

To the  
Ufe Member Associations

Berlin, 15 October 2009 /bb

### **Information No. 6/2009**

#### **Minutes for the Session of the Customs Commission of Ufe in Brussels on 21 September 2009**

Dear Colleagues,

We would like to send you enclosed the minutes for the session of the Customs Commission of Ufe in Brussels on 21 September 2009 for your information.

We remain with our best regards,

Yours faithfully,

(R. Zender)  
Ufe General Secretary



## **Minutes**

### ***for the Session of the Customs Commission of UFE in Brussels on 21<sup>st</sup> September 2009***

#### **Participants:**

See the enclosed list of attendants

#### **1. Welcome of the participants by the President of UFE, Dieter Ondracek, and the acting Chairman of the Customs Commission of UFE, Klaus-Hilger Leprich**

The President of UFE Dieter Ondracek opens the session at 10:00 am and welcomes the participants. He excuses Jorn Rise Andersen, who cannot attend the session for health reasons. He explains that Jorn Rise Andersen cannot continue the chairmanship of the Customs Commission for health reasons and had asked the President of UFE Dieter Ondracek to entrust our colleague Klaus-Hilger Leprich with the function of the Chairman of the Customs Commission until the end of the legislative period in September 2010. The Customs Commission unanimously elects the Vice President of UFE Klaus-Hilger Leprich as the Chairman of the Customs Commission until the expiry of the legislative period in Portugal in September 2010.

The President of UFE clarifies that Jorn Rise Andersen only retired from the chairmanship of the Customs Commission, however, will continue his office as Vice President of UFE.

Furthermore, the President of UFE Dieter Ondracek explains that the member of the Economic and Social Committee, our colleague Frank Stöhr, planned for a presentation, was currently still held up in Rom and, deviating from the programme, could speak to the colleagues of the Customs Commission in the afternoon only.

Klaus-Hilger Leprich thanks the audience for the vote of confidence and undertakes the Chairmanship of the Customs Commission. He explains that he wanted to put things in motion together with the colleagues in the remaining year until the next Committee Congress. It was necessary to improve the insufficient communication of the members of the Customs Commission. Enquiries always only resulted in low responses. Upon enquiry of Klaus-Hilger Leprich, the members of the Customs Commission clearly express their intention to use the Customs Commission not only as a board for the exchange of opinions and experiences, but also to improve the situation of the customs administrations in an offensive manner, i.e. to pursue an offensive union policy. There is a consensus about the fact that UFE cannot solve national problems, but can only bundle national problems and advance them in an offensive manner. In respect of the status reports from the individual countries requested by the Presiding Board, it is noticed that solely the Hungarian colleagues of VPFSZ submitted a substantiated paper.

Then the situation of customs in the countries is discussed.

The French colleagues explain that an annual report of the administration indicated how French customs had to work in future. The Chairman of the Customs Commission asks whether there was a member state, in which there was no annual report.

Rigte Brouwer from the Netherland explains that the Ministry of Finances wrote an annual report, but that only a small part referred to customs.

Emiel Boriau from Belgium explains that the report prepared did not reflect reality.

The Chairman of the Customs Commission Klaus-Hilger Leprich states that customs administration controlling was often considered more important than customs control itself. Klaus-Hilger Leprich comments that

it was important that the union said something about the respective report, even if the contents of the report were correct.

In respect of the UFE survey of 2006 about the organisation of the customs administrations, Klaus-Hilger Leprich explains that it took almost three years to get a still “incomplete” survey done.

About an OECD study on the tax and customs systems of 2006, Klaus-Hilger Leprich explains that such written reports of big organisations though were useful, but often had nothing in common with reality.

There were critical comments about Commissioner Kovács representing customs as a possible obstacle in his last statements. This was typical for the discussion. Though the free movement of goods required control, this control, however, was not to obstruct the process itself.

The Chairman Klaus-Hilger Leprich explains that the items listed in the customs resolution of Budapest (p. 3 of the resolution) first have to be processed at a national level. The items are to be processed at a national level in order to fill the resolution with “substance”. It had to be demonstrated on the basis of concrete examples, that certain things don't work in practice as they were contemplated. In respect of the means of communication, the Chairman of the Customs Commission explains that the Internet is the first-choice means of communication.

Vice President Giordano Schera explains that the worldwide financial crisis was coupled with a social crisis. It was important to determine what happened with customs administration in the member states. During a visit to the Baltic States, he had learned that in Latvia the wage of the customs officers had been cut in half.

It was also interesting to learn, how the Icelanders coped with the crisis.

The chairman of the Icelandic union explains that the crisis did not have such serious effects on civil services, but that the wages in the customs area were cut by “only” 9 %. However, there was a hiring freeze. The people would retire, but the positions becoming vacant would not be filled again. If, however, the 10 % cut expected for 2010 came into effect, this was to be considered as dramatic. There were no redundancies yet, this, however, was to be attributed to the head of customs fighting with any

means available to enable early retirements in order to prevent redundancies.

The French colleagues report the following about the developments in the customs area: in France, medium-term planning took place as well. Thus, the annual report stated, how many customs officers still are to be there in 2011. Tendencies and developments would be discussed as well. Thus, the French union could address problems on the basis of the report, because the documents were directed at the future as well.

About the successes in the area of taxes, the President of UFE Dieter Ondracek explains that clear demands were stated in the area of the fight against tax havens, namely some kind of Europol for the area of taxes. Not as equipped as Europol, but as Eurojust. Now Kovács had taken up the suggestion for the establishment of Eurofisc. For Eurofisc, too, it was demanded that respectively two tax experts of each member state are to be deployed. The first step had now been taken in regards to Eurofisc. The second step was the implementation by the legislative boards, and the third step was to "live" Eurofisc.

The Chairman of the Customs Commission explains that it was important to determine, whether the national problems of one country also existed in another country. It had to be checked respectively, which experience the other countries had made with their approach.

The resolution of Budapest is to be sent to the member unions via e-mail again, so that they could enrich the catalogue of subjects on page 3 with examples from their country.

Now the Chairman of the Customs Commission welcomes the Vice President of the Bundesfinanzdirektion West with its headquarters in Cologne, Mr. Drude. He is the mastermind behind the fight against illicit and illegal employment in Germany.

Vice President Drude explains that the fight against illicit and illegal employment was part of the task of the customs administration in Germany. In other countries, this often was the work administration. There were parallels, i.e. that the fight against illicit and illegal employment was a task of customs, in Austria and Hungary, among others.

Vice President Drude explains that this task was started in 2004, and that now they had 5 years of experience to fall back on. 2,000 colleagues from work administration had been allocated to customs, so that a total of 6,500 customs officers dealt with this subject. There were three main focuses in the task, namely the detection of social law / fiscal detentions, the unauthorised claim of social welfare and breaches of the handicrafts code. For the year of 2005, the volume of illicit employment had been estimated at 356 billion Euros.

The main focus of the fight was illicit employment in households and organised illicit employment. Thus, occasionally people were working for 12 hours at 3.00 € to 5.00 € per hour.

Frequently, there was no work permit present, the minimum wage was not paid, and social security contributions were not paid either. It was also common to pass off actually employed workers as freelancers via fake self-employment. Thus, the tables were leased to waiters, a lorry driver leased the vehicle, or an asparagus harvester leased individual rows of asparagus. Currently, the Finanzkontrolle Schwarzarbeit (FKS – *financial control of illicit employment*) was present at 40 main customs offices and 113 locations in Germany. Since the number of minimum wage industries increased, more customs officers were necessary in the future, e.g. in the construction industry, in mail messenger services, in the commercial cleaning trade and in security services. About 100,000 tip-offs were received from the public, the remainder from the economy. The Finanzkontrolle Schwarzarbeit was entitled to inspection and investigation rights.

The Luxembourg colleagues report about the fight against illicit employment in their country. André Friden explains that customs cooperated with the commercial inspectorate. Customs, e.g., was authorised to immediately close down construction sites in case of gross irregularities.

The Hungarian colleagues report that in Hungary, too, customs could be responsible for the inspection of illicit employment, if there was an agreement between the tax authority and customs.

Our colleague McLean from Great Britain explains that in the United Kingdom, similar as in Germany, there were special units. The inspections included, among others, the compliance with minimum wages. Illicit and illegal employment only was a civil offence.

Vice President Drude explains that the cooperation with the Luxembourg colleagues traditionally was very good and that, among other, job shadowing was performed.

The Danish colleagues explain that there had been a campaign under the motto "Fairplay". This campaign, however, was not successful. In Denmark, the tax administration would perform inspections at construction sites together with the police. In Norway, likewise only the tax administration was responsible. In the Netherlands, the social authorities cooperate with the tax administration. In France, the Ministry of Work is responsible for the control of illicit employment.

Concluding, Vice President Drude explains that four main focus inspections are performed each year. These inspections normally resulted in a complaint quota of 20–30 %. In Germany, as an effective instrument, there only was the possibility to no longer consider the respective company in the award of public assignments following irregularities.

It was to be noticed that the customs administration in Germany was the only administration which was growing.

The Chairman of the Customs Commission once again explains the further approach of the Customs Commission. The subjects from the Customs Commission resolution (page 3) of Budapest are to be answered until the end of November and returned to the General Secretariat. These statements will then be dealt with at the next meeting of the Presiding Board in December. Upon answering, the member unions also are to state, which questions are the most important for them and what were concerns of priority.

#### **4. Reports from the work of the Customs Commission**

Since our colleague Jorn Rise Andersen is not available for reporting due to his absence, the new Chairman of the Customs Commission, Klaus-

Hilger Leprich, goes through the main subjects again on the basis of the minutes of the last session of the Customs Commission.

In respect of gassing of containers, the Dutch colleagues were leading with the subject. According to their statements, the situation is still the same. The Finish colleagues broached the issue of amalgamation of customs and border control, whereby the Finish representatives, however, ad hoc don't know what had happened therewith.

In Great Britain, customs and taxes were amalgamated in 2005. The Vice President of UFE Peter Lockhart reports that from August 2009 on, the UK Border Agency has its legal existence in Great Britain. There, 4,500 customs positions, which previously were under the control of "Her Majesty's Customs", were put under the control of the Ministry of the Interior (Home Ministry). In Great Britain, government re-elections were held in May 2010.

Our colleague Alistair McLean explains that 500 additional officers were necessary. In total, there are 25,000 employees. The PCS was satisfied with the objective of the agency.

The French colleagues explain that there had been a radical reform of customs. Previously, there had been 250 customs positions, and today there only were 60 customs offices and 100 smaller control stations. The number of customs officers was decreased by 350 to 400 positions each year. In total, this was to go on until 2011. The customs staffing was also dependent on the economic activity. Of 18,000 customs officers, only 17,400 are to keep their jobs until the end of 2011. On 3<sup>rd</sup> August 2009, a new law on mobility had been passed in France. If an officer did not accept three offers for relocation or rejected three offers made in case of a necessary change, respectively, then he/she could be fired. In 2012, there were elections in France. In France, job cuts only take place by fluctuation. Two years ago, only 50 % of the vacancies due to retirement were not filled, today it is 58 %. At the turn of the millennium, there were a total of 21,000 jobs in customs as well as 250 customs offices (today 60 main customs offices and 100 smaller control stations). Over the same period, however, there was an increase in tasks, in particular due to the administration of environmental taxes.

The Chairman of the Customs Commission states that in all countries, customs had the competence for cross-border issues. The personnel reductions, however, had not been challenged by the initiators in respect of the impacts, in particular not, in which quality the customs officers could continue to render their work. One had to envision that the inspection could take place only once, namely at the EU border. Only 8-10 % were inspected at the smaller offices, for the larger ones, the inspection quota was below 1 %. Upon answering the questionnaire, it was important that the national situation was portrayed. Then this could be bundled and the Commission confronted with the results. It was important to be able to substantiate the demands with facts. Therefore, answering the question as to how the external borders were manned was important, too. It was not sufficient for convincing work to only set up assertions, but it also had to be possible to substantiate the assertions with facts from all countries. The one picture was the customs codex, the other question was what the reality looked like. For the years to come, the Customs Commission was to concentrate on the original customs tasks. These, in particular, were import / export, how to handle this and how the officers were trained for that. In Europe, however, more was concerned. Without physical controls, there was no protection of the citizens. The protection of the citizens could only take place at the border, upon the first border crossing of the goods into Europe. Therefore, there had to be a uniform risk analysis in the European Community. Focussing on the budget or the budgets, respectively, only, this could not be guaranteed. The concern, e.g., was not only brand piracy, but also health protection. Thus, the problem of fake medicaments, fake car parts and fake airplane parts had to be addressed. Therefore was important to elaborate, how important the role of customs at the external borders was.

Within the scope of Europe-wide publicity campaigns, e.g. the protection of health could be represented with a publicity effect.

Our colleague Emiel Boriau explains how laborious the customs procedure for the inspection of goods is in Belgium. Thus, the selecting officer did not perform the customs control him-/herself, but sends it to a further, remote site, which again assigned another customs officer of the

same office as that of the selecting one with the inspection. There was no feedback.

The Norwegian colleagues report that from 1/1/2011 on, customs worked together with the police at the border and supported the police at the border.

For Germany, the Chairman of the Customs Commission explains that for the last 10 years, between 1 and 1.5 % of the personnel had been cut. In 2010 only, for the first time in 10 years, there were no reductions anymore. Vice President Giordano Schera explains for Switzerland that they had joined the Schengen Agreement on 12.12.2008. Therefore, there were no identity checks at the border anymore. However, goods inspections still were performed, but did not have to take place at the border, but could be performed within a radius of one kilometre from the border. Contrary to the apprehensions expressed earlier, the Swiss labour market had not been flooded with foreign workers (Polish, etc.).

## **5. Reports of the participants**

Took place under the previous agenda items 3 and 4 already.

## **6. Cash controls by the customs administrations in the member states**

Vice President Giordano Schera explains that in Switzerland, too, cash controls have been performed for one month now.

The Norwegian colleagues report that three dogs were used which can detect money.

The German colleagues explain that in Germany, too, they had tracker dogs for money. These achieved very good success. Thus, at Frankfurt Airport, 9 million Euros had been detected within one year.

At Copenhagen Airport, too, a dog was used for detecting money.

The British colleagues explain that the tracker dogs are very successful in Great Britain, too. These were based at UKBA. 50 % of the confiscated money were re-used for the fight against fraud.

The Hungarian colleagues report that cash controls are performed as well, namely since 15/6/2007 for amounts exceeding 10,000 Euros. If the money was not declared, it could be confiscated.

For Germany it is explained, that the execution of the cash controls was introduced to prevent money laundering and terrorism and also referred to fraud of the detention of social benefits. Customs had the control authorisation in the entire federal territory.

The Luxembourg colleagues explain that for 2008, only 8 cases at Luxembourg Airport were known.

The Belgium colleagues explain that customs though had authorisations, but no personnel, so that cash controls were out of the question.

## **7. Instructions on the handling of gassed containers in the member states**

The Chairman of the Customs Commission explains that it had to be assumed, that every fourth of the containers inspected was contaminated with toxic substances, the half-life of which partially was several years. In particular with plastic mattresses, this was disastrous. For Hamburg Harbour, the instruction had now been issued, that no container was opened anymore, if it was not verified, that it was free of toxic substances. Especially to check for toxic substance exposure before opening the container, some kind of handheld vacuum cleaner was being used, which enabled an air analysis within 2 minutes. The containers were immediately vented in situ. Cases had become known, in which chrome methane was present in a lethal dose, i.e. maximum caution in respect of industrial safety was advised. Sampling of 2,000 containers resulted in every fourth of them being contaminated in a harmful manner. With 10 million containers at Hamburg Harbour each year, the extent of the risk was to be classified respectively high. The study with the sampling of 2,000 containers had taken place in cooperation with the University of Hamburg. The investigation report is to be transmitted to the member unions, and following approval by the copyright owners published on the Internet.

Our colleague Emiel Boriau from Belgium reports that there was an incident with an employee, whereupon a letter had been sent to all

officers. In Antwerpen, 7 million containers were handled each year. Otherwise there were no indications that a risk caused by gassed containers existed.

The results of the investigation of the University of Hamburg first were to be kept under lock and key, however, the University of Hamburg had prevailed with its application for publication.

## **8. Product piracy**

It is explained for the Federal Republic of Germany, that product piracy had increased dramatically. In 1995, 506 product violations had been detected, in 2000 3,178, and in 2008 already 10,888 fake products and violations of copyrights. It was astonishing, from which countries the products originated. Thus, China held a share of 28.5 %, the USA 18.5 % and Thailand 17 %. In Munich, there was a central office, where an information database existed as well.

The Dutch colleagues explain that in the Netherlands, too, there was a central office. First, the shipment was inspected by a customs officer, and if he/she could not clearly determine a forgery, he/she went to a specialist and then to the owner of the brand. The highest increase rate in product piracy had been in the past, however, it continued to be at a high level. An increase was to be detected with fake medicaments and car spare-parts, like brake pads, etc., where a criminal background was given as well.

The Belgium colleagues explain that they had not enough personnel to check for fake products and also no sufficient training.

The colleagues from Great Britain explain that they wanted to increase action against this issue. In particular smuggling of tobacco and cigarettes was to be increasingly fought, whereat the biggest manufacturer was China.

In France, 4,800,000 fake products had been detected. France, however, rather had to be considered a transit country, therefore also the high number of fake products. They had been quite successful in the fight against product piracy in respect of medicaments, e.g. in cooperation with Sanofi. Medical equipment, however, was being increasingly forged as well.

The Dutch colleagues explain that presumably it was possible to hold fake goods for 5 days only. In any case, they were not allowed to take goods away from private persons, but only from companies.

The Danish colleagues explain that they had too little staff. They report about a spectacular case of 10 million fake cigarettes of the brand "Prinz".

The Hungarian colleagues explain that preferredly textiles and heroine were smuggled via the harbours of Croatia and Slovenia, but also via Turkey and Poland. Safety and health protection were at risk. In any case, a better legal position for the confiscation of goods had to be created. Increasingly, the trend towards fake products which posed a health risk was to be detected.

#### **9. Evaluation of the presentations / discussions and objectives for the Customs Commission until the Committee Congress in 2010**

The Chairman of the Customs Commission once again explains the further approach of the Presiding Board or the General Secretariat, respectively, based on the current session of the Customs Commission.

#### **10. Miscellaneous**

Our colleague Rigte Brouwer from the Netherlands takes his leave from the Customs Commission, since he retired and no longer attended the meetings of UFE. The Chairman of the Customs Commission Klaus-Hilger Leprich thanks him for his valuable cooperation over the past years.

#### **11. Place and time of the next session of the Customs Commission**

The next session of the Customs Commission is to take place, if necessary, in spring / April 2010.

Thanking the participants and interpreters, the Chairman of the Customs Commission, our colleague Klaus-Hilger Leprich, closes the session at 6:00 pm.