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Questions and answers: EU-China customs cooperation and combating illicit trade

What is the volume of trade between the EU and China?

China and the EU are trading more than €1 billion every day. Just two decades ago, China and the EU traded almost nothing. Today, we form the second-largest economic cooperation in the world. Our bilateral trade in goods reached € 428.1 billion in 2013. Trade in services, however, is still about ten times lower at € 49.9 billion (2012 data) and remains an area full of potential.

China has become one of the fastest growing markets for European exports. In 2013 our exports to China increased by 2.9% to reach a record € 148.1 billion. EU exports have nearly doubled in the past five years, contributing to rebalancing the relationship. China is the EU's biggest supplier, with € 279.9 billion worth of imported goods in 2013 (down by 4% or 11.7 billion compared to 2012).

Why is EU-China customs cooperation so important?

Customs play a crucial role in ensuring the balance between facilitating legitimate trade and protecting society from threats posed by imported products to citizens' health, safety and security and to the environment. It also protects the Single Market from other illicit goods, such as those infringing intellectual property rights,. EU customs have information on every single import and export that crosses EU borders, and use sophisticated methods to control these goods. Europe is China's largest export market; China is Europe's largest source of imports. Cooperation between customs authorities on both sides is essential to secure and facilitate this trade. Given the enormous amount of goods traded, it is important that there is a common understanding on the controls needed, as well as good cooperation and information exchange, in order to facilitate the work of customs authorities on both sides.

What progress has been made in recent years in EU-China customs cooperation to improve security and facilitate trade?

Since the conclusion of their Customs Cooperation and Mutual Administrative Assistance Agreement in 2004, the EU and China have developed close customs cooperation in a number of areas such as Intellectual Property Rights (IPR) enforcement, supply chain security, trade facilitation and the fight against fraud. The Joint Customs Cooperation Committee (JCCC) has become the principal forum for customs cooperation, dialogue, information exchange and problem resolution between the EU and China. The Action Plan concerning EU-China Customs Cooperation on IPR, launched in 2009 and re-conducted since then, is an important joint project aimed at combating the trade in IPR infringing goods.

There has also been good progress in enhancing the security of the supply chain and facilitating legitimate trade. Mutual recognition of the Authorized Economic Operator programmes between the EU and China will facilitate trade involving certified trustworthy traders and enable customs authorities to focus attention on high-risk traders. And the "Smart and Secure Trade Lanes" (SSTL) pilot project (see below), will allow customs to better target dangerous traffic at the beginning of the supply chain and hence to provide trade facilitation benefits to legitimate trade.

The strategic framework signed today is the successor of a previous strategic framework signed in 2009 to further develop Customs cooperation with China and enhance its coherence across the different areas covered.

What is the Joint Customs Cooperation Committee?

The Joint Customs Cooperation Committee (JCCC) was set up within the framework of the EU-China Customs Cooperation and Mutual Administrative Assistance Agreement. It consists of representatives of the customs authorities of the European Union and China. It is an important forum enabling both sides to discuss key issues related to customs, exchange information and work towards finding common solutions to problems (related, for example to the IPR enforcement, or to balancing trade facilitation with safety, security and fraud concerns) that need to be addressed.

What will be discussed at the meeting of the JCCC in Beijing?

Among the main topics for discussion at the 7th meeting of the JCCC in Beijing are the new Strategic Framework for customs cooperation, IPR enforcement, and mutual recognition of authorised economic operators.

Specifically the JCCC will endorse a new Strategic Framework for Customs Cooperation (2014 – 2017), a new Action Plan concerning EU-China Customs Cooperation on IPR (2014 – 2017) and a Decision on mutual recognition of Authorised Economic Operators.

What does the mutual recognition of Authorized Economic Operators imply?

Mutual recognition, once implemented and fully running, will play a pivotal role in enhancing end-to-end supply chain security and facilitating trade for trusted traders who have taken enhanced commitments in compliance and have invested in the implementation of security protocols.

There are currently around 15 000 companies approved as authorised economic operators (AEOs) in the EU – a number which is continually rising. Today's agreement with China makes the EU certified trader system the most widely accepted in the world, given that the USA and Japan (as well as the EEA countries) are already in mutual recognition agreements with the EU.

Mutual recognition of certified traders prevents a proliferation of incompatible standards amongst international trade partners, and helps promote a more harmonised approach to customs practices worldwide.

What proportion of detained goods suspected of infringing an IPR at EU borders come from China? What are the main goods from China detained by EU customs?

In 2012, more than 64% of all articles detained by customs on suspicion of violating IPR, came from China. It remains the main source country of goods suspected of infringing an IPR entering the EU. The main product categories included cigarettes, clothing and accessories, packaging materials, toys, labels, tags and stickers, machines and tools, office stationery, perfumes and cosmetics.

What measures have been taken to strengthen EU-China customs cooperation on IPR enforcement?

The 2009 Action Plan on EU-China customs cooperation on IPR enforcement has been a cornerstone in building up and reinforcing cooperation in this area. The new Action Plan to be signed today will expand on the previous one and consist in:

- Exchange and joint analysis of seizure statistics to detect general trends and risks, which will lead to better targeting high risk consignments;
- Exchange of case-specific information on detentions through a network of customs officers in seaports and airports in the EU and in China. Enhancing cooperation between customs and other law enforcement authorities should help to better dismantle production and distribution networks of IPR infringing goods.
- A joint partnership between the customs authorities and the business communities in China and the EU, which will enable the right-holders to understand how to best enforce their rights and how to assist customs in better targeting controls.
- Exchange of knowledge and experience of each other's IPR enforcement policies and practices.

What is the Smart and Secure Trade Lanes (SSTL) project?

The Smart and Secure Trade Lanes (SSTL) project was launched in 2006, to test the security measures applied to shipments and containers throughout the entire journey, as well as to facilitate better data exchange and mutual recognition on key customs issues between the EU and China. It enabled the participating customs authorities to determine joint risk rules to prevent unwanted goods from entering the supply chain, and to work together in testing container security devices. Currently 8 EU Member States (Belgium, Germany, Spain, France, Italy, Poland, the Netherlands and the United Kingdom), China and Hong Kong Customs participate in SSTL.

See also [IP/14/555](#)

For more information, see :

http://ec.europa.eu/taxation_customs/customs/policy_issues/international_customs_agreements/china/index_en.htm