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ENFOCUSTOM 29

## OUTCOME OF PROCEEDINGS

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From: General Secretariat of the Council  
On: 14 April 2015  
To: Customs Cooperation Working Party (Experts)  
Subject: Summary of discussions

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### 1. Adoption of the Agenda

The agenda was adopted as set out in CM 2035/15.

### 2. Information from the Presidency

The Presidency briefed the delegates about the recently held meetings, events and initiatives relevant for Customs. Among these, a special focus was placed on the following:

- Europol's newly released report "Exploring tomorrow's organised crime", which outlines the massive changes in the criminal landscape (decline of traditional hierarchical criminal groups and networks and expansion of virtual criminal networks made up of individuals who come together on a project basis, "crime-as-a-service" business model etc.);
- publication of EMCDDA's first overview of drug situation in Western Balkans;
- Europol's issuing of 2015 Interim EU SOCTA;
- CEPOL Conference on Cybercrime (25-27 March 2015);
- the EMPACT Excise Fraud Operation Action meeting at Europol (11-12 March 2015).

### **3. French Customs experience in the EUROFISC network and the implementation of Regulation 904/2010**

France briefed the delegates about the organisation and the activities of the EUROFISC network - a group dedicated to the fight against VAT fraud. The presentation was delivered in relation to Action 7.4 and it focused on Customs procedure 42.00. EUROFISC is a decentralised network, with no legal personality, facilitating an early warning mechanism for combating VAT fraud. The group involves both Tax and Customs authorities and it is organised in three working fields (WF3 concerns customs procedure 42.00). The speaker detailed the way the exchange of information worked inside this network and underlined the fact that procedure 42.00 required a strong cooperation between Customs and Tax authorities. In this sense, the increase of Customs participation to EUROFISC is one of the priorities of the network.

### **4. EU external border control instruments, as one single mechanism**

Latvia delivered a presentation regarding the technical equipment used in the fight against smuggling at the EU's Eastern border. The speaker briefed the delegates on the use and functioning of the automatic number plate recognition system (ANPRS), axle scales, platform scales, X-ray and fuel unloading systems.

### **5. Common number plates recognition system as an information exchange tool**

In connection to the previous item, Latvia briefed the delegates about the common number plates recognition system used by the Baltic states as an information exchange tool. The speaker detailed the main outcomes of the interfaced Baltic ANPRS (real time overview of the movement of vehicles, better planning of control resources, better identification of connections in the field of illicit trafficking, additional evidence in various proceedings etc.), its architecture and functioning, as well as the results achieved (seizures).

### **6. Project group on data mining – Update**

Lithuania updated the delegates on the project regarding the use of data mining to detect possible violations within the competence of Customs authorities. The speaker explained the fact that data mining represented a data analysis technology based on mathematical algorithms. The practical aspects relating to the organisations of this project group (timetable, participants, financing) were also presented. The project group on data mining had the following goals:

- to increase the common use of data mining for identification of Customs risks and detection of customs violations in Member States' Customs administrations;
- to identify the best practice of data mining methods used for identification of Customs risks and detection of Customs violations (duties and tax evasions, smuggling, transit violations, etc.);
- to discuss and elaborate possible proposals for the participating Member States to improve their application of data mining methods;
- to establish a Customs data mining expert network to share information, best practices and trends in identification of Customs risks and detection of Customs violations;
- exchange of efficient data mining models, creation of join models, data exchanging practice creation.

## **7. Introduction of the activities of the Visegrad Working Group on Mineral Oil Tax Evasion**

Slovakia briefed the delegates on the activities of the Visegrad Working Group (regional cooperation) on mineral oil tax evasion. The speaker explained that petroleum products under CN code 2710 19 91 and 2710 19 99 (lubricating oils) do not belong under the excise duty, except for the cases when they are used as fuels. Due to their tariff classification, they are not considered as harmonized excise goods (the provisions of Council Directive 2008/118/EC on the movement and monitoring of goods are not be applicable); therefore, their distribution, commercial circulation and use are not subject to authorization. However, lubricating oils can be easily mixed with gas oils and subsequently can be used as heating fuel or as motor fuel. Misuse of lubricants and subsequently the tax abuse with lubricants create a loss for Member States budgets in terms of excise duty, VAT, corporation tax and environmental tax. The fraud also affects the competition environment for legal business. After explaining the stakes of this problem, the speaker detailed the organization, activities, cooperation tools, findings and results of the Visegrad Working Group.

## **8. JCOs and other customs operations : JCO SASHA Business Case**

France presented for adoption the Business Case for JCO Sasha. The operation would aim to combat smuggling of chemical drug precursors. The speaker detailed the background and the planned implementation of the operation, its timetable, the main means of transportation to be targeted, as well as the financial aspects. Member States generally declared themselves ready to participate. A deadline for comments was set for 30 April 2015.

## **9. Revision of Tactical objectives and risk areas and revision of the Guide for Joint Customs Operations**

The Presidency presented DS 1176/15 and DS 1125/1/15, urging delegates to send their written comments and suggestions by 30 April 2015.

## **10. Customs Governance Reform - Outcome of the discussions within the IWG, the CUWP and the CCWP Plenary**

The Presidency briefed the delegates on the main conclusions of the debate on the Customs governance reform which had taken place within CCWP Plenary (31 March), as they were set in DS 1197/15.

## **11. AOB**

No item was raised.

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