co-operate in view of coordinating, rationalizing and simplifying the legal and information data requirements, identifying the relevant information they want to exchange and agreeing on the management of this information;**
- **information and communication technologies.**

Ideally, a Single Window is complemented by a „one stop shop“; which means that the physical examination of the goods is carried out as far as possible at the same time and at the same place.

Single Window has gained an increased importance in the light of the current debate on security and safety, and on the proper balance to be found between security measures and trade facilitation.

A Single Window has already been implemented by some of the EU main competitors, notably the US, Singapore and Korea.

For trade, a Single Window cuts costs, reduces clearance and release times and increases transparency, leading to a more predictable application of trade-related legislation.

For governments, a Single Window allows for a more effective and efficient deployment of resources, enhanced security, notably through the use of automated risk-management techniques and improved trader compliance to the rules.

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.

Authorised Economic Operator

The Authorised Economic Operator (AEO) is the status which economic operators will be able to apply for since January 2008, when the relevant provisions of the Commission regulation (EC) No 1875/2006 amending Regulation (EEC) No 2454/93 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code will enter into force.

The economic operators fulfilling the certain conditions and criteria laid down in this regulation will obtain the status of an AEO. Such status will distinguish them positively from other economic operators because they will be considered as reliable partners in the supply chain. The AEOs will benefit from use of simplifications of customs procedures and also, where they fulfil certain safety and security conditions, from facilitations with regard to customs controls.

The conditions and criteria for the granting, amendment or revocation of AEO' certificates, or for suspension of the status of AEO, as well as rules on the application for and issuing of AEO Certificates are common in all member States. In order to maintain the high level of security customs authorities will continuously monitor the compliance of AEOs with the relevant requirements. A common electronic information and communication system to store and exchange information regarding AEO will be established and maintained

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 DGs/-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 DGs/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 DGs/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.

Joint meeting of ASEM Customs Procedures Working Group/ Enforcement Working Group experts on supply chain security (Warsaw, 20-21 September 2006)

Report

Introductory information

At the 6th ASEM Customs DGs/-Commissioners Meeting in Peebles-UK, 27-28 June 2005 it was agreed that the 9th ASEM Customs Procedures Working Group will be followed by the Joint meeting of ASEM Customs Procedures Working Group and Enforcement Working Group experts to cover procedural and enforcement issues in the area of supply chain security based on the harmonized implementation of the WCO Framework of Standards (FoS). One of the concrete proposals formulated in Peebles within this context was to carry-out a pilot project on efficient and secure trade lanes between ASEM European and Asian countries.

The ASEM Ministers of Finance also underscored the importance of the security of international supply chain during their consecutive meetings in Tianjin, China on 26 June 2005, and in Vienna, Austria in April 2006, where, once again, the importance of facilitation and security of the supply chain was stressed. The ASEM Ministers of Finance recommended during their meeting in Vienna that ASEM customs cooperation should result in "useful contribution" to the WTO and WCO initiatives in this area.

Recently, at 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 among others in the field of supply chain security and capacity building.

At their meeting in Peebles the ASEM DGs/Commissioners agreed that in advance of the Joint EWG/PWG experts meeting on supply chain security the Informal Working Group of maximum 5 EU and 5 Asian countries would convene to progress the task in the interim. The Informal Group of representatives of Belgium, China, Japan, Malaysia, the Netherlands, Poland, Singapore, Sweden, the United Kingdom and the European Com-

mission met in Hague / Netherlands on 9-10 November 2005 and in Singapore on 22-24 February 2006.

The Informal Working Group looked into the issue to identify problems and to work-out solutions that could assist individual ASEM members in determining the necessary measures for effective implementation of the WCO FoS. The Informal Working Group concluded, among others, that mutual trust, mutual recognition and reciprocity are of key importance for the implementation of the WCO FoS and consequently for the new approach to security and facilitation of supply chains.

The Working Document, which the Informal Working Group managed to elaborate, was presented at the Joint ASEM PWG/EWG expert meeting on supply chain security for discussion as proposal for implementation of the WCO FoS in the ASEM context. It was also assumed that the approved and adopted Document should be used as an input from the ASEM partners in the work of the WCO to further refine the FoS.

The Joint ASEM PWG/EWG expert meeting on supply chain security was chaired by the **Netherlands**. 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, Luxembourg, Malta, Netherlands, Poland, Slovakia, Slovenia, Spain, Sweden, United Kingdom, the European Commission and of the World Customs Organization participated in the meeting.

1. Opening

The Chair introduced the participants into the background of the meeting, explained its main objectives and presented the agenda for approval. The agenda was subsequently adopted as proposed.

2. Report from the 9th Enforcement Working Group Meeting

The delegate of **Korea** informed on the results of the 9th ASEM EWG meeting held in Seoul on 20-21 April 2006 and drew particular attention on the Action Plan I (Supply Chain Security, Trade Facilitation and IPR) and Action Plan II (Fight against Fraud).

Coordinators of the part of supply chain security in Action Plan I informed the Meeting on the progress in implementation of the "Customs to Customs" pillar (Malaysia, Germany and Japan) and of "Customs to Business" pillar (Sweden).

All coordinators asked for the missing replies to their questions related with realization of particular actions of the Action Plan, and for information on the contact points for implementation of these actions.

3. Presentation of the draft Working Document

Singapore presented in details the outcome of the ASEM Informal Working Group on WCO Framework of Standards – the Working Document. During discussion the Group generally welcomed and accepted the document, though some minor changes/amendments were proposed.

The **WCO** representative briefed the participants on the current state of discussion on the AEO, which is a key element of security and efficiency of the international supply chain. He presented a summary of comments received on the issue of AEO impact on the Small and Medium Enterprises (SMEs), including the role of customs brokers/agents, and on the fundamental question of mutual recognition of AEO status and customs control. Taking into account the ongoing discussions in the WCO, he suggested that the meeting should make a contribution on this questions in a complimentary manner. While pointing out the usefulness of discussing supplementary standards bilaterally or regionally as a basis for effectively applying the AEO, he wondered if ASEM could play a role in this area.

The German delegate agreed with the concept of control at the point of stuffing but stressed the need for technical safeguards, so that the controlled consignments will not be tampered with during transport to the final consignee. The text of the Working Document (para 6.2., page 8) was amended to reflect this view which was shared by the meeting.

The German delegate pointed also to the problem of SMEs in view of difficult requirements related to the AEO status. Within this context he suggested the necessity of particular attention on SMEs to be paid within the FoS.

The Commission commented that the customs broker/agent should play an important role because of his capacity to "manipulate" the data with respect to consignments. As regards SMEs, the EC delegate was of the opinion that they may also comply with AEO requirements.

The **Belgian** delegate indicated that during the certification process of customs brokers it is important to evaluate how they are putting their know-how of customs procedures as added value for compliance. The role of customs broker is often combined with the role of forwarder, in which case the certification process should consider both aspects: compliance with customs procedures and ensuring security of goods and premises.

The UK delegate expressed the opinion that the AEO criteria should be flexible enough to be appropriate for the SMEs.

The **Chair** concluded that the Joint ASEM PWG/EWG expert meeting had accepted the Working Document as a proper reflection of the present state of thinking. He summarized that the Joint ASEM PWG/EWG expert meeting further felt that SMEs should in principle be able to qualify for the AEO status. The same should also apply to customs brokers/agents, though this question requires more attention and further discussions in the informal working group due to its complexity.

4. Presentation on Future Customs system

Speaking for **the Netherlands**, the chairman presented some of the thinking of his administration on the

future basic customs system for securing and facilitating international trade. It would be important, in his opinion, that the views of all administrations converge on a set of relatively simple principles. Such simple principles could also guide the WCO in formulating the requirements for "more responsive and effective Customs in the 21st Century".

The most important element, in particular for maritime container control, would be very early sharing of information, the customs control at the point of stuffing and the use of modern technology (such as smart boxes, smart seals and smart seal readers) to guarantee the integrity of the consignments transported.

Single lodgment of data and single customs control would be important benefits to international trade. Customs interventions in business operations in this new system should be further limited to random checks, checks in case of indications from smart seal readers that the container had been tampered with or new indications of possible customs fraud. Predictability of delivery times, crucial in particular for the time sensitive "just in time" business practices, would be further enhanced.

The AEO status will add an extra layer of facilitation for these business partners as the number of customs interventions at the point of stuffing can be reduced to a minimum in the secure relationship with these authorized companies.

5. Conclusions

The Joint PWG/EWG expert meeting on supply chain security welcomed the progress in implementation of the Pilot Project – Supply Chain Security – China/the Netherlands/United Kingdom and the European Commission. The first experiences in the pilot project would be fed back to the full ASEM PWG and EWG meetings, possibly with some suggestions for changes to the working document that would be required as discussions in the WCO and WTO evolve. It was recommended that further pilot projects could be considered.

The Joint PWG/EWG expert meeting, after agreement on amendments, adopted the Document as a first contribution to the implementation of the WCO FoS in the ASEM context. It was decided that the Document, possibly updated in the regular ASEM customs meetings (EWG, PWG) to be held in the first half of 2007, will be presented for adoption to the ASEM Customs Directors General/Commissioners at their 2007 meeting.

Another meeting of the Informal Working Group will be held back to back with a regular ASEM customs meeting in the first half of 2007 to update the working document before presentation to DGs and Commissioners.