



COUNCIL  
-  
135<sup>th</sup>/136<sup>th</sup> Sessions  
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Brussels, 24 July 2020.

**DRAFT MINUTES OF THE 135<sup>TH</sup>/136<sup>TH</sup> SESSIONS**  
**OF THE CUSTOMS CO-OPERATION COUNCIL**

**VIRTUAL MEETING OF THE COUNCIL HEADS OF DELEGATION**

(25 June 2020)

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**DRAFT MINUTES****OPENING AND BACKGROUND OF THE SESSIONS**

1. Due to the COVID-19 pandemic, the organization of the 135<sup>th</sup>/136<sup>th</sup> Sessions of the World Customs Organization (WCO) Council, originally scheduled to take place at WCO Headquarters from 25 to 27 June 2020, had to be reviewed in terms of the format and content of the Meeting.
2. The Important Notice concerning “Proposed working arrangements for WCO meetings impacted by COVID-19”, issued on 24 April 2020, had provided Members with an overview of the proposed arrangements for WCO meetings scheduled until June 2020. The proposal had been developed by the WCO Secretariat, in consultation with the former Council Chairperson and the Vice-Chairpersons, and it included the Council Sessions. The Notice had indicated that, notwithstanding the postponement of face-to-face meetings, the Council would be consulted at the end of June 2020 on certain critical matters which would require immediate decision in order to allow the Organization to continue operating. In the Annex to the Notice, the two main items requiring the Council’s approval had been specified.
3. Despite the uncertainty regarding when a physical meeting of the Council would take place, the WCO Secretariat had worked closely with the Acting Council Chairperson and the regional Vice-Chairpersons in order to arrange, as an exceptional interim measure, “document-based” 135<sup>th</sup>/136<sup>th</sup> Sessions of the Council, including a Virtual Meeting of the Council Heads of Delegation aimed at introducing the items included on the Agenda for which a decision or urgent approval was required. The matters to be dealt with through a document-based consultation process, in light of the emergency circumstances, were outlined in the draft Agenda (Doc. SC0187E1b).
4. The proposed way forward and process, developed with the Acting Council Chairperson and the Vice-Chairpersons, was to proceed with the adoption, through correspondence, of the items listed on the Agenda and detailed in the respective documents. Any objections regarding these items were to be submitted to the Acting Council Chairperson and the WCO Secretariat by 22 June 2020, at the latest. The objections and additional comments received on the various items were compiled by the Secretariat and shared with all Council Members for further deliberation (see Annex II – Table of Comments by Members regarding the Agenda of the 135<sup>th</sup>/136<sup>th</sup> Council Sessions).  

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5. Against this background, the 135<sup>th</sup>/136<sup>th</sup> Sessions of the Council were held in a document-based manner from 10 to 22 June 2020, including a Virtual Meeting of the Council Heads of Delegation on 25 June 2020. The list of participants in the Virtual Meeting of the Council Heads of Delegation is reproduced in Annex I hereto. The Virtual Meeting was aimed at addressing any outstanding issues deriving from the document-based consultations and at finalizing the necessary Council decisions.
6. The ACTING CHAIRPERSON declared the proceedings open and welcomed the participants. The Virtual Meeting of the Council Heads of Delegation began with a

moment's silence in memory of Customs officers all over the world who had lost their lives during the past year, either in the course of their duties or as result of the ongoing COVID-19 pandemic.

### **1. COMMENTS BY THE ACTING CHAIRPERSON OF THE COUNCIL**

7. The ACTING CHAIRPERSON began by welcoming nearly 140 delegates who had joined the Virtual Meeting from around the globe. He extended a particularly warm welcome to the Council Heads of Delegation who were joining the proceedings for the first time. He wished all delegates the best of luck with their responsibilities and encouraged them to engage actively with, and contribute to, the work of the WCO.
8. He noted that it was very late at night in some places, while in others the day was just getting started. With delegates' cooperation, the limited items listed on the draft Agenda would be concluded within the allocated time of two hours. He noted that the time was sufficient to tackle the issues requiring urgent attention. He recognized that this would be a challenging yet achievable task, provided the work remained focused and the spirit of the Meeting remained constructive. He reminded Members that the Council's main responsibility was to ensure that the WCO kept moving forward and operating normally, despite these very challenges times.
9. He continued by providing delegates with some technical and administrative information regarding the Meeting and the use of the KUDO Platform. He acknowledged that the Platform was new to all present and sought Members' patience and understanding as the Council embarked on this exploit of endeavouring to discharge its duties and responsibilities in a virtual manner.
10. The Acting Chairperson expressed his appreciation to his fellow Vice-Chairpersons for nominating him as Acting Council Chairperson, based on the practice of the longest serving Vice-Chairperson being selected to replace the elected Council Chairperson in the event of the latter's absence. He noted that he had been serving the Council and the North of Africa, Near and Middle East region since 2016. He also thanked Members for the overwhelming support voiced through their letters, messages and telephone calls. Their words had been encouraging and would be of great assistance to him in steering the Meeting. He stressed that the current circumstances were challenging and difficult for all present, as well as for their families and respective Customs administrations. He was nevertheless convinced that these challenging circumstances could be overcome if Members remained united.
11. He strongly encouraged Members to focus on the greater goals expected to be achieved by the Council. He called for reason to prevail and kindly asked Members to refrain from adding issues to the draft Agenda that would jeopardize the progress of the Meeting. He reminded delegates that the priority was to ensure the WCO continued operating to support Customs all over the world, particularly during this difficult period. The aim of the Council was to ensure that the necessary items were approved (notably the budget), so as to guarantee the good functioning and continuity of the important work of the Organization. While recognizing and fully understanding that differing views existed among Members on some issues, he noted that, during the current pandemic and the exceptional circumstances it had brought about, unity should prevail and differences should be set aside. Now, more than ever, Members needed to ensure that the international Customs community remained unified and strong.

12. Finally, he thanked all Members for their contributions towards mitigating the devastating effects of the COVID-19 pandemic, including the funding provided by the Government of Japan to establish a dedicated WCO COVID-19 Project.

## **2. COMMENTS BY THE SECRETARY GENERAL**

13. In his comments to the Council, the SECRETARY GENERAL started by welcoming delegates to the 135<sup>th</sup>/136<sup>th</sup> Sessions of the Council and expressed his satisfaction that technology had made it possible to hold this Meeting, despite the unusual prevailing circumstances. He thanked the Acting Chairperson and the regional Vice-Chairpersons for their guidance during the crisis situation, as well as Members for providing valuable information, suggestions and contributions.
14. The Secretary General explained that from the onset of the COVID-19 pandemic, the Secretariat had immediately taken exceptional measures by postponing all scheduled in-person meetings and organizing paper-based meetings, supplemented by virtual sessions. He explained that the Secretariat, with the help of its Information Systems and Telecommunications Service (ISTS), had explored and adopted new technologies to adapt to the changed working environment.
15. He went on to indicate that all missions to be carried out by the Secretariat had been temporarily suspended and a plan had been developed to provide online technical assistance and deliver virtual capacity building activities. The Secretariat had already organized various online activities and more were planned for the future. He stressed that these online activities were not only temporary but could indeed be seen as a way of generally enhancing the scope and quality of capacity building activities.
16. Turning to internal and external communication, the Secretary General elaborated on the COVID-19 dedicated webpage developed by the WCO and thanked Members for their strong support and plentiful contributions which had enabled the sharing of best practices in order to mitigate the effects of the pandemic.
17. With regard to collaboration, the Secretary General expanded on the strengthened partnership with international organizations in the areas of health, trade and transport. He mentioned the list of medical supplies and medicines and their corresponding HS codes developed with the World Health Organization, as a concrete example of enhanced collaboration. Tangible actions had been taken in support of multilateral cooperation, namely the issuance of joint statements and letters with key international organizations, including the World Trade Organization. Regarding partnership with the private sector, he highlighted the valid input received during the weekly dialogues held with the Private Sector Consultative Group, which had enhanced the quality of the best practices shared with Members and stakeholders.
18. The Secretary General then drew attention to the new strategies and priorities adopted in response to the COVID-19 pandemic, that is to say the development of guidelines for emergency situations and business continuity. He indicated that the Permanent Technical Committee (PTC) was already working on this topic.
19. After drawing attention to the positive feedback and appreciation expressed by Members and external stakeholders on the Secretariat's reaction to the crisis, the Secretary General expressed his wish to continue meeting the high expectations of Members and the international community. In order to do so, he called for approval of the budget and the nominations for several Council positions, taking into account the

Secretariat's sensible approach in proposing that a 0% increase in Members' contributions, as approved by the Finance Committee, be recommended to the Council.

20. He acknowledged that significant political differences still remained among Members regarding the issue of accessions. He explained that he had always strived to respect each individual country's position, and would continue to do so. The recent Finance Committee had served as an example of a practical and constructive way to approve the Organization's budget, while noting dissent among some Members on the issue of accessions.
21. He asked Members for their assistance in preserving the unity and strength of the international Customs family, and in setting aside their differences during this emergency situation. Everyone was in the crisis together, and it could only be overcome if Members remained united. The focus of the Meeting should be on preserving the Organization and approving the budget, so as to enable the WCO to tackle the many important Customs issues for which it was responsible and accountable to governments and societies. Without approval of the budget, the WCO would face the immediate difficulty of losing its lifeline and would be unable to provide services to its Members.
22. To conclude, the Secretary General reminded delegates that the theme of 2020, "Customs fostering sustainability for People, Prosperity and the Planet", reinforced the need to ensure a resilient supply chain, especially in times of crisis. He called for delegates to preserve the unity and strength of the international Customs family and work together to live up to the expectations of their stakeholders and tackle the numerous important tasks awaiting Customs.
23. The ACTING CHAIRPERSON thanked the Secretary General for his remarks. He indicated that his remarks and those of the Secretary General had been noted by the Council.

### **3. ADOPTION OF THE AGENDA**

24. The ACTING CHAIRPERSON invited the Council to adopt the draft Agenda set out in Doc. SC0187E1b.
25. He reminded the Council that the aim of the Meeting was to arrive at a consensus decision on each of the items outlined on the Agenda. Under the exceptional prevailing circumstances, the document-based consultation had been organized to identify those items on which there was already a broad consensus and those that required further deliberations. Items for which there were no objections would be dealt with first, followed by those that still required additional discussion before shaping their conclusion.
26. Despite the unprecedented circumstances, it was the Council's responsibility to approve certain items in order to ensure the continuity of the Organization, and he echoed the Secretary General's comments on the consequences of not approving the budget. He added that in April 2020, Members had been made aware of the items which would require a decision by the Council in June 2020; however, at that stage an alternative method to replace the face-to-face meeting had yet to be identified.

27. While recognizing that the circumstances were not ideal, the development of a mechanism for conducting work virtually had been necessary so that the Council could discharge its key functions and responsibilities in an inclusive and constructive manner. These mechanisms clearly could and would be improved over time. This issue could be taken up by the Policy Commission when looking at the topic of “Working Methods”, taking into consideration the lessons learnt from other WCO virtual and document-based meetings, such as the Harmonized System Committee (HSC) or the PTC.
28. The ACTING CHAIRPERSON then opened the floor for comments.
29. The Delegate of the EUROPEAN UNION stated that Members had gathered under unprecedented circumstances in challenging times. The pandemic had taken many lives and her thoughts went out to all who had lost family members, friends and colleagues. Now, more than ever, Members’ work within the WCO was of the outmost importance, since Customs remained at the frontline to keep trade flowing despite borders being shut. During this time, Members had witnessed the importance of digitalization and the need for Customs to continue moving ahead in that regard. Members had also experienced how challenging controls could be in a world with no physical contact. In this context, she indicated that there were many subjects to be discussed, many areas requiring improvement and new and better solutions to be found together.
30. She expressed her deep appreciation to the Acting Council Chairperson, the Secretary General and the WCO Secretariat for their efforts to make the Council Sessions possible. The Council now needed to prove that the WCO was capable of taking decisions that ensured the continuation of its operations in the future and that supported Customs administrations in these demanding times. The number of Agenda items that the Secretary General had submitted in April 2020 had been reduced considerably given the prevailing circumstances; however, these items were still very important ones. It was up to WCO Members to address these items in a responsible and constructive manner in order to safeguard the future of the Organization.
31. She acknowledged the profound political divisions that had affected the WCO in recent years and asked Members to avoid repeating sterile discussions of past Council sessions. Members needed to behave responsibly and ensure that the Organization remained united and operational (i.e. an Organization that played a significant role in trade and in economic recovery), as Members started to emerge from the crisis. The smooth functioning of the WCO was crucial in jointly addressing the immense global challenges faced and there was no time to lose, nor space for any political frictions to get in the way of Members’ work. She called on Members to demonstrate the cooperative spirit of the Customs family and to advance the work of the Council in a constructive manner, with flexibility and goodwill. Exceptional circumstances required exceptional efforts and the virtual gathering of the Council Heads of Delegation demonstrated that Members were able to connect from all parts of the world, even if the crisis required them to remain physically distant. No one could have predicted this situation over six decades ago, when the Council’s Rules of Procedure were drafted. Members would have found themselves in an impossible situation if they had faced a similar crisis 60 years ago. Thankfully, today’s world was very different and, through the use of modern technology, Members were in a position to operate swiftly and effectively for the benefit of the Organization. In conclusion, she echoed the Customs motto of “Borders divide but Customs unite”, adding that “Borders divide, but Customs and technology unite”.

32. The Delegate of the RUSSIAN FEDERATION echoed other delegates' concern for those affected by the current crisis and expressed his full support for those fighting the pandemic. Russian Customs had been on the frontline of the fight and substantial efforts had been made in this regard, in close cooperation with other Customs administrations. He emphasized that his remarks would not address political issues, but would rather cover governance-related issues. He drew attention to the so-called "urgency" of organizing the Meeting and stated that, in accordance with Rules 3 and 4 of the Council Rules of Procedure, meetings of the Council, including the relevant Agenda, should be communicated to Members at least 30 days in advance.
33. He added that, taking into consideration that technology and Customs cooperation had managed to bring together over 100 delegates on that particular day, he failed to understand what had prevented the Secretariat from organizing the meeting back in April, as well as virtual regional conferences or meetings. He also wondered what had prevented the organization of a virtual session of the Policy Commission, or the completion of the meeting of the Finance Committee to reach a conclusion that reflected a consensus.
34. He then turned to Rule 9 of the Council Rules of Procedure, which indicated that one of the Vice-Chairpersons would chair the Meeting in the absence of the Council Chairperson. In this regard, he noted that no Acting Chairperson position was envisioned in any of the WCO documents. He considered this matter as another serious point of governance, as new titles or positions could not be created unless a Council decision in that regard had been taken.
35. As for the Report of the Finance Committee, in its capacity as a member of the said Committee the Russian Federation had raised several serious issues that had prevented it from supporting the Report.
36. He therefore suggested that the current Council Sessions be considered as consultations, referring to the Secretary General's letter of April 2020. This Virtual Meeting should not be considered as a full-scale session or sessions of the Council. He also indicated that a virtual session of the Policy Commission should be organized and that the Finance Committee should complete its work and allow for all the opinions of Finance Committee members to be taken into consideration.
37. He concluded by raising a point of order in accordance with Rule 12 of the Council Rules of Procedure, and requested that the Council decide on whether the Virtual Meeting should be considered as the 135<sup>th</sup>/136<sup>th</sup> Sessions of the Council.
38. Following this motion, the ACTING CHAIRPERSON moved to take a few additional comments from the floor.
39. The Delegate of SERBIA expressed his sympathy to all those suffering as a result of the COVID-19 pandemic. He reacted to the participation of so-called "Kosovo" in the Meeting, as he considered that the delegate in question should not be partaking in it. The Council was still faced with a situation in which this entity was participating in its sessions. This situation was unacceptable to Serbia, which considered that the entity concerned should not be part of the Organization. In that regard, the Delegate of Serbia referred to United Nations Security Council Resolution No. 1244, which clearly stipulated that this part of Serbia was under the interim administration of the United Nations. He emphasized that this entity should not participate in, or be invited to, WCO meetings in general.



40. He expressed support for the intervention by the Russian Federation and noted that, having looked at the draft Agenda, he could see that there were some urgent matters relating to the proper functioning of the Organization and others that were less urgent. Hence, the Republic of Serbia reiterated that, due to the limited time envisioned for discussions, the Virtual Meeting should be considered as consultations with Members on urgent matters which would allow the Organization to continue operating. While understanding the need for consultation on urgent budgetary issues, the adoption of the Finance Committee Report should be deferred to the December Council Session. This proposed solution would be a compromise which would allow the Organization to continue operating. It would also avoid having to enter into a discussion on the budget involving a shift from technical to political aspects, particularly due to the fact that so-called “Kosovo” was listed in the Finance Committee documents as a WCO Member.
41. Bearing in mind the above, he recommended that the Report not be adopted as a package and that only the items required to ensure the smooth functioning of the Organization be adopted, with other issues being postponed for further discussion at a more convenient time.
42. The ACTING CHAIRPERSON reminded delegates that the subject at hand was approval of the draft Agenda and that any points regarding the Finance Committee Report would be considered under the relevant Agenda item.
43. The Delegate of BELGIUM thanked the Acting Chairperson for organizing the Council Meeting during these difficult times. Before the COVID-19 outbreak, pandemics were disasters that he knew only from history books and Hollywood blockbusters, such as the “Planet of the Apes” trilogy. The latter were great films, with a compelling Andy Serkis cast as Caesar, leader of the Apes. He noted that we were at war with an army of viruses and that the suffering and losses worldwide were on a historic scale. Delegates might have lost a relative, colleague or friend to the virus. As in the “Planet of the Apes” films, Members, in their role as leaders, could make the choice to fight evil either by acting on their own, driven by self-interest, or acting together, seeking compromise with a greater purpose in mind. He added that as Customs representatives, delegates all had a greater purpose in mind: protecting citizens and the environment, fostering prosperity and welfare by facilitating legitimate trade, and collecting revenue.
44. With this joint purpose in mind, he noted that Members had a responsibility towards citizens and future generations to collaborate closely. A large number of Members were present during the Virtual Meeting because they recognized the leading role played by the WCO in their close collaboration. At this historic moment for mankind, it was therefore important that delegates focus on the greater purpose of Customs, on their close collaboration and on seeking compromise, instead of losing precious time in discussing issues related to the chairmanship of the Meeting.
45. The Delegate of Belgium then shared a statement on behalf of his country and Albania, Australia, Austria, Bangladesh, Botswana and the other 23 countries of the East and Southern Africa region, Croatia, Denmark, Dominican Republic, Canada, Guatemala, Peru, United States and the other 27 countries of the Americas/Caribbean region, Egypt, France, Germany, Hungary, Iceland, Indonesia, Ireland, Japan, Jordan, Kosovo, Luxembourg, Montenegro, Morocco, New Zealand, Norway, Poland, Qatar, Saudi Arabia, Sweden, Netherlands, Turkey, United Kingdom and Yemen:

"We fully support the decision taken by the regional Vice-Chairs to appoint Mr. Ahmed H. Al Khalifa as the Acting Chairperson and this for the remainder of the outgoing Chair's mandate and until the Council can meet in person to hold an election. The decision taken by the regional Vice-Chairs was based on the correct application of the Council Rules of Procedure, notably Rule 9. We have confidence in his chairmanship to lead this Council and to ensure that the WCO can continue to play its vital role for the global Customs community, made all the more important by the challenges of the COVID-19 pandemic."

46. He finished his intervention by quoting the character Caesar from the "Planet of the Apes" films: "Apes together strong!"
47. The ACTING CHAIRPERSON thanked the Delegate of Belgium and the many other countries that had echoed their support.
48. The Delegate of AUSTRALIA expressed support for the proposed Agenda and considered that the 30-day notice period had been respected. In addition, he expressed support for the content and format of the Meeting, as proposed by the Secretary General in order to discharge the essential business of the Council. The Secretary General's letter dated 24 April 2020 had advised Members that a meeting would be convened in June 2020 to address urgent business, thus exceeding the 30 day requirement. The letter had also outlined that the Council would consider urgent business, including the budget and the HS corrigendum amendments. The letter further indicated that the election of the Council Chairperson would be deferred until December 2020. He added that there had been no objections to this process upon the expiry of the 30-day period before the meeting. Therefore, in accordance with Rules 12 and 13 of the Council Rules of Procedure, he motioned to close the debate on this item and move on to the next one.
49. He then thanked Bahrain for showing willingness to serve as Acting Council Chairperson during these difficult times and expressed support for Bahrain's mandate to act as Chairperson until the Council was able to meet again in Brussels. He recognized the concerns expressed by some Members regarding the observation of due procedure for electing the Council Chairperson. He therefore urged the WCO to prepare for new elections as soon as reasonably possible and ideally during the next Council meeting.
50. Finally, he thanked the WCO for its laudable efforts to ensure that this Council Meeting could proceed despite the global pandemic. He called on Members to acknowledge the unique circumstances under which the Council was being conducted and to support interim measures that would ensure the continuity of the WCO.
51. The ACTING CHAIRPERSON noted that a motion had been raised under Rule 13 of the Council Rules of Procedure and that he would therefore like to give his ruling and respond to some of the comments.
52. He started by thanking the Delegate of the Russian Federation for his comments and noted that there had been a sense of willingness to arrive to some form of conclusion by the end of the Meeting. Regarding the comments made on the 30-day notice period, although Australia had responded on the issue he wished to provide additional clarification on this matter. He noted that the Council was meeting virtually on 25 June 2020, the same date on which the Council had agreed to meet since June 2019. He further explained that, in his capacity as Vice-Chair for the North of Africa, Near and Middle East region, he had participated in the meeting with

the former Council Chairperson, during which it had been agreed that there were urgent matters that needed to be addressed by the Council in June 2020. As a conclusion of that meeting, the former Chairperson and the Vice-Chairpersons had decided that there would potentially be a document-based Meeting, followed by a Virtual Meeting. What had not been clear at that time was the means by which this process would be implemented. After extensive research and testing conducted by the WCO's ISTS, the KUDO Platform had been selected for the Virtual Meeting as it allowed interpretation from and into English and French.

53. The Acting Chairperson then proceeded to indicate that, from the responses received, it had become clear that the Agenda had been approved by an overwhelming majority and, moving forward, he proposed that Members cooperate to address the issues outlined on the Agenda.
54. Referring to the intervention made by the Delegate of Serbia, he wished to respect Kosovo's right to speak but recommended that the matter be taken up again once the Meeting reached the item on the Finance Committee Report. He reminded delegates that the item currently under discussion was strictly limited to approval of the Agenda.
55. Regarding his appointment as Acting Council Chairperson, and as stated before, the Vice-Chairpersons had nominated him to assume the responsibility of chairing the Meeting. He reminded delegates that this had also occurred during the 2019 Council Sessions, the difference being that for the present Sessions the decision had been taken prior to the Meeting, as opposed to during the proceedings as was the case in 2019. Unless a clear objection was expressed, he would conclude that, based on the majority of views and the motion raised by Australia, the Agenda was adopted by the Council.
56. The Delegate of the RUSSIAN FEDERATION thanked the Acting Chairperson for the clarification provided but noted that, regardless of the interventions from the floor, if no consensus was reached then the Council would have to decide on the issues raised. He stressed that his comments related to governance and not to politics. Rule 12 of the Council Rules of Procedure indicated that "during the discussion of any matter, a delegation may raise a point of order. In this event the Chairman shall immediately state his ruling. If this ruling is challenged, the Chairman shall submit it to the meeting for decision and it shall stand unless overruled." He added that Rule 13 stipulated that "subject to the provisions of Rule 12 the following motions shall have precedence, in the order indicated below, over all other proposals or motions before the meeting: (a) to suspend the meeting, (b) to adjourn the meeting, (c) to adjourn the debate on the question under discussion, and (d) for the closure of the debate on the question under discussion. Permission to speak on a motion falling within (a) to (d) above shall be granted only to the proposer and in addition to one speaker in favour of and two against the motion, after which it shall be put immediately to the vote." He recalled that, in recent years, countries had raised points of order during the Council and that Members had voted to reach a decision. Individual decisions were not made by the person chairing the Council. He insisted that the WCO should be an Organization of good governance and that if a two-thirds majority of the Members were to make a decision, then he would follow the majority's will.
57. He added that, regardless of what had been said during the meeting held between the former Council Chairperson and the Vice-Chairpersons, he felt that there had been poor communication with Members. There had been enough time since April to get prepared and for Members to discuss the issues within the regions. He insisted

that he failed to see any obstacle that had prevented such meetings within the regions from taking place or that had prevented a meeting of the Policy Commission from being held. He reiterated his previous point of order and requested a vote on the question of whether the Meeting was to be considered as a Council consultation or as full Council Sessions.

58. After several additional exchanges and clarifications, the Acting Chairperson put two questions to a vote: (1) Do Members accept the Meeting as being the 135<sup>th</sup>/136<sup>th</sup> Council Sessions? and (2) Do Members adopt the Agenda for the Meeting?
59. Regarding the first question, recognizing that a majority of Members supported the Meeting and using the tools available, the Acting Chairperson requested that Members objecting to the Meeting being recognized as the official Council Sessions type "REJECT" in the messaging function of the Platform. Five Members (Russian Federation, Armenia, Serbia, Cambodia and Kyrgyzstan) expressed their objection.
60. The Acting Chairperson explained that 127 participants were connected and present in the Meeting, and therefore concluded that a majority of Members considered that the Meeting constituted the official Council Sessions.
61. The Acting Chairperson then called for Members objecting to the Agenda to indicate their objection by typing "REJECT" in the messaging function of the Platform. Only two Members (Russian Federation and Serbia) expressed their objection.
62. The Acting Chairperson explained that the mechanism being utilized to express Members' positions and to vote was the most appropriate to move forward with the Meeting, taking into consideration the limitations of the virtual environment. Out of the 127 delegates participating in the Meeting, it was clear that a majority of Members wished for the Council Sessions to move forward and for the Agenda to be approved.
63. He added that the issue of governance was one that concerned all Members and that discussions on this matter would take place at an appropriate juncture, when the pandemic was over. He expressed his respect for the points being raised by the Russian Federation and committed to addressing the issue of governance in the future.
64. The Agenda set out in Doc. SC0187E1b was adopted.

#### **4. HARMONIZED SYSTEM CORRIGENDUM AMENDMENTS**

65. The ACTING CHAIRPERSON explained that, as Members had been made aware, at its 64<sup>th</sup> and 65<sup>th</sup> Sessions the Harmonized System Committee (HSC) had unanimously agreed to apply the corrigendum procedure to the amendments to the Nomenclature (HS 2022). This procedure was intended to correct certain editorial errors, misalignments between the English and French texts, and technical inconsistencies found in the Council Recommendation of 28 June 2019 concerning the amendment of the Harmonized System Nomenclature.
66. He added that although the corrigendum amendments could be applied from 1 January 2022, they also needed to be legally adopted through a Recommendation under Article 16 of the Harmonized System (HS) Convention. This would then place a legal obligation on Members to implement them from 1 January 2023, in accordance with Article 16 of the HS Convention, if they were not already being applied. Therefore, at its 65<sup>th</sup> Session the HSC had adopted the draft

Article 16 Recommendation, as set out in Annex C/5 to Doc. NC2750Ea, relating to the legal requirements consequential upon the corrigendum amendments to the HS 2022. That Annex also included minor corrections, as explained in paragraph 7 of Doc. NC2750Ea.

67. The Acting Chairperson said that, upon the Council's approval during the current Sessions, the draft Recommendation would be promulgated under the provisions of Article 16 of the HS Convention. The accepted amendments would enter into force for all Contracting Parties to the Convention on 1 January 2023. The Acting Chairperson then opened the floor for comments.
68. Considering that no objection concerning this item had been raised during the paper-based consultations, he wished to invite the Council to adopt certain corrigendum amendments to the HS, following the Council Recommendation of 28 June 2019 concerning the amendment of the Harmonized System Nomenclature; and to adopt an Article 16 Council Recommendation concerning the amendment of the Harmonized System Nomenclature (consequential upon the corrigendum amendments following the Council Recommendation of 28 June 2019).
69. The Delegate of the DOMINICAN REPUBLIC, in her capacity as Vice-Chair for the Americas/Caribbean region, expressed support for the corrigendum amendments to the HS 2022 as proposed by the HSC. Additionally, she congratulated the WCO for the leadership role demonstrated during the current situation and for the prompt delivery of its work, including compiling best practices and taking action. In addition to maintaining enhanced and direct contact with Members and with the Vice-Chairpersons, she commended the WCO for rapidly adapting and taking advantage of IT systems to pursue its tasks on important topics. She wished everyone successful deliberations during the Meeting, focusing on Customs unity and core technical matters.
70. The Delegate of GUINEA, as Vice-Chair for the West and Central Africa region, congratulated the Acting Chairperson on his appointment to this position until the end of 2020. He welcomed the initiative by the Secretariat to consult the Vice-Chairpersons on this matter. Referring to the previous Agenda item, he expressed his support for the statement made by the Delegate of the European Union, namely that an extraordinary situation required extraordinary measures. He called for focus on the items that would permit the proper functioning of the WCO. He then expressed his agreement with the amendments to the HS 2022, emanating from the corrigendum procedure. In conclusion, he thanked everyone involved in the organization of the Virtual Council Sessions and called for solidarity between Members in order to triumph against the COVID-19 pandemic.
71. The Delegate of PAKISTAN also agreed with the HS 2022 amendments presented. He expressed his gratitude to the WCO for continuously guiding Customs all around the world on how to mitigate the negative effects of COVID-19 and for providing the best possible technical assistance to support Members with trade facilitation in these difficult times.
72. The ACTING CHAIRPERSON thanked the delegates for their interventions and said that he was confident that agreement would be reached during the Virtual Meeting and that delegates would be able to set aside their differences.

73. In conclusion, the Council:

- adopted certain corrigendum amendments to the Harmonized System, following the Council Recommendation of 28 June 2019 concerning the amendment of the Harmonized System Nomenclature; and
- adopted an Article 16 Council Recommendation concerning the amendment of the Harmonized System Nomenclature (consequential upon the corrigendum amendments following the Council Recommendation of 28 June 2019).

## **5. BUDGETARY AND FINANCIAL MATTERS**

74. The ACTING CHAIRPERSON recalled that the Finance Committee had successfully held its 103<sup>rd</sup> Session in a virtual format on 9 June 2020, chaired by Mr. Peter Hill (Canada). Sixteen of the nineteen members of the Committee had participated in the virtual meeting and the recommendations and discussions of this key WCO governing body were contained in the Finance Committee Chair's report to the Council, and in the Committee's full Report (Doc. SF0527Eb).

75. He informed delegates that an updated scale of contributions had been sent to them earlier on that day. He also referred to the objections and comments received during the paper-based consultations regarding the approval of the recommendations contained in the Report of the 103<sup>rd</sup> Session of the Finance Committee, which had been captured in the Table of Comments and Objections circulated by the Secretariat.

76. He reasoned that the majority of the objections did not affect the essence of the recommendations, but rather flagged some political issues which were well-known to the Council and which the Finance Committee had recorded in its Report and reflected in its constructive approach to reaching a consensus decision. A few other comments had been received on the budget, notably regarding the expenditure on missions and capacity building. These were all matters that had also been discussed in the Committee itself.

77. In that regard, the Acting Chairperson informed delegates that, noting that WCO budget projections would likely change during the following months due to the COVID-19 pandemic, the Finance Committee would hold an Autumn session to address these issues, and therefore the comments related to the budget should not impede the Council from approving the recommendations agreed by all Finance Committee members. From a governance perspective, it was important that Finance Committee recommendations were positively considered by the Council and that the Finance Committee was allowed to continue its scheduled work and provide the necessary follow-up recommendations to future sessions of the Council. He reminded delegates of the importance of actually concluding with the approval of the Finance Committee Report, in order to allow the Organization to continue operating.

78. The CHAIRPERSON OF THE FINANCE COMMITTEE thanked all the Committee members for their constructive attitude during the deliberations. It had been an unprecedented and challenging 2020 so far, and he was pleased to see how Finance Committee members had worked together to come up with solutions to ensure the smooth functioning of the WCO in the year to come, despite the uncertainty and in the exceptional circumstances of using the new format of paper-based consultations followed by a virtual meeting.

79. He acknowledged political differences around the table, but had been pleased to see the sense of responsibility displayed by all Committee members despite these differences. He stressed that the Committee had done its utmost to recognize these different points of view in its Report and conclusions, while still executing its important mandate of providing recommendations for the Council. He expressed his hope that all Members would share that same sense of responsibility and unity. The WCO needed to have a budget in order to execute its mandate and continue serving all Members in this emergency situation. The recommendations from the Finance Committee were clear in that regard.
80. He mentioned that given the uncertainty around COVID-19, Finance Committee members had requested an additional session in the Autumn to take stock of, and further review the situation at that time. Under current circumstances the expenditure within different chapters might vary, and flexibility would be needed. Nevertheless, the Secretariat had reaffirmed its commitment to presenting a balanced budget at the end of the year while not increasing Members' contributions.
81. He expressed his belief that the solutions and recommendations identified by the Finance Committee were the appropriate way forward, and called on everyone to take their responsibility and separate political divergence from the important technical work of the Organization. While needing to acknowledge everyone's point of view, Members should not let these differences jeopardize the sound financial management of the WCO.
82. The ACTING CHAIRPERSON thanked the Chairperson of the Finance Committee and reiterated that the objective of this Agenda item was to adopt the Report that had had consensus at the Finance Committee. He then opened the floor for comments.
83. The Delegate of the RUSSIAN FEDERATION presented a number of objections regarding the budget, in the Russian Federation's capacity as a Finance Committee member. Firstly, almost half of the WCO balance sheet was dedicated to accruals for the Terminal Allowance for Secretariat employees; in total the Terminal Allowance provision (item IV on the WCO balance sheet, capital section) amounted to 19.3 million euro for the current year, whilst the total amount of Members' contributions for 2019/2020 was listed as 15.2 million euro (Annex I to Doc. SF0511Ea). This provision for the Terminal Allowance was basically the amount of the liquid assets of the WCO, i.e., 20.4 million euro. At the same time, total spending for Capacity Building for the coming financial year 2020/2021 amounted to 6.2 million euro (Annex to Doc. SF0513Ea). This raised the question of whether it was the WCO's purpose to finance its own Secretariat or any real Customs development programmes.
84. Secondly, the Staffing Table showed that the Compliance and Facilitation Directorate had 77 posts (Staffing Table, Annex VII to Doc. SF0512Ea), which was more than the Tariff and Trade Affairs and Capacity Building Directorates combined. Again, this raised the question of whether it was the WCO's purpose to facilitate itself or to address the robust development of the global Customs community.
85. Annex V to Doc. SF0508Ea showed that there was a current loss from operating activities of -3.9 million euro, which was covered partially by drawing 1.6 million euro from the WCO's portfolio and partially from the existing liquid assets. Such a position was not sustainable in the long run and would have to be addressed. However, there was nothing in the reports that would show this.

86. Regarding missions, Annex II to Doc. SF0512Ea showed that travel expenses in 2020/2021 were unchanged in comparison to the previous year. Members were all speaking about limitations due to COVID-19, and in particular that no travel was occurring at all, however the mission expenses in this document stood at 295,000 euro. Surely this would have to be adjusted due to the pandemic. In addition, mission expenditure should be addressed in general, and the question asked as to whether the WCO should be financing missions so generously.
87. Annex I to Doc. SF0508Ea showed that the portfolio income was less than 148,000 euro, which was less than the portfolio management fee, standing at 217,000 euro. In other words, the WCO was paying more for the management than it was getting in return.
88. Finally, the Delegate of the Russian Federation requested that the contribution of so-called "Kosovo" not be listed in the Organization's budget, and that this territory not be mentioned in other financial documents.
89. In order to be constructive and help the Organization to move forward, he suggested approving two items, namely permanent and temporary staff expenses, salaries and allowances of Chapters 1 and 2, and essential operating expenses of Chapters 3 and 4 (e.g. rent, general maintenance, supplies and services). This would perfectly help the Organization to move forward until the next meeting of the Finance Committee, where all opinions of the Finance Committee members and the financial strategy of the Organization could be considered thoroughly and attentively, not only by the members of the Finance Committee but by all Members who paid their contributions.
90. The Delegate of SERBIA supported the intervention made by the Russian Federation, and pointed out that the Finance Committee Report clearly showed that no consensus had been reached, as some members of the Finance Committee had disagreed with listing so-called "Kosovo" in the list of contributors, as well as with the way of determining the contribution for an entity whose WCO membership was contested. Hence, these members had clearly expressed their dissent and asked to distance themselves from the consensus decision of the Finance Committee in this regard.
91. He reiterated the Serbian position, which was supported by a large number of Members, that the admission of so-called "Kosovo" to the WCO was null and void. He pointed out that Serbia did not approve the Finance Committee Report as a package unless so-called "Kosovo" was excluded from the list of contributors. He also reminded the Council of the written objections by the Republic of Serbia, where it had been stated that the contribution of so-called "Kosovo" had been determined by the Secretariat without any consensus approval and was in contradiction with the valid rules regarding contributions based on the scale of assessment of the United Nations and the OECD. In conclusion, Serbia could not approve the incomplete Report of the Finance Committee unless so-called "Kosovo" was excluded from the list of contributors.
92. The Delegate of CHINA said that whilst the pandemic might prevent Members from seeing each other face-to-face, it could not stop them from working more closely with the help of modern technology. She stressed that the focus of the dispute regarding this Agenda item was the contribution from an unrecognized territory whose membership in the Organization was still pending. All decisions of the Council were to be taken by consensus, however there was no consensus on this issue. She



suggested taking a constructive approach to financial matters by approving only urgent budget expenditures that allowed the continuous functioning of the Organization, and returning the other issues to the Finance Committee for further discussion. She reasoned that it was premature for the Meeting to adopt the Report as a package.

93. The Delegate of AUSTRIA read out a statement on behalf of his country, as well Belgium, Croatia, the Czech Republic, Denmark, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Sweden, Albania, Australia, Bahrain, Canada, Costa Rica, Honduras, Iceland, Montenegro, North Macedonia, Norway, Saudi Arabia, Switzerland, Turkey, United Kingdom and United States :

“We collectively support the recommendation of the 2020 Finance Committee, including the approval of the 2020-2021 Fiscal Year Budget listing the contributions of all WCO Member states, including Kosovo. In accordance with Article XVIII of the WCO Convention, Kosovo became a full-fledged member of the WCO on the date of deposit of its instrument of accession in January 2017. The WCO Secretariat had confirmed this in previous meetings of this Council. Kosovo is an independent state with a defined territory, population, and government that has responsibility for its own international relations. In 2010, the International Court of Justice (ICJ) confirmed that Kosovo’s 2008 declaration of independence did not violate international law or UN Security Council Resolution 1244. Kosovo has fulfilled its obligations as a responsible member of the WCO, including the timely submission of its assessed contributions. As such, there is no right, reason, or benefit to excluding Kosovo’s name from the list of contributors to this Organization’s budget. Kosovo’s membership is in line with the WCO’s mandate to increase customs collaboration. Kosovo’s recent accession to the Revised Kyoto Convention and Harmonized System Convention are a testament to Kosovo’s desire to participate fully in the international Customs community. All Members benefit from enhanced customs collaboration with Kosovo. Kosovo’s WCO membership and resultant inclusion in WCO meetings and documentation does not imply recognition on the part of individual States. Members who do not recognize Kosovo can avail themselves of the well-established option of submitting a diplomatic note to the Belgian Ministry of Foreign Affairs, as depositary for the Convention, to register their national position if they do not wish to be in a treaty relationship with Kosovo. The spread of the COVID-19 pandemic has placed the entire world in an unprecedented situation. Now, more than ever, the global Customs community must heed the call of the WCO to work in a collaborative and coordinated manner to ensure the integrity and continued facilitation of global supply chains during this global health and economic crisis. The work of the WCO is of fundamental importance to this mission. We simply cannot risk the continued funding and operation of the Organization because of political disputes that are beyond the remit of the WCO and best settled via bilateral discussions and/or other international fora. In summary, we urge all countries to approve the recommendation of the Finance Committee, including the 2020-2021 WCO budget, as is. Those who are uncomfortable with this recommendation for any reason are urged to note their dissent alongside their consent to the budget, as several other countries did at the Finance Committee in recognition of our unprecedented global circumstances.”

94. The Delegate of the EUROPEAN UNION thanked the Chairperson of the Finance Committee for his esteemed work and leadership, and recalled the substantive discussions from which the Finance Committee had come to a conclusion. The EU supported the Report and its recommendations, and approved the budget as suggested by the Acting Chairperson. She noted the concerns raised by the Russian Federation and China, and regretted that these concerns had not been raised during the Finance Committee. She suggested coming back to these issues in the Finance

Committee in the Autumn, and amending the budget if necessary or taking any lessons for the future.

95. The Delegate of SOUTH AFRICA expressed general support for the Report of the Finance Committee, but noted three issues to be recorded. Firstly, regarding the acquittal of the Secretary General of his responsibilities, he recalled that he had raised the issue of the overall performance review of the Secretary General at the previous Council sessions. Secondly, he expressed general support for the point raised by the Russian Federation on reviewing the allocation of costs to the administration of the Organization versus the Capacity Building programmes. Thirdly, he emphasized that many Customs administrations, in particular during this difficult time, had forgone salary increases. In solidarity with Members, he asked the Organization to consider not providing salary increases this time around.
96. In general he expressed the wish, on behalf of South Africa and many other colleagues, for a speedy resolution of the outstanding issues on governance and membership. As a relatively young democracy, South Africa's interest in joining and being part of the Organization was to benefit from substantive discussions on Customs matters in the interest of improving efficacy in its core mandate. It was disappointing that valuable time was being spent on other matters, although important, which needed to be resolved urgently. Rather, the Council should focus on improving the WCO's mandate.
97. The Delegate of KOSOVO recalled that 116 United Nations Member States recognized Kosovo as an independent and sovereign country. Kosovo was a member of more than 60 international organizations including the World Bank and IMF. The Declaration of Independence of Kosovo had been confirmed by the International Court of Justice in its advisory opinion of July 2010, stating that it did not violate international law and Security Council Resolution 1244. He pointed out that if any State did not recognize the Republic of Kosovo this was a bilateral issue that should not affect the work of the WCO. Kosovo had been a full Member of the WCO since 25 January 2017, and had acceded to the Organization in accordance with Article XVIII of the Convention establishing a Customs Cooperation Council.
98. Regarding the discussion related to Members' contributions, the Delegate of Kosovo referred to Article XII (d) of the Convention which specified that each Member should pay its full annual contribution for the financial year. Kosovo was a full Member of the WCO, had fulfilled its obligations and would continue to do so; therefore the inclusion of Kosovo in the financial reports and the list of contributions should not be a point of discussion. At the previous Council sessions it had been clarified that for some Members a different method of calculation was employed, and it had been pointed out that membership of the UN or OECD was not a prerequisite for being a Member of the WCO. In conclusion, the Delegate of Kosovo stated that Kosovo remained committed, as a full, equal and engaged Member, to exercising fully its rights and obligations within the WCO with a good will to respect the technical nature of the WCO and its important mission to foster cooperation amongst Customs administrations and to improve the Customs service.
99. The Delegate of the DOMINICAN REPUBLIC, as Vice-Chairperson for the Americas/Caribbean region, said that it was imperative to focus on technical and priority issues. The Finance Committee had done so, and had evaluated the budget based on current events. Members needed to support the WCO, as it had supported all Members in this difficult global situation. She emphasized that the discussions should be productive and should relate to the improvement of Customs matters, in order to

move forward and win the fight against the COVID-19 pandemic together. She supported the decision of the Finance Committee, and the budget which had been developed by prioritizing issues based on the current global situation.

100. The Delegate of ANTIGUA AND BARBUDA commended the Secretariat for the enormous groundwork done on finance matters. Antigua and Barbuda fully supported all recommendations, including the budget. He acknowledged the intervention by the Delegate of the Russian Federation which had raised some valid points that needed to be addressed during the Autumn meeting. He expressed his commitment to looking into these issues in a rational way, together with fellow Finance Committee members. In particular, he noted that the WCO was losing a lot of money on the portfolio side and the Finance Committee would need to discuss whether the investments concerned were worthwhile, and what would be the best way of investing the money to obtain constant returns in the long term which would help improve the Organization's finances.
101. The ACTING CHAIRPERSON explained that the Council was looking at the Finance Committee recommendations as a package, as presented by the Chairperson of the Finance Committee and as approved during that Committee's official meeting. He added that the Russian Federation, as a member of the Committee, had submitted edits and approved the Report, whilst distancing itself from the consensus on the Kosovo issue. He felt that there were Member administrations that had political pressure from their Governments or Ministries of Foreign Affairs, and he had no objections to that as these were the directions of a nation. There had been some valid points presented by the Russian Federation regarding the budget, however these could have been raised during the Committee meeting and he urged the Russian Federation to raise these issues during the Autumn meeting. Regarding the budget for meetings, missions, and expenditure on necessary items, he stressed that no-one could guarantee that it would be possible to stick to a set budget under the current conditions. His own budget in Bahrain was adapted on a weekly basis by the Government, due to the pandemic.
102. In order for the Council to be able to approve the budget, he took up the recommendation made by the Delegate of Austria and invited those non-members of the Finance Committee who wished to distance themselves from this political issue to write a letter to the Secretariat and mention this, in order to ensure that the budget came as approved by the Finance Committee. It had to be considered that this was a virtual meeting and consensus should be sought. If a vote was necessary, it would be conducted by the method used when approving the Agenda.
103. The Delegate of the RUSSIAN FEDERATION requested that the following statement made by the Russian Federation during the Finance Committee meeting (Annex II to Doc. SF0527Eb) be reflected in the Report: "The Russian Federation considers it inadmissible to mention Kosovo in the WCO financial documents, including their contribution (particularly in documents SF0507, SF0511 and SF0519) since it is a territorial unit and not a state. The UN SCR indicates it is an administrative region as part of the Republic of Serbia - which is a full WCO Member. Given the desire to reach consensus on the issue while maintaining the serious contradictions in the opinions among Members, the Russian Federation insists that in Finance Committee documents to be presented to the Council, Kosovo's contributions be placed under "unknown sources" or be added to Serbia's contributions. If the proposal is not accepted by the Finance Committee, the Russian Federation's dissent is to be clearly reflected."

104. He complained about the lack of time to react to the documents, in particular the financial statements, prior to the Finance Committee meeting. Just as a professional financial auditor would need the appropriate time to prepare his report, he asked how Finance Committee members could draw conclusions regarding the financial reports if they were published only a few days before the meeting. In a spirit of cooperation, involvement and inclusiveness, it should not matter when a particular comment was made - whether it be during the Finance Committee or during the Council session - as long as it was duly expressed and presented. He also reiterated that five out of the six points raised in his intervention were purely of a financial nature.
105. He commented on the manner in which the Acting Chairperson had conducted the discussion, in particular when he had restrained the Delegate of China from speaking about the Kosovo issue as this was not part of the Agenda item, whereas he had allowed the Delegate of Kosovo, whose membership status was disputed, to make a political intervention. Regarding the budget, he reiterated his position that only Chapters 1, 2, 3 and 4 should be approved, and the rest discussed during the Finance Committee meeting in the Autumn.
106. The Delegate of SERBIA expressed his disapproval that the floor had been given to an entity which should not be enlisted as part of the Organization.
107. The Delegate of CHINA reacted to comments made by the Delegate of the European Union during her earlier intervention. China's comments and suggestions had indeed been made during the Finance Committee meeting, as could be seen in the record. Regarding the difficulty of differentiating between urgent and non-urgent items, she suggested that it would help to take a closer look at the Report of the Finance Committee to see which of the actions were really required. As she considered it premature to approve the Report as a package, she suggested removing the last item, i.e., the adoption of the Report itself, from the actions required by the Council.
108. The Delegate of SERBIA took the floor again as during his earlier intervention the connection had been lost. He fully supported the interventions by the Delegates of the Russian Federation and China, and said that he would not want to continue with political debates on this Agenda item. He agreed with the proposal of the Russian Federation to consider staff expenses and capital expenditure as urgent, in order to enable the smooth functioning of the Organization.
109. The Delegate of GUINEA recalled the difficulties faced during the previous Council sessions in Brussels when adopting the budget. He stressed that this was the most essential item on the Agenda, as it was necessary to have a budget for the Secretariat in order to ensure the proper functioning of the Organization. If Members would like to move forward with the Organization, they would have to accept that it was necessary to make a budget available to the Secretariat. Regardless of how the budget was developed, he called on Members to show solidarity with the Organization, which would cease to exist without a budget. In the absence of consensus, he invited the Acting Chairperson to conduct a vote. In any case, it was not acceptable to end the Council Sessions without giving the Organization a budget for 2020/2021.
110. The Delegate of NEW ZEALAND observed that this was a virtual meeting held with a shortened Agenda in order to approve the bundle of work brought before the Council. He submitted the following motion to be put to a vote: "Does the Council reject the financial statements with the understanding that in doing so it will shut the WCO and therefore remove from us our International Organization at this time?". As this was the point at stake, he asked that the motion to approve the financial statements in their

current state be accepted, given their criticality in moving the Organization forward until December, when hopefully Members would be able to meet in person again.

111. The ACTING CHAIRPERSON concluded that the budget was the most important topic of the Meeting, and that he intended to put the motion submitted by New Zealand to a vote. He expressed the hope that Members could agree to provide the Organization with a budget. With regard to the political issue that had been addressed, recognizing that it would not be possible to resolve this issue during the Meeting, he reiterated that anyone wishing to record dissent from the decision taken could write to the Secretary General or himself in the coming days, so that their opinion could be incorporated in the Report.
112. He then asked Members the following question: "Do you reject the budget?". He supplemented this by indicating that Members would have to look at the budget as a holistic package. Anyone rejecting the budget should type "REJECT" in the messaging function of the Platform and their vote would be taken into account.
113. While he allowed time for Members to react, the Acting Chairperson came back to the comments by the Russian Federation and agreed that everyone would like to improve the ways of operating; however, this Meeting did not offer the time or the means to hold these types of discussions. He appreciated the knowledge and experience of the Delegate of the Russian Federation, who would bring in some valuable ideas, in particular as part of the Finance Committee. He assumed that the Chairperson of the Finance Committee would have considered these points in the previous meeting or would do so in the upcoming meeting.
114. As a result of the voting, the Acting Chairperson noted rejections by four Members, namely Armenia, Cambodia, the Russian Federation, and Serbia. As the results showed no majority for a rejection, the Chairperson declared the budget to be approved.
115. The Delegate of SERBIA said that this formulation of the question for voting confirmed a practice of the Secretariat acting in a non-transparent way, and violated the basic principles of how the WCO operated. Under Agenda Item V, the Council had been invited to approve the recommendations of the 103<sup>rd</sup> Session of the Finance Committee. It was unclear on what basis the Chairperson had proposed to formulate a voting question as "Who rejects the report?". He recalled that the practices commonly applied in the WCO were to vote on the approval or adoption of a report. He had attended many meetings at the WCO and no Chairperson had ever asked about the rejection of a report. Hence he raised a point of order regarding the improper definition of the question put to a vote.
116. The ACTING CHAIRPERSON replied to the Delegate of Serbia that the formulation of the question was based on the motion of New Zealand, and this was deemed the best way to take stock of Members' views considering the format of the Meeting. He reiterated that it was not easy to run a meeting on screen and he requested the Delegate of Serbia to respect the fact that the majority of Members in the Meeting wished to approve the budget as they were concerned about the future of the Organization. He urged Members to set differences aside and offered to discuss them at the next Council session in Brussels. He concluded that the voting method employed clearly and overwhelmingly showed that there was a willingness to move forward on the budget issue and he reconfirmed that only four rejections had been noted. With regard to the letters of dissent, he confirmed that he would be available to receive them as soon as the Meeting concluded.

117. In conclusion, the Council

- ✓ approved that the net outcome for financial year 2018/2019 of -670,649.58 euro (surplus of 8,485.70 euro, spending from Reserves of 1,095,931.37 euro and the Publications Fund's positive result of 416,796.09 euro) be taken into account and the accumulated result on 30 June 2019 be established as being 8,812,421.46 euro;
- ✓ acquitted the Secretary General of his financial responsibilities for financial year 2018/2019;
- ✓ approved general operating expenses of 17,839,712 euro for 2020/2021;
- ✓ approved a scale of WCO contributions for financial year 2020/2021 with a 0 % increase compared to financial year 2019/2020;
- ✓ approved the Staffing Table for 2020/2021 showing the budgeted posts;
- ✓ approved the proposed capital expenditure of 907,500 euro for financial year 2020/2021;
- ✓ noted the high-level costing of the Strategic Plan taking into consideration the Finance Committee's recommendations for future developments;
- ✓ approved the application of the salary scale for Belgium, with effect from 1 January 2020, which represents a 1.6 % increase in salaries;
- ✓ approved the increase in the family-related allowances at 1 January 2020 as recommended;
- ✓ approved a no-cost extension to all ongoing projects funded from the Organization's Reserves;
- ✓ adopted the proposed amendments to the Staff Manual, the Technical Attachés Manual and the Manual for Short-term Contractors;
- ✓ adopted the proposed amendments to the Financial Rules; and
- ✓ adopted the Report on the 103<sup>rd</sup> Session of the Finance Committee.

## **6. NOMINATIONS AND REGIONAL REPRESENTATION**

118. The ACTING CHAIRPERSON informed delegates that the arrangements proposed under this item were included in the draft Council Decision (Doc. SC0188Ea). He clarified that the draft Decision would have to be revisited during the December 2020 Session, as most of the arrangements had been proposed as temporary measures.

119. Overall, Members had supported the proposals contained in the draft Decision, but a few reservations and objections had been introduced regarding the interim decision to nominate the Acting Chairperson for the remainder of the term of office of the elected Council Chairperson and until the Council could effectively hold the

necessary election for this post. He indicated that this issue had already been addressed and resolved during previous Agenda items.

120. He recalled that the Notice issued in April 2020 had informed Members that the postponement of the face-to-face meetings of the Policy Commission and Council to December 2020 would also entail the postponement of the elections for the post of Council Chairperson, as well as the posts of Chairperson of the Audit and Finance Committees.
121. The postponement of the June 2020 Council Sessions also called for the postponement of the elections for the post of Director, Tariff and Trade Affairs. As delegates might recall, the Secretary General had written on 3 April 2020 (Letter No. 20A41E) advising that there were five candidates for the post of Director, Tariff and Trade Affairs. On 5 April 2020, the Secretary General had received an additional nomination for a candidate from Brazil, and after consultation with the former Council Chairperson, that application had been rejected for being received outside the established deadline. Subsequently, on 16 April 2020, the Customs Administration of Brazil had submitted an appeal for reconsideration of the request for an extension of the deadline for the submission of applications and recommended reopening nominations for all Members. The former Council Chairperson and the regional Vice-Chairpersons had discussed the issue and recommended that all Members be informed of this request and that additional views and feedback be collected on the possible extension of the deadline for submission of applications for the post of Director, Tariff and Trade Affairs. The majority of the views received had favoured the maintenance of the established deadline and rejected the request for re-opening nominations for the post. Based on this feedback, the Acting Chairperson and the regional Vice-Chairpersons had met again and agreed to reject the request. The Council was being informed of this outcome for the purpose of the record.
122. He continued by stating that, in addition to the issue previously addressed, and in order to ensure continuity under the current challenging circumstances, the regional Vice-Chairpersons had recommended an exceptional ad interim extension of the mandate of the Council Chairperson, as well as the Chairpersons of the Audit and Finance Committees, until December 2020. All Directors General that responded to this Notice had expressed their full support for these arrangements in view of the challenging and unprecedented circumstances.
123. Following consultations between the Members in the various regions, it was proposed that the Council confirm as members of the Policy Commission the Delegates of Argentina, Austria, Belarus, Canada, Chile, China, Democratic Republic of the Congo, Egypt, European Union, Iran (Islamic Republic of), Israel, Italy, Japan, Korea (Republic of), Mauritius, Mexico, New Zealand, Nigeria, Russian Federation, Saudi Arabia, Sweden, United States, United Kingdom and Zimbabwe.
124. Following consultations between the Members in the various regions, it was proposed that the following Members be confirmed to serve on the Finance Committee : Antigua and Barbuda, Burundi, Canada, China, European Union, France, Gambia, Germany, Haiti, Indonesia, Italy, Japan, Kazakhstan, Korea (Republic of), Luxembourg, Russian Federation, Saudi Arabia, Switzerland and United States.
125. It was proposed that the term of Mr. Peter Hill (Canada), Chairperson of the Finance Committee and Mr. Denton Alhajie Saihou (Gambia), Vice-Chair, be extended until December 2020.

126. Following consultations between the Members in the various regions, it was proposed that the following Members be confirmed to serve on the Audit Committee: Armenia, Bangladesh, Cameroon, Comoros, Guatemala, Indonesia, Mexico, Morocco, Netherlands, South Africa, Togo and Tunisia.
127. It was proposed that the term of the Delegate of Bangladesh, serving as Audit Committee Chairperson, and the Delegate of the Netherlands, serving as Vice-Chair, be extended until December 2020.
128. The Delegate of the RUSSIAN FEDERATION strongly recommended adding to the Agenda for the December 2020 Council Meeting an item concerning the governance issue. This would allow for discussions on procedures to be followed under challenging situations such as a pandemic, as neither the Rules of Procedure nor the Convention addressed, with their current contents, matters related, for instance, to arrangements for meetings, voting procedures and financial issues in times of crisis. The Delegate reiterated his doubts regarding the voting procedures undertaken during this Council Meeting. Regarding the financial aspect, he stated that arrangements should be clear, transparent and understandable to all Members, being the monetary contributors of the Organization. The Delegate recalled that the Russian Federation was one of the biggest contributors to the WCO and was therefore particularly attentive to the way resources were spent. He repeated that governance issues were of particular importance and called on the Acting Chairperson to commit himself to adding this topic to the Agenda of the next meeting. He proposed the creation of a new body, which would be a so-called “watchdog” body on governance issues. He concluded that lessons should be learnt from this unusual Council session to make the WCO stronger, more efficient in reaching its goals and more transparent, implying full Member involvement and participation.
129. The ACTING CHAIRPERSON clarified and reassured delegates that the issue of governance would be taken up in the proper manner, when the Council gathered together at the appropriate time. He recognized that the points made by the Russian Federation had been very valuable and the discussions would continue in the future.
130. The Delegate of CHINA echoed the comments from the Russian Federation regarding governance, and suggested that the Organization needed to look into this important matter occasionally as it was part of its vitality. She turned to the extension of a number of existing posts, a proposal which she considered as reasonable. While reviewing the written comments submitted by Members on this item, she had noted that there had been a proposal regarding the extension of the term for the post of Director, Tariff and Trade Affairs. She considered this proposal as justifiable and requested that it be taken into consideration by the Council. She made it clear that the proposal would not have an impact on the elections scheduled for the December Council Session.
131. The ACTING CHAIRPERSON responded to China’s comments regarding the post of Director, noting that the postponement of the elections did not necessarily entail an extension of the incumbent’s term. In past practice, these responsibilities had been assumed temporarily either by the Deputy Secretary General or by other officials, until elections could take place. Referring to the proposal by the Russian Federation for the establishment of a “watchdog” body, he expressed the opinion that this conflicted with the existence of the Audit Committee. The subject of governance had to be discussed, but without questioning the mandate of the Audit Committee as the body which ensured respect of the WCO’s rules.



132. The Delegate of AUSTRALIA stated that Customs administrations found themselves in unprecedented times, which had exposed some gaps for the WCO and other international organizations. While some Members had noted that the current sessions did not conform fully to the established Council Rules of Procedures, he argued that the WCO had made its absolute best endeavours given the circumstances and had provided a practical path for Members to discharge their duties as laid out in the Rules of Procedure, which would ensure business continuity and the maintenance of instruments. The Council had established, in Article VI of the Convention, the ability to task the Permanent Technical Committee (PTC) to advise the Council on technical matters. The ongoing sessions of the PTC had a proposal under consideration for the establishment of a mini-group consisting of interested Members to review the Rules of Procedure and provide advice on how they could be updated to ensure business continuity. He proposed that the Council task the mini-group to reflect on the concerns raised by Members during the Meeting and report back to the next session of the Policy Commission, scheduled for December 2020.
133. The ACTING CHAIRPERSON thanked Australia for its comments and took note of the proposal. New ideas were welcome, and he agreed that there would be no need to recreate groups when existing ones were already established and managing similar issues. He would discuss the matter with the Secretariat to determine the best way forward with this proposal. Improvements on strategic issues or on governance should be ongoing, and he encouraged Members with ideas to put proposals together which could be considered in the future.
134. The Delegate of the DOMINICAN REPUBLIC, as Vice-Chairperson for the Americas/Caribbean region, confirmed that the Members of the region had agreed to the extension of the mandates of their representatives in the Policy Commission, Finance Committee and Audit Committee until December 2020. Additionally, on 4 June 2020 elections had been held for the position of regional Vice-Chairperson, resulting in the election of Guatemala as the next Vice-Chairperson for the Americas/Caribbean region. The Dominican Republic would hand over the Vice-Chairmanship to Guatemala at the end of June 2020. Regarding the Acting Chairperson, no objections had been received on the proposal and over 18 countries had expressed their full support.
135. The Delegate of NEW ZEALAND recognized the extremely challenging times in which the WCO, other global institutions and sovereign nations found themselves. He therefore considered it critical to look at processes of governance, terms of reference and rules of procedure so that should another crisis emerge, the WCO would be able to respond agilely as a global organization. Being mindful of the costs involved in holding additional meetings at the WCO, he strongly supported the proposal made by Australia of using the PTC for this purpose, and urged that this proposal be vigorously examined by the Acting Chairperson and the Secretariat to allow the work to commence and make it possible to measure the scope and size of the challenge at hand.
136. The Council confirmed the exceptional ad interim extension until December 2020 of the mandate of the Acting Council Chairperson, as well as of the Chairpersons and Vice-Chairpersons of the Audit Committee and the Finance Committee. The Council also confirmed the nominated regional Vice-Chairpersons, and the composition of the Policy Commission, Audit Committee and Finance Committee.

**7. DATE AND PLACE OF NEXT SESSIONS AND  
CALENDAR OF MEETINGS FOR 2020/2021**

137. The ACTING CHAIRPERSON informed delegates that a draft Calendar of Meetings for 2020/2021 had been made available in Doc. SG0213. As noted in that document, in view of the ongoing COVID-19 pandemic the draft Calendar for Council and Committee sessions, and other meetings, for the period from 1 July 2020 to 30 June 2021 was to be considered as tentative. Taking into consideration international travel restrictions, the format in which meetings would take place might vary. Detailed information regarding the individual meetings and their proposed working arrangements would be developed and shared with Members at the appropriate time. Members had expressed overall support for the draft Calendar, bearing in mind the flexibility required for its implementation in terms of dates and format, in light of current circumstances. The Council could also note recommendations by a couple of Members to engage the Policy Commission to review the Calendar of Meetings in order to help Members with prioritization, strategic planning and where to focus the year's work.
138. The Council approved the provisional annual Calendar of Meetings reproduced in Annex VI hereto, bearing in mind that changes might arise in terms of the dates and arrangements for the Committee sessions and meetings.

**CLOSURE OF THE SESSIONS**

139. The ACTING CHAIRPERSON concluded by emphasizing that without the cooperation, commitment and understanding that Members had demonstrated during the Meeting, the Council could not have arrived at such a successful conclusion. He thanked delegates for their constructiveness and support for his chairmanship of the Meeting. Finally, he drew the Sessions to a close by expressing gratitude to the Secretariat staff for their work, and he reassured Members that they would all meet again. In the meantime, he wished for everyone to stay safe and strong!
140. After the conclusion of the Sessions, the Council expressed its sincere condolences to Maldives Customs for the recent passing of their Commissioner, wishing strength to all Maldives Customs officers as well as to the Commissioner's family at this difficult time.

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