

EN

**STRATEGIC FRAMEWORK FOR CUSTOMS COOPERATION
BETWEEN THE EUROPEAN UNION AND
THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA
TO ENHANCE EU-CHINA TRADE SECURITY AND FACILITATION
(2021-2024)**

The European Union and the Government of the People's Republic of China, referred to as 'the Sides',

Confirming the key areas of customs cooperation identified in *the EU-China 2020 Strategic Agenda for Cooperation*, adopted at the EU-China Summit in November 2013, notably: border enforcement of IPR, supply chain security, anti-fraud and trade facilitation and external trade statistics.

Noting the need to meet, through strengthened customs cooperation, the opportunities and challenges arising from the evolution of the environment in which customs operate, so as to promote peace, prosperity and sustainable development,

Considering the important contribution that customs cooperation can make in ensuring the safety and security of supply chains and of goods traded, as highlighted in the global response to fight the COVID-19 pandemic, as well as the role it can play in the recovery of the economy,

Concurring, on the basis of the implementation of *the Strategic Framework 2018-2020: Ensuring Smooth and Safe Trade between the EU and China*, signed at the 9th EU-China Joint Customs Cooperation Committee (JCCC) in June 2017, that while the Strategic Framework, the first of which was signed in 2010 followed by two others in 2014 and 2017, continues to be a useful vehicle to implement the *Agreement between the European Community and the People's Republic of China on Cooperation and Mutual Administrative Assistance in Customs Matters* (CCMAA), increased emphasis should be put on the delivery of concrete results, and

Wishing to continue and strengthen their long-term customs cooperation under the JCCC Framework,

Have reached an understanding on the *Strategic Framework for Customs Cooperation 2021 – 2024 between the European Union and the Government of the People's Republic of China to Enhance Trade Security and Facilitation*.

A. Cooperation standards

Cooperation under the CCMAA takes into account international standards and established practices, in particular in relation to:

- improving customs modernisation, cultivating innovative thinking and approaches, applying new technologies and enhancing the capabilities of customs administrations,
- promoting cooperation among customs administrations, between customs and other government agencies, towards coordinated border management, as well between customs and business sectors,
- exploring possibilities to establish platforms for customs information exchange and sharing, while taking in due account the protection of commercial confidentiality and personal data, information on single windows and advancing the harmonisation of customs policies, regulations and standards.

B. Cooperation objectives

The foremost objective of enhanced cooperation under the CCMAA is to have effective controls so as to ensure safety and security, to counter illicit trade and to fight against fraud, while providing facilitation for legitimate trade. In order to achieve this objective, the following priorities are foreseen:

1. Enhancing Supply Chain Security and Facilitation for Trusted Traders

- (a) Strengthened cooperation on Authorised Economic Operator (AEO) mutual recognition;
- (b) Full implementation of Phase 3 of the Smart and Secure Trade Lanes (SSTL) project.

2. Strengthening cooperation on border protection of Intellectual Property Rights (IPR)

3. Strengthening the fight against fraud

- (a) Protect financial interests;
- (b) Protect the environment, public health, endangered species and the climate through measures deemed appropriate.

4. Developing statistical cooperation

5. Developing cooperation on cross-border e-commerce

6. Protection of citizens

- (a) Strengthened customs cooperation to ensure product safety and compliance;
- (b) Enhanced cooperation on fight against smuggling of drug precursors.

7. Horizontal actions

With a view to implementing the priorities above, the following horizontal actions are foreseen:

- (a) Enhanced policy exchanges;
- (b) Pursue the process leading to a possible revision of the CCMAA;
- (c) Develop cooperation on risk management and information technology (IT);
- (d) Strengthened cooperation under multilateral frameworks.

C. Implementation of the priorities: actions for 2021-2024

1. Enhancing supply chain security and facilitation for Trusted traders

The overall aim is to strengthen end-to-end supply chain security for trade in goods and tackle risks, including those related to terrorism, by promoting multi-layered risk management,

intelligence and information exchanges. In parallel, customs procedures may be streamlined for compliant operators, so as to promote smooth and safe trade.

Cooperation is intended to be pursued through the following activities:

a) Strengthened cooperation on Authorised Economic Operator (AEO) mutual recognition

- ensure all eligible AEOs on both sides receive the benefits to which they are entitled through the effective implementation of the JCCC Decision of 16 May 2014 regarding the Mutual Recognition of the Authorised Economic Operator Programme in the European Union and the Classified Management of Enterprises Program in the People’s Republic of China and awareness-raising measures. A special focus should be given on further explanation of the practical use of the unique AEO identifiers in customs declarations;
- explore possible future developments in EU-China AEO mutual recognition cooperation;
- assess the implementation of EU-China AEO Mutual Recognition through joint visits to identify possible strengths and weaknesses and to address effectively any implementation issues in order to ensure its continuous and smooth functioning;
- exchange further views on ways to improve current and future AEO benefits.

b) Full implementation of Phase 3 of the Smart and Secure Trade Lanes (SSTL) project

Work should focus on the implementation of the third phase of this pilot project. The aim is to ensure that trade in goods covered by SSTL will represent a more significant share of the overall bilateral EU-China trade so as to have an impact on the overall EU-China supply chain security.

This should involve the following actions:

- develop performance indicators to establish the impact of SSTL on lead times, effectiveness of controls and any other benefits to participating operators;
- encourage increased participation by bringing in more ports and enterprises from both sides to join in the project;
- explore the possibility to further expand the scope of SSTL to cover more goods transported via EU-China railways in addition to maritime and air transport;
- work out standard operating procedures to secure trade upfront and ensure compliance, especially with regard to e-commerce shipments in order to allow for relevant and proportionate facilitation;
- enhance active participation and communication between customs officers from participating ports;
- continue to develop capacity-building activities.

Any further significant systematic extension of the pilot project, however, will require a legal basis to stabilise the initiative and in particular to allow for the necessary investment to reach SSTL automation. Subject to the establishment of a legal basis for SSTL and related data

exchanges, the Sides intend to explore and work further towards the implementation of automated data exchange for sea lanes, followed by air and rail lanes, to ensure stable and sustainable exchange of data, and explore the establishment of a risk-related information exchange between the EU and China via the Customs Risk Management System (CRMS World).

The Sides intend to continuously take into account future developments in the World Customs Organisation (WCO) SAFE Framework of Standards to Secure and Facilitate Global Trade.

2. Strengthening cooperation on border protection of Intellectual Property Rights (IPR)

The overall aim is to strengthen IPR enforcement and curtail trade in IPR-infringing goods through the adoption and implementation of a new Action Plan concerning EU-China Customs Cooperation on IPR for the period 2021-2024.

The Action Plan should take into account the final evaluation of the Action Plan 2018 – 2020 and should focus on the following key actions:

- exchange real-time information on high-risk consignments in a secured network of key airports, seaports and other customs control points;
- organise parallel/common actions targeting particular routes and/or categories of goods;
- promote cooperation on cross-border IPR investigations among customs administrations and between customs and other government agencies, in particular enforcement agencies;
- engage with the business communities of both sides;
- exchange knowledge and experience of each other's IPR border enforcement policies and practices.

3. Strengthening the fight against fraud

The overall aim to fight against fraud in relation to EU-China trade is to protect the financial interests, as well as other public interests, of both sides by cooperating in fraud prevention, detection and investigation.

This should involve in particular the following actions:

a) Protect financial interests

- reinforce effective cooperation based on the mutual administrative assistance provisions of the CCMAA, notably by a timely and complete treatment of mutual administrative assistance requests, based on the agreed guidelines;
- monitor the practical implementation of the handling of mutual assistance requests, evaluate the effectiveness of the information provided and seek effective solutions to any implementation issues that may arise in order to ensure its continuous smooth functioning;
- implement the *Strategic Administrative Cooperation Arrangement between the European Anti-Fraud Office and the General Administration of Customs of the People's*

Republic of China on Cooperation in Combating Customs Fraud, including its related Action Plan;

- enhance exchanges to promote international enforcement co-operation;
 - participate in joint operational activities, including in a multilateral context;
 - strengthen cooperation in the fight against smuggling of tobacco products, in particular by intensifying joint operations and establishing a dialogue taking into account relevant multilateral instruments.
- b) *Protect public health, the environment, endangered species and the climate through measures deemed appropriate*

For the exchange and analysis of data on licit and illicit trade in dangerous substances, waste and endangered species:

- intensify the exchange of data and improve the quality of data exchanged with a view to detecting fraud cases;
- carry out data collection and analysis exercises and engage in sharing analysis and intelligence on fraud trends, routes and patterns;
- cooperate through joint operations, including those in a multilateral context.

For the promotion of cooperation with competent authorities and relevant private stakeholders:

- ensure effective cooperation in the fight against fraudulent trade between customs and the other competent authorities on a routine basis;
- upgrade cooperation with private stakeholders, increase the visibility, transparency and clarity of applicable rules and of the respective responsibilities.

Both Sides also intend to build on the successful work accomplished by the Working Group on Waste under the Strategic Framework 2018 – 2020 and develop further the multilateral aspects of operational cooperation on illicit trade in waste, notably through the WCO.

Bearing in mind that the active participation of other competent authorities (e.g. in the environmental and health domains) besides customs has been instrumental to the progress achieved, both Sides may actively promote the continuous participation of these authorities with a view to preventing, detecting and investigating fraud cases in a more effective manner.

4. Developing statistical cooperation

Through statistical cooperation the EU and China have been successful in reducing the incidence of discrepancies between their respective external trade statistics.

The overall aim is to continue enhancing mutual understanding on each other's external trade statistics and, where appropriate, to address remaining discrepancies.

This should involve, in particular, the effective implementation of the *Action Plan for Exchange of External Trade Data* between Eurostat and the General Administration of China Customs and a repeat of the joint mirror study finalised in 2016 identifying reasons for the

discrepancies between European and Chinese external trade statistics in goods and making recommendations, where appropriate, on how to address these discrepancies.

5. Developing customs cooperation in cross-border e-commerce

The ever-increasing volume and importance of cross-border e-commerce is at the centre of attention of the international customs community. While low-value consignments play an important role, cooperation needs to cover all e-commerce consignments. In this context, the focus should be to:

- share in-depth knowledge and best practices, which may take the form of case studies and recommendations on customs supervision and facilitation practices;
- ensure the availability of accurate electronic information so as to enable efficient and effective controls including on security, safety, revenue collection and intellectual property rights, whilst facilitating legitimate e-commerce in a manner that is non-discriminatory towards other trade modes;
- enhance risk management cooperation on cross-border e-commerce,
- engage with business communities in the EU and China, in particular e-commerce platforms in order to facilitate compliance;
- raise awareness on the new Value-Added Tax (VAT) and customs rules on e-commerce goods in the EU and encourage the use of the Import One Stop Shop scheme;
- explore the relevance of SSTL for e-commerce cooperation;
- undertake joint actions to identify and address undervaluation and misclassification in e-commerce;
- cooperate within the frameworks of the World Trade Organization (WTO) and in the WCO e-commerce Working Group to promote convergence and harmonization of international standards in relation to cross-border e-commerce, so as to enhance fairness, transparency, stability, predictability, safety and security of [the](#) online trade environment.

If necessary and appropriate, the Steering Group referred to under heading D below may create a Working Group on e-commerce.

6. Protection of citizens

a) Strengthened cooperation to ensure product safety and compliance

This action aims to strengthen cooperation in helping either side ensure the compliance of manufactured goods traded between them, in particular non-food products, with safety, environmental and other legal requirements through enhanced engagement in the fight against hazardous or non-compliant products including medical devices, personal protective equipment and medicines used in fighting pandemics, and is without prejudice to other existing or future specific cooperation arrangements on non-food consumer product safety.

Strengthened cooperation may also cover actions in order to facilitate legitimate trade of sanitary products, including medical devices, personal protective equipment and medicines,

for the purposes of fighting COVID-19 or other possible pandemic threats, while carrying out necessary controls.

b) Enhanced cooperation on fight against smuggling of drug precursors

This action aims to strengthen customs cooperation with a view to reducing trafficking and diversion of chemicals used in illicit drug production in the EU and China. This action should be carried out on an *ad hoc* basis, involving:

- exchanges of customs risk information on drug precursors;
- possible targeting of high-risk consignments of drug precursors.

7. Horizontal actions

a) Enhance policy exchanges

The aim is to promote an understanding of each other's customs strategies, policies, laws, regulations and procedures, which may be done by way of establishing a policy dialogue and mechanism for exchanging views, and creating, as a result, an open and transparent policy environment between the EU and China.

This should involve the following actions:

- develop an EU-China customs policy dialogue in the framework of the JCCC. Specific events may be convened, where appropriate, in conjunction with JCCC meetings;
- organise exchanges of views and seminars on the relevant EU and Chinese legislation;
- arrange policy promotion events for EU and Chinese enterprises, detailing among others customs reforms, policies, laws and regulations as well as procedures, to help enterprises to better understand, comply with and benefit from the laws.

b) Pursue the process leading to a possible revision of the CCMAA

The CCMAA, signed in 2004 and implemented since 2005 has provided a good basis for the development of EU-China customs cooperation. The two Sides should continue, on the basis of a roadmap to be jointly defined, the process which may lead to the revision of the CCMAA in order to reflect new challenges faced by customs authorities nowadays and render it a better tool to achieve the objective of strengthening the effectiveness of controls coupled with facilitation for legitimate trade. For this purpose, the Commission is currently undertaking a review of the functioning of the CCMAA.

Further to the above, the two Sides may also engage in a scoping exercise ahead of the formal negotiations, in order to determine the general scope and contents of the CCMAA to be revised. Any actual formal proposal to amend the CCMAA should depend on finalisation of the required procedures on either side.

c) Develop cooperation in risk management and information technology (IT)

The Sides may seek to ensure and develop coordination in risk and IT cooperation aspects, develop data exchanges and address technical issues emerging in the various areas of cooperation where appropriate, so as to enable risk management and IT to fully support EU-China customs cooperation.

This may involve in particular the following actions:

- designate points of contact for cooperation on risk management, exchange best practices, methods of risk analysis, case study and application of big data;
- explore automated data exchange to support the SSTL pilot project;
- complete the upgrade of data exchange technologies for EU-China AEO mutual recognition to ensure smooth data exchange for both AEO programmes;
- share experience and best practices in terms of integrity, particularly on prevention of corruption, integrity risk control, and application of modern technologies to combat corruption.

d) Cooperation under multilateral frameworks

The Sides intend to strengthen communication and coordination in customs under such multilateral frameworks as the WCO and the Asia-Europe Meeting (ASEM), with a view to improving their functioning.

They also intend to maintain communication on strategic and policy matters, and actively participate in the joint operations initiated by either side, where appropriate, so as to further enhance trust in a mutually beneficial way.

The Sides intend to pay close attention to the implementation of the WTO *Agreement on Trade Facilitation* (TFA) by keeping regular communication and sharing experience and best practices in this regard.

e) Other developments

The EU and China may also exchange views and experience in other policy areas, such as transit and supply chain security, post-clearance audit and revenue security. They may also explore possibilities to exchange information related to manifest, non-intrusive inspection imaging examination, and results of inspection through the application of Secure and Smart Locks.

D. Implementation

The JCCC is responsible for ensuring the overall implementation of the CCMAA. It takes the appropriate decisions to carry out the jointly agreed actions and achieve the jointly agreed objectives. One of the JCCC's tasks is to regularly review this framework and to adjust it where appropriate.

Under the authority of the JCCC, the **Steering Group**, composed of senior representatives from the European Commission, interested Member States and China, sees to the regular and systematic follow-up to the JCCC conclusions and decisions. In particular, the Steering Group steers and monitors the work of the working groups and reports to the JCCC.

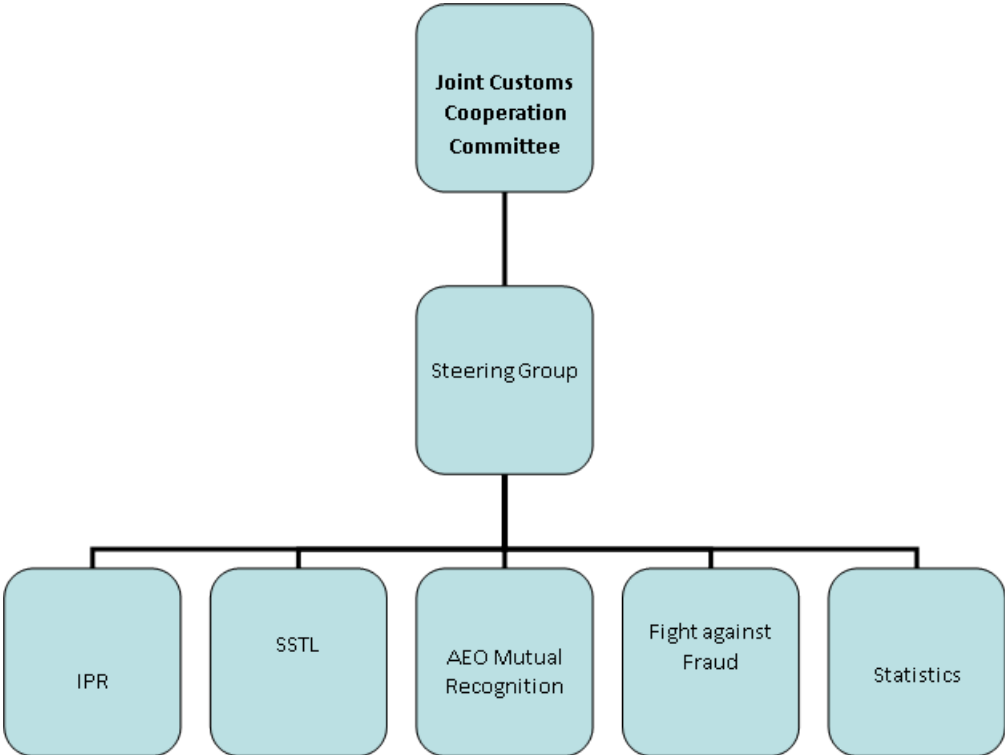
Expert cooperation to implement the specific objectives agreed in the framework of the JCCC is carried out in the following envisaged **working groups**: IPR, SSTL, AEO Mutual recognition, Fight against Fraud, and Statistics. Working groups may be created and abolished by the Steering Group depending on needs and available resources.

The practical implementation of the actions under the Strategic Framework should be carried out by the competent authorities of the European Commission, the customs authorities of the Member States of the European Union and the General Administration of Customs, the People’s Republic of China.

Both sides will finance the expenses that they may incur further to this Framework. However, other financing might be sought, where possible, from any relevant programme.

Both sides intend to conduct **regular and systematic consultation** in order to ensure that the objectives and priorities of EU-China customs cooperation take into account the views of the **relevant stakeholders** including importers, exporters, traders, shippers, port operators and customs brokers.

Management Structure



This Strategic Framework does not create any rights or obligations under either international or domestic law.