



COUNCIL  
-  
115<sup>th</sup>/116<sup>th</sup> Sessions  
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Brussels, 9 August 2010.

**MINUTES OF THE 115<sup>TH</sup>/116<sup>TH</sup> SESSIONS**  
**OF THE CUSTOMS CO-OPERATION COUNCIL**

**(Brussels, 24 - 26 June 2010)**

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## MINUTES

### OPENING OF THE SESSIONS

1. The 115<sup>th</sup>/116<sup>th</sup> Sessions of the Council were held at WCO Headquarters in Brussels from 24 to 26 June 2010. The list of participants is reproduced at Annex I.
2. The CHAIRPERSON welcomed the participants and declared the proceedings open. The Council began by observing a moment's silence in memory of Customs officers all over the world who had lost their lives during the previous year. The Chairperson made particular mention of the Haitian Customs Administration which had lost a number of Customs officers during the terrible earthquake in January 2010. He also mentioned the Commissioner of Namibian Customs and Excise, Mr. Godfrey Kabozu, who had passed away in July 2009.
3. The Chairperson also invited delegates to remember in their thoughts Michel Danet, Secretary General from 1999 to 2008, who had sadly passed away on 10 December 2009 after a long illness, as well as Antoine Manga, serving Director of Tariff and Trade Affairs, who had passed away on 24 April 2010.

### COMBATING OF FAKE MEDICINES

- **Keynote address by Jacques Chirac, Former President of the French Republic and President of the Chirac Foundation**
4. The CHAIRPERSON announced that Jacques Chirac, former President of the French Republic, and Didier Reynders, Deputy Prime Minister and Minister of Finance and Institutional Reforms of the Kingdom of Belgium, would address the Council.
  5. PRESIDENT CHIRAC began by pointing out that according to the World Health Organization, 30 % of the medicines on the market in developing countries were fake, and more than 200,000 people died every year because they had taken fake anti-malaria medicine.
  6. He said that access to good-quality medicines was a public health cause, and ensuring that everyone had the right to access good-quality medicines was the purpose behind the Declaration issued on 12 October 2009 in Cotonou. Its aim was for States and international organizations to finally establish all the legal and legislative provisions necessary to co-ordinate the action of all those involved.
  7. President Chirac stressed the importance of improving access to good-quality medicines, jointly complying with strict product quality controls, improving product traceability and securing pharmaceutical channels. With this in mind, he highlighted the important role played by Customs administrations, which had to strike a balance between control and trade facilitation, and by the WCO, bearing in mind that securing pharmaceutical channels required co-operation between States. President Chirac called for the rapid and widespread adoption of the Medicrime Convention, coupled with increased action in the area of training, similar to what the WCO was doing in the capacity building area.

8. Finally, President Chirac emphasized the importance of education, information and the introduction of social coverage ensuring access to good-quality health products in order to tackle trafficking in the long term. Then, after paying tribute to Ms. Yolanda Benitez, a Customs officer in Ciudad del Este, Paraguay, gunned down by traffickers while carrying out her duties, President Chirac expressed the hope that a future award, specifically for efforts to combat fake health products, would be created and would provide an opportunity to take stock of the action taken and progress made every year.

9. President Chirac's address is reproduced in full at Annex II to these Minutes.

- **Address by Kunio Mikuriya, Secretary General of the WCO**

10. The SECRETARY GENERAL said he was speaking on behalf of all those present in applauding and sharing President Chirac's fight for peace and his enduring commitment in the service of the poorest countries. He said that counterfeiting was a new and rapidly expanding threat. He was convinced that the solution lay in a concerted approach on a wide scale, and he welcomed the Declaration signed in Cotonou at the initiative of the Chirac Foundation.

11. The strategic position occupied by Customs obliged the WCO to do everything in its power to develop close co-operation between all stakeholders, public and private. To that end, the WCO had a long-standing programme of anti-counterfeiting training which consisted of diagnostic missions and operational seminars which, in 2009/2010 alone, had covered more than 140 WCO Member countries.

12. The Secretary General went on to explain that the counterfeiting of medicines and other dangerous products confronted Customs officers with the basic issue of identifying fakes, given the technical nature of the products and the fact that they were constantly evolving.

13. This was why, in order to overcome these difficulties, the WCO had decided to take advantage of all the possibilities offered by new technologies, by developing an ongoing training tool for the identification of counterfeit goods, known as PMI or Public-Member Interface. This tool would give Customs officers in the field access to real-time information which was vital for enabling counterfeit goods to be recognized.

14. The Secretary General concluded his address by reaffirming the WCO's total commitment to eradicating the evil represented by fake medicines, and pledging that the WCO would take up the baton handed on by the Cotonou Declaration.

15. The Secretary General then signed the Cotonou Declaration.

16. The Secretary General's address is reproduced in full at Annex III to these Minutes.

- **Address by Didier Reynders, Deputy Prime Minister and Minister of Finance and Institutional Reforms of the Kingdom of Belgium**
17. The DEPUTY PRIME MINISTER AND MINISTER OF FINANCE AND INSTITUTIONAL REFORMS OF THE KINGDOM OF BELGIUM said that Customs administrations at the borders were best placed to protect consumers from dangerous products such as counterfeit goods.
  18. He added that the Cotonou Declaration had been relayed to the Belgian Government by the Belgian Friends of the Chirac Foundation and that, at Belgium's instigation, the European Commission had signed the Cotonou Declaration.
  19. As was the case for all Customs administrations, and for the WCO, this fight was an absolute priority for Belgian Customs, which for years had been striving towards stringent legislation to be strictly enforced.
  20. In November 2009 Belgium, in co-operation with its Federal Agency for Medicaments and Healthcare Products and Police service, had participated in Operation PANGEA II. This Operation to combat Internet sales of counterfeit and illegal medicaments, supported by the WCO, had brought together 26 countries from around the world. Also, last year the Belgian Customs and Excise Administration had been awarded a special prize by the WCO for the largest ever seizure in Europe of counterfeit anti-malaria medicines.
  21. He announced that the Belgian Presidency of the European Union proposed to take up a new regulation, put forward by the European Commission, to reinforce the legal framework for combating counterfeit goods.
  22. Finally, he called for a concerted solution at the global level.
  23. The address delivered by the Deputy Prime Minister and Minister of Finance and Institutional Reforms of the Kingdom of Belgium is reproduced in full at Annex IV to these Minutes.
- **"Yolanda Benitez" trophy for the combating of counterfeiting and piracy**
24. The SECRETARY GENERAL recalled that each year, at the Council Sessions, a trophy was awarded to administrations which had shown particular commitment to combating counterfeiting and piracy. The trophy was named after Yolanda Benitez, a Customs official from Paraguay who had been murdered on duty several years previously, while actively engaged in combating trafficking in counterfeit goods. This year, the trophy was being awarded to an administration which had achieved remarkable results in combating trafficking in fake medicines.
  25. After thanking the many Customs administrations that had entered for the prize, the Secretary General announced that the winner of this year's competition, and the recipient of the Yolanda Benitez trophy, was the Mexican Customs Administration. The trophy was being awarded to Mexican Customs in recognition of :
    - the seizure, in 2009, of more than 38 million counterfeit items, compared with 4 million in 2007, and the seizure of 45 tonnes of fake medicines, with all the data having been input into the CEN;

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- the establishment of a central risk analysis unit which had, in particular, uncovered new trafficking routes;
  - the implementation of an intensive capacity building programme; and
  - the publicizing of the results achieved.
26. PRESIDENT CHIRAC presented the trophy to the Head of Mexico's Revenue and Customs Agency and the Director General of Mexican Customs, congratulating them on their success.
27. The HEAD OF MEXICO'S REVENUE AND CUSTOMS AGENCY thanked the WCO and the Chirac Foundation for bestowing this award upon his Administration, thus encouraging it to follow the path set by President Calderon to vigorously enforce the rule of law. He thanked Mexico's army, navy, Attorney General's Office and Federal Police for their courage and resolve in the interdiction of counterfeit and pirated goods. Finally, he recognized the unwavering support of Mexico's trading partners.

### **1. ADOPTION OF THE AGENDA**

28. The Agenda set out in Doc. SC0099 was adopted unchanged.

### **2. APPROVAL OF THE MINUTES OF THE 113<sup>TH</sup>/114<sup>TH</sup> SESSIONS OF THE COUNCIL**

29. The Minutes of the 113<sup>th</sup>/114<sup>th</sup> Sessions of the Council, contained in Doc. SC0098, were approved.

### **3. COMMENTS BY THE CHAIRPERSON OF THE COUNCIL**

30. The CHAIRPERSON said that the WCO now had 176 Members, and it was vitally important that they participate and contribute to the fullest extent possible and be fully engaged in the WCO's work and its development. During his term as WCO Chair he had been emphasizing three key themes - the need for the WCO to be relevant, visionary and indispensable. He had also been stressing the need to commit words into action. Under the excellent leadership of Secretary General Kunio Mikuriya he believed that this was being achieved, and the Customs in the 21<sup>st</sup> Century Vision was being implemented through a comprehensive and ongoing work programme.
31. Over the previous few days the Policy Commission had held valuable discussions, and good progress had been made in a number of areas, such as Globally Networked Customs, SAFE, risk management and the development of a Revenue Package. The Customs role in disaster relief had also been on the Agenda, and the Policy Commission had heard from the Secretariat and from certain Members about the practical steps that Customs could take to support recovery after a country had suffered a major natural disaster - of which, unfortunately, there had been some graphic examples of late.



32. The Policy Commission had been particularly impressed by the very substantive contribution received from the Private Sector Consultative Group (PSCG), in a report delivered by its Chairperson, Ms. Carol West. The message from the PSCG was that its members were ready to help, and it was vital that the WCO continue to work closely with the PSCG. The PSCG and the WCO shared the same priorities and the same vision.
33. The Chairperson went on to say that risk management, one of the building blocks of Customs in the 21<sup>st</sup> Century, was a key element of Customs activity and underpinned all the work that Customs did. Risk management had been chosen as the theme for the panel discussion to be held during the Council Sessions. The Policy Commission had endorsed a number of practical steps that would take this work forward and deliver pragmatic and relevant tools for Members. Also, the Council Sessions would be followed by a risk management forum, at which risk management experiences and techniques would be discussed, as would the work the Secretariat had been doing to develop a risk management compendium.
34. Thus, there would be plenty of opportunity to discuss risk, and this was important because the topic was **relevant** to all Customs administrations, whatever their stage of development. Directors General needed to think about what risk management meant to their administrations, and be clear on the benefits that could be obtained. They needed to know that they had a robust risk management framework in place, and above all to be satisfied that their resource allocation, i.e. where they placed their personnel, was consistent with that framework. Therefore the framework had to be practically targeted and operationally focused. One way to help achieve this was through the implementation of a national targeting centre. This initiative helped ensure that inspection activities were intelligence-driven and were underpinned by a sound risk management programme.
35. Of course, risk management could not stand on its own - administrations needed to have the basic requirements in place before they could hope to successfully implement an effective risk management programme. This was where the WCO's capacity building programme was so important. The WCO was continuing its very good work in this area; in fact the Policy Commission had been informed that the WCO had delivered more missions this year than ever before. It was important to make sure that all this activity actually made a difference, and to keep up the momentum. With that in mind, the postponement of the First Session of the Capacity Building Committee because of the volcanic eruption in Iceland had been a great disappointment. The Meeting was now scheduled to take place in September 2010, and he hoped that as many Members as possible would take part in order to contribute to the **indispensable** Capacity Building programme.
36. The Chairperson then recalled that it was the Council's job to be **visionary** and provide strong leadership, not thinking about what might limit Members as separate administrations, but about what they could achieve as a 176-strong membership, working together. The Council could always be thinking about what the WCO should be doing next. In this regard, the Policy Commission had heard about progress made in other areas of the Customs in the 21<sup>st</sup> Century Vision, including feedback from the Ad Hoc Working Group on Globally Networked Customs about the progress it was making. The work programme on Co-ordinated Border Management (CBM) was also continuing. The Chairperson had no doubt that "joined-up government" was the way of the future, and CBM was a big part of this.

37. Finally, the Chairperson said that all ten building blocks of Customs in the 21<sup>st</sup> Century were important and could not be viewed in isolation, as they were inter-related and interdependent. The Council had a very full and interesting Agenda, and in being **visionary** the Organization was continuing to find areas where it could expand its expertise. He looked forward to hearing the views of all the Members, and was hopeful that the discussions would result in substantive actions and clear directions. As Seneca had said *"If one does not know to which port one is sailing, no wind is favourable"*.

#### **4. REPORT OF THE SECRETARY GENERAL**

38. The SECRETARY GENERAL began his presentation by commemorating his predecessor, Mr. Michel Danet, and the Director of Tariff and Trade Affairs, Mr. Antoine Manga, who had sadly passed away. The Secretary General had attended memorial services held for them in Brussels, and the condolences offered to their families by many members of the Customs community had been greatly appreciated.
39. Turning to his report, the Secretary General said he would discuss progress on his top three priorities, namely governance, capacity building and research, as well as providing information about WCO activities in general in 2009/2010.
40. There were now 176 Members of the WCO, as two new Members (Sao Tome and Principe; and Vanuatu) had joined since June 2009. There was one inactive Member. Where WCO Conventions were concerned, there were now 137 Contracting Parties to the HS Convention, 57 Contracting Parties to the Istanbul Convention and 69 Contracting Parties to the Revised Kyoto Convention. Forty-four Members had now accepted the amendments to the CCC Convention to permit accession by Customs and Economic Unions.
41. The Secretary General then summarized the situation regarding the staffing of the Secretariat and thanked Members that had seconded Technical Attachés to the Organization, adding that the new Internship programme was proving very successful.
42. Where the management of the Secretariat was concerned, the Deputy Secretary General had been placed in charge of the Tariff and Trade Affairs Directorate pending the appointment of Mr. Manga's successor. An election for that purpose would take place in June 2011. The Director of Compliance and Facilitation, whose term of office was due to end in December 2010, was in fact going to retire at the end of July, and the Secretary General would take charge of that Directorate until the new Director who was about to be elected by the Council took office in January 2011. In addition, the Compliance and Facilitation Directorate had been restructured, with two Deputy Directors each responsible for specific topics.
43. Regarding the budget, the Secretary General reported that strict management was in place in order to work towards balancing the budget. It was likely that financial year 2009/2010 would close with a slight surplus due to the austerity measures taken. Austerity measures would continue to be applied in 2010/2011, with an expenditure increase of only 1 %. In terms of revenue, contributions would total some 15.2 million euro, representing a 1 % increase. Nevertheless, there continued to be a structural budget deficit, though some mitigating factors might have a positive effect on this. He thanked the Members who had generously provided voluntary contributions.

44. On the subject of transparency and communication, the Secretary General announced a revision of the design and content of the WCO's Web sites. Also, in principle the policy would be to make all documents available to the public in order to help raise the WCO's profile. The translation of most key documents into several languages was continuing, and the Secretary General paid tribute to Sweden in particular for its funding of this initiative. This year the Secretary General had attended all six WCO regional meetings in order to promote communication.
45. In the area of capacity building, the WCO had achieved its highest ever level of capacity building delivery, focused on change management, support for WCO instruments and tools, the Revenue Package, IPR, regional scanning seminars, regional integration, and accreditation in order to build a pool of experts. Regarding the regional structure, the Secretary General provided an update on the Regional Offices for Capacity Building (ROCBs) and the Regional Training Centres (RTCs). On interaction with donors, he reported that the WCO had signed, or was currently negotiating, several Memoranda of Understanding (MOUs).
46. With respect to research, the Secretary General described the WCO Research Unit's extensive activities, including the organization of the Revenue Management Conference and the publication of several papers (including the AEO Compendium, an article on the SAFE Framework, a paper on Revised Kyoto Convention (RKC) benefits and a Globally Networked Customs (GNC) survey). He also announced the launch of the "Club de la Réforme", a think-tank based on a community Web site to foster networking between Members, which would be managed by the Research Unit. Finally, he touched on activities conducted under the PICARD Programme, including the next PICARD Conference to take place in Abu Dhabi in November 2010.
47. The Secretary General then summarized the wide range of WCO activities and achievements in 2009/2010, beginning with Customs-Business partnerships. This had been the theme of International Customs Day 2010, and there had been many celebrations and conferences. Also, several new MOUs had been signed by the WCO and business associations.
48. With respect to co-operation with other intergovernmental organizations in the enforcement area, he noted the work being done with the UN Counter-Terrorism Committee Executive Directorate (UN CTED) on security matters, with the UNODC on the Container Control Programme, the Cash Courier Project and AIRCOP, and with the WHO on the Protocol on Illicit Trade in Tobacco Products. He also mentioned Project Global Shield, a global exercise co-ordinated by the WCO in partnership with the UNODC and Interpol, which entailed countering precursor chemicals for explosives and providing training, monitoring and intercepting illicit consignments.
49. Turning to the WCO Data Model Version 3, a standardized dataset for border procedures which could be used for a Single Window environment and as an enabler for co-ordinated border management, he said that the official launch had occurred at the December 2009 Policy Commission session. The implementation strategy would include support for Members, engagement with UNCTAD and ASYCUDA, training for software solution vendors, the development of explanatory notes in Arabic, Russian and Spanish, and co-operation with international organizations for promotion.
50. On the subject of the Customs Enforcement Network (CEN), he explained that there were now more than 305,000 data items in the non-nominal seizure database; input was continuing from the national contacts points and the Regional Intelligence

Liaison Offices (RILOs), and there were alerts and new trends in the CEN. The concealment picture database now contained more than 1,000 photos.

51. The Secretary General recalled that CENcomm was a secured communication tool for joint operations. It had worldwide coverage and had been used for several operations in the previous year. He also drew Members' attention to nCEN, a nominal database at the national level for risk management, which contained a picture database, secure communication, a discussion forum and an online data analysis tool. In a survey, 55 out of 62 Members that replied had expressed an interest in implementing nCEN. A pilot project in Mauritius was scheduled for August 2010.
52. Turning to the Harmonized System, the Secretary General said that the HS 2012 had been adopted by the Council in 2009, and the accompanying Explanatory Notes (which would be in English, French, Spanish, Italian and Russian) were being developed and would be submitted to the Council in June 2011. Regional seminars on the HS 2012 would begin in 2011. The online HS Database, being demonstrated in the margin of the Council Sessions, was available in five languages and had advanced functionalities.
53. On the subject of Origin, the WCO was conducting a comparative study, with the EU and NAFTA being the first entities to be studied; a prototype would be available during the Sessions. The Secretary General also mentioned co-operation with APEC, including an APEC Trade Ministers' meeting in June 2010 which had welcomed co-operation with the WCO on Origin matters.
54. Regarding IPR, the Secretary General said that the second meeting of the WCO Counterfeiting and Piracy Group had taken place in May 2010; issues discussed had included IPR capacity building needs, co-operation with right holders, and a Compendium of IPR legislation. He drew Members' attention to the Right Holders Consultative Group, which provided practical co-operation in sharing information on IPR, and a Private Members Interface (PMI) for use as an operational tool; a prototype of the PMI would be available during the Sessions. Still on the subject of IPR, the Secretary General referred to Operation Max 55 taking place in 13 Mediterranean countries, and described the partnership with the Chirac Foundation based on the Cotonou Declaration of October 2009.
55. Six regional meetings had been held in 2009/2010 :
  - in Sudan on 1 and 2 February 2010 for the North of Africa, Near and Middle East region;
  - in Mali on 11 and 12 March 2010 for the West and Central Africa region;
  - in the Former Yugoslav Republic of Macedonia on 15 and 16 March 2010 for the Europe region;
  - in Korea from 27 to 30 April 2010 for the Asia/Pacific region;
  - in Uganda on 20 and 21 May 2010 for the East and Southern Africa region;
  - in Guatemala on 24 and 25 May 2010 for the Americas region.

56. The Secretary General then referred to the Revenue Management Conference which had taken place in Brussels in December 2009. The Conference, which sought to promote methods of fair and efficient revenue collection, was part of the Revenue Package initiative launched in response to the global financial crisis. One of the main messages to emerge from the Conference was that organizational structure followed strategy and leadership.
57. The WCO IT Conference had taken place in Dublin in April 2009, where over 400 participants had shared their experience; products available on the free market had been exhibited at the Conference.
58. The Secretary General then turned to policy issues, beginning with trade security and facilitation. On 100 % container scanning, he said that the WCO was continuing its constructive engagement with the United States by emphasizing consistent risk management as an alternative, and promoting the findings of the SAFE implementation survey. Members had not made a final decision on whether the United States' "10+2" Importer Security Filing legislation would be incorporated in the SAFE Framework. He noted that the SAFE Package had been distributed to all Council Members and highlighted the importance of the RKC. The latter was the basis for modernization and for the SAFE Framework, and the WCO was providing assistance in order to overcome obstacles to accession by promoting best practices.
59. Regarding the policy work related to Globally Networked Customs (GNC), the GNC Ad Hoc Working Group had met three times to discuss the main issues of "what information, between what parties and under what government circumstances (including IT applications)". Generally, there was a consensus that there should be a phased and inclusive approach with dual tracks (one for enforcement-related information and one for commercial data). CEN would be a possible tool for the enforcement track. Capacity building would be crucial to advance the GNC concept. In addition, legal issues would need to be examined carefully. The GNC feasibility study would take stock of existing protocols, guidelines, standards and initiatives.
60. On the subject of the WCO Publications Policy, the Secretary General said that the Finance Committee had recommended a change to the 2003 policy under which all Members were required to pay for WCO publications. There were proposals for a new policy which, without necessitating any increase in Members' contributions, would provide Members with free access to publications for internal use; the public would continue to pay for publications, and the WCO would be compensated by Members if they distributed WCO publications for external use. The Policy Commission had decided that the review of the Publications Policy should continue, through additional consultations with interested Members and with the Finance Committee Chairperson. A revised draft policy would be presented to the Policy Commission in December 2010.
61. Turning to the Revenue Package, the Secretary General said that six regional seminars aimed at promoting existing material and identifying areas for future work had been conducted. Key areas for future work that had been identified included challenges associated with under-valuation, the informal trade sector, valuation databases, limited knowledge of available tools, and exchange of information. In the area of Origin, there was a need for assistance in relation to the proliferation of Free Trade Agreements (FTAs). A draft action plan had been developed that would involve using the Members' Web site to communicate information, refreshing revenue-related guidelines and delivering training programmes. Linkages with GNC and the Risk Management Compendium would be explored, and consultations would take place with

the Technical Committee on Customs Valuation. An update would be provided at the December 2010 Policy Commission session.

62. On the subject of risk management, the Secretary General said that a Risk Management Forum would take place at WCO Headquarters on 28 and 29 June 2010. Also a Risk Management Compendium was being developed, and would consist of two volumes - one on risk management architecture and one on practical guidelines for risk assessment. The Compendium, incorporating inputs from the Risk Management Forum and regional seminars, would be completed in time for the 2011 Council Sessions.
63. The WCO was also working on the topic of natural disaster relief, especially in terms of the rapid Customs clearance of relief consignments. As part of this work, the WCO was co-operating with other international governmental organizations including the UN Office for the Coordination of Humanitarian Affairs (OCHA) and the International Federation of Red Cross and Red Crescent Societies (IFRC). An advisory committee was being formed to develop a Model Act. A proposed new Working Group would review the existing WCO standards, share experiences, develop best practices and prepare for the delivery of training.
64. Finally, the Secretary General mentioned a number of upcoming events, including : the first meeting of the Capacity Building Committee, which would take place in Brussels from 27 to 29 September and would be followed by meetings of the Integrity Sub-Committee and the ROCBs/RTCs; the World Customs Forum, which would be held in Istanbul (Turkey) on 6 and 7 October; the Technology and Innovation Forum, to take place in Cairo (Egypt) from 2 to 4 November, and the PICARD Conference taking place in Abu Dhabi from 23 to 25 November. These events would provide more opportunities to share information and best practices.
65. During the discussion which followed, many of the delegates who took the floor congratulated the Secretary General on his comprehensive report and on the work done during the year. His leadership and his commitment to good governance, communication, capacity building and research were also praised.
66. The Delegate of PORTUGAL said that he was very pleased to be able to address the Council in his native language for the first time. This was a historic moment for the seven Portuguese-speaking Members of the WCO, and on their behalf he expressed his gratitude to those who, through the Language Fund, had made this possible.
67. The Delegate of the UNITED STATES referred to Operation Global Shield, which was targeting the smuggling of materials used for making improvised explosive devices (IEDs). His Administration was working closely with the WCO on this issue, and he was pleased to announce that the US State Department had allocated USD 300,000 for the training of Customs officers under Operation Global Shield.
68. The Delegate of YEMEN asked whether there were any mechanisms for the sharing and exchange of best practices between Members.
69. The Delegate of INDIA commended the increase in capacity building activities as Customs administrations faced new challenges such as the increased use of information and Free Trade Agreements, which were part of the changing landscape. The WCO had done invaluable work in building Members' capacity in the areas of harmonization, the simplification of Customs processes and supply chain security. It was important to recognize that not all Members were operating in similar

environments. He also welcomed the increasing number of RKC ratifications, the development of the AEO Compendium and the establishment of an electronic library of Customs papers.

70. The Delegate of SWEDEN noted that offering capacity building in different languages was extremely important, and this was why the Swedish Government had donated 1 million euro to establish the WCO Language Fund. She took the opportunity to thank the other Members which had donated to the Fund.
71. The Delegate of JAPAN appreciated the Secretary General's continuing efforts, following the global financial crisis, to facilitate Members' endeavours to achieve their missions, namely ensuring secure trade, strengthening border control against illicit trafficking, and effective and efficient revenue collection supported by the Revenue Package, as well as the promotion of the risk management approach to implement these missions while facilitating trade. Japan welcomed the Secretary General's initiatives regarding further co-operation with other international organizations, including the recent signing of an MOU with the Asian Development Bank. The WCO's profile had been uplifted through those efforts : for example, the Chair's statement at the Meeting of APEC Trade Ministers had acknowledged the WCO's work on AEOs and Rules of Origin.
72. The Delegate of Japan also welcomed the WCO's work on the implementation of the SAFE Framework of Standards and the promotion of accessions to the RKC; Japan would continue to contribute to this work in order to facilitate trade while ensuring security. In particular, Japan placed high priority on the AEO Mutual Recognition Arrangements (MRA); following the signature of MRAs with New Zealand and the United States, Japan would sign MRAs with the European Union and Canada during the present Council Sessions.
73. The WCO's work on risk management represented a viable alternative to the United States' 100 % scanning, and Japan appreciated the Secretary General's continuing engagement with the US Congress and other relevant parties. The Delegate of Japan considered that WCO Members should take the risk management approach, and noted that capacity building assistance was an essential element for developing-country Customs administrations in terms of addressing the challenges encountered.
74. In this connection, he was pleased to report that, for the year 2009/2010, Japan had provided a voluntary contribution of 3.6 million euro to the Customs Co-operation Fund (CCF), which exceeded the amount for the previous year, with a view to actively contributing to the WCO's capacity building activities. In 2009/2010, the CCF/Japan fund had financed 51 activities, such as regional seminars and the Japan-WCO Human Resource Development Programme which provided Customs officers from developing countries with two programmes : an internship programme involving one-year of work experience at WCO Headquarters, and a scholarship programme for Master's level studies in Public Finance at a graduate school in Tokyo. In addition, Japan was discussing with the WCO Secretariat a new scholarship programme in Strategic Management and Intellectual Property Rights. As the top donor to the CCF, Japan would like to continue to contribute to the WCO's capacity building activities.
75. The Delegate of UGANDA thanked the Secretary General for arranging to have former French President Jacques Chirac address the Council on the subject of counterfeit medicines. These had become more common in his region, and the challenge was not knowing how they were being brought into the countries. The

sharing of information between Customs administrations was crucial in order to fight this phenomenon. The biggest challenge his Administration faced in countering this challenge was capacity. He also noted the problem of trafficking in tobacco. Finally, he thanked donors for the capacity building assistance they had provided.

76. The Delegate of CHINA said that during the past year the Secretariat, under the leadership of the Secretary General, had made tremendous efforts to get Members further involved in WCO affairs, and to implement the Customs in the 21<sup>st</sup> Century (C21) document. He congratulated the WCO on its achievements. The WCO should continue to prioritize strategic research into ways of helping the international Customs community to contribute further to the sustainable development of trade in the post global financial crisis period, and should ensure that strategic research outcomes were shared with the entire membership.
77. The Observer for THE INTERNATIONAL AIR CARGO ASSOCIATION (TIACA) was interested in knowing more about the WCO's co-operation with the private sector on Globally Networked Customs. He noted that, in practice, there was already globally networked trade, and this could be useful to the WCO in terms of potential synergies.
78. The Delegate of ZIMBABWE informed the Council that his country had established a University degree programme for Customs officers four years ago, and this year had launched a Master's programme for them. He then echoed the concerns expressed by the Delegate of Uganda, who had noted that Africa was becoming a major transit point for fake medicines, and sought guidance on how Customs could build capacity in this area. One particular concern was how Customs officers could distinguish between a genuine and a fake drug.
79. The Delegate of TANZANIA thanked the Secretary General for his fiscal management of the Organization, which was leading towards a balanced budget. On the subject of transparency and communication, he praised the WCO Web site for its accessibility. In respect of capacity building, he noted the importance of change management, and emphasized that the RTCs were extremely helpful for capacity building.
80. The Delegate of the ISLAMIC REPUBLIC OF IRAN said that his Administration was continuing to seize substantial amounts of drugs, and that drug smuggling was still on the increase in his country.
81. The Delegate of IRELAND welcomed the enhanced communication between the Secretariat and the Members, and asked whether the WCO's line of communication with the G20 remained open.
82. The Delegate of TIMOR-LESTE said that it was a great pleasure for Timor-Leste to be represented at the Council Sessions, and thanked the WCO for its help in building his country's Customs infrastructure.
83. The SECRETARY GENERAL responded to the comments and questions raised, thanking all speakers for their feedback on his report. He agreed with the Delegate of Portugal that it was important for the WCO to use different languages, and thanked Sweden for its major contribution to the Language Fund. He also welcomed the generous contribution from the United States for training under Operation Global Shield. He agreed with the Delegate of the Yemen on the importance of sharing best practices, and reiterated his position that it was particularly important to share practical information as opposed to theories. He agreed with the Delegate of India that capacity



building was a top WCO priority, and that sharing best practices and using WCO tools were essential in this regard.

84. The Secretary General expressed his appreciation to Japan for its generous contribution to capacity building, including the scholarship programmes. He noted the comments by the Delegate of Uganda concerning counterfeit medicines and tobacco. Turning to the comments about research made by the Delegate of China, he said that the WCO would continue with its extensive research work, relying on Members for input to the research. He made a plea for more data from Members, including seizure data and information on best practices. He agreed with the Observer for TIACA on the need for synergy between Customs and trade on GNC, adding that Customs first needed to establish what it wanted from GNC, and based on that it could then reach out to its partners.
85. He agreed with the Delegate of Zimbabwe that academic programmes could be very important for capacity building, and suggested that the problem of trafficking in counterfeit medicines could be addressed by information sharing and assistance with identification. He took note of the comments made by the Delegate of the Islamic Republic of Iran concerning drug trafficking and the need for co-operation. He fully agreed with the Delegate of Tanzania on the importance of good governance where budgetary matters were concerned, and noted that the WCO's Web site was a very important communication tool.
86. The Secretary General agreed with the Delegate of Ireland about the importance of communication, and regarding communication with G20 he was pleased to report that he had met with the new Chair of G20, Korea's Minister of Finance, in April and in May, and had had an opportunity to exchange views. Finally, he thanked the Delegate of Timor-Leste for his comments on capacity building.
87. The Council took note, and thanked the Secretary General for his written and oral reports.

## **5. TECHNICAL MATTERS - PRESENTATION OF THE COMMITTEES' WORK**

### **(a) Rules of Origin**

88. The CHAIRPERSON of the Technical Committee on Rules of Origin (TCRO), Mr. P. Liu, presented his report on the Technical Committee's 28<sup>th</sup> Session which had been circulated in advance.
89. He briefed the Council on the work accomplished at the TCRO's 28<sup>th</sup> Session (January 2010) with a summary of the intersessional developments and technical assistance activities.
90. With regard to the work on the harmonization of Non-Preferential Rules of Origin undertaken by the WTO Committee on Rules of Origin (CRO), he noted that, since the previous Council Sessions, two meetings of the CRO had been held in Geneva, one in October 2009 and one in March 2010. He gave a short update on the work within the CRO in Geneva, explaining that the CRO had particularly focused on the revision of Rule 1 (the procedural rules for origin determination stipulated under Appendix 2) and the product-specific rules including a review of the machinery chapters. In early May 2010, the WTO General Council had held discussions on the future of the

harmonization work based on a joint proposal by China, India and Pakistan, though without any major breakthrough on the open issues.

91. Turning to the work of the Secretariat related to the implementation of the Action Plan and Package of Measures adopted by the Council in 2007, the Chairperson of the TCRO informed the Council that the Secretariat was finalizing the uploading of origin legislation into the Database of Preferential Agreements and that the publication of the Database on the WCO Members' Web site was imminent. He explained that the Secretariat was seeking a way to establish an institutional framework for decentralized information gathering to ensure continuous updating of the Database. Furthermore, the work on the establishment of the Comparative Study on Preferential Rules of Origin had been finalized with a prototype comparing NAFTA and EUR-MED rules of origin.
92. With regard to the developments resulting from the 2009 Council Sessions, the Chairperson of the TCRO recalled that the TCRO welcomed the initiatives taken by the Secretariat under the Revenue Package initiative and the Council Resolution on "Customs in the 21<sup>st</sup> Century". The TCRO had been invited to identify possible areas in the field of origin for further action under both initiatives.
93. Before concluding his report with a summary of the capacity building activities provided by the Secretariat in the intersession, the Chairperson of the TCRO informed the Council about the ongoing work regarding the drafting of non-binding Technical Guidelines on Binding Origin Information (BOI).
94. The Observer for the WORLD TRADE ORGANIZATION (WTO) reported that the CRO had reached full agreement on the proposed procedural rules for origin determination stipulated under Appendix 2, with the exception of the question of how to trace back to the country of the upstream production process when a primary rule had not been satisfied in the last country of production (Rule 1 (e) of Appendix 2). He added that the work of the CRO had regained new momentum and energy through the involvement of the WTO General Council.
95. Referring to the kaleidoscope of incoherent and intricate origin legislation, the Observer for THE INTERNATIONAL AIR CARGO ASSOCIATION (TIACA) said that certain elements of the rules of origin vocabulary should be standardized; that would be very helpful for economic operators seeking the benefits from preferential trade. He also suggested that the WCO should reflect on a possible dematerialization of certificates of origin and proposed that the WCO should bring together, via the Private Sector Consultative Group or other bodies, those organizations interested in origin certification issues. With the help of the Information Management Sub-Committee, it should be possible to produce a plan for some action in this respect.
96. The CHAIRPERSON of the TCRO noted these useful proposals and indicated that the Comparative Study could serve as the basis for further reflection on possible standardization of origin vocabulary. He also indicated that the certification issues could be discussed under the Revised Kyoto Convention which already contained certain recommendations on origin certification. The topics of origin certification (the standardization of origin certificates, e-certificates and self-certification) would be included in a parallel session of the TCRO in January 2011.

97. Following these interventions, at the invitation of the CHAIRPERSON, the Council :
- took note of the draft Report of the 28<sup>th</sup> Session of the Technical Committee on Rules of Origin and all origin-related developments in the field of rules of origin;
  - took note of the ongoing efforts to harmonize the non-preferential rules of origin by further resolving technical issues;
  - took note of the plan by the Secretariat to establish an institutional framework for decentralized information gathering to ensure continuous updating of the Database of Preferential Trade Arrangements and Rules of Origin, and reaffirmed its support for the WCO Secretariat in its work to ensure that the Database was complete and accurate;
  - took note of the finalization of the work on the establishment of the Comparative Study on Preferential Rules of Origin.
- (b) Valuation**
98. The CHAIRPERSON of the Technical Committee on Customs Valuation (the Technical Committee), Mr. Guzman Mañes, presented the Reports of the Technical Committee's 28<sup>th</sup> and 29<sup>th</sup> Sessions, held in April 2009 and October 2009 respectively, and indicated that they had been adopted by the Committee. Those Reports had been circulated in advance. As the draft Report of the 30<sup>th</sup> Session of the Technical Committee was yet to be approved, it was being made available to the Council for information only.
99. The Technical Committee had continued examination of various technical questions at both the 29<sup>th</sup> and 30<sup>th</sup> Sessions, including cases relating to royalties and licence fees, on which the Technical Committee had not yet reached consensus, and related party transactions in relation to transfer pricing. The question regarding the latter issue was to what extent a transfer price (based on the OECD Transfer Pricing Guidelines) could be used as a basis for a Customs value where related parties were involved (governed by the WTO Valuation Agreement). If a solution could be found, this would potentially reduce the burden on businesses. New technical questions had also been raised by Japan and Belarus. The Technical Committee would continue to examine the above-mentioned items at its next session.
100. At its 29<sup>th</sup> and 30<sup>th</sup> Sessions, the Technical Committee had been informed of valuation-related technical assistance/capacity building activities undertaken by the Secretariat and Member administrations. These activities included regional and national workshops and seminars and a regional valuation trainer accreditation workshop.
101. The Chairperson of the Technical Committee mentioned the special event held during the 30<sup>th</sup> Session to celebrate the 30<sup>th</sup> Anniversary of the GATT/WTO Valuation Agreement. Useful presentations and discussions had taken place which reflected on the past 30 years and looked forward to future challenges for Customs valuation. Proposals had been made to review the procedures and processes of the Technical Committee to ensure that it was able to respond to its mandate from the WTO and serve its Members well. There were continuing difficulties in the implementation of the WTO Agreement, particularly in developing countries which still relied heavily on

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Customs duty as a major source of government revenue. The Technical Committee would continue to address these issues.

102. Finally, Mr. Kishan Singh, Technical Officer, had recently finished his five-year tenure in the Sub-Directorate and returned to his home administration of India. A new Technical Officer, Mr. Leonardo Macedo of Brazil, had recently been appointed.
103. The Delegate of the CENTRAL AFRICAN REPUBLIC posed a technical question regarding the mechanism for calculating royalties in connection with beer production. The CHAIRPERSON of the Technical Committee suggested that the Delegate contact the Secretariat for advice on this matter. The Delegate of ITALY referred to the ongoing problems faced with false invoices and undervaluation. In response, the CHAIRPERSON of the Technical Committee said that this was of interest to the Technical Committee but was also relevant to the Enforcement Committee. Finally, the Delegate of TURKEY mentioned the importance and complexity of transfer pricing in relation to Customs valuation. He urged the Technical Committee to issue clear guidance in this area as soon as possible.
104. Following these interventions, and at the invitation of the CHAIRPERSON, the Council :
- approved the Reports of the 28<sup>th</sup> and 29<sup>th</sup> Sessions of the Technical Committee on Customs Valuation;
  - took note of the draft Report of the 30<sup>th</sup> Session of the Technical Committee on Customs Valuation; and
  - took note of the Valuation-related developments in the written and oral Reports of the Chairperson of the Technical Committee.

**(c) Facilitation/Procedures**

105. The CHAIRPERSON of the Permanent Technical Committee (PTC), Ms. K. Subramanian (India), presented her report and informed the Council that the 187<sup>th</sup>/188<sup>th</sup> Sessions of the PTC had been held from 1 to 3 March 2010 and, as a special feature, had comprised a joint meeting with the Enforcement Committee on 2 and 3 March 2010 in order to discuss cross-cutting issues. The draft Report had been circulated in Doc. PC0251, and subsequently adopted.
106. She began by informing the Council about the Revised Kyoto Convention Management Committee (RKC/MC), which had held its Eighth Meeting on 25 and 26 February 2010. During the meeting, the RKC/MC had adopted certain amendments to the existing Guidelines in the light of developments having taken place in the trading environment and in the functions fulfilled by Customs over the past decade. The RKC/MC had also decided to adapt its working method slightly, suggesting that the duration of the RKC/MC meetings be extended and that a working group session be held during the intersession so that a more coherent set of proposals could be submitted to the next RKC/MC. During that session, which had been held in June 2010, numerous Contracting Parties had undertaken to provide information on national practices with regard to a range of Customs procedures.
107. The RKC/MC had also been invited to examine various questions raised by Korea concerning drawback relating to the catalyst used in the manufacture of an exported chemical product (styrene monomer) and several Members had shared their

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experience in this respect, thus making it possible to more accurately interpret the RKC Guidelines on drawback and inward processing and to answer Korea's questions.

108. Finally, the RKC/MC had adopted the document on the benefits associated with implementing and acceding to the RKC.
109. The Chairperson then drew the Council's attention to the issue of Customs facilitation of emergency humanitarian assistance, which had also been examined by the PTC. In that connection, the PTC had emphasized the importance of a co-ordinated and centralized approach to dealing with relief consignments in order to expedite their Customs clearance.
110. Turning to the WCO Data Model, the Chairperson said that the PTC had welcomed the formal release of the WCO Data Model Version 3.0 and had taken note of the efforts made by the Secretariat to promote the product to a wide audience through various outreach and capacity building activities. In this context, several administrations had expressed their desire to use this version of the Data Model in their national projects.
111. The Chairperson added that it was proposed to have annual releases of the Data Model with the latest updates and enhancements based on Members' feedback to the Secretariat. A new version of the WCO Data Model was expected to be released every five years, which set December 2014 as the timeline for the release of the next version. The Information Management Sub-Committee would be looking into a strategy for pursuing these goals.
112. With regard to the WCO/IATA/ICAO Guidelines on Advance Passenger Information (API), the Chairperson indicated that the WCO/IATA/ICAO Contact Committee, guided by the needs expressed by Member administrations through requests to make changes to the API Passenger List (PAXLST) message, had produced an update of the API Guidelines. The PTC had endorsed these changes and had agreed that the Contact Committee should include interactive API processes in future reviews of the API Guidelines. The PTC had decided to submit this question to the Council for approval.
113. The PTC had also approved the inclusion of Passenger Name Record (PNR) data standards and data access guidelines as a supplement to the review of the API Guidelines developed by the Contact Committee.
114. The Chairperson then recalled the importance of the Time Release Study (TRS) as a key instrument to be used by administrations to enhance their performance in terms of the release of goods, and pointed out that the PTC had decided to update the TRS Guide.
115. The Chairperson then informed the Council that the PTC had taken note of the Universal Postal Union (UPU) report on "UPU solutions to facilitate Customs clearance of postal items". In particular, it had acknowledged the development of an electronic data interchange (EDI) message which could be used as an electronic pre-advice message between the Post and Customs. This message, known as CUSITM, covered the information contained in the existing UPU forms CN22, CN23 and CP72. CUSRSP was the response message from Customs to the Post. The PTC had also noted the UPU initiative regarding the Postal Airway Bill (PAWB) and had decided to make these postal traffic issues a Committee priority for the coming year.

116. Finally, the Chairperson pointed out that the PTC and the Enforcement Committee had held joint meetings in October 2009 and March 2010 to discuss certain cross-cutting issues having an impact on the work of both the PTC and the Enforcement Committee and consequently deal with them in a more holistic manner from both the enforcement and procedures perspective, so as to take account of all the relevant issues associated with end-to-end supply chain management.
117. The issues addressed jointly by the PTC and the Enforcement Committee had related to risk management, Globally Networked Customs, Co-ordinated Border Management and some technology issues, with a view to ensuring the effective implementation of the measures arising out of the Customs in the 21<sup>st</sup> Century (C21) paper.
118. At the end of its meeting, the PTC had unanimously re-elected Ms. Subramanian (India) as Chairperson of the PTC and unanimously elected Mr. J. N'Dri (Côte d'Ivoire) as Vice-Chairperson of the PTC for 2010/2011.
119. The Delegate of JAPAN pointed out that the TRS was an effective tool for identifying bottlenecks within border procedures and that regular use of this instrument therefore made it possible to monitor progress made. Japan had conducted nine such studies since 1991, the results of which had shown a substantial reduction in the times recorded between the introduction of goods into the territory and obtaining the import permit. Specifically, sea freight release times had decreased by almost 65 % and air freight release times by 70 %. Japan had also adopted a series of measures over this period, such as advance lodgement of the Goods declaration and Authorized Economic Operator (AEO) status in order to speed up the release of goods.
120. The Delegate of Japan said that his Administration welcomed the Secretariat's efforts to enhance the TRS Guide, which also offered interesting prospects in terms of the discussions on Co-ordinated Border Management and the Single Window. Finally, given Japan's solid experience in this domain, his Administration was willing to provide assistance if necessary.
121. The Delegate of AUSTRALIA also underscored the value of the TRS and said that his country had conducted several such studies over recent years. In this connection, when analysing the results of the first study, a lack of timely information from the private sector had emerged as the main obstacle to the rapid release of goods. This finding had been shared with and acknowledged by the private sector and remedial measures had been taken, which had subsequently led to better results. For that reason, he reiterated the importance of the TRS for enhancing trade facilitation.
122. Given the very short intervention times at the border, the Delegate of Australia stressed the importance for his Administration of having timely API at its disposal as well as access to passenger files (PNR), so as to be able to monitor passenger movements. He therefore encouraged the PTC to continue its work in this area.
123. At the invitation of the CHAIRPERSON, the Council :
- approved the Report of the 187<sup>th</sup>/188<sup>th</sup> Sessions of the PTC;
  - endorsed the update to the API Guidelines and agreed to include API interactive processes in future reviews of the API Guidelines; and

- took note of the various PTC-related developments mentioned in the written report of the PTC Chairperson.

**(d) Compliance/Enforcement**

124. The DIRECTOR, Compliance and Facilitation, stated that he was sitting in for the Chairperson of the Enforcement Committee, Mr. Paul Campbell of New Zealand, who unfortunately could not be present to deliver his report in person. The Director drew the attention of delegates to the draft Report of the 29<sup>th</sup> Session of the Enforcement Committee (Doc. EC0255), as well as the written report of the Chairperson, which had been circulated in advance of the Council Sessions.
125. He reported that the 29<sup>th</sup> Session of the Enforcement Committee had been held from 2 to 5 March 2010 and had started as a Joint Session together with the Permanent Technical Committee (PTC) on 2 and 3 March. The Joint Session had been open to intergovernmental organizations (IGOs), non-governmental organizations (NGOs), observers and private sector representatives, and had covered cross-cutting issues between the PTC and the Enforcement Committee.
126. The PTC and the Enforcement Committee were the two best attended meetings held by the WCO. Some IGOs, many observers and NGOs attended the PTC, whereas the Enforcement Committee had the largest number of international and regional IGOs attending its meetings. This broad attendance was due to the varied enforcement mandates given by nations to their Customs administrations.
127. The 29<sup>th</sup> Session of the Enforcement Committee had handled a wide range of subjects. During the Joint Session, the subjects dealt with had been : Risk Management; Globally Networked Customs; Co-ordinated Border Management; SAFE and 100 % scanning; technology issues related to inspection, security and trade facilitation; tobacco smuggling; environmental issues; postal traffic; CEN and CENComm; and passenger processing. In the separate Enforcement meeting, the issues had included : intelligence functions; counter-terrorism activities; money laundering; revenue and commercial fraud; drug trafficking; precursor chemicals; dual-use goods; the Kimberley Process for Conflict Diamonds; nuclear non proliferation; transnational crime; Intellectual Property Rights (IPR); and cultural property.
128. The Enforcement Committee had considered and reviewed the status of joint activities with a number of WCO partner organizations that had attended the meeting. These partners included : the United Nations Security Council (UNSC), in particular the UN Counter-Terrorism Committee (UNCTC) and the UN Counter-Terrorism Implementation Task Force (UN CTITF); the United Nations Office on Drugs and Crime (UNODC); the International Criminal Police Organization (Interpol); the Secretariat of the Basel Convention (SBC); the Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES Secretariat); the Universal Postal Union (UPU); the United Nations Environment Programme (UNEP); the EU Maritime Analysis and Operations Centre - Narcotics (MAOC-N); the UN Economic Commission for Europe (UNECE); the International Atomic Energy Agency (IAEA); the Organization for Security and Cooperation in Europe (OSCE); the Organization for the Prohibition of Chemical Weapons (OPCW); the World Health Organization (WHO); the International Maritime Organization (IMO); the International Standardization Organization (ISO); the South-East European Cooperative Initiative (SECI); the International Civil Aviation Organization (ICAO); and the International Organization for Migration (IOM).

129. The Director mentioned that these IGOs understood that Customs was an indispensable and relevant partner in the successful completion of their activities and therefore they attended the meetings of the WCO.
130. A number of WCO Enforcement Committee/Working Groups had also reported to the Enforcement Committee, including : the Electronic Crime Experts Group (ECEG); the WCO/UPU Contact Committee; the Working Group on Commercial Fraud; the Global Information and Intelligence Strategy (GIIS) Project Group; the CEN Management Team (CENMaT); and the Regional Intelligence Liaison Offices (RILOs).
131. The annual WCO Reports on Drugs, Tobacco, and Intellectual Property Rights, as well as the Summary Report of the UNODC-WCO Container Control Programme, all relating to the year 2008, had been presented to and approved by the Enforcement Committee.
132. The Committee had examined and supported the idea from the United States of the WCO initiating a project dealing with monitoring of (precursor) chemicals used to manufacture explosives. The UNODC and Interpol would be partners in this project.
133. Finally, the Director reported that Mr. Uri Bruck of Israel and Mr. Jim Dinkins of the United States had been elected as Chairperson and Vice-Chairperson respectively for the 30<sup>th</sup> Session of the Enforcement Committee.
134. The Enforcement Committee and the PTC would follow up with a one-day Joint Session during the 30<sup>th</sup> Session of the Enforcement Committee in Spring 2011.
135. The CHAIRPERSON then invited comments and questions from the floor.
136. The Delegate of GHANA expressed his appreciation for the Director's insightful report. He thanked the WCO and the UNODC for the support given to Ghana through the Global UNODC-WCO Container Control Programme. He pledged the continuous support of Ghana Customs to the Programme to ensure effective enforcement work, as well as sustainability and co-ordination between the five different Ghanaian enforcement agencies involved.
137. Referring to interventions made by the Delegates of Yemen and Zimbabwe earlier in the Council Sessions, the DIRECTOR mentioned that the best places to address visionary aspects of Customs, as well as to obtain and share best practices, were the PTC and the Enforcement Committee. One of the reasons why international WCO partners attended the Committees was that they could use those platforms to contribute to ongoing discussions and debates. Therefore, it was very important to send the appropriate delegate to the Committees in order to get the best out of the discussions, and to be able to make the most valuable contributions.
138. Referring to discussions earlier in the Sessions, the Delegate of ZIMBABWE stated that it was in the interest of manufacturers of pharmaceutical products that fake drugs should not be available on the market, especially in developing countries in Africa. He proposed that the WCO interest the private sector in the creation of "Regional Centres" which could be of assistance in the detection and seizure of fake medicines.
139. The Delegate of ECUADOR thanked the WCO and the UNODC for the support given to Ecuador through the UNODC-WCO Container Control Programme. He also emphasized the benefit of sending delegates to meetings.



140. The DIRECTOR referred to the difficulty of identifying counterfeit pharmaceuticals. In order to identify if a packaging was fake, the WCO was working with the manufacturers to determine whether it was possible to come up with an Internet-based system where officers would be able to enter an inquiry to CENComm which would give a hotlink to a particular manufacturer. In response to the suggestion by the Delegate of Zimbabwe, the Director said that consultations with the private sector already took place. As a first step, the WCO had asked manufacturers to identify representatives who could be made available so that WCO Members could send samples to them and have those samples rapidly forwarded to appropriate laboratories for analysis. Referring to the intervention by the Delegate of Ecuador on the UNODC-WCO Container Control Programme, the Director indicated that Ecuador was a very successful segment of that Programme. In the light of the considerable success in Ecuador, the WCO and UNODC had expanded the Programme to other countries around the world. The fact of bringing Customs, Police and other Enforcement agencies together was the main reason for the Programme's success.

141. The CHAIRPERSON concluded that the Council :

- approved the Report of the Enforcement Committee's 28<sup>th</sup> Session;
- took note of the draft Report on the Enforcement Committee's 29<sup>th</sup> Session and the fact that it would go to the Committee for final approval at its next session;
- took note of the various enforcement-related developments mentioned in the Chairperson's written report.

**(e) Nomenclature and Classification**

142. The CHAIRPERSON of the Harmonized System Committee, Mr. E. Hurni, presented his written report which had been circulated in advance of the Council's Sessions.

143. He informed the Council that, following the accession of Liberia at the present Council Sessions, the total number of Contracting Parties to the Harmonized System Convention had increased to 138, and more than 200 administrations were applying the Harmonized System as the basis for their Customs tariffs and for the collection of international trade statistics, as well as for a variety of other applications.

144. Turning to the regular work of the HS Committee, the Review Sub-Committee and the Scientific Sub-Committee, the Chairperson of the HS Committee said that these bodies had continued their work in order to achieve the uniform interpretation and application, updating and promotion of the Harmonized System.

145. In accordance with the objectives of the WCO Strategic Plan, the HS Committee had held its 44<sup>th</sup> Session from 21 September to 1 October 2009 and its 45<sup>th</sup> Session from 15 to 25 March 2010. At these two sessions, the Committee had dealt with : (1) classification questions and amendments to the HS Explanatory Notes and the Compendium of Classification Opinions; (2) certain corrigendum amendments to the HS following the Council Recommendation of 26 June 2009; (3) a draft Article 16 Recommendation concerning the amendment of the HS (consequential upon the corrigendum amendments following the Council Recommendation of 26 June 2009); (4) development of Correlation Tables between the 2007 and 2012 versions of the HS; (5) amendments to the Explanatory Notes (HS 2012); (6) possible amendments to its Terms of Reference; (7) general policy issues relating to the maintenance of the HS;

as well as (8) the Organization's policy matters "Customs in the 21<sup>st</sup> Century" and the "Revenue Package".

146. Turning to matters requiring the approval of the Council, he said that at the 44<sup>th</sup> and 45<sup>th</sup> Sessions, the Secretariat and certain administrations had informed the Committee about several editorial errors, misalignments between the English and French texts and technical inconsistencies found in the Recommendation concerning the amendment of the Nomenclature for entry into force on 1 January 2012.
147. The Committee had agreed that, under the Article 16 procedure of the HS Convention, these amendments, following the approval by the HS Committee at its 45<sup>th</sup> Session and the WCO Council at its present Sessions, would not be legally binding on the Contracting Parties until 1 January 2013. Nevertheless, under the corrigendum procedure (Article 8), the Contracting Parties would be free to apply the suggested amendments from 1 January 2012 to reflect the situation as from that date.
148. The Council was being invited to adopt the corrigendum amendments to the HS.
149. The Chairperson of the HS Committee further reported that the Committee had also adopted a Draft Article 16 Recommendation concerning the legal requirements consequential upon the corrigendum amendments to the HS 2012. Once adopted by the Council, the Recommendation would enter into force on 1 January 2013, following the procedure established under Article 16 of the HS Convention.
150. The Council was being invited to adopt the draft Recommendation.
151. At the 40<sup>th</sup> Session of the HS Review Sub-Committee in May 2010, the comments of Japan regarding the typographic mistake in the scientific name for Alaska Pollack in HS 2012 subheading 0302.55, which reads "Alaska Pollack (*Theraga chalcogramma*)", were deemed pertinent. The Sub-Committee had concluded that the correct scientific name for Alaska Pollack should read : "*Theragra chalcogramma*".
152. Elaborating on the procedure to correct the spelling error in the text of HS 2012 subheadings 0302.55, 0303.67, 0304.75, 0304.94 and 0304.95 in a timely manner, the Deputy Director had explained that the spelling error would be presented to the WCO Council at its present Sessions. The Council would be asked to approve the spelling corrections by way of corrigendum and to instruct the HS Committee to prepare the necessary Article 16 Amendment. The Sub-Committee had agreed to the suggested approach.
153. Once approved by the Council, these spelling corrections would be notified to the Contracting Parties to the HS Convention and other Members of the Council, to take into account for preparation of the 2012 version of their national tariffs and nomenclatures.
154. The Council was being invited to approve these spelling corrections by corrigendum and to ask the HS Committee to prepare the necessary Article 16 Amendments to the HS Nomenclature for inclusion in a future draft Council Recommendation.
155. The HS Committee at its 44<sup>th</sup> Session, taking into account recent technical and practical developments in the area of the HS work, had also agreed that its Terms of Reference and work plan, as confirmed by the Council in June 2003 and updated in June 2005, should be reviewed and updated regularly, and therefore had approved

certain modifications thereto. The Council was being invited to approve the revised Terms of Reference of the HS Committee.

156. Following the decisions taken by the HS Committee at its 44<sup>th</sup> and 45<sup>th</sup> Sessions, seven reservations had been entered by HS Contracting Parties vis-à-vis the classification of certain products. Two of these reservations would be dealt with directly by the HS Committee in accordance with Council Decision No. 298.
157. The remaining five reservations were being submitted to the Council for decision in accordance with the provisions of Article 8.2 of the HS Convention.
158. As to the progress with regard to the implementation of 2007 amendments to the HS, the Chairperson of the HS Committee informed the Council that, at the time of the 45<sup>th</sup> Session of the Committee, 117 Contracting Parties (out of 137) had officially notified the Secretariat that they had implemented the amendments.
159. Concerning the working languages used for HS matters, since the 113<sup>th</sup>/114<sup>th</sup> Council Sessions, translation of working documents into Russian and Spanish and interpretation in those languages had been provided during the sessions of the HS Committee and the HS Review Sub-Committee.
160. The Review Sub-Committee had started its work on the Fifth HS Review Cycle at its 39<sup>th</sup> Session in November 2009 and submitted its proposals to the HS Committee. Certain amendments to the Explanatory Notes (Fifth Edition, 2012) drafted by the Sub-Committee at its 39<sup>th</sup> Session had been provisionally adopted by the HS Committee in March 2010. The 40<sup>th</sup> Session of the Sub-Committee had been held in May 2010.
161. Regarding the work of the Scientific Sub-Committee, the Chairperson of the HS Committee said that this Sub-Committee continued to provide valuable technical advice on various classification issues, as well as on several amendments to the Nomenclature or its Explanatory Notes and the Compendium of Classification Opinions, which had subsequently been approved by the HS Committee at its 45<sup>th</sup> Session.
162. Where the election of officers was concerned, Mr. Hurni informed the Council that the HS Committee had elected Ms. R. Mäntymaa (Finland) as its Chairperson for the 46<sup>th</sup> and 47<sup>th</sup> Sessions, noting that this was a historical event since Ms. Mäntymaa would be the first female Chairperson who would lead the HS Committee. He added that Mr. R.P.D. Tharaka Seneviratna (Sri Lanka) had been elected First Vice-Chairperson and Mr. G.J. Polanco (Dominican Republic) had been re-elected Second Vice-Chairperson. The Committee had elected Ms. Y. Novis (Brazil) as Chairperson of the HS Review Sub-Committee and Mr. J. Birkhoff (Netherlands) as Vice-Chairperson. Mr. Tharaka Seneviratna (Sri Lanka) had been elected Chairperson of the Working Party.

163. With regard to the reservations entered following the 44<sup>th</sup> and 45<sup>th</sup> Sessions of the HS Committee, the following Contracting Parties requested, in accordance with Article 8.3 of the HS Convention, that the classification decisions specified below be referred back to the Committee for re-examination :
- a. The EUROPEAN UNION : classification of “network analyzers” in heading 90.30 (subheading 9030.40), by application of General Interpretative Rules 1 and 6;
  - b. The RUSSIAN FEDERATION : classification of “the product containing more than 99.2 % sodium sulphate” in heading 28.33 (subheading 2833.11), by application of General Interpretative Rules 1 and 6;
  - c. The RUSSIAN FEDERATION : classification of “the product containing more than 98.5 % sodium sulphate” in heading 28.33 (subheading 2833.11), by application of General Interpretative Rules 1 and 6;
  - d. The EUROPEAN UNION : classification of “a “Bluetooth” headset” in heading 85.18, by application of General Interpretative Rules 1 (Note 3 to Section XVI), 3 (b) and 6;
  - e. The EUROPEAN UNION : classification of “two products referred to as “Bakeshure® 251” and “Bakeshure® 419”” in heading 21.06, by application of General Interpretative Rules 1 (Note 1 (b) to Chapter 38) and 6.
164. The SECRETARY GENERAL informed the Council that, since the beginning of his term of office, he had been fully engaged in facilitating the dissemination of WCO instruments in a number of different languages to the extent that they were used in international trade. In this connection, many actions had already been initiated, especially in terms of the modernization of the production and the dissemination of WCO publications. As he had already explained in his oral report, the Secretariat offered Members the possibility of producing the HS Explanatory Notes in various languages and integrating the translations in the research engine, as well as the added functionality of the HS Database which was now accessible on the Internet.
165. The Secretariat also proposed a tool which made it possible to keep the translation work updated in a very simplistic way. Several Members had already responded to this offer and, as evidence of this partnership, the Secretary General presented printed versions of Volume 1 of the HS Explanatory Notes, translated into Russian, Italian and Spanish, to the Delegates of the Russian Federation, Italy and, on behalf of the Secretariat of COMALEP, Mexico, respectively. He encouraged other Members to approach the Secretariat to establish this kind of partnership in order to disseminate WCO instruments to the widest extent possible in their own languages in the future.
166. Following these interventions and at the invitation of the CHAIRPERSON, the Council :
- adopted certain corrigendum amendments to the HS following the Council Recommendation of 26 June 2009 concerning the amendment of the HS Nomenclature;
  - adopted an Article 16 Council Recommendation concerning the amendment of the HS Nomenclature (consequential upon the corrigendum amendments following the Council Recommendation of 26 June 2009);

- approved certain corrections to the text of the HS 2012 in respect of spelling of the scientific name for Alaska Pollack by corrigendum, and asked the Harmonized System Committee to prepare the necessary Article 16 Amendments to the HS Nomenclature for inclusion in a future draft Council Recommendation;
- approved the revised Terms of Reference of the Harmonized System Committee;
- referred the questions of the classification of the following products back to the Harmonized System Committee for re-examination :
  - “network analyzers” in heading 90.30 (subheading 9030.40) (requested by the European Union);
  - “the product containing more than 99.2 % sodium sulphate” in heading 28.33 (subheading 2833.11) (requested by the Russian Federation);
  - “the product containing more than 98.5 % sodium sulphate” in heading 28.33 (subheading 2833.11) (requested by the Russian Federation);
  - “a “Bluetooth” headset” in heading 85.18 (requested by the European Union); and
  - “two products referred to as “Bakeshure® 251” and “Bakeshure® 419” in heading 21.06 (requested by the European Union);
- approved the Reports of the 44<sup>th</sup> and 45<sup>th</sup> Sessions of the Harmonized System Committee; and
- took note of the various other HS-related developments which had taken place since the previous Council Sessions.

167. In closing, the CHAIRPERSON said that Mr. Hurni was retiring as Chair of the Harmonized System Committee. He thanked him for his able chairing of the Committee and wished him well for the future.

## **6. POLICY MATTERS**

168. The CHAIRPERSON invited participants to consult the Reports on the Policy Commission’s 62<sup>nd</sup> and 63<sup>rd</sup> Sessions (Docs. SP0325 and SP0339), which had taken place in December 2009 and June 2010 respectively. The 62<sup>nd</sup> Session had been concerned primarily with matters which were examined again at the 63<sup>rd</sup> Session, and unless any delegation wished to raise a specific point there were no items from the 62<sup>nd</sup> Session which required discussion or formal approval by the Council.

169. The Chairperson therefore invited participants to turn their attention to the 63<sup>rd</sup> Session, which had taken place earlier in the week. He then presented to the Council item-by-item the key outcomes of that session as reported in Doc. SP0339, and in an Executive Summary of that document which had been distributed to delegations.

**(a) Security and facilitation of trade**

**(i) Report of SAFE Working Group**

170. The CHAIRPERSON said that there had been a lot of discussion on the principal issues arising out of the Sixth Meeting of the SAFE Working Group, including in particular the US 100 % scanning law and the Working Group's decision to include in the SAFE package the Data Element Maintenance Mechanism, the Authorized Economic Operator (AEO) Compendium and, following some amendments, a document on AEO Benefits which had been submitted by the Private Sector Consultative Group (PSCG).
171. The United States had proposed to the SAFE Working Group the inclusion in the SAFE data elements of those "10+2" data elements which were not currently included there. Most members of the Working Group were either in favour of, or had no objection to, the inclusion of these elements insofar as they related to maritime traffic.
172. During a brief discussion on this point in the Policy Commission, the Delegate of the European Union (EU) had expressed the EU's strong support for SAFE and the work of the PSCG. In respect of "10+2", it welcomed the United States' presentation but was still considering the pros and cons of the issue, particularly in relation to the broader implementation of SAFE and 100 % scanning. At this stage therefore the European Union was maintaining its reservation and would indicate its final position at the Council.
173. The Delegate of the United States had expressed disappointment that its proposal to include the remaining "10+2" data elements in SAFE was being delayed for reasons unknown or not directly related to the proposal. The United States considered that, as it had followed the due process in proposing these changes through the data element review mechanism, and with no clearly articulated opposition, it would be inappropriate to delay the implementation, particularly as it was wished that SAFE be seen as a living, relevant document reflecting current risk management approaches. The United States also pointed out that there were a number of edits already approved for the SAFE that were held pending resolution on this issue, and that publication of SAFE Version 3 was highly important at this time for the active promotion and implementation by Members.
174. In conclusion, the Policy Commission had :
- taken note of the draft Report of the Sixth Meeting of the SAFE Working Group;
  - endorsed the SAFE Package, including the inclusion of the SAFE Data Element Maintenance Mechanism, the PSCG AEO Benefits document and the updated AEO Compendium;
  - taken note of the positions expressed by the European Union and the United States regarding the inclusion of the remaining "10+2" data elements in the SAFE Framework, and agreed that these positions would be drawn to the Council's attention.

175. The Delegate of the EUROPEAN UNION said that, as the Council was aware, the EU had been a fervent supporter on the SAFE Framework and wished to see its implementation strengthened worldwide. He was happy to confirm that the EU no longer had any reservation regarding the inclusion of “10+2” in the SAFE Framework.
176. The Delegate of the UNITED STATES thanked his colleagues in the EU for this action, and expressed the gratitude and appreciation of the United States to the membership for accepting the proposal to amend the SAFE data sets. This would make it possible to continue to evolve a mechanism that recognized that security and trade facilitation were complementary to each other, and to the mission that all Customs services discharged on behalf of their peoples and governments. Security and trade facilitation were not two different elements; they were the same element, expressed in different ways. The WCO SAFE Framework was a living and vibrant global standard that all Customs services could subscribe to, and that permitted them to focus resources where they were needed. It was an essential element of what the WCO and the entire membership were moving towards with regard to risk management and layered security. The securing of the global supply chain through the SAFE Framework had taken a major step forward with the inclusion of “10+2”, and the United States expressed its appreciation to the Members and to the leadership of the WCO for this important step.
177. The Delegate of ECUADOR took the opportunity to reiterate a point he had raised at previous sessions, namely that developing countries experienced great problems with the implementation of SAFE, and needed assistance in this area.
178. The Council took note of these comments, and acknowledged that the inclusion of “10+2” in the SAFE document represented a significant step forward for supply chain security. It also :
- took note of the draft Report of the Sixth Meeting of the SAFE Working Group; and
  - endorsed the SAFE Package, including the inclusion of the SAFE Data Element Maintenance Mechanism, the PSCG AEO Benefits document and the updated AEO Compendium.
- (ii) Consolidated results of SAFE Framework implementation survey**
179. The CHAIRPERSON informed the Council that the Policy Commission had :
- taken note of the results of the extended survey on the implementation of SAFE;
  - endorsed and encouraged the continuation of capacity building efforts in order to make progress in implementing SAFE;
  - taken note of the concerns mentioned by delegations during the discussions.
180. The Council took note.

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**(iii) Private Sector Consultative Group**

181. The CHAIRPERSON said that the Private Sector Consultative Group, which had met immediately prior to the Policy Commission session under its Chairperson Ms. Carol West, had presented its report to the Commission, which had found the report to be of significant value and probably the most insightful contribution received from the PSCG to date. The Policy Commission had thanked the Chairperson for the presentation and had taken note of the very valuable content of the PSCG report.

182. The Council took note.

**(iv) Promotion of Revised Kyoto Convention**

183. The CHAIRPERSON recalled that there were now 71 Contracting Parties to the Revised Kyoto Convention (RKC), with many more in the process of acceding. He added that the Policy Commission had :

- taken note of the current situation regarding the RKC, the promotional activities carried out in this respect and the importance of this instrument;
- urged those Members which were not Contracting Parties to take the necessary measures with a view to acceding as soon as possible;
- reminded Member administrations that they should not hesitate to request the Secretariat's assistance to support them through their accession process.

184. The Delegate of KENYA thanked the Secretary General for the assistance he had given Kenya Customs in getting Kenya's instrument of accession to the RKC through the government bureaucracy, culminating in its signature by the Minister of Foreign Affairs. He believed that other countries were having similar difficulties with the process, and that the reason more countries had not acceded was that political masters might not fully understand what was entailed. He suggested that other administrations might also avail themselves of the Secretary General's offer of support; for example, it would be very useful if he could hold talks with their Ministers of Finance.

185. The Council took note.

**(b) Globally Networked Customs**

186. The CHAIRPERSON said that the Policy Commission had heard a report by Mr. Noël Colpin (Belgium), the Chairperson of the Ad Hoc Working Group on Globally Networked Customs (GNC), outlining the progress made by the Group. The Policy Commission had taken note of the developments and accomplishments to date, given its full approval to the course outlined, and was looking forward to an interim report in December 2010.

187. Mr. COLPIN said that much work had been done in the past year, culminating in the preparation of the prefeasibility study, and now the feasibility study was being commenced in all its aspects. The important objective in the prefeasibility stage had been to arrive at a view of what GNC was and how it could be implemented in phases. The Ad Hoc Group had described its proposed approach as a hybrid approach, which involved three inter-related axes - stakeholders, data to be exchanged, and IT aspects. Around these three axes the Group had been able to identify three phases of implementation, namely least complex, more complex and very complex. The Group



would now endeavour to identify the current situation for these three phases, define what would be the ideal models for them, and then compare the actual situation with the ideal model in order to obtain a gap analysis and also identify the best practices that existed worldwide.

188. Project management would also be important, in terms of ensuring that all the tasks that Ad Hoc Group members were being asked to perform were well managed and that the schedule was complied with. In organizational terms, the intention was to set up a steering group and have individual working groups dealing with specific aspects. The Group would also be considering how to gather the information it required in a simple, effective and non-bureaucratic way.
189. All of these matters would be dealt with in a document setting out the scope of the feasibility study, for examination at the Ad Hoc Group's first meeting of the new financial year, to take place in September 2010. That document would serve as the basis for the Group's work, and would also be useful to the Secretary General when holding discussions with other international organizations, and to Member administrations when speaking with their political masters and with trade representatives.
190. The Council took note.

**(c) Report of the Audit Committee**

191. The CHAIRPERSON said that the Director General of Moroccan Customs had presented an oral report on the deliberations of the Audit Committee, which had held its Fourth Meeting in February 2010. The Policy Commission had concluded by recommending that the Council approve the Report of the Fourth Meeting of the WCO Audit Committee and implement the accepted recommendations contained therein. It also proposed that the Council endorse the amendment to the Audit Committee's Terms of Reference and nominate Ireland as the next Chair of the Audit Committee, and Ecuador as Vice-Chair.
192. The Council agreed. The revised Terms of Reference of the Audit Committee are reproduced at Annex V hereto. (The amended sentence in Section 2. "Membership" appears in bold type).

**(d) WCO Publications Policy**

193. The CHAIRPERSON said that there had been a very interesting discussion about the recommendations made by a Publications Focus Group and the Finance Committee for a new WCO Publications Policy. The aim had been to find a way to make WCO publications available to the Members free of charge without giving rise to any increase in Members' statutory contributions. The discussions had centered around whether, and if so how, Members would compensate the WCO for the loss of sales resulting from any external distribution by them of WCO publications or translations thereof.

194. In the absence of any consensus on the proposals by the Focus Group and the Finance Committee, the Policy Commission had recommended that the Council ask the Secretariat :
- to continue its work on the review of the WCO Publications Policy, consulting with interested Members and groups of Members. The Finance Committee Chairperson should also be involved in the discussions;
  - to present a revised draft Policy to the Policy Commission at the next session, accompanied by an explanation of the financial implications and proposals as to how they might be overcome.
195. The Council agreed.
- (e) Customs capacity building**
196. The CHAIRPERSON said that the Director, Capacity Building, had described to the Policy Commission the capacity building support delivered during the previous year, and the large number of requests received for the coming year.
197. The Chairperson added that he had thanked the Director, Capacity Building, for his report and congratulated all those involved in the work. The Policy Commission had taken note of the accomplishments and results achieved to date, and looked forward to hearing a report on the Capacity Building Committee's First Session, due to take place in September 2010.
198. The Delegate of SOUTH AFRICA began by acknowledging that a great deal of progress had been made since the creation of the WCO Capacity Building Directorate. The WCO had taken a very comprehensive and strategic approach to strengthening Customs administration around the world. The energy and passion displayed by the Director and his staff had motivated many WCO Members to respond in partnership to mobilize the required resources. There was now a solid base to build on in order to enhance the WCO's support to its Members.
199. The Delegate said that it was important that all Members maintain the momentum, and continue to be engaged and interested in capacity building. In order to build on the good work done so far, there was now an even greater need for partnership between the developed and the developing countries. Developing countries on the other hand should display a new sense of activism and ownership in informing the strategic direction of capacity building. It was with this in mind that South Africa looked forward to the First Session of the Capacity Building Committee in September 2010, and urged all Members to attend this important gathering to shape the future of Customs capacity building.
200. He believed that it was also necessary to accelerate the pace in order to meet raised expectations and assist Members to respond to the challenges and opportunities that a fast-paced international trading environment brought to the WCO. It was time to raise the bar and build on the Members' collective achievements with a new sense of urgency, in particular by enhancing the current delivery model to ensure a strong partnership between WCO Members which would enhance the sustainability of capacity building efforts. It was also time to start consolidating the WCO's position as a centre of Customs excellence, a "one-stop shop" and, more importantly, the first point of contact for any advice on Customs matters.

201. In conclusion, the Council took note of the points raised by the Delegate of South Africa, and of the Policy Commission's conclusions regarding capacity building.

**(f) Outcome of Revenue Package Workshops and the way forward**

202. The CHAIRPERSON said that the new Revenue Package had been very well received, particularly in the context of the current economic crisis. The Deputy Secretary General had explained the three pillars of the programme and had thanked Members that had hosted the six regional workshops on this subject.

203. In conclusion, the Policy Commission had :

- taken note of the ongoing work being carried out in respect of the Revenue Package and the identification of areas where there might be additional needs regarding revenue collection that were not fully addressed by existing tools and instruments;
- endorsed the preparation of an Action Plan on the Revenue Package.

204. The Council took note.

**(g) Strategic Plan for the years 2010/2011 to 2012/2013**

205. The CHAIRPERSON said that the Deputy Secretary General had outlined the content of the Strategic Plan for the years 2010/2011 to 2012/2013. The Policy Commission had recommended that the Strategic Plan be submitted to the Council for approval.

206. The Council adopted the Strategic Plan for the years 2010/2011 to 2012/2013 which is reproduced at Annex VI hereto.

**(h) Risk management**

207. The CHAIRPERSON recalled that risk management had been identified as one of the key building blocks in the Customs in the 21<sup>st</sup> Century paper, and was currently one of the priorities of the WCO. This was why the Council Sessions would include a panel discussion on risk management, and a Forum on risk management would take place immediately after the Sessions.

208. He said that the Policy Commission had endorsed the approach adopted by the Secretariat regarding the preparation of the Risk Management Compendium and looked forward to receiving the completed version for approval in June 2011. The Policy Commission had also endorsed the draft implementation plan for risk-management-related work for the coming year, and looked forward to a progress report at its December 2010 session.

209. The Council took note.

**(i) Role of Customs in natural disaster relief**

210. The CHAIRPERSON said that the Policy Commission had held a very good discussion about the role that Customs could play in expediting the clearance of relief consignments so that aid reached victims in a timely manner. Recently, the importance of this issue had been graphically illustrated by a number of very serious disasters. The Policy Commission had recommended that the Council endorse the creation of an Ad Hoc Working Group to explore, based on Members' experience in dealing with natural disasters, how to enable Customs to react more effectively, efficiently, speedily and appropriately in cases of natural disasters.
211. The Observer for the UNITED NATIONS OFFICE FOR THE COORDINATION OF HUMANITARIAN AFFAIRS (UN OCHA) said that OCHA's work was based essentially on the various United Nations General Assembly Resolutions which related to humanitarian assistance to victims of natural disasters, and in particular on Resolution 43/131 which invited all States in need of such assistance to facilitate the work of relief organizations in implementing it. He wished to speak in particular of certain extremely helpful agreements that OCHA had been able to sign with the Customs authorities of Nepal in 2007, Honduras in 2008 and Mali in 2009. Similar Customs agreements with several other countries were currently at a very advanced stage of negotiation. In some cases, however, the excessively large number of different players involved in reviewing draft agreements at the national level was delaying their signing.
212. Despite the existence of various tools, Conventions and protocols, humanitarian agencies continued to encounter serious problems with the importation of relief consignments. The solution to these problems would be for Customs administrations to put more facilitation measures in place for aid consignments when their national governments declared a state of emergency. Implementation of the provisions set out in the Customs agreements he had mentioned would be very helpful, and OCHA was available to assist with this. In Nepal, for example, once the agreement had been signed, OCHA had begun to work hand-in-hand with Nepalese Customs to put the necessary measures in place, and had delivered a training programme to Customs officers both in the capital and at border posts. OCHA was, of course, ready to share its experience with other States wishing to sign similar agreements. OCHA was pleased to learn of the proposal to create a Working Group in the WCO to deal with these matters. Finally, the Observer said he hoped that the international Customs community would mobilize its efforts to facilitate the clearance of emergency relief supplies, to help ensure that aid reached the victims of natural disasters as rapidly as possible.
213. The Observer for THE INTERNATIONAL AIR CARGO ASSOCIATION (TIACA) pointed out that air cargo was of particular relevance to the kinds of operations that had to be undertaken in a disaster. Perhaps it would be useful at some stage for the Ad Hoc Working Group to consider what experiences the air cargo industry could share regarding any difficulties it had encountered with the clearance of relief consignments in the past.
214. The Observer for DEUTSCHE POST DHL, attending the sessions as a member of the PSCG, said that trade also had an ability to contribute, with its knowledge and experience in this area. DHL had a strategic partnership with the United Nations Development Programme and OCHA to focus on disaster preparedness and disaster response. It was a founding member of the World Economic Forum Disaster Response Network and operated as part of a global network of disaster response

teams. With that in mind, he had now contacted DHL's Director of Humanitarian Affairs to introduce him to the WCO Secretariat officials who were dealing with this issue.

215. The Observer for the INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES (IFRC) began by indicating that the International Federation was very pleased to have signed a Memorandum of Understanding with the WCO during the current Council Sessions. The IFRC was a global association of national bodies, representing 186 national Red Cross and Red Crescent Societies around the world. Its many years of experience in responding to disasters, including those which crossed borders, had shown how challenging this could be. The everyday complexities of cross-border trade, which also applied to humanitarian assistance - particularly for highly regulated items such as foodstuffs, medications and medical equipment, vehicles and telecommunications - were complicated by the imperative need for speed, the unfamiliarity of some responders with local rules and the disruption of normal procedures.
216. In past disasters, the IFRC and its members had been frustrated by substantial delays in clearance by the multiple ministries often involved, by difficulties in obtaining duty and fee waivers, and by confusion over paperwork. At the same time, they were very conscious of the enormous difficulties that Customs authorities themselves faced in these circumstances. For example, Haiti's Customs authorities had themselves, of course, been highly impacted by the January 2010 earthquake, both in terms of the destruction of their own office space and by the death of Customs staff and family members. In those very challenging circumstances, Customs in Haiti had been faced with a massive international response from over 600 agencies.
217. The IFRC was convinced that advanced preparation for the Customs issues which arose in disaster settings was critical in order to avoid bottlenecks on the one hand, and a chaotic uncontrolled international response on the other. The IFRC was very encouraged by the WCO's proposal to create a Working Group to address some of these issues and, in accordance with the newly signed MOU, it was very much looking forward to increased co-operation with the WCO, both at the international level and through increased collaboration between national Red Cross and Red Crescent Societies and national Customs administrations.
218. The CHAIRPERSON thanked the Observers for their remarks.
219. In conclusion, the Council :
- took note of the current situation and the work done by Customs to ensure effective management of humanitarian assistance;
  - endorsed the creation of an Ad Hoc Working Group to explore, based on Members' experience in dealing with natural disasters, how to enable Customs to react more effectively, efficiently, speedily and appropriately in cases of natural disasters;
  - approved the draft Terms of Reference for the Ad Hoc Working Group, which are reproduced at Annex VII to these Minutes, and noted that in principle this Group should be limited to three Members per WCO region, with a possible exception for regions particularly prone to natural disasters.

**(j) Invitation to host the 64<sup>th</sup> Session of the Policy Commission**

220. The CHAIRPERSON said that the Policy Commission had welcomed a kind invitation by China to hold the December 2010 Policy Commission in Shanghai, and had recommended that the Council accept it. Also, the Policy Commission had agreed with a proposal by the Chairperson that the Secretariat be permitted to exercise flexibility regarding the cost of hosting sessions abroad.

221. The Council agreed.

**(k) Involvement of Palestinian Customs in the WCO**

222. The CHAIRPERSON said that as Vice-Chairperson for the North of Africa, Near and Middle East region, the Delegate of Morocco had reiterated to the Policy Commission the region's request that a solution be found to the issue of the representation of Palestine as an observer within the WCO. This was a request made collectively, and with insistence, by the Members in the region, and he hoped that a solution could be found.

223. The Council took note.

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224. The Council approved as a whole the Reports on the Policy Commission's 62<sup>nd</sup> and 63<sup>rd</sup> Sessions.

**7. PANEL DISCUSSION - RISK MANAGEMENT**

225. The CHAIRPERSON introduced the moderator of the panel discussion, Professor David Widdowson from the University of Canberra, Australia. Professor WIDDOWSON then introduced the topic and the other panelists, Mr. Aleksander Popovich, Senior Vice-President of Industry Distribution and Financial Services at the International Air Transport Association (IATA), and Mr. David Fairnie, Director of Global Port Solutions at G4S Plc.

***How the air transport industry uses risk management***

226. Mr. POPOVICH began his presentation with a short introduction about IATA and its main functions, and an overview of the air transport industry. He stressed that although air transport accounted for only 3 % of the total volume of goods traded, this equated to around 30 % of the value of goods traded. He also touched briefly on the long-standing co-operation between the WCO and IATA, first formalized by Memoranda of Understanding (MOUs) in 1986 and 1988. Both MOUs were currently being revised in order to reflect the ongoing and dynamic nature of the relationship between the two Organizations.

227. Turning to risk management, Mr. Popovich pointed out that there were many different drivers for efficient risk management practices, including increased security threats and organized crime, increased volumes of international trade, the need for improved trade facilitation to avoid bottlenecks, and new business models and modern

working methods. He defined the concept of risk management and outlined the three key building blocks for the efficient management of risks : the use of intelligence, the ability to have cargo secured by authorized operators as early in the supply chain as possible, and the timely supply and receipt of quality information.

228. He then introduced two IATA initiatives - Secure Freight and e-Freight - as tangible projects for putting in place the building blocks outlined above. He noted that both initiatives were aligned with the relevant WCO instruments, and provided statistics on their implementation. He asked Customs administrations to display leadership in their countries with a view to the more widespread implementation of these important undertakings.
229. Finally, he said that the benefits of efficient risk management included : increased predictability and security of the international movement of goods; elimination of duplication and delays in international supply chains; seamless, real-time and paperless flows of information; better co-operation between Customs, business and other government agencies; improved regulatory compliance.

***How risk management is used in the maritime sector***

230. The presentation by Mr. FAIRNIE, which was drawn from his personal experience of implementing a global risk management strategy for DP World, was focused on the use of risk management in the port terminal operating environment.
231. In 2005, he had been tasked with leading the development of a risk mitigation strategy aimed at curbing new risks that threatened the stability and growth of the international port terminal operator business. Emerging threats included terrorism, transnational organized crime and physical port security. The industry also had concerns about how governments might react in order to contain these risks and the impact this could have on financial business models. From a strategic risk point of view, his company had concluded that government and forced regulations alone could not protect the global supply chain; the commercial and public sectors needed to work together in partnership to ensure efficient risk mitigation and the ongoing financial viability of port operations.
232. Having outlined the strategic challenges, Mr. Fairnie went on to discuss the implementation lessons. The key imperative for DP World, which operated a global business with terminals in many countries, was the need to define a risk mitigation strategy which could be applied from the highest decision-making levels to the lowest, and to keep the implementation planning as consistent and straightforward as possible. The strategy had to add value to the business by improving operational efficiency and cost-effectiveness.
233. A major challenge for companies operating in different countries was to bridge the various national legislative and operational requirements. In order to overcome this, the risk mitigation strategy needed to incorporate a common approach to people, processes and technology. DP World had decided that the key to defining and implementing a risk mitigation strategy suitable for the port environment was to embrace a quality management system. For DP World, this meant the adoption of the ISO 28000 quality management standard.
234. Adopting ISO 28000 had provided the company with a proactive means of protecting itself through a pragmatic and business-centric approach to risk management. It also provided better capacity to cope with, and comply with, different

regulatory requirements and enabled more efficient resource utilization as company-wide security activities were managed through a common set of processes and practices which ensured that key decision-making was based on effective risk assessment. The quality management standard also enhanced communication and efficiency in the exchange of information across the company and with key external stakeholders, as well as providing improved resilience and brand protection.

235. Mr. Fairnie briefly outlined some of the practical challenges encountered during the implementation process. These included the size and scale of various terminal operations, obtaining executive commitment, and the establishment of a communication strategy to enable constructive dialogue across the wide range of stakeholder groups. One challenge related to the need to manage expectations and inconsistencies surrounding Customs-to-Trade programmes which prevented the more widespread implementation of mutual recognition arrangements. Also port terminal operators were constrained because, in many locations, they were unable to conduct or become involved in the intelligence-backed validation of risk assessment methodologies.

236. Mr. Fairnie concluded by sharing some personal observations drawn from the implementation process. He had noted that Customs regimes seemed to be extremely capable in fiscal matters, but less so in physical risk assessment and process management. He also mentioned that trade commitment was not universally accepted by Customs and other governmental agencies, and trade facilitation benefits were not clearly defined. This sometimes discouraged private sector partners from investing and participating in government-sponsored programmes. Another point was that the major terminal operators were already storing and sharing logistics and cargo information that could be of benefit to Customs. He believed that the establishment of a data warehouse and of the Single Window logistics concept had untapped potential to fuel Customs risk engines and deliver trade facilitation benefits.

***Why risk management is central to Customs***

237. Professor WIDDOWSON, in his presentation, dealt with some of the key enablers for Customs risk management. In his view, one fundamental issue in relation to risk management was how to define the risks that needed to be managed. He said that risks usually related to impediments to the achievement of organizational objectives. Therefore, the clear identification of objectives was central to avoiding confusion in the risk management decision-making process. Also, risk management was not only about defining, and dealing with the highest levels of risks. It was also important to understand the value of identifying low risks. The identification of low-risk operators made it possible to reduce the size of the “risk pie” and concentrate on the high-risk operators.

238. Turning to the role of risk management in enabling a balanced approach between facilitation and control, Professor Widdowson said that control, facilitation and security were all goals which should not be compromised. A balanced approach to these goals could be achieved through risk management. More of one did not mean less of the others, and the word balance was used merely to refer to the way in which Customs used its resources to intervene.

239. He believed that regulatory intervention should be done by exception, and only where there was a genuine need for it. All regulatory controls should be focused on addressing identified risks. In relation to operational risk treatments, he said that there were two main client categories in the Customs context : those who intended to do the



right thing, and those who intended to do the opposite. Different treatments were needed to manage these two categories, and a clear identification and understanding of the reasons for the treatments allocated to traders in these two categories enabled a better allocation of resources.

240. Professor Widdowson also explained the need to manage political risks. It was important to realize that governments had different priorities and a perceived threat for some might not be the same for others. Different risk priorities emerged because of different political agendas, and Customs needed to factor the political agenda into their risk management programmes and responses. It was important to understand the differences between output and outcome measures, and why both were important controls in relation to risk management programmes.
241. Ensuring congruence was important when implementing risk management. There was a need to apply risk management in practice, instead of only on the level of words. This was an important aspect to be considered when designing Customs-trade partnership programmes, as a transparent and inclusive approach to risk management led to improved trade facilitation benefits and ensured the commitment of private sector partners to working more closely with Customs to identify illicit trade and traders.
242. In conclusion, Professor Widdowson pointed out that no control system would guarantee 100 % assurance. Even with the best systems and procedures in place, there was always the risk that something might go wrong. It was therefore incumbent on managers to focus not only on how risks were managed, but also on how those who managed risks were supported on those occasions when something did go wrong.

#### Question and answer session

243. The Delegate of the UNITED KINGDOM thanked the presenters for their informative presentations, as did many other delegates who participated in the discussion. Regarding Professor Widdowson's presentation, he agreed that it was important to differentiate outputs from outcomes, and that it was crucial to know what outcomes were sought. However, he was not convinced of the validity of the control and facilitation matrix presented by Professor Widdowson, which in his view was outdated as it was no longer possible, due to volumes, to assume that Customs could achieve the same level of control using the red-tape approach as when using risk management properly.
244. In reply, Professor WIDDOWSON said that the theoretical matrix identified extremes. The red-tape approach was just a theoretical construction used to describe an approach which would embrace no facilitation, and extremely high levels of controls. The matrix example had been presented merely to demonstrate that it was not necessary to check everything in order to ensure high levels of control. He reiterated that there were alternative options for ensuring control whilst facilitating trade.
245. The Delegate of BELGIUM said that, once again, he was seeing trade organizing itself to manage international supply chains, in this instance by exchanging information on a "many-to-many" model. Customs was exploring the use of this model in various ongoing projects. This had led to the establishment of the Globally Networked Customs (GNC) Ad Hoc Group, which was discussing the possibility of exchanging information on a "many-to-one" basis. The starting point for GNC was that every import was someone else's export, and one objective was to arrive at the exchange of export information in advance under the "many-to-one" model, where Customs were the many and the WCO was the one. In his view, this approach would support risk management

in relation to international supply chains. The information to be exchanged between Customs authorities would come from trade, meaning that Customs and trade needed each other. Here, one question that would arise was what benefits trade would derive from GNC. He argued that trade would gain from having one data model for both export and import, as well as the potential for a single access point. Other possible benefits for trade included better facilitation through Trade-to-Customs information exchange. At the same time, Customs administrations' gains would materialize through enhanced ability to conduct better risk management through Customs-to-Customs information exchange.

246. Mr. POPOVICH described IATA's experiences from the e-Freight implementation, explaining that the vision for e-Freight had been a technology vision called the "common data exchange". On paper this vision formed a very eloquent and simple picture, but it required detailed explanation and therefore fell short of providing a practical view of how the project should be implemented. Also, it had quickly been realized that the project could not be launched by going straight to the proposed, global, common data exchange. First, basic practical steps needed to be developed on shared objectives which had to be agreed upon between airline operators, ground-handling and freight-forwarding companies. One of the key steps in the process had been to define common standard procedures for moving freight documentation in an electronic world. Having these foundations in place had made the aspiration of achieving the global exchange of commonly agreed data across the aviation industry a natural progression. However, global information exchange had to be built on practical foundations and clear objectives - a point well made by Professor Widdowson in his presentation.
247. The Delegate of FINLAND stressed the importance of differentiating between flows of goods and flows of information. Information travelled faster than goods, and this provided Customs administrations with a chance to deal with supply chain risks as early as possible in the supply chain - preferably before the goods entered their territory. Trade, as represented by Mr. Popovich and Mr. Fairnie, was putting in place many important building blocks that would help Customs administrations to perform their risk management functions more effectively. He agreed with the panelists about the importance of identifying low risks in order to expedite facilitation, and mentioned the benefits of good Customs-Trade co-operation as well as the need for a dynamic synergy between the two parties. Finally, he said that he would be interested in hearing how the panel viewed Customs-Business co-operation in the field of risk management and what the division of labour between the two parties should be.
248. The Delegate of the UNITED STATES asked Mr. Popovich what lessons had been learned, from a risk management perspective, from the implementation of the e-Freight and Secure Freight initiatives.
249. Mr. POPOVICH replied that many lessons had been learned from the implementation of these initiatives. The need for shared objectives was crucial. Another key element related to risk management was sharing the same picture of how Customs was developing its intervention and facilitation models for the future. He also mentioned the ability to cultivate one industry voice, and use that one voice to conduct dialogue with stakeholders. This had become extremely important when IATA was seeking to agree a common global timeline for advance electronic cargo reporting.
250. The Delegate of IRELAND stressed the importance of managing political risks, saying that the political dimension was not acknowledged enough even though it was a significant consideration to be factored into the day-to-day management of Customs

organizations. On the issue of what was the optimal amount of data, she felt that there was no such thing : Customs administrations wanted all the information that was reasonably available. In her view, instead of discussing the amount of data, the focus should be on how to obtain the data cost-efficiently and in electronic format. From an audit perspective, the provision of advance electronic information and risk analysis enabled Customs to be very non-intrusive in its audit activities. In relation to Mr. Popovich's presentation, she asked him how he saw the EU ICS initiative fitting with the e-Freight and Secure Freight programmes. She also asked the panelists whether they felt there was an obvious risk that the Customs community was missing.

251. The Delegate of UGANDA raised the issue of Customs revenue targets, which had been mentioned by Professor Widdowson during his presentation. These targets were a reality in many developing countries and were not likely to be abolished in the near future. In relation to Mr. Popovich's presentation, he said that some IATA Members were posing problems for his Administration by not complying with the pre-arrival information requirements. He asked whether IATA was in a position to enforce the implementation of standards by its members.
252. Professor WIDDOWSON said he agreed with the Delegate of Ireland about the importance of responding to political risks, and agreed to some degree with her views about the optimal amount of data. The purpose of the theoretical presentation was to show that Customs could divide its clients into different categories and could receive, and offer, different benefits in respect of data supplied in relation to compliant and non-compliant companies. He also expressed the view that if the collection of all the necessary data was non-intrusive, then the routine collection of this data was a perfectly acceptable risk management response.
253. Mr. POPOVICH said that it was astonishing that the physical movement of goods was still jumbled together with the provision of paper documents. There was no need for cargo information and the goods to proceed hand-in-hand, and he underlined the importance of separating these two elements. The e-Freight initiative was aimed at removing the safety net of paper and enforcing the quality of electronic data. In locations where e-Freight was operating, IATA had been measuring the improvement in data quality, and the improvement was enormous. On the relationship between the IATA programmes and the EU ICS initiative, Mr. Popovich said that the e-Freight standard was consistent with the EU initiative. The Secure Freight standard was more complex as it was built around the recognition of AEO operator status. The challenge in this regard related to governments' recognition of the Secure Freight language and of each others' Authorized Economic Operators. Therefore, Mr. Popovich thought that the Secure Freight standard would take more time to be realized.
254. In response to the question of whether Customs administrations were missing anything obvious in their risk management practices, Professor WIDDOWSON stressed the need to have a thorough knowledge and understanding of the operating environment. The better the operating environment and its risks were known, the better one was able to manage new risks proactively as they emerged.
255. Mr. FAIRNIE reiterated that Customs administrations were doing a good job in managing revenue-related risks, but there was a need to invest more in the capabilities of managing various security risks. Customs administrations also needed to advocate more clearly the various facilitation benefits for businesses. If this was not done, there was a risk of lack of commitment from industry towards supply chain security measures.

256. The Delegate of CHINA stressed that the concept of risk management was not confined to the processes associated with Customs control; risk management principles also applied to the management and development of the organization itself. She believed that it was also important to heighten the awareness and understanding of risk management among all stakeholders, as risk management could be efficient only when all stakeholders worked together. Therefore, Customs should work closely with other governmental organizations, with the business community and with international organizations.
257. Regarding the WCO's role in risk management, she felt that the Organization should actively promote its instruments and tools, and improve the sharing of information between Members. The Members' needs were varied, and different environments should be taken into account when risk management instruments were developed. In her view, the WCO should serve not only as a platform for discussions on risk management, but also as a think-tank on the subject. Finally, she suggested that in order to find out how Members were placed with their risk management programmes, it was worth considering whether the WCO could conduct diagnostic missions in relation to risk management.
258. Professor WIDDOWSON fully agreed with the Delegate of China that risk management applied to the whole organization and not only to operational issues. Hopefully, the WCO Risk Management Compendium currently being drafted by the Secretariat would address many of these concerns. In relation to diagnostic missions, he referred to the work being done under the Columbus Programme and suggested that she take this issue up with the Capacity Building Directorate.
259. The Delegate of TOGO agreed with the previous speaker, stressing the importance of having clearly defined objectives for which there were risks that needed to be managed. For developing countries, these objectives usually related to budgetary and revenue security. He also agreed that risk management was a comprehensive issue, and that there was a need to move from theory to implementation. He had three questions for the panelists. Firstly, what were the indispensable aspects of efficient risk management ? Secondly, in relation to the e-Freight initiative, what kinds of measures were taken to ensure the reliability of the electronic documents ? Thirdly, what kinds of situations was Mr. Fairnie referring to when he mentioned that there had been lack of acceptance of the involvement of the private sector ?
260. In response to the question raised by the Delegate of Togo concerning the e-Freight initiative, Mr. POPOVICH said that a standard operating procedure and data quality standards were in place to ensure the quality and completeness of the data. Replying to the point raised by the Delegate of Uganda about non-compliance by IATA members, he said it was the business of IATA to make sure that its Members implemented standards and he would be interested in learning more, in the margins of the session, about the problems encountered in Uganda.
261. The Delegate of AUSTRALIA raised the possibility of secure networks becoming vulnerable to criminal activity over time, and wanted to know whether this risk had been recognized in the IATA programmes. Also, given criminal syndicates' success in infiltrating law enforcement agencies, how confident were the panelists that this kind of risk could be dealt with ? In relation to Mr. Fairnie's presentation, he agreed that the challenges to national security were real. He added that his Administration was very concerned about the criminal infiltration of the waterfront, and asked how the private

sector operators saw their role in dealing with this issue and what might be the key areas for Customs-Business co-operation in tackling this challenge.

262. Professor WIDDOWSON considered that the different AEO programmes that Customs administrations had in place would become a norm, enabling the better identification of reliable operators. He saw a similar pattern emerging with this issue as had happened with pre-arrival information. The bar was gradually being raised. However, the threat of criminal infiltration and activity was real. Criminal organizations, like law enforcement agencies, were using risk management and risk assessment practices in their operations. Mr. FAIRNIE added that business had different processes and standard operating procedures in place which were aimed at preventing criminal infiltration. These included background checks and pre-employment screening of employees.
263. The Delegate of ARGENTINA referred to a recent, large cocaine seizure by his Administration, which was a great example of the successful use of intelligence and modern inspection technologies. He stressed the need to combine these two, and mentioned that the payoff from the use of technology was far greater than the investment required to acquire it.
264. Professor WIDDOWSON thanked the panelists and delegates for their participation.
265. The CHAIRPERSON concluded by thanking Professor Widdowson for moderating what had been a very interesting discussion, adding that the panelists' presentations had paved the way for a strategic discussion on risk management and provided the foundation for further discussions on this vitally important topic during the Risk Management Forum to take place immediately after the Council Sessions.

## **8. BUDGETARY AND FINANCIAL MATTERS**

266. The CHAIRPERSON of the FINANCE COMMITTEE reported that the Committee had met twice during financial year 2009/2010, in October 2009 and in April 2010, and he presented an overview of the main discussions held during the two Finance Committee sessions. He also referred delegates to his written report, which had been made available in advance of the session, and to the Reports on the 88<sup>th</sup> and 89<sup>th</sup> Sessions of the Finance Committee (Docs. SF0256 and SF0274).
267. He said that his oral report would focus on :
- the WCO's general financial situation, the increase in costs and the surplus achieved;
  - Members' statutory contributions;
  - WCO expenditure;
  - staff remuneration;
  - capital expenditure;
  - the financial audit;

- the situation of the investment portfolio, managed by the investment banker;
  - the new layout of some of the financial documents.
268. The Finance Committee's discussions on a proposed new WCO Publications Policy had already been dealt with under Policy matters (Agenda Item 6).
269. The Finance Committee Chairperson said that the WCO's financial situation remained difficult; although inflation in Belgium was still quite low, the Secretariat's operational costs were increasing, particularly in relation to the Headquarters building (energy, supplies and other procurements) and staff remuneration. At the same time, the Finance Committee had felt that in the present climate it would be more difficult than usual to offset any operational increases by increasing Members' statutory contributions.
270. The Secretariat had managed financial year 2008/2009 successfully, and had achieved a surplus of 163,870.04 euro. The indications were that a modest surplus could be achieved in the current financial year, 2009/2010. The Secretariat, supported by the Finance Committee, had achieved this success as a result of stringent cost-cutting measures, and especially through the application of the "lapse factor" under which any budget posts which fell vacant in the Secretariat were not filled immediately. The fact that the post of Deputy Secretary General had been vacant for one year had also been advantageous from a purely budgetary standpoint.
271. Despite the financial and economic crisis, the rate of collection of Members' contributions was higher in 2009/2010 than at any point in the previous decade : by the beginning of the Council Sessions, the WCO had received 97.86 % of Members' statutory contributions for 2009/2010. The Finance Committee Chairperson thanked Members for their discipline in paying their contributions on time, and said that he was confident that they would display a similar attitude in financial year 2010/2011. Payments for the new financial year should be made around the month of August 2010.
272. He added that, at both sessions in 2009/2010, the Finance Committee had discussed the principles and the details of the future rate of Members' statutory contributions. "Think Tank" discussions held in 2002 had led to a proposal that in order to achieve a balanced budget in the not too distant future, in principle a 3 % annual budget increase should be used as the basis for the calculation of Members' contributions. The current financial and economic crisis had caused the WCO to change this policy; it had first reduced the increase to 2 % and now, after a very serious discussion, it had reached a consensus that a 1 % increase would be appropriate. At the same time, it was important to note that the Finance Committee was ruling out a new freeze of contributions - the freeze which had taken place during the 1990s had caused the Organization to be dangerously underfunded.
273. The proposed 1 % increase amounted to 158,748 euro, around 20 % of which would have to be absorbed by those Members which paid the minimum rate of contribution. The Finance Committee Chairperson invited the Council to adopt this moderate increase. He added that the overall increase in the WCO's expenditure would also be limited to 1 %.
274. He then turned his attention to the proposed 1.4 % increase in remuneration with effect from 1 January 2010, based on indexation, which the Co-ordinated Organisations' Inter-Organisations Study Section on Salaries and Prices had calculated. He informed the Council that NATO, the WCO's Brussels-based reference

Co-ordinated Organisation, had not yet taken a final decision on the increase, and provision for the payment of this increase had been made in the WCO's accounts pending the NATO decision. He added that, following some discussion, the Finance Committee had reiterated its opinion that the Co-ordinated Organisations' remuneration adjustment process and methodology was the appropriate one for the WCO to apply. He invited the Council to adopt the proposed increase of 1.4 %, which was affordable within the proposed budget, subject to alignment on the decision to be taken in NATO.

275. The Finance Committee Chairperson said that capital expenditure, related primarily to purchases needed to maintain the WCO building and in particular the IT infrastructure, was proposed in an amount of 680.000 euro. Some of these costs would be incurred in order to comply with new environmental regulations introduced in Belgium. He invited the Council to approve this amount of capital expenditure for 2010/2011.
276. Financial year 2008/2009 had been the subject of a financial audit as usual, and the result was very pleasing. The Auditor had stated that the Organization's accounts were fully in line with the principles of Belgian law, as stipulated by the WCO Financial Rules, and had highlighted his excellent co-operation with the Secretariat. Consequently, the Finance Committee was recommending to the Council that it acquit the Secretary General of his financial responsibilities for financial year 2008/2009.
277. The Finance Committee Chairperson then informed the Council that the WCO's Terminal Allowance investment portfolio, managed by Merrill Lynch, had resisted the financial and economic crisis. The market value of the portfolio had diminished sharply towards the end of 2008, at the beginning of the crisis, but Merrill Lynch had been able to recover all the initial losses in the course of 2009 and had achieved a market value gain of almost 1.8 million euro compared to the market value at 30 June 2008. On 31 May 2010, the market value of the portfolio stood at 17.9 million euro, thus ensuring 100 % coverage of the WCO's Terminal Allowance liability.
278. Finally, he referred to a proposed new layout for the Annual Balance Sheet and the Annual Profit and Loss Account, in order to increase transparency and better document annual income, annual expenditure and the annual result. This new approach also took into account the fact that the contribution paid by the European Union was now regular income that was taken into account when the budget for each year was established.
279. In conclusion, the Council :
- decided that the budget surplus for financial year 2008/2009 (163,870.04 euro) would be absorbed and that the accumulated result on 30 June 2009 would be established as 6,061,415.24 euro;
  - acquitted the Secretary General of his financial responsibilities for financial year 2008/2009;
  - adopted the amended Secretariat proposal for a 1 % increase in the general operating expenses for 2010/2011;

- adopted the Decision concerning the budgetary and financial provisions for 2010/2011 and the amendments to the Financial Rules reproduced at Annex VIII hereto (Decision No. 327), including the scale of Members' contributions for financial year 2010/2011 which had been circulated during the Sessions;
- adopted the staffing table for 2010/2011, showing budgeted posts as well as the number of Technical Attachés, as agreed;
- approved the proposed capital expenditure of 680,000 euro for financial year 2010/2011;
- took note of the Audit Report on the accounts for financial year 2008/2009 and the recommendations contained therein;
- adopted the proposed new document layouts and decided to insert them in the Financial Rules in place of the balance sheet and profit and loss account templates used to date;
- approved as a whole the Reports on the Finance Committee's 88<sup>th</sup> and 89<sup>th</sup> Sessions, i.e. Docs. SF0256 and SF0274.

## **9. NOMINATIONS AND ELECTIONS**

### **a) Nomination of a Director, Compliance and Facilitation**

280. The CHAIRPERSON indicated that the candidates for the post were :

Ms. Sandra BELL (United States)  
Mr. Uri BRUCK (Israel)  
Mr. Mmadi MOINDJIE (Comoros)  
Mr. Gaozhang ZHU (China).

281. After indicative voting had taken place, Mr. Gaozhang ZHU (China) was nominated by acclamation for appointment as Director, Compliance and Facilitation, for a five-year term of office to begin on 1 January 2011.

282. Speaking both personally and on behalf of China Customs, Mr. ZHU expressed sincere gratitude for the strong support and trust placed in him, giving him the opportunity to serve the membership of the WCO. The world Customs community was a family where all Members - whether large or small, developed or developing - were equally important; all their voices should be heard and their interests taken into account. He invited Directors General to join together to work for the further development of the Organization. He pledged to work hard and closely with the membership and the regions to build on the success of his predecessor, making the Compliance and Facilitation Directorate even more Member-oriented, forward-looking and pragmatic in delivering needs-based and tailor-made tools for the membership and the regions.



**b) Nomination of a Director, Capacity Building**

283. The CHAIRPERSON indicated that the candidates for this post were :

Mr. Erich KIECK (South Africa)  
Ms. Christine MSEMBURI (Zimbabwe).

284. After indicative voting had taken place, Mr. Erich KIECK was nominated by acclamation for appointment as Director, Capacity Building, for a five-year term of office to begin on 1 January 2011.

285. Mr. KIECK thanked the Members for their support and trust. Capacity building was a shared passion for many delegates attending the Council Sessions. So much had been achieved in this area over the past five years, but much remained to be done and the expectations for delivery were very high. The current Director of Capacity Building, Lars Karlsson, had really raised the bar and made a difference to many Customs administrations. Mr. Kieck said that he looked forward to working together with all concerned to continue that work and build on the achievements to date.

**c) Elections**

286. It was proposed that Mr. Martyn DUNNE (New Zealand) be re-elected Chairperson of the Council for 2010/2011, that being the express wish of the Council. This required a derogation from Rule 8 of the Council's Rules of Procedure as Mr. Dunne had already served as Chairperson for two consecutive terms.

287. The Council approved the above proposal by acclamation.

288. Mr. DUNNE expressed his gratitude for the confidence placed in him by the Council. He felt honoured to be given a further year as Council Chairperson. However, at the next Council Sessions in June 2011, it would be necessary to find a new Chairperson to lead the Council.

289. The CHAIRPERSON then announced that following consultations between the Members in the various regions, it was proposed that the Delegates of Guatemala, Luxembourg, Morocco, Nigeria, Thailand and Uganda be elected Vice-Chairs for 2010/2011. In the case of Morocco, this required a derogation from Rule 8 of the Council's Rules of Procedure since Morocco had already served as Vice-Chair for two consecutive terms.

290. The Council agreed to the above proposals which were approved by acclamation.

291. Following consultations between the Members in the various regions, it was proposed that the Council elect as new members of the Policy Commission the Delegates of France, India, Korea (Republic of), Singapore and the United Kingdom. It was noted that they would serve alongside a number of delegates elected to the Policy Commission one year previously, namely Australia, Bahrain, Botswana, Brazil, Canada, Congo (Republic of the), Côte d'Ivoire, European Union, Greece, Italy, Japan, Mexico, Netherlands, Russian Federation, Saudi Arabia, Switzerland, United States and Zimbabwe.

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292. Following consultations between the Members in the various regions, it was proposed that the following be elected to serve on the Finance Committee for 2010/2011 : Burkina Faso, China, European Union, France, Germany, Japan, Kenya, Mongolia, Netherlands, Panama, Paraguay, Saudi Arabia, Spain, Sweden, Ukraine, United Kingdom and the United States.
293. It was proposed that Mr. T. Schoeneck (Germany) be re-elected Chairperson of the Finance Committee for 2010/2011, and that Mr. B. O'Hearn (United States) be re-elected Vice-Chairperson for that period.
294. Following consultations between the Members in the various regions, it was proposed that the following Members be elected to serve on the Audit Committee : Ecuador (Alternate : Bolivia), Gabon, Ireland, New Zealand (Alternate : Australia), Tanzania (Alternate : Namibia), Tunisia (Alternate : Libyan Arab Jamahiriya).
295. It was proposed that Ms. J. Feehily of Ireland serve as Audit Committee Chairperson in 2010/2011, and that Ecuador serve as Vice-Chairperson.
296. All these proposals were approved by acclamation.

## **10. OTHER BUSINESS**

### **(a) Accession to WCO instruments, signing of Memoranda of Understanding and other Agreements**

- (i) WCO instruments
- Revised Kyoto Convention

297. In the course of the Sessions, a brief ceremony took place at which the Delegates of the PHILIPPINES and KENYA deposited their country's instrument of accession to the Revised Kyoto Convention (RKC), bringing the number of Contracting Parties to 71.
298. The Delegate of the PHILIPPINES welcomed the opportunity for his country to become the 70<sup>th</sup> Contracting Party to the RKC. In this respect, he expressed gratitude to the Philippines business community, particularly the Export Development Council and the Port Users Confederation, for having pushed for accession to that instrument. He also thanked the President of the Philippines for having supported the vision of Philippine Customs becoming a truly modern 21<sup>st</sup> Century Customs administration. In closing, he said that, after 42 years of service in his national Customs authority he would shortly be retiring; he thanked his fellow Heads of Customs for pursuing the common dream of achieving world-class Customs through the RKC.
299. The Delegate of JAPAN congratulated the Philippines and Kenya on their accession to the RKC and praised the efforts they had made in achieving that accession. Their experience would be a good source of reference for other Members moving towards accession. In this connection, he considered it extremely beneficial for RKC accession to be included on the agenda for the Council and for the regional meetings, thus providing an opportunity for new Contracting Parties to share their experience. He emphasized that Japan was ready to provide support for WCO Members in their efforts to accede to the RKC.

- Harmonized System Convention

300. The Delegate of LIBERIA deposited her country's instrument of accession to the Harmonized System Convention, bringing the number of Contracting Parties to 138.

(ii) Regional Training Centres

301. The Delegates of the REPUBLIC OF THE CONGO, KOREA and UKRAINE signed Agreements for the establishment of WCO Regional Training Centres in Brazzaville, Cheonan and Dnepropetrovsk respectively.

(iii) Memoranda of Understanding with other international organizations

302. The SECRETARY GENERAL signed a Memorandum of Understanding (MOU) between the WCO and the AFRICAN UNION, represented by Ms. Tankeu, the African Union Commissioner for Trade and Industry. The CHAIRPERSON said that this MOU, intended to formalize co-operation between the WCO and the African Union, was highly relevant in view of the substantial work carried out by the WCO on the African continent, particularly in respect of capacity building.

303. The SECRETARY GENERAL also signed an MOU between the WCO and the INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT SOCIETIES (IFRC), represented by Mr. Schmale, the IFRC Under Secretary-General. The statement made by Mr. Schmale is included under Agenda Item 6 - Policy matters where there was a comprehensive discussion of the role of Customs in natural disaster relief (see paragraphs 215 to 217 above).

(iv) Memoranda of Understanding with private sector organizations

304. As a concrete example of the Customs-Business partnership, the WCO's theme for the current year, the SECRETARY GENERAL signed revised MOUs with four partners from the private sector - the INTERNATIONAL FEDERATION OF FREIGHT FORWARDERS ASSOCIATIONS (FIATA), the GLOBAL EXPRESS ASSOCIATION (GEA), the INTERNATIONAL FEDERATION OF CUSTOMS BROKERS ASSOCIATIONS (IFCBA) and THE INTERNATIONAL AIR CARGO ASSOCIATION (TIACA) - in order to establish an up-to-date basis for co-operation.

(v) Mutual Recognition of Authorized Economic Operators

305. During the Sessions, several bilateral Mutual Recognition Arrangements regarding Authorized Economic Operators (AEOs) were signed, between the following parties : Canada and Japan; Canada and Korea; Canada and Singapore; Korea and Singapore; Korea and the United States; and Japan and the European Union. The CHAIRPERSON emphasized that these signings were a very clear sign of increased co-operation between Members in order to facilitate secure trade.

306. THE EUROPEAN UNION COMMISSIONER FOR TAXATION AND CUSTOMS UNION, AUDIT AND ANTI-FRAUD, Mr Algirdas Šemeta, expressed his gratitude for the opportunity to conclude the EU-Japan Mutual Recognition of Authorized Economic Operator (AEO) Programmes.

307. He said that the WCO was a unique multilateral forum to develop Customs co-operation and to promote international standards. He reaffirmed the EU's continued commitment to the WCO and to remaining an important contributor to the Organization.

308. The international Customs community had challenging tasks in today's rapidly changing environment and the WCO played an important role in helping them fulfil their tasks. The WCO's work in strategic areas was of great importance for the EU and worldwide and, in that respect, he highlighted IPR enforcement, capacity building, co-ordinated border management and Globally Networked Customs.
309. At the top of the agenda today was the international effort to secure the global supply chain. The development and adoption of worldwide security standards had been a major achievement of the WCO. The EU supported the implementation of these standards within the SAFE Framework and played its full part in securing the global supply chain. It was implementing a security policy based on multi-layered risk management that allowed legitimate international trade to flow smoothly, and it brought together a comprehensive package of domestic measures to assess and defuse risks, including a solid AEO programme which met the highest international standards. The Customs community sought to strengthen its capacity to deter attacks by coupling domestic action with enhanced international co-operation. In a globalized world, security could not be strengthened unilaterally, in isolation.
310. Businesses all over the world called for mutual recognition of AEO programmes. The objective was two-fold. Firstly, to enhance end-to-end supply chain security and, secondly, to facilitate legitimate trade. By targeting the limited resources on risks, it was possible to provide benefits in terms of greater facilitation to reliable operators. Mutual recognition could also help promote harmonization of Customs practices and procedures worldwide. In this way, it was possible to prevent business and administrations from facing incompatible standards.
311. Today, two major trading partners, the EU and Japan were formalizing an important decision. Japanese AEOs would begin to be treated in the EU as the EU's own AEOs, and would receive equivalent benefits. The same would apply for the EU's AEOs in Japan. The Commissioner was confident that this development could open new doors to co-operation in other important areas.
312. Like the EU, several other WCO Members were working on mutual recognition agreements with their trading partners. The EU would continue this process, and encourage all WCO Members to do so. In this context, this was an important moment for the EU as a member of the Organization.
313. The AMBASSADOR OF JAPAN TO THE EUROPEAN UNION, His Excellency Mr. Nobutake Odano, said that at the most recent Japan-EU Summit it had been determined that a more action-oriented partnership should be developed. Today's signing of the mutual recognition of AEOs confirmed that co-operation between the Customs authorities of Japan and the EU was both active and action-oriented. He recalled that globally, after the events of 9/11, there had been the formidable challenge of ensuring security of international trade whilst promoting legitimate trade. The WCO had responded to that challenge by developing the AEO initiative. Today's mutual recognition of AEOs between Japan and the EU was a concrete realization of the WCO's approach. The hope was that today's achievement would contribute to the development of further AEO programmes and hence to greater economic development through international trade.

**(b) WCO photographic competition**

314. The SECRETARY GENERAL said that 30 Member administrations had submitted entries to the photographic competition, the theme for which was “Customs in Action”. All Heads of Delegation had been invited to vote for their favourite photograph, and 82 votes had been cast.
315. The Secretary General announced that the winning entry was the French Administration’s photograph entitled “A teacher and his attentive students” which depicted a Customs trainer giving instruction to four attentive canine students seated upright on chairs.

**(c) Resolution in honour of Directors General having recently left the service of their administrations**

316. The Council adopted a formal Resolution (reproduced at Annex X hereto) in honour of a number of Directors General who had recently left the service of their administrations, to recognize the contribution they had made to the work of the World Customs Organization.

**(d) General**

317. The Delegate of TURKEY said that the World Customs Forum 2010 would be hosted by Turkish Customs in Istanbul, Turkey, on 6 and 7 October 2010. The theme for this year’s Forum would be “Building Momentum for an Effective Partnership : Globally Networked Customs and the Private Sector”, and the focus would be on the essential building blocks for public/private sector collaboration in the modernization of the international supply chain. He hoped to see as many participants as possible at the Forum, and looked forward to welcoming them to the beautiful and fascinating city of Istanbul, which had been chosen as the European Capital of Culture for 2010.
318. The Delegate of the ISLAMIC REPUBLIC OF IRAN drew delegates’ attention to the Third International Forum on the Role of Customs Administrations on Promoting and Facilitating Trade Among Silk Road Countries, which would be held in Tehran from 18 to 20 October 2010.

**(e) Departures and tributes**

319. The SECRETARY GENERAL began by thanking the three Vice-Chairs who had completed their terms of office and were now stepping down, namely the Delegates of Argentina, Korea and Senegal. The Vice-Chairs were an invaluable source of advice for the Secretary General, as well as being a crucial link between the Secretariat and the regions. They undertook the role on a purely voluntary basis, in addition to their many responsibilities at the national level, and their input and assistance were essential to ensure that the Organization continued to advance and remained fully aware of the issues affecting the Members in their regions.
320. He then invited the Council to bid farewell to one of the private sector representatives, Mr. Ian Impey, who was about to retire from the Global Express Association (GEA). Mr. Impey’s association with the WCO went back some 30 years, beginning in the 1980s when he had served as a WCO Secretariat Technical Officer in the Enforcement sphere, and then as Deputy Director, Enforcement. Since joining GEA, Mr. Impey had worked hard to promote the Customs/Business partnership.

321. The SECRETARY GENERAL then paid tribute to the two outgoing Directors, Mr. Mike Schmitz and Mr. Lars Karlsson.
322. Mr. Schmitz was a well-known WCO veteran, who had served as advisor to former WCO Secretary General James Shaver before returning to United States Customs as Deputy Commissioner and then rejoining the WCO Secretariat as Director, Compliance and Facilitation. During his term of office he had engaged fully with the United States authorities regarding the 100 % Scanning Law, a topic which remained high on the Organization's agenda, as well as actively promoting the SAFE Framework and the Revised Kyoto Convention. His good humour and lively personality had been greatly appreciated by Members, by business - as represented by the Private Sector Consultative Group - and by his colleagues in the Secretariat. The Secretary General wished him a very happy retirement.
323. The Secretary General then pointed out that although these were Lars Karlsson's last Council Sessions as Director of Capacity Building, he would remain with the Secretariat until his term of office came to an end in December 2010. The Sessions did, however, provide an opportunity for all the Members to recognize what had been achieved by Mr. Karlsson, who had been instrumental in establishing the Capacity Building Directorate and had initiated the Columbus Programme in support of Customs modernization and the implementation of WCO tools. He had also organized academic networks with the PICARD Programme. Mr. Karlsson was a good communicator and networker, who had promoted the WCO extensively. The Secretary General wished him and his family good health and happiness.
324. Finally, the Secretary General said that Mr. Georges Gillot was about to retire after 40 years with the Secretariat, interpreting in English, French and Spanish. He had been an invisible presence, but all those who attended meetings at the WCO would recognize his voice and would miss it enormously. With his deep corporate knowledge, it was often said that his interpretations were better than the original intervention. The Secretary General wished him a happy retirement and presented him with a certificate in recognition of his service.
325. Mr. SCHMITZ thanked the Secretary General for his kind words. He said that he would be available to assist his successor, Mr. Zhu, during the period of transition, and assured him that he would have the very best of staffs. Mr. Schmitz said that he had sincerely appreciated the privilege of serving the Members. The successes that the Secretary General had alluded to were attributable in large measure to their participation, and above all to the work of the excellent Technical Officers and Attachés sent by the membership to serve in the Secretariat. Mr. Schmitz also paid tribute to the WCO's support staff, whose very fine performance was also vital in terms of delivering the work to the Members. Mr. Schmitz said that he would genuinely miss all those involved in the work of the WCO, and would miss the work itself, but after a 40-year career in Customs he was looking forward to retirement as an opportunity to spend more time with his family.
326. Mr. KARLSSON echoed Mr. Schmitz's sentiments regarding the WCO, a wonderful institution which he deeply loved and respected. He thanked the Secretary General for his kind words and for the co-operation they had enjoyed. As Mr. Schmitz had said, all of the WCO's achievements were attributable to team-work - with Members and with the excellent Secretariat staff - and he was confident that the WCO's work would continue successfully into the future. Over the next six months he would be happy to help incoming Director Erich Kieck with his transition to the post,

and finally he hoped to maintain the networks and contacts he had developed during his tenure.

327. The SECRETARY GENERAL paid tribute to Mr. John Raven, the Observer for The International Air Cargo Association (TIACA), who had recently celebrated his 90<sup>th</sup> birthday and who had done a great deal for the Customs-Business partnership over several decades. He was an acknowledged expert in international trade, having served with a number of trade bodies over the years - with the United Kingdom Simpler Trade Procedures Board (SITPRO); as Director General of the International Express Carriers Conference (IECC), now the Global Express Association (GEA), from 1990 to 2000; as a World Bank consultant; and most recently as the representative of TIACA.
328. John Raven had long been a contributor to the WCO's technical committees. He had an insight and ability to understand complex issues and to express his thoughts in a very clear manner, based on his wealth of knowledge and focused approach.
329. Mr. RAVEN thanked the Secretary General for his kind words and the WCO as a whole for the kindness and affection shown to him over the years.

#### **11. DATE AND PLACE OF NEXT SESSIONS AND CALENDAR OF MEETINGS FOR 2010/2011**

330. The 117<sup>th</sup>/118<sup>th</sup> Sessions of the Council would be held in Brussels from 23 to 25 June 2011, preceded by the 65<sup>th</sup> Session of the Policy Commission.
331. Subject to a number of amendments to the draft that had been circulated, the Council approved the Calendar of meetings for 2010/2011, which is reproduced at Annex XI hereto.

#### **CLOSURE OF THE SESSIONS**

332. In closing the Sessions, the CHAIRPERSON reflected on what he considered to have been a successful Council. A great deal had been covered and accomplished : "10+2" was now firmly incorporated in the SAFE Framework; several Mutual Recognition Agreements had been signed during the Sessions, increasing the number in force around the world and the hope was that in the future it might be possible to move from bilateral to multilateral Agreements; the Revised Kyoto Convention had been given prominence; Globally Networked Customs and how it might become a reality had been considered; capacity building achievements had been highlighted; three additional Regional Training Centres had been established; risk management had been very much to the fore and this would continue in the Risk Management Forum to be held immediately after the Council Sessions; and a new role for Customs in disaster relief had been identified to ensure that Customs was a key part of the international environment in this respect.
333. He then hearkened back to his opening comments when he had emphasized the need for the WCO to be seen and acknowledged as **visionary** and **relevant**. If that were the case, then the Organization would also be **indispensable**.

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334. Finally, the Chairperson thanked all delegations and the Secretariat for their co-operation and assistance during the Sessions, and he declared closed the 115<sup>th</sup>/116<sup>th</sup> Sessions of the Council.

M. DUNNE,  
Chairperson.

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