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MINUTES OF THE 119TH/120TH SESSIONS
OF THE CUSTOMS CO-OPERATION COUNCIL

(Brussels, 28 - 30 June 2012)

TABLE OF CONTENTS

	<u>Paragraphs</u>
KEYNOTE ADDRESSES :	
- Keynote address by Dr. Goodluck Ebele Jonathan, President of the Federal Republic of Nigeria	3 - 29
- Keynote address by Steven Vanackere, Deputy Prime Minister of Belgium and Belgian Minister of Finance and Sustainable Development	30 - 41
- Visit by Crown Prince Philippe of Belgium	42 - 45
OPENING OF THE SESSIONS	46
1. Adoption of the Agenda	47
2. Approval of the Minutes of the 117 th /118 th Sessions of the Council	48
3. Comments by the Chairperson of the Council	49 - 50
4. Report by the Secretary General	51 - 93
KEYNOTE ADDRESS :	
- Keynote address by Yury Fedotov, Executive Director of the United Nations Office on Drugs and Crime	94 - 117

	<u>Paragraphs</u>
5. Policy matters :	118 - 289
(a) Security and facilitation of trade	121 - 137
(b) Globally Networked Customs - Feasibility Study	138 - 162
(c) Report of Audit Committee	163 - 164
(d) Status of WCO regional entities (Regional Offices for Capacity Building, Regional Training Centres, Regional Intelligence Liaison Offices)	165 - 166
(e) Economic Competitiveness Package	167 - 197
(f) Strategic Plan for the years 2012/2013 to 2014/2015	198 - 214
(g) Composition of the Policy Commission : Recommendations of the Working Group	215
(h) Programme Global Shield	216 - 220
(ij) Emerging and Evolving Risks	221 - 249
(k) Cargo Targeting System (CTS)	250
(l) Request by Kosovo ¹	251 - 283
(m) Palestine's involvement in and accession to the WCO	284 - 285
(n) Evaluation of organizational arrangements	286 - 288
6. Technical matters :	290 - 440
(a) Tariff and Trade Affairs :	290 - 336
Introduction	290 - 292
(i) Rules of Origin	293 - 306
(ii) Valuation	307 - 314
(iii) Nomenclature and Classification	315 - 336
(b) Capacity Building	337 - 401

¹ Under United Nations Security Council Resolution 1244.

Paragraphs

(c) Compliance and Facilitation :	402 - 440
Introduction	402 - 413
(i) Facilitation/Procedures	414 - 419
(ii) Compliance/Enforcement	420 - 430
Discussion	431 - 440
7. Budgetary and financial matters	441 - 460
8. Elections	461 - 471
9. Other business :	472 - 499
(a) "Yolanda Benitez" trophy for the combating of counterfeiting and piracy	472 - 484
(b) Accession to WCO instruments, signing of Memoranda of Understanding and other Agreements :	485 - 497
(i) Revised Kyoto Convention	485
(ii) Regional Training Centre	486
(iii) Regional Dog Training Centres	487
(iv) Memoranda of Understanding with other international organizations	488 - 496
(v) Mutual Recognition of Authorized Economic Operator Programmes	497
(c) WCO photographic competition	498 - 499
10. Date and place of next sessions and Calendar of meetings for 2012/2013	500 - 502
CLOSURE OF THE SESSIONS	503 - 509

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ANNEXES

- Annex I : List of Participants
- Annex II : Address by Dr. Goodluck Ebele Jonathan, President of the Federal Republic of Nigeria
- Annex III : Address by Steven Vanackere, Deputy Prime Minister of Belgium and Belgian Minister of Finance and Sustainable Development
- Annex IV : Address by Yury Fedotov, Executive Director of the United Nations Office on Drugs and Crime (UNODC)
- Annex V : Charter of the WCO Audit Committee
- Annex VI : Strategic Plan 2012/2013 to 2014/2015
- Annex VII : Decision of the Council No. 334 - Policy Commission
- Annex VIII : Decision of the Council No. 332 - Budgetary and Financial Provisions and Amendments to Regulations and Rules
- Annex IX : Decision of the Council No. 333 - Elections
- Annex X : Calendar for 2012/2013

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MINUTES

1. The 119th/120th Sessions of the Council were held at WCO Headquarters in Brussels from 28 to 30 June 2012. The list of participants is reproduced at Annex I.
2. The CHAIRPERSON announced that Dr. Goodluck Ebele Jonathan, President of the Federal Republic of Nigeria, and Mr. Steven Vanackere, Deputy Prime Minister of Belgium and Minister of Finance and Sustainable Development, would address the Council on the occasion of the WCO's 60th Anniversary.
 - **Keynote address by Dr. Goodluck Ebele Jonathan, President of the Federal Republic of Nigeria**
3. The CHAIRPERSON introduced Dr. Goodluck Ebele Jonathan, President of the Federal Republic of Nigeria. She said that President Jonathan had a particular connection with Customs, having served as a preventive officer with the Nigeria Customs Service for two years after leaving school and before going to university. President Jonathan had subsequently worked in both the educational and environmental fields before entering politics where he had served as a State Governor and Vice-President, before becoming President of the Federal Republic of Nigeria in May 2010. President Jonathan had received many national and international awards.
4. President JONATHAN expressed his pleasure at being invited to speak at the Diamond Jubilee Anniversary celebrations of the WCO particularly since, as already indicated, in his earlier years he had served in the Nigeria Customs Service.
5. He welcomed the opportunity to share Nigeria's perspectives on how Customs administrations could support and contribute to the realization of economic growth and development objectives.
6. Sixty years after the founding of the Customs Co-operation Council (World Customs Organization), it was gratifying to note that the WCO had succeeded in maintaining the initial vision of high-level cooperation in Customs matters across national and international barriers, and had established itself as the voice of the global Customs community.
7. The President then focused on the complex challenges arising out of the changing role of Customs in the new world economy, driven by increased liberalization and globalization of trade.
8. Since the early 1990s, the role of Customs had evolved from managing trade transactions for revenue purposes to trade facilitation, protection of society, and security of international trade supply chains; this reflected the changes in the priorities of governments arising out of the changing world environment.
9. He said that the challenges facing Customs were manifold : how to design and implement reform and modernization initiatives that would contribute to the achievement of desired economic growth and development objectives; how to meet the expectations of international organizations, including the WTO and WCO, for the development of global standards that recognized the changing role of Customs administration, including the nature of border management; how to respond to the growing wave of trade liberalization and regional integration arrangements, particularly

in developing countries where the tenor and the character of governments' trade and tariff policies had changed.

10. Customs had a critical function in ensuring that governments could maximize the benefits from reforms, including enhancing trade integration between the members of a regional trading arrangement, whilst at the same time ensuring that it did not constitute an obstacle to the success of trade policy reforms by resisting the necessary modernization.
11. Customs had to be able and willing to review its own policies and strategies and adapt to the new thrust in government policy, particularly through the redeployment of resources to fulfill the new emerging functions, such as : strengthening the valuation system; reduction in physical inspections; risk profiling and greater reliance on post-clearance audits; rules of origin; and the strengthening of monitoring and supervision to combat the fraudulent use of suspensive regimes, including bonded transit and warehousing.
12. The success of trade policy reforms and of Customs administrations depended on the proper synchronization of the two processes through the re-evaluation of the objectives of the Customs service, and a redefinition of its functions, organization and methods of operation.
13. President Jonathan said that the expansion in the traditional role of Customs, as an enforcement agency, to that of trade facilitation in the 21st Century, had led to the emergence of Customs as a prominent business partner for industry players. As trade facilitator, Customs should be committed to building strategic partnerships with the business sector, including helping to maintain the competitive edge of the local industry.
14. He considered that the benefits of greater efficiency, enhanced competitiveness and higher productivity in the new global economic environment could be better achieved where Customs was responsive to the needs of industry in the areas of simplification of procedures, efficient processing of shipments, and the transparent use of rules and regulations. Customs could also assist the business sector to minimize the costs arising from the unexpected loss of time through the attainment of "just-in-time" deliveries and avoidance of stock accumulation and prolonged warehousing.
15. Nevertheless, the prevailing state of global insecurity meant that it was important not to lose focus on the traditional enforcement role of Customs. In this respect, Customs administrations needed to strengthen themselves and ensure that their specific control mandate was used not only to guard against illegal activities, but also to protect the integrity of countries' socio-economic systems.
16. He added that collaboration between Customs administrations was critical, especially within the context of regional and multilateral cooperation. This was important for addressing national and regional security issues relating to the rising menace of terrorism and the proliferation of light weapons, narcotics, smuggling, money laundering and other cross-border crimes. He welcomed the fact that the WCO had already developed various tools and instruments to enhance collaborative efforts in this respect.
17. President Jonathan pointed out that the reform and modernization of Customs administrations in developing countries was being hampered by challenges such as outdated procedures; inadequate legislation; limited ICT application; institutional and

human resource capacity; and coordination and cooperation with other regulatory authorities such as the tax and ports administrations.

18. He then explained what Nigeria was doing to overcome these challenges in order to enhance Customs efficiency and foster greater collaboration with other Government bodies, with the aim of maintaining a high degree of compliance whilst facilitating the smooth movement of licit goods and persons. Customs procedures were being continuously reviewed in order to reduce the cost of doing business, by reducing paperwork and the total transaction cost. There was a need to ensure minimum physical contact and presumptive discretion in the processes and for accountability and transparency to be entrenched in trade and investment transactions through the sharing of experience and best practices.
19. The Single Window concept had been introduced with the “one-stop-check” procedure for Customs clearance; inland container depots had also been established. Nigeria’s Customs legislation and regulations had been reviewed bring them into line with international best practices, such as the Revised Kyoto Convention and the SAFE Framework of Standards. Nigeria was also committed to the ongoing Doha Round negotiations on trade facilitation, including training and capacity building. In the area of ICT, the objective was to move from labour-intensive operating methods to electronic and automated systems using the latest technologies in order to ensure simplification of procedures, speedy documentation and promotion of transactional transparency. At the same time, Nigeria was upgrading its transport infrastructure and reforming maritime and port operations, moving towards private-sector operation of ports under concession agreements.
20. The reforms being instituted in the Nigeria Customs Service required a competent, dedicated and professional workforce. This entailed programmes that promoted and enhanced staff training, career development, professionalism, morale and integrity. In this connection, President Jonathan thanked the Secretary General and WCO Members for having designated the Abuja Customs Command and Staff College as a WCO Regional Training Centre.
21. President Jonathan reaffirmed his Government’s unstinting support for the Nigeria Customs Service which had considerable responsibilities both in the region and in the WCO as a whole.
22. He concluded his address by congratulating the WCO on having selected connectivity as the theme for the 60th Anniversary year, and urged that this remain the eternal ethos not only of all Customs administrations world-wide, but also of all governments and peoples in striving for a more secure, just, equitable, peaceful and prosperous world. He wished delegates fruitful and fulfilling deliberations.
23. The address delivered by President Jonathan is reproduced in full at Annex II to these Minutes.
24. The CHAIRPERSON thanked President Jonathan for sharing his insight into the work of Customs and his appreciation of the environment in which Customs operated with its complex role of supporting business, whilst at the same time serving as an enforcement agency. She said that the private sector would appreciate the President’s commitment to cost reduction and efficiencies within his country’s various administrations. Finally, the Chairperson thanked the President for his support for the Nigeria Customs Service and for the WCO.

25. At this point, the Delegate of NIGERIA deposited his country's instrument of accession to the Revised Kyoto Convention, Nigeria thus becoming the 80th Contracting Party to that Convention.
26. On behalf of the WCO's 177 Members, the SECRETARY GENERAL thanked President Jonathan for having agreed to address these special Anniversary Sessions of the Council which, in view of the President's background in Customs, could be considered as a kind of "homecoming" to the international Customs community. The Secretary General also thanked the President for having shared his vision of how the mission of Customs had evolved over the years and how transformation and Customs reform were moving forward in Nigeria, as evidenced by the accession to the Revised Kyoto Convention.
27. The Secretary General recalled that, in December 2011, the Policy Commission had met in Abuja and that had been an opportunity to gather together in a country which was transforming with a vibrant economy and where modernization and reform of Customs were progressing apace. On that occasion, the Customs College in Abuja had been inaugurated as a WTO Regional Training Centre and he had emphasized the importance of political support for Customs reform; that support had been confirmed by the presence of President Jonathan both at the inauguration of the Customs College and now at the current Council Sessions.
28. In his keynote speech, the President had also stressed the importance he attached to the "people" aspect of Customs reform. The Secretary General said that a Customs administration was only as good as its staff and this was an aspect at the heart of the WCO and its work, addressed through capacity building and human resource development. Finally, the President had drawn attention to the importance of partnership both with other administrations and with the business sector and this, too, was a fundamental part of the WCO's work and activity.
29. As a token of appreciation, the Secretary General presented the President with a Belgian tapestry symbolizing the "home" of the WCO. He presented the First Lady with a WCO scarf as a memento of her early career, like that of her husband, as a Customs officer in Nigeria.

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- **Keynote address by Steven Vanackere, Deputy Prime Minister of Belgium and Belgian Minister of Finance and Sustainable Development**

30. The CHAIRPERSON introduced Mr. Steven Vanackere, the Deputy Prime Minister of Belgium and Minister of Finance and Sustainable Development. She said that Mr. Vanackere had been Deputy Prime Minister since 2008 and had served in a range of roles in the Belgian Government. He had also previously been the managing director of the Port of Brussels, which gave him insight into a specific area of Customs' work. It was particularly appropriate that such a distinguished speaker from the Belgian Government was present to address the 60th Anniversary Sessions of the Council, given that Belgium had been the host of the Organization from the outset and was also the depositary of the Organization's founding Convention.
31. Mr. VANACKERE referred to the many changes that had taken place in the world over the 60 years of the WCO's existence, as well as the new challenges facing Customs administrations as a result of globalization, trade liberalization, changing modes of transport and the development of electronic commerce. Customs had now become a service provider with a global mission to protect society and the environment.
32. Having identified the creation of growth as the number one political priority world-wide, Mr. Vanackere looked at how Customs could play a role in this respect, concentrating on two particular angles - trade facilitation and the combating of counterfeiting.
33. With regard to trade facilitation, Customs needed to provide workable, quick and streamlined controls of goods, whilst at the same time ensuring security and applying the necessary strict standards in this respect.
34. He reported that Belgian Customs would, in the near future, be open 24 hours a day, 7 days a week, and that the fee for Customs services provided after office hours was being lifted. This was of key importance to make Belgium more attractive in terms of both imports and exports.
35. Turning to his second theme, counterfeiting, Mr. Vanackere emphasized that counterfeiting killed innovation and thus hampered growth. It was a very profitable business and one which was detrimental to consumer health and society. He stressed that the battle against counterfeiting had to be waged on two fronts - the supply side and the demand side.
36. Customs and particularly the WCO had a key - indeed an indispensable - role to play, given the WCO's knowledge of international legislation and its place at the heart of the "web" of Customs administrations.
37. Combating of counterfeiting required training and the exchange of best practices. No single business or national authority could effectively tackle counterfeiting on its own and hence the need for partnership with the private sector. Working together, the WCO, its Members and the private sector had the necessary expertise to combat counterfeiting, with the WCO providing the tools and framework to channel political will.
38. In closing, Mr. Vanackere wished the WCO all the best on its Anniversary and urged it to keep up the good work it was doing.
39. The text of Mr. Vanackere's address is reproduced in full at Annex III to these Minutes.

40. The CHAIRPERSON thanked Mr. Vanackere and noted the challenge to Customs and the private sector to play their part in addressing the number one priority set by governments, namely to achieve growth. This would be taken up in the work of the Council over the coming days.

41. The SECRETARY GENERAL also thanked Mr. Vanackere and said that Belgium made a significant contribution to the WCO, including by providing the Headquarters building. It had also been the source of many innovative ideas over the years, such as Globally Networked Customs. Referring to Mr. Vanackere's comments, the Secretary General reaffirmed that protection of society was one of the WCO's top priorities and he welcomed the Minister's encouragement and message highlighting the need for Customs to protect society and innovation from counterfeiting and other threats. This was how Customs fulfilled its mission in the 21st Century to be at the service of the State, at the service of the Economy and at the service of citizens.

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- **Visit by Crown Prince Philippe of Belgium**

42. Crown Prince Philippe of Belgium was present, as a special guest, for part of the Council Sessions, particularly the discussions on the WCO's new Economic Competitiveness Package (see paragraphs 167 to 197 below).

43. To mark the WCO's 60th Anniversary and on behalf of Belgium as the host nation, the CROWN PRINCE presented the Organization with a work of modern art by a contemporary Belgian artist, Yves Velter. The picture, depicting a meeting in progress, will be displayed in the Headquarters building.

44. The SECRETARY GENERAL thanked the Crown Prince for the gift and for agreeing to attend these historic sessions marking the WCO's 60th Anniversary. This year also marked the 500th Anniversary of the birth, in Flanders, of Gerard Mercator who was famous for having devised the mathematical projection that allowed the globe to be represented as a flat surface. This was the "Atlas", still in use today. The Mercator projections enabled mariners to plot straight courses and take correct compass readings in support of trade. The fact that the two Anniversaries coincided seemed particularly fitting, as Mercator provided the tools which became fundamental to understanding the world and ultimately led to increased interconnectivity, that being closely linked to the WCO's objectives. Indeed, the Organization's theme for the current year was "Borders divide/Customs connects".

45. The Secretary General recalled that Belgium had been host to the WCO for the 60 years of its existence and, as a token of the Organization's appreciation whilst maintaining the link with Mercator, he presented the Crown Prince with a globe bearing the WCO engraving.

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OPENING OF THE SESSIONS

46. 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 in the course of their duties during the previous year. This moment of respect was also extended to the memory of Mr. John Raven who had passed away in late 2011 and who had, over the years, represented many organizations associated with the WCO. He had been a very real presence at past Council Sessions.

1. ADOPTION OF THE AGENDA

47. The Agenda set out in Doc. SC0115 was adopted unchanged.

2. APPROVAL OF THE MINUTES OF THE 117TH/118TH SESSIONS OF THE COUNCIL

48. The Minutes of the 117th/118th Sessions of the Council, contained in Doc. SC0113, were approved.

3. COMMENTS BY THE CHAIRPERSON OF THE COUNCIL

49. The CHAIRPERSON said that it was an extraordinary honour for her to chair the sessions marking the Organization's 60th Anniversary, adding that she felt a strong sense of history on this occasion. The Chair of the Council's first session, sixty years ago, had presided over a meeting of just 17 Members that had had the foresight to join the Organization at its inception. Her own country, Ireland, had a very long association with the WCO, and in fact one of her predecessors in Irish Customs had been Chair of the Council some 45 years previously. Back in 1952, Ireland had been a developing country, only just beginning to reach out to the global economy; now, 60 years later, seemed an appropriate time to reflect on the importance of real trade in real goods that earned money for countries, and, therefore, the pivotal role played by Customs in supporting trade and business, thereby contributing to growth and competitiveness.
50. The Chairperson went on to extend a warm welcome to delegates, and especially to newly-appointed Directors General who were attending their first Council Sessions. When she had attended her first Council Sessions ten years previously - and coincidentally on the occasion of the WCO's 50th Anniversary - she had been struck by the scale and scope of the Organization; in the intervening decade it had grown even more, not only in size but also in scope, with the introduction of important new instruments and initiatives, some of which the Council would be discussing over the next few days. In this connection, it was important to remember that, as an intergovernmental organization, the WCO could only be as strong as its Members, and as strong, as innovative and as agile as they wanted it to be. Therefore, she wished to remind Members of the need to participate actively in the WCO's work and in the discussions which were about to take place, seizing their opportunity to help steer the Organization and develop its policies. The Council should be setting challenging stretch targets for the WCO, to ensure that the Organization remained not only indispensable and relevant - an oft-repeated expression coined by a previous Chair - but also agile and ambitious, as it embarked upon the next ten years in its history.

4. REPORT BY THE SECRETARY GENERAL

51. The SECRETARY GENERAL began by providing a progress report on his three priorities, namely governance, capacity building and research, in addition to briefing the Council on WCO activities against risks, as well as upcoming events.
52. With regard to membership, he was pleased to report that for the first time, none of the WCO's 177 Members had inactive status, which was due in part to the efforts of Members and the Vice-Chairpersons. Concerning accessions to instruments, he reported that the Contracting Parties to the HS Convention had increased by 3 to 142 and the Revised Kyoto Convention had grown by 4 to 80 (including Nigeria, with the Dominican Republic expected to accede later during the current Sessions, which would take the total to 81). The Istanbul Convention had grown by 3 to 64, and 63 Members had accepted the Amendment to the CCC Convention, an increase of 9 since the previous Council Sessions.
53. Regarding the staffing of the Secretariat, there were currently 151 staff members, representing 46 nationalities. Staff numbers included 45 A grades, 32 Technical Attachés, as well as 7 Professional Associates funded by the Government of Japan. He expressed his gratitude to those countries which had sent Technical Attachés to WCO Headquarters and to regional structures, as their work contributed to the smooth delivery of essential programmes.
54. Turning to financial and budgetary issues, the Secretary General stated that strict management towards a balanced budget had been maintained through transparency and oversight by the Finance Committee. Although a deficit budget had initially been expected, a surplus was now likely to be achieved in 2011/2012 - the current financial year - due to good financial management and austerity measures. He said that the austerity budget would continue in 2012/2013, with the Finance Committee recommending a 1 % increase in expenditure for the coming year and a 1.1 % increase in salaries, although the Coordinated Organisations' Coordinating Committee on Remuneration had recommended an increase of 2.2 %. Total revenue from Members' contributions, including the European Union, was expected to be in the region of 15.3 million euro, a 0.5 % increase. The Secretary General thanked all those Members that had made voluntary contributions and/or made available their national experts for WCO missions, as well as those which hosted regional structures and/or seconded personnel to them.
55. With regard to transparency and communication, the Secretary General said that the WCO had just issued its first Annual Report, covering the 2011/2012 period. The Report would raise the profile of the WCO and assist in disseminating information on the WCO's work. It contained information on the WCO and its activities, as well as profiles of current Members, including data related to their operations and the status of their accessions to WCO instruments. The Annual Report would be further developed in the years ahead, as it was considered a key WCO publication. In addition, a new Web site was scheduled to be launched after the Summer, which would be more user-friendly and compatible with most browsers, allowing for easier navigation and improved search functionality. The Secretary General stated that his key outreach activities to Members included the distribution of monthly Management Committee Reports and the translation of key documents and e-learning tools into various languages, made possible by the assistance of a number of Members, as well as the Inter-American Development Bank. He stressed the importance of regional meetings, which were a valuable instrument for both intra-Member cooperation and interaction with the WCO, as they enabled him to learn about regional needs and incorporate them

into the WCO agenda. He had attended all the regional meetings in the current financial year :

- In Egypt on 9 January for the North of Africa, Near and Middle East (MENA) region (discussions had focused on ongoing transformation in the MENA region and the strengthening of cooperation between the WCO and those countries);
- In Benin on 15 and 16 March for the West and Central Africa region (discussions had focused on capacity building-related matters, with special emphasis on technical issues, as well as management and leadership development);
- In Azerbaijan on 12 and 13 April for the Europe region (discussions had focused on Globally Networked Customs, as well as support for the regional capacity building structure);
- In Uruguay from 23 to 25 April for the Americas/Caribbean region (a Resolution had been adopted to develop a regional strategy in respect of Authorized Economic Operator programmes);
- In Thailand from 9 to 11 May for the Asia/Pacific region (a regional strategy had been adopted, including the promotion of the Revised Kyoto Convention); and
- In Botswana on 24 and 25 May for the East and Southern Africa region (discussions had focused on increasing the functionality of regional structures).

56. Concerning his outreach to international policy-makers, the Secretary General mentioned that he had attended a number of high-level meetings. During his meeting with UN Secretary-General Ban Ki-Moon, the latter had pointed out the importance of border management for UN policy implementation. At the WTO Aid for Trade Meeting, trade facilitation including Customs modernization had been identified as one of the forthcoming issues for its agenda, as well as cooperation with regional development banks. The African Union Summit had stressed the importance of Customs in boosting intra-African trade. The G8 Deauville Initiative would in turn support Customs reform and modernization in the MENA region. Moreover, in several international meetings, statements, such as those issued by APEC Leaders, APEC Trade Ministers and the UN Nuclear Security Summit, had emphasized the importance of Customs within the international community, including WCO instruments such as the Revised Kyoto Convention and the SAFE Framework of Standards. The Secretary General also mentioned that the WCO had signed Memoranda of Understanding with the African Development Bank and the International Narcotics Control Board, in order to continue promoting cooperation with its partners.

57. The Secretary General then highlighted the extensive liaison between the WCO Secretariat and national policy-makers, including meetings with 5 Presidents, 2 Prime Ministers and 20 Ministers. The WCO had also continued its constructive dialogue with the United States Congress and senior political leaders, especially on the United States' 100 % scanning law.

58. Concerning relations with the private sector, the Secretary General underscored the importance of interaction between the WCO and the business community by highlighting, firstly, the important work being done by the Private Sector Consultative Group and the Rights Holders Consultative Group, as well as the furthering of the Customs-Business Partnership with organizations such as the World Chambers Congress, ASAPRA in Latin America and the Union des Fabricants (UNIFAB) in Paris.

59. He then highlighted the premium role of WCO conferences in furthering relations with the private sector. At the World Customs and Trade Forum held in Guangzhou, China during November 2011, the role of knowledge-sharing between Customs and Business had emerged as a priority, while the Revised Kyoto Convention (RKC) Conference held in Sao Paolo, Brazil during November 2011 in collaboration with ASAPRA had enabled information on this primary WCO instrument to be supported by both Customs and the private sector. The adoption of the Sao Paolo Declaration and the possible accession of the Dominican Republic to the RKC were two tangible outcomes of this last event. During the Technology and Innovation Forum in Kuala Lumpur, Malaysia, in March 2012, technology had emerged as a major driver for Customs reform. He further stated that the Global AEO Conference held in Seoul, Korea, during April 2012 was the first conference of its kind gathering both Customs and business together to discuss this important issue. Conference delegates had recognized that AEO was a valuable business model. Finally, he said that at the IT Conference in Tallinn, Estonia, in June 2012, information technology had been recognized as playing a key role in Customs operations.
60. As regards capacity building, the Secretary General said that the Secretariat was continuing its corporate and needs-driven approach that included capacity building programmes (the Revenue Package, enforcement-related tools, IPR, the Revised Kyoto Convention, the Columbus Programme, leadership and management development, integrity, fellowships, etc.); the issue of new and renewed Compendiums (Post Clearance Audit, AEO, Single Window, Capacity Building Development, etc.), all of which were useful tools for developing standards and guidelines; the organization of fora to share experiences; and the development of tools and applications (Time Release Study, CLiKC platform, etc.). He added that communication with Members and stakeholders was also a key aspect of capacity building work, which would be enhanced through case studies, such as the case studies for the "Aid for Trade" tool, along with the efforts to foster a collaborative network with donors, development banks and regional economic communities.
61. The Secretary General then noted that, at the Third Session of the Capacity Building Committee, the continued importance of translating concepts into concrete outcomes had been underscored, through the three P's, namely Political Will, People and Partnership. He underlined the importance of the "Orientation Package" and performance measurement as valuable tools to stimulate policy-makers, with a view to building political support for WCO instruments. Furthermore, regarding people, the Leadership and Management Development Programme had been finalized and was now being extensively promoted, together with the Career Development and Training Programme. Regarding partnership which supported interaction with donors, he emphasized the importance of the Project Map Data Base as a means to collect best practices and to support the WCO's interaction with business and donors in gathering new partners.
62. In this connection, he also stressed the importance of the regional structure, as capacity building activities were also implemented through the Regional Offices for Capacity Building (ROCB) and regional conferences, both of which facilitated contact with new donors and partners. Regional Donor Conferences had been organized in the Americas/Caribbean, the East and Southern Africa and the Asia/Pacific regions, with others in preparation for the three remaining regions. The ROCB for the Europe region had now opened in Baku, Azerbaijan, and 23 Regional Training Centres (RTC) were now in operation. The RTC in Nigeria was the most recent to come on stream and a new one in Fiji, with the focus on the Pacific Islands, was scheduled to open shortly.

63. Turning to interaction with donors, the Secretary General said that, after finalizing the necessary procedures, the WCO and the World Bank would begin working extensively on leadership and management development as well as e-learning in Sub-Saharan Africa during the second half of the year, with USD 3 million being made available. Working with the Asian Development Bank, the WCO would support ASEAN connectivity within the framework of the Asia Cargo Highway programme. In partnership with the Inter-American Development Bank, the WCO would also continue to support, inter alia, Latin America's AEO implementation programmes, the ROCB and accessions to the RKC. Following the signing of a Memorandum of Understanding with the African Development Bank, it had been agreed that an action plan would be developed. The Islamic Development Bank had agreed to support WCO efforts within the framework of the Deauville Partnership. Finally, he appreciated the efforts of Finland and Korea as new bilateral donors in addition to the traditional ones. He added that the interactions with donors demonstrated the increased activeness of the WCO, and it was likely that the number of contributors would increase in the near future.
64. On research and knowledge promotion, the Secretary General said that 24 WCO Research Papers were now posted on the Web site, covering subjects such as the environmental scan and informal trade among others. Furthermore, the WCO had organized a conference in Algeria on performance measurement in cooperation with the World Bank, the Islamic Development Bank and other bilateral donors, as well as the PICARD Conference in Geneva, with the next scheduled for September 2012 in Morocco. The WCO continued to offer Members additional "knowledge tools", such as the "Club de la Réforme", the CliKC platform and the Interface Public-Members (IPM). Also, given the success of the 2011 Knowledge Academy for Customs and Trade, the WCO was organizing a second one next week. Representatives from Customs and Business had been invited to attend the 2012 Academy.
65. The Secretary General then turned to WCO activities against risks, and said that, with regard to SAFE/air cargo security, he had met the United States Secretary of Homeland Security, Janet Napolitano, in February and in June this year to discuss progress on air cargo security, the update of SAFE, and developments concerning the 100 % scanning law for US-bound maritime cargo. Of particular note was Secretary Napolitano's recent decision to defer implementation of the 100 % scanning law for two years due to the fact that it was neither the most efficient nor the most cost-effective way forward, recommending instead a layered, risk-based approach to security. The Secretary General welcomed her decision which was in line with the WCO's approach and the SAFE Framework of Standards. He said that the WCO would continue its constructive engagement with the United States on this issue.
66. On air cargo security specifically, the Secretary General said that the WCO was co-organizing a conference in Singapore next week in cooperation with the International Civil Aviation Organization (ICAO). He also said that while the WCO and ICAO were cooperating at the international level in an effort to find synergy between their respective programmes, it had been reported to him that, at the national level, difficulties were being encountered by Customs with civil aviation organizations and transport authorities, in general. He stressed the need for more cooperation and coordination in all areas, including border management.
67. The Secretary General then underlined the importance of intelligence infrastructure to mitigate risks. He stressed the value of CEN and the RILO network, stating that inputs provided by Members were critical, as they were the main source for the WCO in preparing the annual reports on IPR, drug trafficking and tobacco smuggling. nCEN, a WCO tool for national implementation, was also important as its

database contained both nominal and non-nominal information. Mauritius and Kenya had participated in pilot studies and their databases were connected via Icomm. The WCO would issue a questionnaire in order to determine the preparedness of Members for future deployment of nCEN.

68. With regard to CENcomm, the WCO's secure communication tool, the Secretary General said that it was now being used extensively for sharing information and intelligence during enforcement operations. Some examples where it had been used included : drugs (Project AIRCOP - cocaine transit in West Africa, the UNODC/WCO Container Control Programme, and the K9 Forum for sharing information among dog handlers); the environment (Operation Demeter II - hazardous waste, and Project GAPIN II - endangered species); and health and safety/IPR (Operation Pangea IV - fake medicines in cooperation with INTERPOL, and Operation Short Circuit - substandard/counterfeit electrical products). It would also be used for revenue purposes during Operation Global Crocodile, which was in preparation and was aimed at targeting cigarette smuggling, given the imminent entry into force of the WHO Protocol on Tobacco Smuggling.
69. He then highlighted the importance of the Harmonized System (HS) which, even if originally developed for revenue and statistics purposes, could be used for risk mitigation as well. In addition, he stressed the importance of coordination among international organizations, saying that, at the national level, coordination between Customs and police, for example, was working well, though more needed to be done at the international level. Increasingly, many international organizations were organizing joint operations involving Customs administrations without necessarily coordinating with the WCO. Therefore, more coordination was needed in order to secure full benefits and to save resources.
70. Referring to the statement on counterfeiting and IPR protection made by Belgium's Vice-Prime Minister and Minister of Finance in his earlier keynote speech to the Council, the Secretary General said that IPM, the WCO's secure tool for frontline Customs officers to identify infringements, was free for Members and an excellent capacity building tool. Thus far, 42 administrations and 55 rights holders had registered, and the tool contained information on 450 trademarks. Furthermore, the business community had high expectations for IPM, evidenced by the Memorandum of Understanding signed in Paris between UNIFAB and the WCO recently, which contained an undertaking by business to support IPM. He therefore urged Members to support and use IPM, mentioning that it had been successfully used during Operation Tigre II in Central America and the Caribbean, resulting in an 86 % increase in detentions and identification of new smuggling routes and trends, compared to Tigre I.
71. On other risk mitigation, more specifically Programme Global Shield, which aimed to address the diversion of precursor chemicals that could be used to manufacture improvised explosive devices (IEDs), the Secretary General said that, in 2011, the Council had recommended that this become a long-term programme of the WCO in collaboration with INTERPOL and the United Nations Office on Drugs and Crime (UNODC). Thanks to funding from the United States, a Global Shield team was now in place to raise awareness and to organize training, as well as reach out to the private sector. The first seminar had taken place in April 2012. He encouraged Members to participate in the initiative. He then provided a progress report on the Cargo Targeting System which would help to identify high-risk consignments (imports, exports, transshipments, etc.). The application was being developed, again through funding from the United States, and was expected to be deployed in June 2013.

72. Concerning upcoming events, the Secretary General stated that the WCO was increasingly dealing with a range of revenue issues other than Customs duties, which was the primary reason for organizing the Global Excise Summit next week, in parallel with the second Knowledge Academy for Customs and Trade. During the same week and as already mentioned, ICAO and the WCO, with the support of the Singapore Ministry of Transport and Singapore Customs, would convene the Joint Conference on Air Cargo Security and Facilitation in Singapore. In September 2012, the WCO would organize the PICARD Conference in Morocco, and in November 2012 the Conference on Strategic Dual-Use Goods and Related Border Controls would take place in Brussels. Next year, two conferences would take place, namely the Global IPR Congress in Istanbul and the WCO IT Conference in Dubai. He encouraged Members and Customs' stakeholders to support these events, details of which could be found on the WCO Web site.
73. In conclusion, the Secretary General stated that the WCO was in a healthy condition and was ready to continue promoting this year's connectivity theme with the slogan "Borders divide, Customs connects".
74. The CHAIRPERSON thanked the Secretary General for his clear and comprehensive report, reminding delegates that several of the items mentioned by the Secretary General would be discussed in more detail later during the Council Sessions. She then invited questions and comments from the floor.
75. A number of delegates congratulated the Secretary General on his comprehensive report on WCO activities and achievements, and for his strong leadership of the Secretariat.
76. The Delegate of CHINA thanked the Secretary General for his report recalling the important activities of the WCO, especially the efforts to address risk and enhance communication with relevant international organizations, including academia and Customs' business partners, as well as the work to raise the profile of the WCO. He expressed China's appreciation for what the WCO had achieved, especially during its 60th Anniversary. China Customs had been actively involved in WCO activities, in particular trade security and facilitation. The hosting of the 2011 Customs and Trade Forum in Guangzhou and the acceptance of China's proposal for a joint operation (Operation Skynet) this year were good examples of this involvement. China Customs had therefore decided to sponsor the WCO Fellowship Programme, and to do more regarding the development of the WCO and its Members.
77. The Delegate of COTE D'IVOIRE thanked the Secretary General for his visit to Côte d'Ivoire in May 2012, where he had attended two very important conferences, one on Customs in the 21st Century and another on the Customs-Business Partnership, and had met several senior officials, including the Prime Minister and the Minister of the Economy. He said that the Secretary General had repeated on several occasions that Côte d'Ivoire could count on the support of the Secretariat, particularly concerning Côte d'Ivoire's accession to the Revised Kyoto Convention. The delegate stated that accession instruments had in fact been ready since 2009 and that the WCO had reaffirmed its support in this regard during the Secretary General's visit. He also thanked the WCO for its support in the field of capacity building and training, and in this regard added that Côte d'Ivoire hoped to open a Customs academy in the near future to meet the challenges of Customs in the 21st Century. Following the country's political and security crises over the last ten years, peace had now returned and, through the support of the WCO and others in the international community, Côte d'Ivoire was ready

once again to play a meaningful role in the world, particularly in the Customs community.

78. The Delegate of JAPAN expressed his appreciation for the work done by the Secretary General and the WCO, particularly concerning trade facilitation, trade security, revenue collection and capacity building. He welcomed efforts to improve governance in the Secretariat and to enhance communication with Members, in order to meet the mission of the WCO. Japan also appreciated the work of the Secretary General to enhance dialogue with senior political figures and the efforts to strengthen cooperative relationships with multilateral fora, such as the G8, ICAO and the WTO. Japan also supported efforts to promote trade facilitation in the Asia/Pacific region, such as the ASEAN Asia Pacific Highway programme, in cooperation with the WCO, the Asian Development Bank and the Japan International Cooperation Development Agency. In addition, the delegate said that the CCF Japan had been supporting WCO regional capacity building activities in various fields. The Economic Competitiveness Package (ECP) was highly regarded by Japan as a measure for further trade facilitation, and in this regard Japan wished to contribute to the ECP through the continuous promotion of accessions to the RKC and other WCO instruments.
79. The Delegate of PORTUGAL expressed his appreciation on behalf of the eight countries that made up the Community of Portuguese-Speaking Countries (CPLP), namely Angola, Brazil, Cape Verde, Guinea Bissau, Mozambique, Portugal, Sao Tome and Principe and Timor-Leste. In this connection, he presented the WCO with Portuguese versions of the HS 2012 and the Revised Kyoto Convention (RKC) which had been updated on the basis of the new spelling agreed by the CPLP. The two instruments led to the simplification of Customs procedures and were in line with the Customs in the 21st Century vision of the WCO. The RKC united CPLP countries and facilitated trade in all of them. The CPLP had decided that working groups would be set up, comprising Customs officers from all CPLP countries, to ensure a single version of the RKC and HS in Portuguese for use by all CPLP Members. Moreover, the CPLP's new orthographic agreement aimed to strengthen the role of Portuguese as a language of international communication and ensured greater uniformity in spelling.
80. The Delegate of TURKEY said that his country was pleased to be hosting the Global Congress on Counterfeiting and Piracy that would be held in Istanbul in April 2013. Due to rapid developments in technology, IPR protection had grown in importance in the world economy, especially in recent years, as it had a direct impact on the functioning of markets by protecting innovation and creativity. In this connection, he invited all delegates present at the Council to attend the Congress in Istanbul, which would be co-organized by the WCO, WIPO and INTERPOL in cooperation with business associations.
81. The Delegate of TOGO took the opportunity to thank the Secretary General for his work, reminding the Council that Togo had organized a seminar in May 2012 on raising awareness about AEO status, which had been attended by the Secretary General. During the Secretary General's visit, he had been able to meet the President of Togo, which showed the significance of political support for Customs to go further and play a key role in the economy of developing countries. Togo's Customs Administration now had additional support, largely due to the visit of the Secretary General, which would enable Togo to move forward and implement other WCO instruments.
82. The Observer for SOUTH SUDAN welcomed the opportunity to address the Council. He referred to the history of his country where, following 21 years of civil war

and a struggle for independence, a Comprehensive Peace Agreement had been signed in 2005 and full independence obtained from 9 July 2011.

83. The Customs Service of the embryonic Republic of South Sudan had seen turbulent times. Years of neglect during the Civil War had left the department with very few assets, very poor infrastructure and the majority of staff with little or no knowledge of Customs matters. That was where the Customs Administration had started in July 2011.
84. Since then, progress was slowly being made with the help of the international donor community. It was important to put into place a modern Customs Law which reflected modern methods of trade and many of the concepts enshrined in the Revised Kyoto Convention. That Law had now been completed and was currently in the Ministry of Justice ready for publication and dissemination. In the meantime, several hundred staff of the new South Sudan Customs Service had received basic training and some had been identified and trained as specialists and trainers.
85. A comprehensive re-write of the national Customs Tariff had recently been completed to replicate the fifth edition of the Harmonized System. The Tariff rates were currently being reviewed and it was hoped that the new Tariff would be published at approximately the same time as the new Customs Law.
86. South Sudan was not a rich country and the shutdown of oil production in the country had had an adverse effect on revenue. During these times of austerity, it was essential that the new Customs Service improve its effectiveness and promote the growth of legitimate international trade.
87. It had recently been agreed with other internal agencies that Customs would be the sole agency at the borders responsible for the collection of taxes, and steps had been taken to reduce the number of non-tariff barriers within the country which had proved to be a hindrance to trade.
88. At the same time, South Sudan Customs was currently negotiating a bilateral Memorandum of Understanding with the Ugandan Revenue Authority to increase cross-border assistance and cooperation which would strengthen the links between the Customs service in both countries and lead to a more effective and less intrusive control of the joint border.
89. The consequence of these steps had been to increase revenue figures for the past six months by an average of 1100 % year-on-year. Whilst the size of the increases was probably unsustainable, there was a great deal of optimism within the Customs Service and the country as a whole that non-oil revenues would continue to grow substantially as the approach was modernized.
90. The Observer for South Sudan announced that his country would very shortly be joining the WCO and he looked forward to a long and fruitful relationship with the Organization as South Sudan aspired to accede to many of the internationally recognized Customs conventions, particularly the Revised Kyoto Convention. He also looked forward to working with all colleagues to embrace change with a view to stimulating and promoting international trade, particularly in the East and Southern Africa region.
91. The Observer for the GLOBAL EXPRESS ASSOCIATION (GEA) appreciated the Secretary General's remarks, in particular his highlighting of the importance of industry

outreach. He congratulated the WCO on its 60th Anniversary, as the Organization not only played a primary role in setting international Customs standards, but also represented a valuable example of a true partnership approach with producers and suppliers, a unique situation not enjoyed with many other international organizations. He said that the GEA looked forward to continuing the partnership for growth and prosperity in the future.

92. The Observer for the WORLD BANK stated that the Bank appreciated the achievements of the WCO, as the Organization was unique within the international arena for its role. The comprehensive work of the WCO was testimony to the high level of participation by all relevant parties. He reiterated the Bank's continued support and willingness to enhance the working relationship with the WCO at a national, regional and international level. He said that the World Bank and the WCO had almost completed their negotiations on support for WCO capacity building activities, which would result in a grant of USD 3 million. In addition, the Bank would continue to support the partnership on WCO activities and programmes, including new ones such as Customs performance assessment, ICT strategy and environment law enforcement. The Bank was looking forward to continuing its cooperation with the WCO, together with other donors and partners.

93. The Council took note and thanked the Secretary General for his written and oral reports, and acknowledged the tangible support being offered by various Members.

- **Keynote address by Yury Fedotov, Executive Director of the United Nations Office on Drugs and Crime**

94. The CHAIRPERSON introduced Mr. Yury Fedotov, Executive Director of the United Nations Office on Drugs and Crime (UNODC).

95. Mr. FEDOTOV began by pointing out the long-standing and good cooperation existing between the WCO and UNODC in managing the Container Control Programme and the AIRCOP project. Both initiatives had produced visible success, supporting Members around the world.

96. He referred to the massive importance of container movements for international trade and the opportunities for organized crime to exploit this mode of transport for smuggling of drugs and precursor chemicals, weapons, endangered species, etc. These criminal activities undermined not only legitimate trade, but also social and economic development.

97. Among the achievements of the Container Control Programme was the establishment of joint port control units, composed of several law enforcement agencies. Twenty-eight operational port control units in 14 countries had already been set up to identify and control high-risk containers and exchange information with other ports.

98. Since the beginning of this Programme, more than 60 tons of cocaine, prescription-only medicines and a wide range of other illicit goods had been seized.

99. The UNODC Evaluation Unit would soon start evaluating this Programme. Moreover, it would be expanded to other countries, including Albania, Armenia, Dominican Republic, Guyana, Jamaica, Mali, Moldova, Montenegro, Morocco, Surinam and Ukraine. New training activities for the Joint Port Control Units would cover the

detection of weapons, explosives and dual-use materials to counter the threat of terrorism.

100. Mr. Fedotov also informed the delegates that a UNODC liaison officer had recently started his work in the WCO Secretariat to support the implementation of the Container Control Programme.
101. He said that the AIRCOP project sought to follow a similar approach in establishing joint airport interdiction task forces at key airports in West Africa, Latin America and the Caribbean. AIRCOP had already facilitated numerous seizures of cannabis, cocaine and gold in West African airports in Cape Verde, Mali, Togo and Senegal.
102. Finally, Mr. Fedotov underlined the importance of container transport for global trade, and encouraged delegates to support programmes such as these as they served to build regional connectivity and protect citizens from the threats of drugs, crime and terrorism.
103. The text of Mr. Fedotov's address is reproduced in full at Annex IV to these Minutes.
104. The SECRETARY GENERAL expressed his appreciation to Mr. Fedotov for the stimulating speech. He also referred to the excellent cooperation between the UNODC and the WCO and reiterated the importance of expanding the cooperation in the framework of the Container Control Programme and Project AIRCOP. Both initiatives were truly beneficial for the Members. He also referred to his meeting earlier in the year with UN Secretary General Ban Ki-Moon, who had emphasized the importance of functioning cooperation between the WCO and the UN entities in the border management area.
105. The Delegate of LIBYA referred to the difficult situation of Libyan Customs and thanked Mr. Fedotov for the support and cooperation provided by the UNODC.
106. The Delegate of NORWAY stressed the need to include new synthetic drugs on the national lists of prohibited substances. He stated that more than 120 new synthetic drug substances had emerged over the last three years.
107. The Delegate of AZERBAIJAN referred to the International Drug Conference held in Baku in October 2011, mentioning that the revenues generated from a TV marathon had been used to finance a hospital for the treatment of drug addicts.
108. The Delegate of INDIA noted that cooperation between the UNODC and WCO was of significant importance in the fight against drug trafficking. Due to Customs' unique position on the frontline in ports and airports, this service seized more drugs than any other agency. Intelligence sharing with other countries was needed. He confirmed that Indian Customs cooperated closely with the UNODC Regional Office.
109. The Delegate of TOGO stated that West African countries were still considered to be transit countries for drugs. However, a large amount of drugs had been seized and subsequently destroyed the previous year. He requested the WCO to provide additional capacity building in the fight against drug trafficking as the intuition of Customs officers alone was not sufficient. There was also a need to set up dog training centres.

110. The Observer for the BUREAU INTERNATIONAL DES CONTAINERS (BIC) explained that his Organization was the registrar of container codes used by more than 1,700 owners of containers. He offered access for Customs administrations to the BIC database and referred to a current pilot project with French Customs. Ways to cooperate with the UNODC in this matter should be explored.
111. The Delegate of CHINA confirmed the successful cooperation of the WCO and UNODC in the fight against drug trafficking. China Customs had participated in numerous operations organized by the WCO, in particular in fighting drug smuggling. In 2012, China Customs had proposed the operation "Skynet", focusing on drug and precursor smuggling in postal and courier consignments. China Customs would also host the Asia/Pacific regional detector dog training centre.
112. The Delegate of JORDAN stated that his country was a transit country for drug smuggling. Drug seizures in 2011 had been five times higher than in 2010 and another increase in 2012 was to be expected. Jordan Customs cooperated with the security services and its neighbouring countries in the fight against drugs, but wished to intensify its cooperation with other countries and the WCO. Training and capacity building to detect drug consignments were seen as a priority and it was important to expand the exchange of information concerning drug trafficking.
113. The CHAIRPERSON said that the fight against drug trafficking could not be managed in isolation; international and inter-agency cooperation and collaboration between international organizations were crucial for success. She thanked Mr. Fedotov for participating in the meeting.
114. Responding to the comments made, Mr. FEDOTOV said that the situation in Libya was indeed critical. The UNODC supported the new Government in the fight against drugs and crime, and would be enhancing its presence in Libya. He commended the drug enforcement conference held in Baku and the work accomplished in the framework of the Container Control Programme in Azerbaijan.
115. On the problem of synthetic drugs such as amphetamine-type substances, Mr. Fedotov said that these substances were more widely used than opium and heroin and some new synthetic drugs were even more dangerous than heroin. Drug producers were very innovative in designing new drug compositions. The trafficking of these substances was a significant problem in Asia; the activities within the Container Control Programme in this region were an important initiative to further develop expertise. The International Narcotics Control Board (INCB) was the competent institution to integrate new psychotropic substances in the international control lists. That listing was based on scientific evidence and, unfortunately, remained a step behind the ingenuity of criminals in designing new drugs.
116. He also stated that the dividing line between drug-producing countries and transit countries was increasingly blurred. Afghanistan, Pakistan and Turkmenistan were nowadays not only producing countries, but also had a high rate of drug addicts. West and Central African countries were no longer only transit countries, but also markets for cocaine with already more than 2 million cocaine addicts. Therefore, both demand and supply needed to be addressed.
117. Finally, the UNODC considered the cooperation with China to be of strategic importance in the fight against drugs in Asia and was seeking to intensify this cooperation.

5. POLICY MATTERS

118. The CHAIRPERSON invited participants to consult the Reports of the Policy Commission's 66th and 67th Sessions (Docs. SP0391 and SP0410), which had taken place in December 2011 and June 2012 respectively. Although the December session had been concerned primarily with matters which were examined further at the June session and were therefore reflected in Doc. SP0410, there was one matter from the December session that she wished to draw to the Council's attention; at its 66th Session in December 2011, the Policy Commission had approved and issued a Resolution on Air Cargo Security submitted to it by the SAFE Working Group, which was reproduced at Annex III to Doc. SP0391. It was a very rare occurrence for the Policy Commission to issue a Resolution, and this was testament to how seriously the WCO was taking the question of air cargo security.

119. The Council took note.

120. With the assistance of the Secretary General and the senior management of the Secretariat, the CHAIRPERSON then presented to the Council item-by-item the key outcomes of the 67th Session of the Policy Commission as reported in Doc. SP0410, and in an Executive Summary of that document which had been distributed to delegations.

(a) Security and facilitation of trade

121. The DIRECTOR, COMPLIANCE AND FACILITATION, reported briefly on the SAFE Framework of Standards, the proposed new SAFE Review cycle, and future perspectives in the field of air cargo security. He explained that the SAFE Working Group, assisted by experts meeting in Sub-Groups or working virtually, had reviewed the SAFE Framework of Standards and produced a new version. During the review, the Working Group had concluded that a more disciplined approach would be needed for the next Review cycle.

122. The principal change in the 2012 version of the SAFE Framework of Standards involved the inclusion of two new Sections - one on Coordinated Border Management, including Single Window, and another which reinforced existing references to Trade Recovery and the Trade Recovery Guidelines in the SAFE package. A new Annex on Definitions included a definition of "high risk cargo", which was of particular importance in the context of air cargo security.

123. The proposed new Review cycle being launched at the current Council Sessions was in keeping with the review mechanism agreed upon at the Second Meeting of the SAFE Working Group, and was based on a three-year cycle. The timetable allowed about one year for Members to make proposals, and then about another year to discuss them in detail. The final texts arising out of the review would be produced in time for the 2015 Council Sessions. It was also being proposed that the work on time limits continue in the relevant Sub-Group, and that the General Review Sub-Group should deal with other proposals. Finally, the Director indicated that the review mechanism did allow for urgent amendments, if required.

124. Moving on to the topic of air cargo security, the Director began by referring to the WCO's close working relationship with ICAO (International Civil Aviation Organization) and the Secretary General's recent meeting with US Secretary of Homeland Security, Ms. Janet Napolitano. In line with various Policy Commission decisions, a Technical Experts Group on Air Cargo Security, comprised of experts from Customs, Transport,

Aviation Security, Police, Immigration and other relevant agencies, had been established. The diverse membership of the Group allowed for a more holistic approach as to how Customs measures could contribute to air cargo security.

125. The Group had two key work streams. The first was to identify the data that Customs could receive in advance of air cargo being loaded onto the aircraft, and that could subsequently be shared with aviation security colleagues. Eight potential data elements had been identified to enable high risk cargo to be targeted for aviation security purposes. More work now needed to be done on how the information was collected, shared, assessed and used operationally. This would require continued collaboration with ICAO and other stakeholders, particularly to monitor pilot projects such as the US Air Cargo Advance Screening (ACAS) pilot. The results of the various pilots would have a major impact on this work.
126. The second key work stream was to compare the WCO AEO and ICAO Regulated Agent/Known Shipper programmes. The objective here was to seek harmonization and alignment in order to capitalize on synergies so as to increase efficiency whilst also reducing duplication of effort by regulators and burdens on trade. Some valuable work had been done by operational experts from both Customs and Aviation Security and this, coupled with the experience gained from a number of pilots in operation, could lead to recommendations for amendments to the SAFE AEO Guidelines and/or ICAO's comparable instrument (ICAO document 8973). There was also potential for a more detailed comparison between SAFE and ICAO's Chicago Convention Annex 17 on Air Cargo Security, in order to achieve even greater harmonization.
127. The Director then referred to an evolving Roles and Responsibilities document which had proved to be an important aid to assist in understanding which private sector players could provide information in order to meet regulators' needs, and at what stage. Related to this issue was an ongoing discussion about the responsibilities for "do not load" messages.
128. The Director said that the Secretariat would continue to engage with the aviation security authorities on advance air cargo information and the comparison between the AEO and Regulated Agent/Known Shipper programmes, in particular by attending all relevant meetings of ICAO and other partners. He stressed the importance of ensuring that this intergovernmental cooperation was also encouraged at the national level. There were some good examples of cooperation, but many transport and aviation security authorities were not aware of what Customs could do. Therefore, sometimes it was up to Customs administrations to raise awareness and reach out to their colleagues in Transport, and the Director strongly encouraged Members to do this.
129. In conclusion, the Director said it was clear that much remained to be done. He asked the Council to indicate whether it agreed that the work on air cargo security should continue and, if so, whether this should be done solely through virtual exchanges with interested Members or whether virtual exchange should, at a suitable point, be supplemented by a further meeting of the Expert Group. Such a meeting could be organized in early 2013, when the ongoing pilot projects would have yielded more concrete results with regard to data collection and the comparison between AEO and Regulated Agent/Known Shipper.
130. The CHAIRPERSON said that there had been three parts to the Policy Commission's discussions on the security and facilitation of trade. Two of them, namely the activities of the SAFE Working Group and air cargo security, had been

introduced by the Director. The third was a wide-ranging discussion with the Private Sector Consultative Group (PSCG), during which members of the Policy Commission had sought the private sector's perspectives on three issues - emerging risks, issues related to data quality, and what Customs could do to help improve economic competitiveness.

131. The VICE-CHAIR OF THE PRIVATE SECTOR CONSULTATIVE GROUP thanked the Chair and the Policy Commission for having given the PSCG the opportunity on this occasion to enter into substantive and strategic discussions with the Customs fraternity. He was pleased to note that the Economic Competitiveness Package would be covered later in the Council's Agenda, but wished to formally record at this point the private sector's acknowledgement of the requirement that it maintain and enhance its focus on economic growth and job creation.
132. The Delegate of the EUROPEAN UNION congratulated the Policy Commission on the work accomplished at its December 2011 and June 2012 sessions in the areas of supply chain security, SAFE and air cargo security. The EU attached great importance to these topics and wished to reiterate its full support for the work, including in particular the revised version of the SAFE Framework and the SAFE Review cycle. Moreover, the EU welcomed the Resolution on Air Cargo Security adopted by the Policy Commission in December 2011, and was ready to actively and proactively continue its cooperation with regard to air cargo security, which was and would remain a high priority for the EU.
133. The Observer for the GLOBAL EXPRESS ASSOCIATION (GEA) thanked the WCO for the efforts expended in the previous 12 months to find solutions to the issue of air cargo security, and for the spirit of cooperation shown towards the private sector in this regard. He also welcomed the decision to await the outcomes of the pilot projects currently underway in the United States and the European Union, which should offer valuable insights into what measures would provide the best way forward in this difficult area. The GEA appreciated the WCO's willingness to cooperate effectively with ICAO, and would welcome a similar level of enthusiasm from the ICAO side. In any event, for the future there was a need to ensure that this cooperation led to tangible results; air cargo security was a global issue requiring a global approach and, specifically, a single outcome on risk assessment for security purposes. In this connection, he pointed out that the definition of high risk cargo recently introduced into the SAFE Framework of Standards was slightly different from ICAO's definition, with the unhelpful result that risk assessment outcomes might differ somewhat from one system to another. He urged the WCO and ICAO to foster their relationship, and perhaps set up a joint working group in order to come up with a single global solution in this respect.
134. The Delegate of KOREA expressed his appreciation to the SAFE Working Group and the PSCG for their efficient implementation of the SAFE Framework of Standards, adding that the recently conducted review of the SAFE Framework was very timely and that, in Korea's opinion, a review should be conducted every three to five years. The AEO programme based on the SAFE Framework was a useful means of ensuring trade security and facilitation world-wide. In this connection, Korea Customs had been sharing its experiences of the AEO programme with other countries, utilizing the Korea Customs Cooperation Fund (CCF Korea). In particular, this year the WCO and Korea Customs had co-hosted a global AEO Conference in Seoul, which had been attended by some 900 Customs and private sector participants from 97 countries, and had been very well received. He said that he would spare no effort to support any countries that wished to benchmark Korea's experience regarding the introduction of AEO

programmes in various ways, including data sharing and consulting services. Any countries wishing to ask for assistance regarding AEO adoption could contact the WCO CCF Korea Fund Manager, or Korea Customs, and active support would be provided.

135. The Delegate of YEMEN said that air cargo security was a global problem which required a global solution. His country was facing many problems, including those linked to air cargo security, and the solution would be for the WCO to help countries, including Yemen, to enhance their air cargo security, rather than having air cargo shipments from a country halted for security reasons.
136. The Observer for THE INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA) agreed on the need for a global solution to the problems of air cargo security. In particular, the Expert Group had highlighted the fact that supply chain security in the air mode was very complex, with many different parties involved, and the security solutions for the various business models were different - one size did not fit all. Whilst IATA believed that there should be global solutions for aviation security, driven through WCO procedures, it was important to recognize that the different models would require different solutions within that context.
137. In conclusion, the Council :
- took note of the summary report of the Tenth SAFE Working Group Meeting;
 - endorsed the revised version of the SAFE Framework of Standards as approved by the SAFE Working Group;
 - endorsed the proposed new Review cycle;
 - took note of the work on air cargo security accomplished to date;
 - took note of the work still to be carried out in this area;
 - agreed to allow the Technical Experts Group on Air Cargo Security to decide when it would be appropriate to convene a further meeting on the ongoing work;
 - took note of the excellent discussions which had taken place with the Private Sector Consultative Group;
 - encouraged the WCO and related organizations to work more closely together to continue to develop a range of global solutions to the intractable problem of air cargo security;
 - took note of the requests from Members for assistance in this regard.

(b) Globally Networked Customs - Feasibility Study

138. The SECRETARY GENERAL pointed out that Globally Networked Customs (GNC) was one of the major pillars of the Customs in the 21st Century document adopted at the 2008 Council Sessions. The proposal to further conceptualize GNC and conduct a three-year feasibility study had been made at the Europe Region's regional meeting in 2009. That proposal had been adopted at the June 2009 Council Sessions, resulting in the establishment of the Ad Hoc Working Group. Under the leadership of Belgium's Head of Customs Noël Colpin, the Group had taken a very innovative approach to the Feasibility Study.
139. The Secretary General said that the GNC approach was very well developed in the Feasibility Study, which could be found on the WCO Members' Web site, but as this was a very substantial document he would endeavour to explain it in a succinct way. GNC was about facilitating the electronic exchange of information in a systematic and incremental way, using the utility block concept. Under this concept, originally put forward by India, information exchanges would take place on agreed areas of data, amongst agreed parties, and would be supported by WCO standards and tools.
140. Two utility blocks had been developed to date; under the first of these utility blocks, on Authorized Economic Operators, users would exchange data about their AEOs with their partner countries, thus creating a platform for future mutual recognition; the second existing utility block concerned commercial fraud. It was anticipated that more utility blocks would be developed. Each utility block, for use by willing partners, had its own data set and would be supported by protocols (format in line with the WCO Data Model), standards (technical norms in line with other WCO standards) and guidelines (recommended practices) to manage information exchanges.
141. Underlying the utility blocks there would be a common template setting out who would exchange information, what information they would exchange, how they would do it and under what kind of legal framework. Starting from that common template, the willing parties to each exchange would develop their own protocols, standards and guidelines (PSGs), which would be in line with the WCO standards and tools such as the Revised Kyoto Convention, the SAFE Framework of Standards and the Data Model. In this way, GNC would also help to support those WCO standards and tools.
142. One of the Ad Hoc Working Group's activities had been to research existing projects, known as an "AS IS" analysis, and four existing models that would lead to Globally Networked Customs had been looked at : the EU's NCTS computerized transit system, the EU-China SSTL pilot project based on the SAFE Framework, MERCOSUR's INDIRA system for export/import data exchange, and finally the RADDEX system under which five countries in the East African Community were exchanging information, essentially on transit. Analysing these four projects and extracting the elements required for the development of utility blocks had enabled the Group to gain a better understanding of how GNC would operate.
143. During the Working Group's meetings, several future and planned projects had been presented, including the SEED project for the systematic electronic exchange of data which was already underway in Western Balkan countries, and plans to exchange data based on the GNC model in Southern African countries. Other proposed projects based on GNC had also been notified by Members, in the areas of transit (where the North of Africa, Near and Middle East region had a project in mind) and dematerialization.

144. Extensive work had been done in the area of cost/benefit analysis, as requested by the Policy Commission in December 2011. There was detailed coverage of this in Annex K to the Feasibility Study, but the important message was that, as compared with starting from scratch, the GNC approach using standardized information exchange would enable participating Members to make substantial savings in cost and time.
145. Having presented this analysis of the Feasibility Study and its outcomes, the Secretary General went on to outline the Policy Commission's recommendations with regard to the way forward, i.e., that the Council should endorse the Feasibility Study and its Annexes, and encourage Members to move to the next, proof-of-concept phase, during which the various aspects of the GNC model would be thoroughly evaluated and feedback incorporated into an updated model. During this phase, which realistically could be expected to take two or three years, pilot projects among willing Members would be strongly encouraged. In order to sustain the proof-of-concept phase, an administrative structure would be needed within the WCO; the Policy Commission was proposing a "light touch" structure whereby dedicated agenda time would be set aside in the PTC for monitoring GNC proof-of-concept pilot projects; at the same time, project-focused Member-managed implementation of proof-of-concept pilot projects under the PTC would be encouraged.
146. The Delegate of JORDAN thanked the Secretary General and all Members that had assisted with the WCO's work on GNC. Jordan was convinced that GNC represented an essential contribution to the fight against smuggling, counterfeiting and other forms of international crime. It was very important to have a system for the exchange of information, especially advance information, and that the GNC principles be implemented in practice. In the latter connection, Jordan had established a regional centre for information exchange that was relevant to the concept of GNC; to date the experience had been quite positive and Jordan hoped to expand it, and was more than ready to cooperate with other Customs administrations in order to implement the GNC concept.
147. The Delegate of Jordan added that he also wished to highlight the importance of capacity building and risk management. The Jordanian Customs Administration had made great efforts to facilitate trade, and had set up 99 systems for the electronic exchange of information in order to enhance the security of cargo, and in particular of cargo in transit, as a means of improving border security. Finally, he thanked the United States Government for its decision to postpone the implementation of the 100 % scanning programme, and indicated that Jordan was willing to take all necessary steps to implement the SAFE Framework of Standards.
148. The Delegate of ARGENTINA said that the Feasibility Study had provided a structure for GNC and revealed the way forward. It was now time for the Council to take a decision. GNC, as described by the Secretary General, was much more than a simple technology device; it was a fundamental tool, using standards, guidelines and protocols, enabling Customs administrations to exchange information on the basis of existing WCO instruments such as the Revised Kyoto Convention and the WCO Data Model. She expressed her support for the work which had been done, adding that Argentina, as a MERCOSUR country, was keen to take up the Secretary General's invitation to participate in efficient information exchange in the framework of a GNC pilot project.
149. The Delegate of INDIA said that his Administration wished to place on record its appreciation for the commendable job done by the Ad Hoc Group, under the chairmanship of Noël Colpin, in finalizing the Feasibility Study on GNC. The report

received was a result of a confluence of ideas that originated in different countries. It recognized that, in future, Members would increasingly be relying on the cross-border exchange of information not only for performing regular duties of revenue collection and border control functions, but also for tackling new and emerging risks. Indian Customs concurred with the view that globalization and standardization in the cross-border exchange of information were not only desirable, but also an inevitable necessity. The utility block concept made GNC a purpose-built solution devised by Customs for the benefit of all nations, keeping in view the complexity and diversity of their interests. GNC would become a catalyst and an integral part of all WCO instruments that specifically dealt with the exchange of information.

150. The Delegate of the EUROPEAN UNION said that the EU generally supported the outcome of the discussions held on this subject in the Policy Commission, and certainly supported the Feasibility Study. He wished to make three points. Firstly, one important aspect of GNC which would inevitably need to be addressed at some point, and should in fact be addressed soon, was the issue of data protection. Secondly, with reference to comments made by the PSCG, the EU considered that GNC should remain at Customs-to-Customs level for the moment, it being noted that as GNC developed there would be further opportunities for connectivity with other governmental bodies. Thirdly, regarding the management structure, the EU fully supported the view that there should be a light-touch management structure for GNC, and that it should figure permanently on the PTC's agenda. At the same time, the EU also believed it was essential that administrations participating in pilot projects, including of course the EU, should connect with each other informally, and on a voluntary basis, in order to discuss and develop the standards, guidelines and protocols needed for GNC.
151. The Delegate of the DEMOCRATIC REPUBLIC OF THE CONGO said that his Administration had a keen interest in GNC; indeed, some of its specialists had participated actively in the discussions on the subject. Of particular interest to his Administration were the data aspect, capacity building, and the significant issue of infrastructure, given the need to have appropriate instruments in order to use GNC effectively. He wished to draw attention to the fact that his country had land borders with no fewer than nine other countries, and the exchange of information with their Customs administrations represented an important strategic challenge. Therefore, he asked the Secretariat to support his Administration by assisting with the signing of mutual assistance agreements with those countries. Once effective information exchange had been established within the sub-region, hopefully it could be extended systematically and progressively to the West and Central Africa Region as a whole. Also, of course, most goods imported into the Democratic Republic of the Congo came from Asia, Europe and the Americas, so the subsequent introduction of electronic data exchange with countries in those regions would be extremely useful. His Administration had already taken the first steps along this path, as electronic connections had now been established between almost all the provinces within the country; it was now time to move on to the next stage.
152. In his capacity as Chairperson of the Ad Hoc Working Group on Globally Networked Customs, the Delegate of BELGIUM Mr. Noël Colpin, said that he was very pleased by the positive reactions he had heard from Members during the discussions. With regard to the points raised by the Delegates of Jordan and the Democratic Republic of the Congo, he confirmed that it was certainly possible to reach agreement for GNC pilot projects not only between countries but also within and between regions. In this connection, he wished to make it clear that Members were not being asked to submit a request to participate in a pilot project, with the Secretariat then choosing

which pilots would go ahead. The idea was that Members themselves would take the initiative of conducting pilot projects.

153. Mr. Colpin went on to thank all those who had made the Feasibility Study possible, including the staff of the Secretariat, Ms. M. Cabral, Mr. P.-H. Theunissen and Mr. M. Frei from the European Commission, and the Conveners of the various working groups, including Mr. L. Srinivas and Dr. T. Singh of India, Mr. K. Beaufort of the Netherlands, Mr. D. Dolan of the United States and Messrs. L. Molefe and C. Lebepe of South Africa. He also thanked all the countries which had taken part in the work of the Ad Hoc Group on Globally Networked Customs for their support and their contributions, and he was very pleased that, as a result of all their hard work, the final result had been achieved.
154. The CHAIRPERSON echoed Mr. Colpin's remarks concerning the pilot projects, which were to be Member-led under a "light-touch" administrative structure reporting to the PTC. In this proof-of-concept phase, it would be helpful if the pilot projects could be as many and as diverse as possible.
155. The Delegate of CANADA thanked the GNC Secretariat, and in particular Mr. Colpin, for the work done to develop the comprehensive Feasibility Study, and for the opportunity for Canada to be part of the development process. Canada supported the end goals of the GNC concept, which was one of the ten pillars of Customs in the 21st Century, and the ongoing development of GNC as a framework of standards, protocols and guidelines. Keeping in mind the Customs in the 21st Century Plan and recognizing the importance of increased information sharing, Canada also underscored the need to develop a concept that was strategic, realistic and, most importantly, in line with domestic and international legal obligations.
156. The Delegate added that Canada fully supported the end goals of the GNC concept in terms of information sharing, but believed that the system needed to be an "information push" system, in which Members could control the information that was shared. As such, his delegation was very pleased with the proposed approach that promoted a gradual evolution in the streamlining and efficiency of global Customs information sharing. Canada remained committed to the ongoing process towards GNC, and agreed that the best way forward was to take an incremental and voluntary approach wherein participating Members, through the strict use of bilateral and regional legal arrangements, could exchange critical Customs information in real-time on the basis of the utility block concept.
157. Canada supported the recommendation that Members engage on a voluntary basis in the two-year pilot project phase to implement the proposed utility block models in information-sharing agreements, and build the strong regional foundations that would, in the long term, form the global GNC model. Canada had participated in the GNC project from its inception, cooperating with its partners to bring the GNC model to the point it had reached today. Canada would continue to remain fully engaged in GNC as it moved forward into the proof-of-concept phase, and supported the recommendation for a light-touch administrative structure embedded in the PTC.
158. The Delegate of MOROCCO said that of the various projects in the pipeline at the WCO, GNC was one of the most important, and probably the most promising in terms of its potential future impact on Customs work; information exchange lay at the heart of the Customs function, and anything that could be done to expedite it was most welcome. Although he was very pleased with what had been achieved to date, he wondered whether there was any prospect of speeding up the process, bearing in mind

that the Feasibility Study had taken three years and a proof-of-concept phase lasting two to three years was now envisaged. In addition to this request for speedier progress if possible, he also wanted to ask whether, and how, the WCO could intervene in regional or bilateral initiatives, to assist with the introduction of information exchange systems.

159. Turning to his final point, the Delegate of Morocco said that, in the light of previous interventions, he believed there might be some confusion as to how GNC would operate in a regional context; if a group of, say, ten countries within a region wished to initiate a trial of GNC, would this necessarily involve the establishment of a central database in one of the countries concerned ? His understanding of GNC was that it would be a question of making connections between the database systems of the different countries, rather than working through a central database; however, he was aware that certain countries were thinking in terms of a situation where their national database would become the central point of a system which other countries would be using. In his view, this was a different issue, unconnected with GNC. What Moroccan Customs wanted at the moment was to be able to directly access data held by another country, regarding the price or value of goods from that country which had been presented for importation into Morocco.
160. The Delegate of JORDAN asked the Secretary General to ensure that Jordan was included in the pilot projects. Jordan was willing to implement GNC with any other country, and he stressed that Jordan would like to be one of the players in this context.
161. The Delegate of CHINA said that China Customs highly appreciated the good work achieved by the Ad Hoc Working Group, noting that GNC was a huge and very difficult undertaking. In principle, China agreed with the Feasibility Study report and that the next stage should be proof-of-concept, where the emphasis would switch from theory to practice and many countries, including China, could be expected to display a close interest. China had been a member of the GNC Ad Hoc Working Group, and was one of the key players in the SSTL project which the Secretary General had mentioned during his presentation; his Administration was ready to continue participating in the GNC work.
162. In conclusion, the Council :
- noted the contents of the final report on a Feasibility Study on Globally Networked Customs;
 - recognized the efforts of the members of the Ad Hoc Working Group, in particular :
 - the completion of the GNC model and architecture;
 - the development of the Utility Block Template;
 - the production of the two Utility Blocks;
 - the robust Legal Toolbox;
 - the Capacity Building model; and
 - the Finance model and costs simulation;

- agreed that the Ad Hoc Working Group had delivered the mandate set for it at the June 2009 Policy Commission, and had taken into account comments from subsequent Policy Commission sessions;
- supported the move from the conceptual phase to a development and testing or proof-of-concept phase;
- agreed to a “light touch” administrative structure for the proof-of-concept phase, whereby dedicated agenda time would be set aside in the PTC for work on GNC proof-of-concept pilot projects; project-focused Member-managed implementation of proof-of-concept pilot projects could take place simultaneously, under the auspices of the PTC;
- recorded its appreciation of the work done by the Ad Hoc Working Group, and in particular of the leadership shown by GNC Chairperson Mr. Noël Colpin and the excellent contribution made by all the persons mentioned by Mr. Colpin in paragraph 153 above.

(c) Report of Audit Committee

163. The CHAIRPERSON said that at the Policy Commission session, the Audit Committee Chairperson had presented an oral report on that Committee’s Sixth Meeting, held in February 2012. He had informed the Policy Commission, among other things, that the Audit Committee had examined an internal audit on “Data protection and information technology (IT) security” and had defined two audits for 2012/2013, namely an internal audit on the “Principles governing donor funding” and an external audit on the “Positioning of the WCO”. Moreover, the Policy Commission had agreed to recommend to the Council for adoption a draft Audit Charter which would replace the Terms of Reference of the Audit Committee.

164. The Council :

- adopted the Report of the Audit Committee (Doc. SA0056);
- adopted the Audit Charter (set out at Annex V to these Minutes);
- agreed that Ecuador should serve one more year on the Audit Committee in order to provide continuity.

(d) Status of WCO regional entities (Regional Offices for Capacity Building, Regional Training Centres, Regional Intelligence Liaison Offices)

165. The CHAIRPERSON said that the Policy Commission had considered a Secretariat document on the status of WCO regional entities (Regional Offices for Capacity Building, Regional Training Centres and Regional Intelligence Liaison Offices), which had been encountering certain difficulties in practice, particularly regarding their legal status and that of their staff. As these entities were linked to the WCO, it was important to determine the principles for cooperation that should govern the allocation of the roles and responsibilities of the Regions, the regional entities and the WCO.

166. The Council :

- approved the principles governing the regional approach to be adopted by the WCO and the resulting consequences, as set out in Doc. SP0399, while acknowledging that this was a living document that might be reviewed at a later stage;
- invited the Regions and regional entities to apply the practical measures proposed in Doc. SP0399 in relation to the staff of the regional entities, the WCO name and logo, Web sites and e-mail addresses, etc., to be used;
- asked the Secretariat to carry out work to identify best practices within the regional entities and disseminate the outcomes across the regional entities.

(e) Economic Competitiveness Package

167. Introducing this item, which was considered in the presence of Crown Prince Philippe of Belgium, the SECRETARY GENERAL recalled that Customs had a role to play in enhancing connectivity and also needed to be agile and ambitious. This meant, in particular, responding to the economic situation very quickly and this was why the WCO was suggesting the Economic Competitiveness Package (ECP). The ECP arose out of three current situations : the economic uncertainty due to the ongoing global financial crisis, making economic recovery very important on the agenda for many countries; the fact that the WTO Doha Round could be narrowing down to trade facilitation, and if conclusion were reached the WTO would ask the WCO to assist with implementation; and the fact that, at the same time, regional integration was essential for moving forward economic growth, with the WCO being asked to assist in this respect. For example, in January 2012, he had participated in the African Union Summit where many Heads of State had discussed regional integration and the fact that border procedures could be a barrier in this connection. Thus, there was a need for Customs to contribute to economic competitiveness by various means, including promoting the Revised Kyoto Convention (RKC) and other related tools, fostering enhanced cooperation among all stakeholders in international trade, sharing best practices among Members, developing new tools as appropriate, and delivering capacity building.

168. The Secretary General then presented the economic effects of the ECP. Using WCO instruments such as the Customs in the 21st Century strategy document, the RKC and the SAFE Framework of Standards, Customs could make several valuable interventions, including ensuring better border and Customs management, improved infrastructure, open and competitive markets in logistics and the service sector, and harmonized regional standards. Such interventions reduced trade costs, which led to advantages for firms in the form of better export performance; this, in turn, led to job creation and increased government revenue collection, which supported economic growth competitiveness, leading to poverty reduction and prosperity.

169. The Secretary General then presented the ECP Conceptual Chart which had at its core the RKC, which linked to a number of WCO instruments and tools. These included the SAFE Framework of Standards; risk management; Customs-Business partnerships such as Authorized Economic Operator (AEO) programmes; guidance on small and medium sized enterprises (SMEs); increasing compliance in the informal trade sector; efforts to better facilitate information exchange such as Globally Networked Customs (GNC); Coordinated Border Management (CBM); promoting

Single Window which was supported by the Data Model; Time Release Study as a performance measurement tool; tools for transit; and Integrity.

170. In terms of the way forward, the Secretary General said that an ECP Action Plan would be developed and presented to the Policy Commission at its next session in December 2012. This would be based on the lessons learned from regional outreach and workshops to assess Members' needs. It would include case studies to share best practices, and might include proposals to develop new tools or adapt existing tools, as necessary. It would also cover the delivery of capacity building. In addition, there would be enhanced promotion of the RKC, including strategic discussions on the role of the RKC Management Committee, especially in terms of the implementation and systematic review of the RKC.
171. The Delegate of the UNITED STATES began by praising the WCO's efforts in developing the ECP. The WCO's work to reduce trade barriers around the world, thereby encouraging increased international trade flows and stronger economic linkages between countries, was especially crucial in today's world of economic uncertainty.
172. Customs administrations around the world had major impacts on international trade and commerce. The WCO needed to determine which of those practices could enhance trade facilitation and economic competitiveness without sacrificing robust enforcement and security. While he believed what the WCO had created in the ECP was of great value, he suggested that the WCO also include in the ECP current innovative initiatives that many Customs administrations were working on so that all WCO Members could benefit from each other and learn from these experiences.
173. He discussed some of the major trade facilitation initiatives that were currently underway at US Customs and Border Protection (CBP), which was currently in the midst of what it termed "Trade Transformation", which was based on aligning CBP procedures with those of the trade community, partner agencies within the US Government, and partner agencies around the world.
174. In conjunction with these partners, CBP had engaged in a process of "co-creation" to find new and innovative ways to facilitate trade flows, and ultimately economic competitiveness. The result had been the development of several new initiatives that were changing the way CBP did business. He then focused on "co-creation", and also a new concept called "bi-directional education". CBP believed this offered key best practices for taking trade facilitation to the next level.
175. Co-creation centred on the idea that developing viable and lasting solutions to facilitate trade and better enforce trade laws had to be done in concert with all partners. At CBP, the principle of co-creation had been tested and proven successful. A number of Trade Transformation initiatives were co-created solutions to complex problems.
176. Through direct engagement with the private sector, CBP had reduced regulatory barriers to commercial activity and modernized how the agency conducted business with the import and export community, and had simplified commercial processes for importers. Co-creation had been the driving force behind the re-engineering of the trade mission approach to provide for harmonization and consistency.
177. Being effective and efficient in a fast-changing world was difficult to achieve without understanding key trade practices and supply chain complexities. CBP was relying on "bi-directional education" to ensure that CBP understood the realities,

challenges and opportunities of the private sector and that the trade understood CBP's priorities and regulatory requirements. Bi-directional education had been a key element of developing initiatives and ensuring that investments carried the greatest return for businesses and citizens.

178. The Centers of Excellence and Expertise (Centers) were CBP's signature Trade Transformation initiative. The Centers redirected work involving trusted traders to centralized, industry-specific locations involving a team of CBP experts. These teams had a variety of skill sets, from supply chain specialists to import specialists, and were the key to managing shipments by account, instead of by transaction. By having industry-based but account-focused Centers, CBP better facilitated legitimate actors, while focusing resources on high-risk shipments. Two Centers were currently operational : one for electronics and one for pharmaceuticals, health and chemicals. CBP would establish two more by October 2012 - one for automotives and aerospace, and one for petroleum. The results thus far from the Centers were pleasing and CBP planned to establish five more Centers in 2013, covering the full spectrum of commodities within each major industry.
179. Through the Centers, CBP was consolidating and expanding its expertise on the latest industry practices and emerging threats, which they called "Trade Intelligence". Industry representatives provided the Centers with information and insight into trade enforcement issues related to IPR violations, antidumping/countervailing duty and other Customs issues. CBP was taking the information provided and using it to develop strategies to ensure the enforcement of trade laws.
180. Through co-creation, CBP was simplifying the process for companies importing goods into the United States through the Simplified Entry initiative. The goals of Simplified Entry were to enhance cargo security, reduce transaction costs and expedite the release of cargo. A key feature of Simplified Entry was a streamlined data set that enabled CBP to target and assess risk earlier in the supply chain and allowed it to provide earlier information about the release of goods to the Trade.
181. Air Cargo Advance Screening (ACAS) was a shining example of how successful government and private industry could be working together. This pilot grew out of the October 2010 incident where authorities had discovered two packages from Yemen bound for the United States that contained viable bombs. In response, CBP, the Transportation Security Administration (TSA) and the private sector had quickly pulled together as partners with an urgent purpose to protect air cargo shipments destined for the United States. This partnership had become the ACAS pilot. The objective had been to enhance cargo security without unduly burdening the private sector. Before ACAS, CBP had been conducting its own targeting and risk management procedures while TSA was segmenting risk through a volume-driven and paper-based process. Through the pilot, CBP and TSA worked within the carrier's business model, and now the filer transmitted seven critical data elements as soon as data was available in the supply chain. This allowed CBP and TSA to target key information and make a risk-based decision to load, examine, or issue a "Do Not Load (DNL)" message to the carrier. The result provided a more secure supply chain from end to end.
182. CBP and TSA jointly targeted and mitigated any cargo identified as high risk before it was loaded aboard aircraft headed for the United States. CBP and TSA had developed a "target-once, clear/screen once" approach to analysing, assessing, targeting and adjudicating high-risk cargo through a single methodology. This enabled the United States to build a framework for future regulatory and statutory changes. In

essence, the foundation was being laid for a system that could be adopted and implemented worldwide.

183. The CBP Trade Transformation initiatives were still in the early stages, but employing co-creation as a framework for enhancing trade facilitation and economic competitiveness was showing positive results. In working closely with the various partners, CBP had designed new programmes that met the needs of the government and the private sector. Harmonization and optimal effectiveness were only possible when all the players were brought into the fold to work out mutual problems.
184. The Delegate of the United States said, in closing, that the four major Trade Transformation initiatives - the Centers, Trade Intelligence, Simplified Entry, and Air Cargo Advance Screening - were all a result of CBP's emphasis on co-creation with various partners.
185. The Delegate of JAPAN said that, some weeks previously, Japan had had the privilege of receiving a visit by His Royal Highness Prince Philippe and the Belgian Economic Mission. Many Japanese-affiliated companies did business in Belgium and Belgium was a key base country for the Japanese Economy. The visit by the Prince and the Belgian Economic Mission had further strengthened the economic relationship between Belgium and Japan and had also contributed to the enhancement of the economic competitiveness of both countries.
186. The delegate said that the ECP showed that Customs administrations could contribute to their countries through promotion of trade facilitation, leading to enhancement of their economic competitiveness. Japan strongly supported this initiative and welcomed the fact that the RKC, a flagship tool of the WCO, was placed as the core of the ECP. Japan had emphasized, on numerous occasions, the importance of promoting accession to, and implementation of, the RKC. The concept of the ECP was to strengthen the interactive linkage between the RKC and other existing tools for the promotion of trade facilitation. In addition, the ECP provided an opportunity for the Members to discuss the roles of Customs administrations. Japan was willing to make positive contributions to the discussions on this initiative so as to ensure the ECP would be developed as a truly viable and effective package.
187. The Delegate of INDIA congratulated the Secretary General on the development of the ECP which was essential during the current difficult economic situation. The ECP was a comprehensive tool that brought out all WCO instruments which needed to be implemented by Members, and provided focused outreach to Members to better determine their individual and regional needs. It would close any gaps between existing instruments, and demonstrate the use of these instruments to ensure a comprehensive package for reviving economic competitiveness. These instruments could also be used for effective management in such critical areas as the informal trade sector and Coordinated Border Management. The Indian Administration fully supported the ECP and was willing to provide technical assistance on risk management based on its Valuation Database. Revenue was still a priority in large parts of the world and risk-based approaches would be useful in this connection.
188. The Delegate of CHINA welcomed the ECP initiative since it would increase Customs' capabilities to deal with emerging and evolving risks. She cautioned, however, that if we tried to do everything in one day, the risk was that nothing would be achieved. For the way forward, it was important not to try to initiate all tools at once. There was a need to consider what tools were available, to identify immediate needs, and to set priorities.

189. The Delegate of the PHILIPPINES began by expressing his appreciation for the economic cooperation between his country and Belgium where the Philippines had benefited from development assistance provided by Belgium, and he referred in particular to one specific transportation management project. He expressed his Administration's support for the ECP. For developing countries like the Philippines, capacity building would enable his Administration to catch up with more developed economies, strengthen its position of confidence with its trading partners, and in the future move its economy forward and upwards. As a specific example, his Administration recognized the importance of the RKC which had compelled it to update its legal framework. This would open up opportunities for the Economy, bring the Customs up to the model for Customs of the 21st Century, and thus make it a key agency in government to help the Philippines become a relevant player in international trade.
190. The Delegate of CHILE congratulated the WCO on its work on the ECP. He then turned to the issue of public-private partnerships. In this respect, it was important for the WCO to recommend to countries that they establish formal partnerships, because there was the need for permanence. In Chile, Customs and business communicated closely. For instance, Customs published standards before they came into force, solicited suggestions, and held regular discussions. Thus, the Customs legislation took on greater legitimacy for all stakeholders.
191. The Delegate of YEMEN expressed his appreciation for the strong relationship between his country and Belgium. He thanked the Secretary General for developing the ECP and for his efforts in strengthening Customs around the world, including through his visit to Yemen in 2010. His Administration was endeavouring to update all Customs regulations and its regulatory framework. Yemen had acceded to various international tools largely as a result of support from various parties, especially the WCO. He believed that all Customs interventions were important, particularly in respect of security, though there was perhaps some competition between trade facilitation and security. The various adjustments to Yemen's legislation had, however, enabled his country to achieve results in both security and trade facilitation. The changes in legislation had helped to stop various terrorist plots. The situation was one where global problems required global solutions.
192. The Delegate of NEW ZEALAND thanked Secretary General for the informative ECP paper and expressed strong support for the WCO's renewed focus on trade facilitation. All administrations were facing challenges with increased trade volumes, the development of trade agreements, and the uncertainties of the WTO negotiations. These challenges suggested that there was a need to further enhance cooperation on trade facilitation. With the WCO playing a pivotal role, she welcomed the ECP work and advocated increased uptake of key WCO standards. Her Administration considered it very important that there be greater uptake of the RKC and the SAFE Framework and that those standards retain their relevance as practices and technology changed. It was also important to apply the HS and the Data Model consistently and to increase efforts to implement updates in a timely way. She also considered that the private sector could play a stronger role in working with Customs to promote trade facilitation. For instance, the role of the PSCG might be expanded to provide advice on trade facilitation. This should never replace the role of each administration to consult domestically, but could be a useful approach for Members to adopt.
193. The Delegate of BRAZIL expressed thanks to the WCO for considering economic competitiveness as a priority. Traditional Customs daily activities were vital for economic sustainability and he therefore welcomed the ECP. He pointed out that the

new packages and standards recalled much that had already been done, but much still needed to be implemented. Packages were important but they needed to be implemented, being fundamental for the success of the WCO. In this connection, capacity building was crucial and had to be in line with the specific situation and the absorption capability of each country, also with regard to the managing of change and transformation. The WCO as a world centre of Customs knowledge had a very important role to play with all Members, especially in terms of implementation.

194. The Delegate of MOROCCO congratulated the Secretary General on the ECP, which could be likened to a jigsaw puzzle which provided a better understanding of the economic role of Customs. As he had mentioned during the Policy Commission session, the Revenue Package was also part of this puzzle because it related to budgetary sustainability. The revenue collection role of Customs was, of course, part of its contribution to economic growth and this link was clear from the Revenue Package. He suggested that the ECP would benefit from exchanging experiences, from capacity building modules, and from criteria performance measurement to measure the impacts.
195. The Delegate of JORDAN said that security was very important in his country, as was trade facilitation. He provided details of his Administration's efforts with respect to Single Window, information exchange, scanners, and amending the Customs legislation.
196. Summarizing the discussions, the CHAIRPERSON said that there was clearly strong support for the ECP and the work being carried out in this respect, and everyone was looking forward to receiving the Action Plan on ECP for the Policy Commission's December 2012 session.
197. In conclusion, the Council :
- Welcomed and endorsed the Economic Competitiveness Package and asked the Secretariat to establish, for December 2012, a concrete Action Plan to develop and implement this Package;
 - Encouraged the inclusion of innovative and best practice examples and welcomed Members' offers to share experiences and techniques, and performance benchmarks, and to contribute to the development of the Action Plan;
 - Underlined the economic role of Customs;
 - Agreed that capacity building should be part of the Economic Competitiveness Package;
 - Strongly encouraged the continued promotion of the Revised Kyoto Convention, including some very positive and practical work being done at the regional level and in economic agreements.

(f) Strategic Plan for the years 2012/2013 to 2014/2015

198. The DEPUTY SECRETARY GENERAL presented the draft Strategic Plan for the years 2012/2013 to 2014/2015. He explained that the WCO Strategic Plan was a high-level policy instrument, which guided the programmes, projects and other initiatives implemented by the WCO Secretariat.
199. In 2011, the Policy Commission and Council had approved substantial changes to the WCO Strategic Plan, including new Mission, Vision and Values statements. The structure of the document had also been revised to be goal-based as opposed to function-based. The Strategic Goals and Activities were clearly linked with pertinent building blocks of the Customs in the 21st Century (C21) policy document, and high-level Performance Indicators had been introduced to improve the steering and monitoring of the Strategic Plan.
200. For 2012, substantial additional changes had been included in order to respond to recommendations and feedback received from the relevant WCO working bodies (Council, Policy Commission, Finance Committee and Audit Committee). The main recommendations coming from these governance bodies concerned the revision of the Mission Statement, the separation of the strategic part of the Plan from the tactical/operational part, the financial implications of the Plan, which should be costed at the Strategic Activity level, and the introduction of a new planning cycle with a “forward-looking” approach, so that the governing bodies of the WCO could provide feedback during the formulation of the Strategic Plan in a timely manner.
201. In response to these recommendations, this year the Mission Statement had been reworded to make it more dynamic, positive and indicative of the key role of the WCO in the current global environment. The strategic part of the Plan had been separated from the tactical part, it being noted that the strategic part (Mission, Vision and Values statements, Strategic Goals and Activities) was the more stable part of the Plan and would need updating every two or three years, whereas the tactical part (Operational Activities and Performance Indicators) would be updated every year.
202. This year, the proposed Strategic Plan contained high-level, time-driven, activity-based costings. The figures included the nine Chapters of the WCO budget, as well as the contribution of Technical Attachés and voluntary donations such as the Customs Cooperation Fund. The methodology used had been approved by the Finance Committee at its 92nd Session in April 2012.
203. One of the most significant changes being proposed was a new planning cycle. Under the new “forward-looking” approach, the first outline of each year’s Plan would be presented to the December session of the Policy Commission; feedback from the Policy Commission would be incorporated in the proposed Strategic Plan during the Senior Management Away Day held in January. Following this exercise, the revised document would be presented to the Audit Committee, the Finance Committee, and finally the June Policy Commission and Council Sessions. After each meeting, the appropriate action would be taken to incorporate the inputs from each of these governance bodies.
204. The Deputy Secretary General then demonstrated what the new Strategic Plan would look like, and described the main monitoring and reporting mechanisms for ensuring the proper implementation of the Plan. These included the Secretary General’s regular reports to the Policy Commission and Council, which had been structured in accordance with the Strategic Plan, the Performance Indicators (at least

one per tactical activity), and the Secretary General's management tools (the WCO Management Committee meetings and the Project Inventory meetings).

205. The Deputy Secretary General said that the Policy Commission had studied the proposed Strategic Plan, and had recognized that the new structure was a considerable improvement. The Policy Commission had therefore recommended that subject to a few small amendments, which had now been made, the Strategic Plan should be submitted to the Council for adoption. At the same time, the Commission had encouraged the Secretariat to continue to innovate and refine the process and deliverables; in particular, it had been suggested that in the next Strategic Plan, the Mission Statement should be shorter and more straightforward to give it more impact, and the Performance Indicators should be reviewed with the assistance of the Audit Committee.
206. The Delegate of NORWAY began by complementing the Secretariat for having taken careful account of the views expressed at previous Policy Commission and Council sessions regarding the Strategic Plan. The structure of the proposed new version, incorporating strategic goals, tactical activities and measurable indicators, was now quite elegant, and it was helpful that the new Plan contained direct links to the C21 document. Perhaps most importantly, as a result of the new system for formulating the Plan, it would now be possible for the Policy Commission and indeed individual Members to influence the content of the upcoming Plan each year. That being said, there was room for further improvement, and the Delegate of Norway hoped that the specific statements and proposals contained in paragraphs 163 and 164 of the Report on the Policy Commission's most recent session would be taken into account in the next version of the Plan.
207. The Delegate of BRAZIL said that he wished to acknowledge the tangible progress made with the WCO's Strategic Plan. The Secretariat had responded to some of the proposals and comments made the previous year, and the fact that the new version of the Plan contained clear objectives which were linked to the budget represented a very significant step forward. All Customs administrations were having to contend with budget cuts at present, and for this reason they were all endeavouring to improve their management systems and strategic plans, focusing not only on results but on the value they were delivering. The Members were looking to the WCO to serve as a benchmark in this respect. Brazilian Customs had been looking at the strategic plans of some other administrations, and was using some of their excellent work as a reference. Brazil had introduced balanced scorecards, for example, as had many other administrations; the Delegate felt that this was key to improvement, and believed that the WCO should try to work along similar lines. So, while the Secretariat was to be congratulated, there was still much to be done, and the link to the budget and to human resources was particularly important in the context of the WCO's strategic objectives.
208. The Delegate of SWEDEN echoed previous speakers in congratulating the Secretary General and the management team for their work on this very important subject, which had been the subject of a thorough discussion at the Policy Commission session earlier in the week. He appreciated the efforts being made by the Secretariat to take account of the Members' different requests and, like the Delegate of Norway, he looked forward to seeing the concrete proposals made at the recent session reflected in the next version of the Plan, which should remain a living document. The Secretariat was on the right track, and he was confident that its work would result in a Strategic Plan which would be of benefit to all the Members.

209. The Delegate of CANADA also echoed previous speakers in recognizing the hard work undertaken by the WCO to improve the Strategic Plan, as well as the development of a formal review cycle for its continuous review and update. As one of the WCO's key corporate documents, the Strategic Plan ensured that the WCO remained transparent and accountable for the critical work it was undertaking. The WCO had acknowledged that the current Strategic Plan for 2012/2013 to 2014/2015 represented a transition phase to the full strategic planning cycle. Canada encouraged constant review and revision, especially to establish qualitative performance metrics and outcomes-based performance measurements, which in Canada's view were essential to making the Plan a practical and representative document.
210. The Delegate added that the Strategic Plan was a dynamic document that needed to evolve and adapt to changing circumstances and reflect the WCO's ongoing efforts to provide leadership and promote sound Customs practices internationally. Therefore, he encouraged the WCO to continue its efforts to keep improving the Strategic Plan, and to maintain the momentum it had built.
211. The Delegate of MOROCCO, speaking on behalf of the North of Africa, Near and Middle East Region, expressed his support for the new Strategic Plan; the many references to performance indicators, both in the current discussion and a few days previously in the Policy Commission, had set him thinking about whether the WCO could produce a set of measurable performance indicators for Customs administrations in the form of best practices, as the World Bank had done with its "Doing Business" index. What he had in mind would be a "Doing Competitiveness" index for Customs, with a dozen or so indicators for measuring the extent to which the different Customs administrations were complying with best practices. The aim would not be to determine which were the "best" Customs administrations, but rather to record administrations' progress towards meeting the highest standards, as a means of promoting a collective will to move forward and improve as a community. He hoped that some thought could be given to this at the Policy Commission's next session, although he recognized that this would not be under the Agenda item related to the Strategic Plan.
212. The CHAIRPERSON invited the Secretariat to note this proposal for consideration at a future meeting.
213. The DEPUTY SECRETARY GENERAL welcomed the positive and constructive feedback on the new Strategic Plan, which had been developed as a collective exercise. This feedback would be taken into account, and he hoped to present a further-improved Strategic Plan to the Policy Commission and Council at their next sessions.
214. In conclusion, the Council :
- adopted the draft Strategic Plan for the years 2012/2013 to 2014/2015 which had been circulated in Doc. SP0403, subject to two amendments proposed by the Policy Commission (the rewording of Strategic Goal 5 and the revision of the Performance Indicator for Tactical Activity 5.2.1). The Strategic Plan as adopted is reproduced at Annex VI to these Minutes;
 - requested that for the continuing evolution and improvement of the Strategic Plan, the Secretariat take account of the suggestions made at the recent Policy Commission session and during the discussions which had just taken place.

(g) Composition of the Policy Commission : Recommendations of the Working Group

215. At the invitation of the CHAIRPERSON, the Council :

- endorsed the Report of the Working Group on the Composition of the Policy Commission, which had been adopted unanimously by that Group and under which the Policy Commission would have 30 Members (excluding the Chairperson) as opposed to 29 at present, with the additional seat being assigned to the Americas/Caribbean region; and therefore
- adopted, for implementation with immediate effect, Decision No. 334 on the Policy Commission which is set out at Annex VII to these Minutes.

(h) Programme Global Shield

216. The CHAIRPERSON recalled that, in 2011, the Council had decided to convert the United States-funded Project Global Shield, an enforcement initiative aimed at preventing the illicit diversion and trafficking of explosive precursor chemicals, into a fully-fledged WCO programme.

217. The Delegate of the UNITED STATES commended the Secretariat for its continued strategic leadership, active support and dedicated stewardship of Programme Global Shield. The United States remained committed to actively participating in this Programme, and assisting the WCO and its organizational partners whenever possible. The United States believed that the recent grant of USD 5.9 million to the WCO by the US Department of State's Office of International Narcotics and Law Enforcement Affairs would allow the continued growth of Programme Global Shield, and would in turn increase the safety and security of individuals throughout the world. A specialized programme management team was now in place, and coordination and logistical planning for training and capacity building were already underway.

218. As a direct result of Programme Global Shield, significant successes had already been achieved in terms of countering improvised explosive devices, with 41 seizures and 40 arrests made, and 126 metric tons of precursors seized. However, much work still remained to be done. The importance of Programme Global Shield could not be overstated, as the Customs community continued to work together to save innocent lives world-wide. To this end, the United States strongly encouraged all Members to participate robustly in this most important, life-saving Programme.

219. The Delegate of PANAMA expressed her agreement with this intervention and thanked the United States for the assistance it was providing, which had recently enabled her Administration to detect a large shipment of explosive precursor chemicals. She confirmed Panama's wholehearted support for Programme Global Shield.

220. In conclusion, the Council :

- took note of the successful establishment of Programme Global Shield - a long-term enforcement programme aimed at preventing the illicit diversion and trafficking of explosive precursor chemicals;
- took note of the recent developments in relation to the Programme;

- encouraged all WCO Members to support and participate actively in this critically important initiative;
- endorsed the proposal that future reporting in respect of matters related to Programme Global Shield be effected through the Enforcement Committee.

(ij) Emerging and Evolving Risks

221. The DEPUTY SECRETARY GENERAL introduced this item by explaining that his presentation would provide background information on the topic of emerging and evolving risks and that he would also address three separate matters under this discussion, namely the outcomes of the 31st Session of the Enforcement Committee, a discussion on the Harmonized System (HS) and a discussion on inter-agency coordination and collaboration.
222. He referred to discussions held at the previous Council Sessions in June 2011, and the subsequent session of the Policy Commission in December 2011. He explained that the 66th Session of the Policy Commission had divided into three groups for an in-depth discussion on how the WCO and individual Customs administrations should address emerging and evolving risks, with particular reference to the high-level global risks identified by the World Economic Forum.
223. The Policy Commission had concluded that Customs should establish a monitoring mechanism to identify new risks and that the Regional Intelligence Liaison Offices (RILOs) should play a key role. It had identified five key areas of risks, namely revenue assurance, drug enforcement, health and safety, security and environment. It had also recognized the importance of coordinated border management and capacity building to prepare the Customs community to respond to these risks. Finally, the Enforcement Committee had been tasked to identify tangible and concrete responses to these five key areas of risks.
224. As practical and concrete responses, the 31st Session of the Enforcement Committee had agreed to the enhancement of existing programmes and the development of new programmes and field operations focusing on each area of risk, and had consequently endorsed operational initiatives by Members in relation to drug trafficking, environmental crime, commercial fraud, health and safety, and border security. The Enforcement Committee had also endorsed the proposal on the creation of secure virtual discussion forums and the ongoing enhancement of already existing WCO communication tools and capabilities, to enable timely and accurate exchange of information.
225. The Enforcement Committee had also agreed to further discuss appropriate actions in designing and implementing effective export controls in respect to strategic, cultural heritage and prohibited/restricted goods. It had also identified the need for efficient control activities associated with illicit cash flows and stemming financial shadow economies, and had directed the Working Group on Commercial Fraud to further address this topic.
226. Regarding the HS, the Deputy Secretary General emphasized that this tool was considered the critical backbone of the international trading system as it governed over 98 % of global trade. The HS had traditionally supported revenue collection and international trade statistics, but recently several areas that required more detailed information had emerged, such as risk management and targeting, tracking and tracing, and United Nations and other agency requirements. Different systems had emerged to

provide further granularity with regard to products, some of them from the private sector.

227. The 67th Session of the Policy Commission had recognized the importance of the HS as the backbone of the international trading system and agreed on a strategic review of the instrument in the context of emerging and evolving risks and opportunities. The Policy Commission had tasked the Secretariat to conduct a detailed analysis on this issue to be presented for consideration at the December 2012 session.
228. On the issue of inter-agency coordination and collaboration, the Deputy Secretary General mentioned that other international organizations were increasingly looking into border management for possible inclusion within the future scope of their own activities. The Policy Commission had been asked for direction and guidance regarding the right strategies to maintain appropriate relationships with other international organizations, whilst at the same time enhancing the positioning of the WCO and Customs administrations in border management.
229. As a response, the Policy Commission had given the Secretary General a mandate to negotiate with international organizations regarding cooperation in the framework of a coordinated border management approach and had specifically agreed that Customs should not avail themselves of funding from tobacco companies. With regard to the second mandate, which related to the wider issues of private sector funding, the Deputy Secretary General stated that this subject would be included within the framework of the upcoming internal audit to be carried out in accordance with this year's Audit Committee programme.
230. The CHAIRPERSON stated that the discussions on emerging and evolving risks had been interesting from a process point of view as it showed the WCO's various bodies working together. She added that the issues discussed were complex as they ranged from business risks, risks to Customs' reputation and operations, risks regarding the possible undermining of the HS, as well as the positioning of the WCO in the context of coordination of efforts with other international organizations.
231. The Delegate of YEMEN thanked the Deputy Secretary General for his presentation and commented that, in the year of the 25th Anniversary of the HS, it was timely to have this strategic discussion. He agreed that, initially, the HS had been designed for tariff classification purposes and enquired about the expectations with regard to the types of modifications expected by stakeholders to meet current and future needs. He also enquired about the existing relationship between the WCO and the WHO.
232. The Delegate of FRANCE commented that the HS had been a tool developed 25 years ago for the purpose of revenue collection, but considered that the scope had changed vis-à-vis the expectations. He supported the timely discussion on a strategic review. He also commented on exploring the possibility of making the HS Review cycle more flexible, as the current five-year cycle plus the time for implementing the amendments at a national level was too slow and did not respond to the rapidly evolving environment that Customs now faced. The original purpose of the HS still existed but it was a matter of widening the scope to cover new needs. On the matter of collaboration with other international organizations, the delegate said that a reaction which was neither aggressive nor defensive was needed. Those international organizations were useful partners in carrying out field operations and therefore complementarity was required.

233. The Delegate of JAPAN stated that in response to the evolving changes in the environment surrounding Customs, the latter's role had been enlarged and diversified and therefore he supported the inclusion of this topic in the agenda of the Council. With regard to the HS, the delegate said that Customs should make the best use of this established instrument, indicating that past amendments had already covered, inter alia, food security, the environment and drug trafficking considerations. New amendments of the HS should also be able to respond to the rapid progress in technology developments. He supported future discussions in the Policy Commission but stated that practical views should also be considered in order to ensure accurate classification at the frontline. Regarding inter-agency coordination, he supported the decision to negotiate better coordination.
234. The Delegate of ECUADOR said that, in the context of emerging and evolving risks, particularly in the area of intergovernmental cooperation and collaboration and the financing of activities, a policy or strategy was needed. Therefore he supported the discussions and way forward as indicated by the Deputy Secretary General and the Chairperson.
235. The Delegate of JORDAN expressed his Administration's concerns regarding commercial fraud issues as it had recently encountered more than 100 such cases, and had seized goods with value of more than USD 1.5 million. In his region, the HS had been used as a tool to combat fraud. Close cooperation with the private sector was needed in order to share relevant information to support Customs operations. In the particular case of tobacco smuggling, he indicated that it was useful for tobacco companies to provide relevant information to Customs.
236. The Delegate of SENEGAL commented on the issue of inter-agency coordination and noted that, in the context of Coordinated Border Management, the WCO should reinforce Customs' competence regarding smuggling and counterfeiting of tobacco products. He enquired about the reasons why a multinational tobacco company was providing donations to Interpol and not to Customs. There should be no competition between international organizations, rather they should be complementary. The WCO's strategic position, mission and ambition should be reinforced.
237. The Delegate of IRAQ said that it was well recognized that drug trafficking was a dangerous scourge but he considered counterfeit medicines to be even more dangerous. In this context, he stressed the need to enhance information exchange in order to end the trade in fake medicines.
238. The Delegate of CANADA stated that the discussions regarding the concept of emerging and evolving risks had been focused on the more operational risks, but he considered it important to explore corporate risks as well. In terms of risk management and in particular when dealing with large corporations and donor funding, it would be useful for the WCO to take the corporate risk into account. He indicated that he supported this matter being taken up by the Audit Committee.
239. The Delegate of NIGER commented on the issue of engaging in donor funding with tobacco companies and enquired about the position of the WCO from an integrity perspective.
240. The Delegate of PANAMA expressed her concerns regarding the large-scale problem of counterfeit medicines, but added that another area of concern for her Administration was the inappropriate transportation of medicine and how this affected

health and safety. The WCO needed to address this issue and cooperate closely with the WHO in that respect.

241. The DEPUTY SECRETARY GENERAL thanked delegates for all their comments and said that these would be taken into account when moving forward with these particular issues. In response to the Delegate of Yemen, he indicated that the WCO did cooperate with other international organizations such as the WHO, citing as an example the fact that the 2012 version of the HS contained updates on areas such as food safety which had been put forward by the FAO.
242. In response to the Delegate of France, he explained that the WCO's intention was to establish constructive relationships with other intergovernmental organizations and indicated that that was the mandate given to the Secretary General by the Policy Commission. In response to the Delegate of Senegal, he clarified that the Policy Commission had strictly concluded that the WCO should not avail itself of funding from tobacco companies.
243. Regarding the comments from the Delegate of Canada, the Deputy Secretary General indicated that the Enforcement Committee had received a specific mandate, but nevertheless he supported the idea of extending the scope of risks covered to include corporate risks. Finally, in response to the Delegate of Panama, he indicated that the topic of transportation of medicines had been discussed at regional level, as well as within the WCO. He supported fostering cooperation with the WHO in this matter and also indicated that this could be a topic directed to the Enforcement Committee.
244. The CHAIRPERSON asked the Council to support the conclusions of the Policy Commission, pointing out that the latter had a strong view on the Secretary General's mandate to manage relationships with other international organizations in a positive and assertive manner. There had been a specific conclusion from the Policy Commission that the WCO would not avail itself of funding from tobacco companies. Another important outcome was the beginning of the strategic review of the HS, and she looked forward to receiving the Secretariat's paper at the next Policy Commission session. She also noted the importance of ensuring that the HS remained relevant.
245. The Delegate of BRAZIL emphasized that, on the issue of donor funding, a clear distinction needed to be made with regard to receiving funding for a specific purpose such as operations on the one hand and being open to resources for financing actions of a wider scope on the other. He also agreed that corporate risks should be considered as indicated by the Delegate of Canada, and supported the holding of further discussions on these important subjects at future Policy Commission and Council sessions.
246. The CHAIRPERSON agreed that these topics should be addressed again and looked forward to a broader and deeper discussion.
247. The Delegate of NIGER pointed out that some tobacco companies contacted Customs administrations directly with a view to establishing agreements with them. He wondered what the WCO's position was in this respect from an integrity point of view.
248. The CHAIRPERSON responded that this was an important issue and should be considered at a national level. Approaches varied from country to country. For example, in her country Customs cooperated with tobacco companies to exchange information since tobacco companies were large tax payers, but it would never be able

to avail itself of direct funding from tobacco companies. Therefore she suggested that each administration needed to be guided by its own national government position and environment.

249. In conclusion, the Council :

- acknowledged the operational activities and projects identified and approved by the Enforcement Committee to address emerging and evolving risks;
- noted the further enhancement of existing WCO communication tools and capabilities to enable the timely/accurate exchange of information;
- noted future work areas identified by the Enforcement Committee on designing and implementing effective export controls of strategic, cultural heritage and prohibited/restricted goods; and the implementation of effective control activities associated with combating illicit cash flows and stemming financial shadow economies. In addition, the value of the WCO CEN system was underlined and the Secretariat was encouraged to consider how the work emanating from the Enforcement Committee could be further elaborated in the context of capacity building;
- recognized the importance of the HS as the backbone of the international trading system, and agreed on a strategic review of the instrument in the context of emerging and evolving risks and opportunities. The Secretariat was tasked to conduct a more detailed analysis on this issue for consideration by the Policy Commission at its December 2012 session;
- gave the Secretary General a mandate to negotiate with international organizations with regard to cooperation in the framework of a coordinated border management approach, but not to avail of funding from tobacco companies.

(k) Cargo Targeting System (CTS)

250. At the invitation of the CHAIRPERSON, the Council :

- took note of the successful establishment of the Cargo Targeting System (CTS) project;
- noted that a call for tender for the service of developing the CTS had been issued and tangible progress had been made towards the deployment of the CTS application by the June 2013 Council Sessions;
- endorsed the proposal that reporting on the CTS project should be through the Enforcement Committee in future.

(I) **Request by Kosovo**²

251. The CHAIRPERSON said that, earlier in the week, the Secretary General had informed the Policy Commission that on 11 June 2012 the Secretariat had received a communication from the Belgian Ministry of Foreign Affairs, concerning an instrument of accession to the Council Convention which the Ministry had received from the Embassy of Kosovo in Brussels. The Ministry had asked the Secretary General to bring this matter to the attention of the competent body within the Organization, and the Secretary General had asked for comments and advice on what the Organization's response to the Ministry should be.
252. There had been a long and wide-ranging discussion in the Policy Commission on how the Secretary General should respond to this letter regarding Kosovo's instrument of accession, and also on the separate but related matter of how the Organization should deal with Kosovo Customs' earlier request for technical assistance from the WCO.
253. The Policy Commission's recommendation to the Council was that the Secretariat should be given time to consider more fully the request received from the Belgian Ministry of Foreign Affairs, and should seek legal advice on the issue. In addition, the Policy Commission had fully endorsed the continuing provision to Kosovo Customs of bilateral technical assistance as recommended at last year's Council Sessions. It had also registered considerable support for (but not a consensus in favour of) the direct provision of technical assistance to Kosovo Customs by the WCO.
254. The Delegate of SERBIA drew attention to a letter sent to the Secretary General by Serbia's Ministry of Foreign Affairs in 2008, concerning the possibility of a request for accession being received from the so-called Republic of Kosovo. That letter, sent after the unilateral declaration of independence by Kosovo and Metohija (an autonomous province of Serbia under the administration of the United Nations), had clearly indicated that the unilateral declaration was in violation of United Nations Security Council Resolution 1244 (1999). The declaration also contradicted the fundamental principles of the United Nations Charter, which guaranteed the sovereignty and territorial integrity of all UN Member States, including the Republic of Serbia. The so-called Republic of Kosovo was not a member of the UN, and fewer than half of UN Members had recognized its independence. Consequently, Serbia was strongly opposed to any consideration of this membership request; this was a political matter, and by considering it the Organization would be calling into question the principles and values it stood for.
255. The Delegate went on to say that under the provisions of the Organization's founding Convention, "the Government of any State" could accede to the Convention. In accordance with previous decisions taken by the WCO in similar cases, a country which was not recognized internationally as a State could not become a Member of the Organization. So, this was the case for the Province of Kosovo, which was not a State. Serbia also wished to point out that the so-called Republic of Kosovo did not satisfy any of the conditions for membership stipulated in the founding Convention. The Republic of Serbia fully respected the provisions of the Convention and believed that consideration of this membership request would lead to an unnecessary politicization of the Organization and would set a major, and dangerous precedent which would jeopardize the existing practices of the WCO. With this in mind, Serbia strongly believed that it would be inappropriate to consider this request.

² Under United Nations Security Council Resolution 1244.

256. Turning to the Kosovo Customs authorities' request for technical assistance, access to publications and participation in certain activities, the Delegate said that the Republic of Serbia had indicated on a number of occasions that this request was merely a means of promoting independence rather than a means of improving the operations and management of Customs, and this had been confirmed by the deposit of an instrument of accession by the so-called Republic of Kosovo. As the dialogue between Belgrade and Priština and the negotiation process to resolve the most important issues between the two parties were still ongoing, the representatives of the so-called Republic of Kosovo should not be permitted to flout this process in the most flagrant manner by endeavouring to misuse membership of a prestigious specialist organization such as the WCO as a means of confirming their non-existent status.
257. As a Member of the WCO, the Republic of Serbia called upon all fellow Members not to support the initiative by the so-called Customs authorities of Kosovo and not to engage in any discussion about this request prior to the conclusion of the aforementioned negotiation process. It was suggested, therefore, that the matter be reconsidered at a later stage in order not to jeopardize the positive atmosphere in which the dialogue was taking place. Another important point was that as several countries had offered the Kosovo Customs authorities technical assistance on a bilateral basis, they were not being deprived of such assistance. Finally, the Delegate said that the Republic of Serbia remained dedicated to the promotion of cooperation in the field of Customs and cross-border cooperation, and would continue to be a constructive partner.
258. The CHAIRPERSON pointed out that this matter was being discussed at the present time because the Secretary General had received a letter from the Belgian Ministry of Foreign Affairs concerning an instrument of accession it had received from the Embassy of Kosovo in Brussels. The Ministry was awaiting a response from the Secretary General, and for that reason the matter could not simply be set aside.
259. The Delegate of the RUSSIAN FEDERATION said that for the drafting of the WCO's response to the Belgian Ministry of Foreign Affairs, he wished to put forward the following points. Under the terms of Article II (a) of the Convention Establishing a Customs Co-operation Council, the Members of the Organization were either Contracting Parties to the Convention, or the Governments of any separate Customs territory which was autonomous in the conduct of its external commercial relations and whose admission was approved by the Council, on the proposal of a Contracting Party to the Convention having responsibility for the formal conduct of that territory's diplomatic relations. The so-called Republic of Kosovo did not satisfy either of these criteria. Article XVIII of the Convention specified that the Government of any State could become a Contracting Party to the Convention. Pursuant to United Nations Security Council Resolution 1244, Kosovo and Metohija was a province of the Republic of Serbia under the administration of the United Nations. The so-called, and self-proclaimed Republic of Kosovo did not have the status of a State and therefore could not become a Contracting Party to the Convention under Article XVIII thereof. Neither could it become a Member by the second route, provided for by Article II (a) of the Convention, because the relevant Contracting Party (i.e., the Republic of Serbia) had not made a proposal to the Council in that respect.
260. Moreover, there was a risk that the dialogue between Belgrade and Priština, which was ongoing, might be disturbed by any discussions about this membership request, and this would have a negative impact on the situation in the Balkans. In the light of these considerations, discussions on WCO membership for the so-called Republic of Kosovo were both premature and counter-productive. The WCO had

always worked within international legal standards, and on this matter also it should comply with its Convention and with UN Security Council Resolution 1244.

261. The Delegate of ALBANIA said that the Republic of Kosovo was the newest country in Europe, which had gained independence after the forced breakup of the former Yugoslavia and a long-running international process organized by the UN Secretary General through his Special Representative. Kosovo was currently recognized by 91 UN Member countries, most of which had established diplomatic relations and exchanged ambassadors with Kosovo. Kosovo had joined the IMF and World Bank, and was working to join the European Bank for Reconstruction and Development, the WCO and other regional and global organizations. In 2009, Kosovo Customs had requested and received from the Secretariat information on the procedure for obtaining observer status. It had subsequently filed a request with the WCO Secretariat, and had been informed by the Secretariat in 2010 that the only way to join the Organization was to deposit an instrument of accession with the Belgian Ministry of Foreign Affairs. The Government of the Republic of Kosovo had followed the prescribed procedure, and was now awaiting acceptance of the instrument of accession it had deposited.
262. The Delegate of Albania went on to outline various discussions which had been held concerning Kosovo's request for involvement in WCO activities. In particular, she recalled that at the Policy Commission's 66th Session in December 2011, following considerable discussion it had been agreed that the matter would be deferred until the June 2012 Council Sessions, pending the outcome of the Kosovo-Serbia dialogue on technical issues.
263. She stated that the Government of the Republic of Albania supported Kosovo's membership of the WCO, convinced that this would directly benefit the consolidation of the rule of law and the development and consolidation of a modern, efficient Customs in Kosovo in accordance with global standards, as well as promoting the economic and social development of Kosovo and strengthening regional economic cooperation and integration. In the context of current and historical circumstances, her Government would highly appreciate the support of other governments for Kosovo's membership in the WCO, convinced that by so doing they would be contributing to the economic prosperity of Kosovo's citizens and to peace and security in the Balkans and beyond.
264. Turning to the legal issue, she said that her Government was confident that Kosovo's membership of the WCO would be based on international law and documents. An Advisory Opinion issued by the International Court of Justice (ICJ) in 2010 stated clearly that Kosovo's declaration of independence was in accordance with international law, and Consensual Resolution 64/298 approved by the UN General Assembly in the same year had welcomed the ICJ's opinion. This Resolution urged the European Union to mediate a dialogue between Kosovo and Serbia to resolve technical issues between the two countries.
265. To date there had been nine rounds of talks between Kosovan and Serbian delegations in Brussels, facilitated by the EU representative, and one outcome of these was the signing of an Agreement on recognition by Serbia of Kosovo Customs stamps and seals, which had been operational since November 2011. Another Agreement, concluded in February 2012, concerned representation and regional cooperation, as well as the technical protocol for the implementation of Integrated Border Management. This Agreement allowed Kosovo to participate in all regional forums in its own right. The EU representative had written to all EU Member States, seeking their support for the implementation of the agreements reached, and also for Kosovo's participation in

regional organizations and forums aiming to promote regional cooperation and integration in the Balkans.

266. The Delegate of Albania said that these agreements had been welcomed by many WCO Members as they accelerated the European agenda in Kosovo and Serbia. In June 2012, Kosovo had received the roadmap for visa liberalization with the EU and had started intensive work to meet the criteria set. Kosovo expected to sign a Stabilization and Association Agreement with the EU soon. Now that the outcomes of the dialogue, which the WCO had been awaiting, had been delivered, and bearing in mind that the EU was calling for full implementation of the agreements reached through its mediation, Albania believed that the time had come to approve Kosovo's membership request.
267. The Delegate of the UNITED STATES said that the United States fully supported the Republic of Kosovo's membership of the WCO, and agreed with the Policy Commission proposal for the WCO to further consider advice and information before replying to the Belgian Ministry of Foreign Affairs. Regarding technical assistance, the United States fully supported Kosovo's request for WCO assistance to strengthen Kosovo Customs' operations and management. The United States continued to believe that the WCO was uniquely positioned to provide important technical assistance that would help Kosovo Customs facilitate trade in goods and bolster its enforcement capabilities in a region where transnational and organized crime sought to exploit porous borders.
268. The time was particularly ripe for the WCO to lend its technical guidance to Kosovo. With EU facilitation, Kosovo and Serbia had recently negotiated an Integrated Border Management agreement and accompanying technical protocol. They had also agreed on a Customs stamp, and the United States congratulated Kosovo and Serbia on these accords. In view of these significant developments, the United States firmly believed that WCO technical assistance would aid initiatives in the region and serve as a timely and relevant collaboration for the WCO.
269. The Delegate of PORTUGAL said that his delegation had reserved its position when this matter was discussed in the Policy Commission; following consultations at the national level, he now wished to withdraw that reservation.
270. The Delegate of SPAIN said that she would not repeat the legal arguments put forward by the Delegates of Serbia and the Russian Federation, which had also been stated at the Policy Commission session and with which her delegation agreed; she did, however, wish to emphasize that if the Council decided that Kosovo should be admitted as a Member, this would be the first time that the WCO had accepted a Member country which was not a recognized State. This could prove to be a dangerous precedent for the WCO, and for that reason she considered that the matter should be set aside for the time being.
271. The Delegate of TURKEY said that, regardless of its legal status, Kosovo needed to be a part of all regional cooperation initiatives and should be supported by international organizations such as the WCO, especially by means of technical assistance in addressing common challenges.
272. The Delegate of CUBA said that it was essential that UN Security Council Resolution 1244 be complied with, in order to avoid setting a precedent. As had been mentioned in the Policy Commission Report, other cases elsewhere in the world had been handled quite differently from what was being suggested with regard to Kosovo.

While Cuba had no objection to the provision of bilateral assistance to Kosovo Customs by individual countries at their own volition, it would be inappropriate and inconsistent for the WCO to “fully endorse” the continuing provision of such assistance, as had been proposed by the Policy Commission in its Report. The Secretary General should send the Belgian Ministry of Foreign Affairs a clear reply which was consistent with the legal position. The Delegate added that as this was a political issue on which there was no consensus in the WCO, there should be no further discussion on it.

273. The Delegate of CHINA said that having studied the provisions of the founding Convention insofar as they related to accession to the Organization, it appeared to her delegation that the legal basis for Kosovo’s request to accede was not sufficient. It was China’s view that the Council should act in accordance with the rules and policies laid down by the Convention.
274. The Delegate of GEORGIA said that his delegation’s advice was that Kosovo’s membership request should not be supported. There was no reason to discuss the legal status of this Customs territory - a matter which fell outside the competence of the Council.
275. The Delegate of the UNITED KINGDOM congratulated Serbia and Kosovo on the progress made with the dialogue, and in particular Serbia’s agreement to accept Kosovan Customs stamps and the agreements on freedom of movement and Integrated Border Management. The United Kingdom supported Kosovo’s application for membership of the WCO, bearing in mind that Kosovo had been functioning as an independent State for more than four years and was gaining increasing world-wide recognition of its independent status. Nevertheless, the Delegate welcomed the Policy Commission’s conclusion that more time should be allowed for full consideration of the Belgian Ministry’s request for advice. Where the provision of technical assistance to Kosovo Customs was concerned, the United Kingdom considered that Kosovo Customs should continue to develop its competence and expertise, and for this purpose it should be granted access to the considerable benefits of WCO technical assistance.
276. The Delegate of UKRAINE said that, under the terms of an agreement reached between Belgrade and Priština in March 2012, representatives of Kosovo were permitted to participate in regional gatherings of intergovernmental organizations aimed at developing cooperation and integration between the Balkan countries, as well as in meetings of the specialist bodies of such organizations and in informal meetings organized for similar purposes under the auspices of, in particular, the European Union. The World Customs Organization, however, was not a regional body, and for this reason the official position of the Ukrainian Delegation was that Kosovo’s request for membership should not be supported.
277. The Delegate of ARGENTINA thanked the Chairperson for her efforts to ensure that the discussions held in the Policy Commission were fully reflected in the Report of that body. She reiterated her delegation’s view that there were legal impediments to Kosovo becoming a Member of the WCO. The issue of Kosovo’s accession request fell far outside the Organization’s mandate, and the Secretary General should make this clear in his reply to the depositary of the Convention, i.e., the Belgian Ministry of Foreign Affairs. The Delegate also requested that before the Secretariat’s letter was sent to the Ministry, the Members should be informed of its content so that they had a clear picture of how the Secretariat intended to respond to the Ministry’s request for advice.

278. The Delegate of ECUADOR said that his country's position on this matter was the same as that of Serbia, Russia, Spain, Cuba, China and Argentina. Ecuador was opposed to Kosovo joining the WCO, and also to the provision of technical assistance to Kosovo by the Organization. Countries were, of course, free to provide bilateral assistance to Kosovo if they so wished.
279. The Delegate of AZERBAIJAN said that he had been attending WCO Council Sessions since 1996, and in the past the focus had generally been on Customs issues, and in particular on Customs cooperation from which the Organization had taken its original name. Unfortunately, in the past two years he had seen an increasing tendency for political matters to feature in the discussions. There were many important issues of a professional nature for the Customs community to discuss, including for example supply chain security, and he believed that the Council should concentrate on those issues rather than on territorial disputes which were a reality for a number of countries around the world, including Azerbaijan, but should not be allowed to intrude on the work of the Organization. He invited all his colleagues to take note of his remarks.
280. The Delegate of CANADA echoed the Delegate of the United Kingdom in congratulating Serbia and Kosovo on their mutual progress on the issue of Customs stamps and seals. Canada fully supported the EU-led bilateral dialogue between Serbia and Kosovo, and encouraged both parties to continue their talks to resolve outstanding issues. Finally, he said that his delegation fully supported the Policy Commission's conclusions, as outlined by the Chairperson at the beginning of the discussion.
281. The SECRETARY GENERAL said that, in the light of the discussion, he intended to respond to the Belgian Ministry of Foreign Affairs along the lines that it was not mature for the WCO to respond to the Ministry's request for advice at this point in time. He would consult with the Chairperson on the specific wording of his letter. On the subject of technical assistance to Kosovo Customs, again it was clear that there was no consensus, so he proposed that the Council endorse the approach adopted one year previously at the suggestion of the Delegate of Brazil, namely that individual Members should continue to provide Kosovo Customs with bilateral technical assistance.
282. The CHAIRPERSON invited the Council to adopt these recommendations as its conclusions, adding that in her view the Delegate of Azerbaijan had offered good advice which the Council should heed. The positions of various Members on this issue had been well expounded for the record, as had the legal situation; therefore she considered this matter should not appear on the Policy Commission or Council Agenda again until there was tangible progress, or some other specific reason that warranted its being taken up again.
283. The Council agreed.

(m) Palestine's involvement in and accession to the WCO

284. The CHAIRPERSON indicated that, after a discussion on this question, which had been raised by the Vice-Chair for the North of Africa, Near and Middle East region, the Policy Commission had concluded that the question of Palestine's involvement in the WCO should be maintained under "Other business" pending developments in the United Nations, and the Secretary General would work with the North of Africa, Near and Middle East region in the context of capacity building for Palestine Customs.

285. The Council agreed.

(n) Evaluation of organizational arrangements

286. The CHAIRPERSON informed the Council that the Policy Commission had conducted a brief evaluation of some recent changes to its organizational arrangements, and had concluded that the new arrangements were working well. The most significant change was that, at its latest session, the Policy Commission had discussed certain Agenda items on the basis of written documents only, dispensing with the need for oral presentations, in order to provide more time for substantive discussion and for engagement with the private sector.

287. The Chairperson said she had also indicated to the Policy Commission that, at its next session, she might put forward a proposal that alternates be designated by the regions to cover cases where a Policy Commission member was unable to attend a particular session.

288. The Council took note.

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289. The Council approved as a whole the Reports on the Policy Commission's 66th and 67th Sessions.

6. TECHNICAL MATTERS

(a) Tariff and Trade Affairs

Introduction

290. The DIRECTOR, TARIFF AND TRADE AFFAIRS, presented the key points of the Directorate's work over the past year which incorporated origin, nomenclature and Customs valuation. These three pillars were fundamental in determination of duty liability. He also summarized the activities of the three relevant Committees.

291. The Director also provided an overview of the WCO's Revenue Package programme which had been designed to strengthen Members' capacity to collect revenue in a fair, efficient and effective manner. In accordance with the Revenue Package Action Plan, approved by the Policy Commission, a set of new tools had been produced, with the assistance of Members which provided practical assistance in the areas of valuation, classification, origin and post-clearance audit. The new materials had been endorsed by the Policy Commission at its 67th Session and technical assistance activities were planned to assist Members to implement the new tools.

292. The materials were available via the Members' Web site and on a CD issued to Members attending the Council Sessions. Members were encouraged to study and share the materials within their administrations.

(i) **Rules of Origin**

293. The DIRECTOR, TARIFF AND TRADE AFFAIRS, informed the Council that the Technical Committee on Rules of Origin (TCRO) had held its 30th Session on 17 January 2012. The TCRO had re-elected Mr. Liu (China) as Chairperson and Ms. Kawanda (Democratic Republic of the Congo) as Vice-Chairperson.
294. The TCRO had been informed of the progress with regard to the development of the work on the harmonization of the Non-Preferential Rules of Origin at the WTO in Geneva and had adopted its Thirteenth Periodic Report and Thirteenth Annual Review, for the period from 1 January to 31 December 2011.
295. The Secretariat had presented a status report on the work relating to the Origin Action Plan. The Comparative Study compared European and North American Free Trade Agreement (NAFTA) rules of origin. Asian rules of origin would shortly be incorporated and published. The Study was a very useful tool when negotiating new agreements, as well as when applying and using existing agreements.
296. Since the 2011 Council Sessions, the Secretariat's work in the area of origin had focused on the Revenue Package, the development of new modules of the Comparative Study, and the update of the Database of Preferential Trade Agreements.
297. At the meeting of the WTO Committee on Rules of Origin (CRO) held in Geneva on 7 June 2012, it had been decided to ask the TCRO for technical advice concerning the transposition of the consolidated text of the harmonized Non-Preferential Rules of Origin to recent versions of the HS. In the coming months, the Secretariat and the TCRO would again be involved in work relating to the Non-Preferential Rules of Origin.
298. The Director mentioned that irregularities in the area of origin had significant impact on Members' revenue collection. In this context, the Secretariat was planning to develop guidance materials which could serve as useful references and tools to help Members effectively address the issue.
299. The Secretariat was currently planning to study typologies and trends in respect of origin irregularities, and a letter had been sent to Members asking for contributions on misinterpretation, fraud and other irregularities encountered with the application of rules of origin and other origin provisions. The deadline for the contributions was 30 June 2012 and the Secretariat had so far received around 20 replies. The Director thanked the Members for their assistance and urged those which had not yet replied to do so in order for the Secretariat to work on this very useful tool.
300. The Secretariat also planned to carry out regional capacity building activities on the Revenue Package, especially in relation to verification of origin.
301. The CHAIRPERSON then gave the floor to Mr. Liu, Chair of the Technical Committee on Rules of Origin.
302. Mr. LIU thanked all Members for the confidence and support in having re-elected Ms. Kawanda and himself for five consecutive years as officers of the TCRO.
303. He reported that the TCRO and the Secretariat had continued to remain active, dynamic and responsive to Members' needs in trying to take a leading role in rules of origin as increased globalization and proliferation of Regional Trade Agreements (RTAs) continued to pose challenges to Customs administrations in the formulation and

administration of rules of origin. This had been demonstrated by new developments in areas such as the update of the Database of Preferential Trade Agreements with new studies and materials, guidelines on preferential origin verification, work on dealing with origin irregularities, more capacity building activities, and the holding of another informal session on origin certification and verification.

304. The involvement of the TCRO in the transposition of the draft harmonized Non-Preferential Rules of Origin indicated that work in this area was now returning to the WCO again after the submission of the outcome of the TCRO to the WTO in 1999. This represented a positive development in the now 17-year-long Harmonized Work Programme. The TCRO and the Secretariat would get ready to commence the review of technically difficult rules at the TCRO's next session in January 2013, with a view to providing the WTO with relevant advice to improve the quality of the transposition work.

305. Finally, Mr. Liu informed the Council that the TCRO had also done useful housekeeping by streamlining its report-reading procedure, enabling it to adopt the draft Report "virtually" before its submission to the Council, rather than having to wait for another year to do so at its following session, as had been the case before.

306. There were no questions or comments on the reports, and the CHAIRPERSON of the Council concluded that the Council :

- took note of the ongoing efforts in the negotiations for the harmonization of the Non-Preferential Rules of Origin; and
- took note of the publication of a new module on origin verification as part of the Comparative Study on Preferential Rules of Origin.

(ii) Valuation

307. Regarding the work of the Valuation Sub-Directorate, the DIRECTOR, TARIFF AND TRADE AFFAIRS, highlighted that the Secretariat had focused on strengthening and expanding the network of WCO-accredited valuation trainers. This network helped to supplement the Secretariat's resources in delivering technical assistance to Members. A workshop had been held in Guatemala recently for Spanish speakers where four participants had been accredited. Two further workshops were planned in September and October 2012 : one in Abuja, Nigeria, for English speakers in the West and Central Africa and the North of Africa, Near and Middle East regions and one in Gabon for French speakers, from those same regions. The Director commented that a major part of smuggling nowadays was carried out by manipulation of invoices, rather than by traditional concealment methods. Additionally, Customs required adequate legal powers to conduct effective controls.

308. The Director then summarized the work of the Technical Committee on Customs Valuation at its 33rd and 34th Sessions, held during the past year. Work was continuing on a number of technical cases concerning royalty and licence fees, the relationship between Customs valuation and transfer pricing, and the valuation of industrial waste.

309. The Technical Committee had concluded its review of its processes and procedures and had approved an updated working procedures document which would enhance the efficiency of the Committee.

310. The Director advised that, at its 34th Session, the Technical Committee had elected Mr. Ouafik Aoufi (Morocco) as Chairperson for a one-year period, and

Mr. Ernest Sigande (Zambia) and Mr. Cesar Diaz Garcia (Dominican Republic) as Vice-Chairs, also for a period of one year. He conveyed the Technical Committee's gratitude to the outgoing Chairperson, Mr. Guzman Mañes (Uruguay), for the outstanding work he had accomplished over the past three years.

311. Opening the discussion, the Delegate of KOREA appreciated the progress made by the Technical Committee in the area of transfer pricing and Customs valuation. Korea would shortly introduce legislation relating to the adjustment of Customs values, based on transfer pricing studies, and offered to cooperate with the WCO to take this work forward.
312. The Delegate of ITALY underlined the significance of the new Practical Guidelines on Valuation Control which incorporated many solutions proposed in two conferences hosted in Rome in 2010 and 2011, relating to underinvoicing. In particular, the study of the behaviour of the market, particularly importers and prices, was a key element of effective valuation controls. There was also a need for a continuous update of prices and for accurate descriptions. Such information should be kept confidential.
313. The Delegate of CHILE congratulated the Director and his team for their work on the Revenue Package. He commented that Chile had been considering the benefits of studying external trade taxation and revenue loss. He would welcome access to other studies of this nature and proposed that the WCO provide some criteria which could assist countries in conducting such exercises, which could lead to improved revenue collection. In response, the DIRECTOR acknowledged that this was a serious problem and said that the assessment and measurement of revenue evasion could be considered in the context of future work on the Revenue Package.
314. At the invitation of the CHAIRPERSON, the Council :
- approved the Reports of the 32nd and 33rd Sessions of the Technical Committee on Customs Valuation, set out, respectively, in Docs. VT0800E1c and VT0829E1c;
 - took note of the draft Report of the 34th Session of the Technical Committee on Customs Valuation, set out in Doc. VT0852E1b;
 - took note of other Valuation-related developments in the Technical Committee Chairperson's written Report;
 - endorsed the new materials prepared in line with the Revenue Package Action Plan and took note of the next steps proposed by the Secretariat.

(iii) Nomenclature and Classification

315. In his presentation, the DIRECTOR, TARIFF AND TRADE AFFAIRS, reported that the Harmonized System was used by more than 200 countries and economies as a basis for their Customs tariffs and for the collection of international trade statistics, covering more than 98 % of the merchandise in world trade.
316. He informed the Council that, with the accession of the Bahamas (September 2011), Uruguay (October 2011) and Albania (May 2012), the total number of Contracting Parties to the Harmonized System Convention had increased to 142.

317. The new version of the HS had become effective on 1 January 2012 and, at present, 77 Contracting Parties were applying the 2012 version. Since it was essential that the business community apply the most recent version of the HS, the Director urged Contracting Parties to implement the HS 2012 as quickly as possible. The Secretariat was at the disposal of administrations for any assistance they might require in this respect.
318. The Director also reported that, since the last Council Sessions, the new edition of the Explanatory Notes and revised versions of the Alphabetical Index and the Compendium of Classification Opinions had been made available by the Secretariat.
319. The HS Committee had held its 48th Session from 20 to 29 September 2011, and its 49th Session from 13 to 23 March 2012. Both sessions had been preceded by a meeting of the Working Party of the Committee.
320. At its 48th Session, the Committee had approved 25 classification decisions, 1 Explanatory Note amendment and 4 Classification Opinions and, at its 49th Session, it had approved 183 classification decisions, 11 Explanatory Note amendments and 14 Classification Opinions, with the support of the HS Review Sub-Committee and the Scientific Sub-Committee.
321. Where the election of officers was concerned, the HS Committee had elected Mr. J. Birkhoff (Netherlands) as its Chairperson for the 50th and 51st Sessions. Mr. S. Figueroa (Mexico) had been elected First Vice-Chairperson and Mr. A. Mouhssine (Morocco) had been elected Second Vice-Chairperson. The Committee had elected Mr. R.P.D. Tharaka Seneviratna (Sri Lanka) as Chairperson of the HS Review Sub-Committee and re-elected Mr. S-C. Kim (Republic of Korea) as Vice-Chairperson. Mr. Kim (Republic of Korea) had been elected as Chairperson of the Working Party.
322. The Director also informed the Council that the Chairperson of the HS Committee, Ms. Raili Mäntymaa (Finland) was completing her two years of service and he thanked her for excellent work as the Chairperson of the Committee.
323. As regards the matters requiring the approval of the Council, the CHAIRPERSON OF THE HS COMMITTEE said that, at its 48th Session, the Committee had adopted by consensus a corrigendum amendment to the text of subheading 5601.2 (wadding of textile materials and articles thereof).
324. The Secretariat was inviting the Council to adopt the corrigendum amendment to the HS.
325. The Chairperson of the HS Committee also reported that, at its 49th Session, the Committee had agreed to present to the Council :
- (a) draft Guidelines on the Implementation of Council Recommendations on the Improvement of Tariff Classification Work and Related Infrastructure and on the Introduction of Programmes for Binding Pre-entry Classification Information; and
 - (b) a Diagnostic Tool on the acceptance and implementation of the Council Recommendations on the Improvement of Tariff Classification Work and Related Infrastructure and on the Introduction of Programmes for Binding Pre-entry Classification Information.

326. The Council was being invited to approve the draft Guidelines and the Diagnostic Tool, at its present Sessions.
327. Following the decisions taken by the HS Committee at its 48th and 49th Sessions, seven reservations had been entered by HS Contracting Parties vis-à-vis the classification of certain products. Three of these reservations would be dealt with directly by the HS Committee in accordance with Council Decision No. 298.
328. The remaining four reservations were being submitted to the Council for decision in accordance with the provisions of Article 8.2 of the HS Convention.
329. The Chairperson of the Harmonized System Committee also invited the Council to take note of the other information presented in her written report which had been circulated in advance of the Council Sessions.
330. With regard to the reservations entered following the 48th and 49th 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 :
- 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;
 - 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;
 - EUROPEAN UNION : Classification of “Insulated Gate Bipolar Transistors (IGBTs)” in heading 85.41 (subheading 8541.29), by application of General Interpretative Rules 1 (Note 8 to Chapter 85) and 6;
 - NORWAY : Classification of “certain types of monitors referred to as 23.1-inch Maritime Multi Display (MMD) Model JH 23T14 MMD” in heading 85.28 (subheading 8528.59), by application of General Interpretative Rules 1 and 6.
331. In connection with the requests by his Administration, the Delegate of the RUSSIAN FEDERATION also asked the HS Committee to re-consider its decision regarding the revision of Chapter 25 of the HS.
332. The Delegate of TURKEY pointed out that the classification of sodium sulphate products has been an Agenda item of the Harmonized System Committee for 13 times in 9 years. He believed that the HS Committee would agree to acknowledge that the matter had been examined thoroughly and to the full extent over this period. The Scientific Sub-Committee had examined the matter in detail and, accordingly, the HS Committee had made its definite decision a number of times and there was no ambiguity regarding classification. He invited the Russian Federation to re-evaluate its reservations and expressed his concern that this might be wrongly interpreted as an attempt to block the decisions of the Committee which was the internal dispute settlement body set up by the HS Convention. He invited all other Contracting Parties to the HS Convention to consider the possible impasse in respect of the classification dispute process in the framework of the WCO.

333. He also believed that the sodium sulphate issue damaged the reputation and credibility of the HS Committee and the HS itself. This was no longer a classification issue, but a serious threat demonstrating that the decision-making capability of the HS Committee was extremely fragile since any HS Contracting Party could prevent the Committee from taking a final decision through the present reservation procedure under the HS. He believed, therefore, that the Council should invite the HS Committee to start a technical study on how to solve this issue in order to avoid such decision-making crises.

334. In response, the DIRECTOR said that the matter of limiting the number of reservations to be entered on the decisions taken by the HS Committee would be placed on the Agenda for the next session of the Committee.

335. Following these interventions and at the invitation of the CHAIRPERSON, the Council :

- adopted a Corrigendum amendment to the HS following the Council Recommendation of 26 June 2009 concerning the amendment of the HS Nomenclature;
- approved the following two new instruments :
 - Guidelines on the Implementation of Council Recommendations on the Improvement of Tariff Classification Work and Related Infrastructure and on the Introduction of Programmes for Binding Pre-entry Classification Information; and
 - Diagnostic Framework on the acceptance and implementation of the Council Recommendations on the Improvement of Tariff Classification Work and Related Infrastructure and on the Introduction of Programmes for Binding Pre-entry Classification Information;
- referred the questions of the classification of the following products back to the Harmonized System Committee for re-examination :
 - “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);
 - “certain types of monitors referred to as 23.1-inch Maritime Multi Display (MMD) Model JH 23T14 MMD” in heading 85.28 (subheading 8528.59) (requested by Norway);
 - “Insulated Gate Bipolar Transistors (IGBTs)” in heading 85.41 (subheading 8541.29), by application of General Interpretative Rules 1 (Note 8 to Chapter 85) and 6 (requested by the European Union);
- approved the Reports of the 48th and 49th Sessions of the Harmonized System Committee;

- took note of the various other HS-related developments which had taken place since the previous Council Sessions;
 - invited the Harmonized System Committee to examine the matter of limiting the number of reservations to be entered on the decisions taken by the Committee.
336. In closing, the CHAIRPERSON thanked Ms. Mäntymaa for her able chairing of the Harmonized System Committee and wished her well for the future.
- (b) Capacity Building**
337. The DIRECTOR, CAPACITY BUILDING, thanked the Chair of the Integrity Sub-Committee and the Chair of the Capacity Building Committee for joining him in making his second report to the Council in his role as Director.
338. He began by pointing out that since the inception of the Capacity Building Directorate, it had adopted a comprehensive Capacity Building strategy and had launched a multi-faceted Capacity Building programme as well as the appropriate delivery framework to implement the programme.
339. He reminded the Council that the challenges of reform and modernization remained in the implementation and that, for this reason, delivery of the Capacity Building programme continued to be the first priority. As a way to highlight the progress and results achieved by Members in terms of Customs reform and modernization, a new format of the Capacity Building Progress Report would be published twice a year. The new Report would outline progress achieved by Members, as well as the support activities delivered by the WCO to Members through national, regional and sub-regional activities in a number of areas of expertise.
340. Under the auspices of the Columbus Programme, the WCO had conducted 122 diagnostic missions, most recently in Bosnia and Herzegovina. Under Phase 2 of the Programme, the WCO had so far provided support to 100 Member administrations and, under Phase 3, it had conducted three progress evaluation missions, the most recent one to Belarus.
341. The Director explained that, in support of delivery, the Directorate had worked diligently to develop and strengthen tools that supported the three enablers for reform and modernization namely : Political will, People and Partnerships. Since June 2011, when the Council had expressed its support for the “3P” approach, the Secretariat had made the following progress :
- Developed a chapter for the Capacity Building Development Compendium on performance indicators;
 - Organized three donor conferences (Americas, Asia/Pacific, and East and Southern Africa);
 - Finalized the Orientation Package for Decision Makers;
 - Finalized the Leadership and Management Development workshop material;
 - Updated some areas of the Diagnostic Framework.

342. The Director then referred to the link between the Orientation Package for Decision Makers and the Leadership and Management Development Programme, as non-negotiable ingredients for Customs reform and modernization.
343. With regard to the Orientation Package, he explained that it had been created to support Heads of administrations in securing support and funding from donors and decision makers.
344. The Package offered a value proposition for decision-makers by establishing a connection between national policy objectives and how Customs contributed to their achievement. The Package also provided an overview of what roles and responsibilities modern Customs administrations could assume. Lastly, the Package outlined the various WCO instruments and tools that could support Customs reform and modernization, and how they could be tailored to suit the needs of each administration. The Secretariat was working with the PSCG to further improve the Package and ensure it remained up to date.
345. On the Leadership and Management Development (LMD) Programme, the Director reiterated the value of developing leaders who had a vision and could mobilize their people to achieve results. The LMD workshop material had been approved by Members during the recent Third Session of the Capacity Building Committee. The Secretariat had so far delivered the workshop to four administrations, in addition to the participants in the Fellowship Programme in Spanish. He highlighted that the LMD programme was a product of a close collaboration between the WCO Secretariat, Members, academia and the private sector.
346. The Director further indicated that the objectives of the LMD were :
- To expose senior and middle managers to core elements of modern Customs;
 - To contribute to creating leaders who could establish a vision and guide their organization;
 - To establish a link between accountability and the ability to deliver results through people.
347. The LMD workshop offered a balanced mix of theory, practice and case studies, and had been developed over time with input from an ad hoc advisory group. With time, the Secretariat had been mandated to formalize this ad hoc group.
348. On the issue of partnership and coordination, the Director indicated that since the previous Policy Commission session in Abuja, three regional donor conferences had been organized and more were planned this year. On the Project Map Database, work had begun to populate this with information from various partners, and the WCO was gradually rolling out implementation to all regions.
349. The Director expressed his gratitude to Members which had provided experts and support in securing funding, as well as to those which hosted Regional Offices for Capacity Building and Regional Training Centres. Over the past year, the WCO had begun working with new partners such as Korea and Finland and, in the last month, had reached agreements with the World Bank and Norway.
350. On the issue of performance measurement, as a way to highlight the progress in terms of Customs reform and modernization, the Director indicated that the Secretariat

would continue to work through the Capacity Building Committee and include work with the World Bank.

351. On integrity, the Director explained that in March 2012, at the most recent session of the Integrity Sub-Committee, the focus had been on communication tools to build trust, the establishment of internal affairs services, and the progress achieved in the ongoing integrity pilot projects.
352. In concluding, the Director stated that Customs reform and modernization was not a sprint but rather a marathon, for which the WCO Capacity Building programmes and the Directorate were there to support for the long term.
353. The CHAIRPERSON OF THE CAPACITY BUILDING COMMITTEE (CBC), Mr. Chris Henderson, first thanked the Capacity Building Directorate for its efforts in leading the programme.
354. Referring to the Third Session of the CBC, he reported great enthusiasm by Members which had taken part in great numbers, with well over 200 attendees. During that session, the work and exchanges had continued on the “3Ps” approach (Political will, People, Partnership), and the focus had also been expanded to results, communication and coordination.
355. The Committee had recognized that it was critical to showcase results in order to secure political and administrative will. The Chairperson of the CBC further stated that a number of policy makers had expressed their support for the Customs reform and modernization agenda, including the Minister of Finance of Uruguay, during his speech at the most recent regional meeting of Heads of Customs for the Americas and Caribbean.
356. Since the delivery of Capacity Building support was a priority, Members had to direct the Directorate with clear priorities. Given the high demand and the vast needs of Members, and considering the limited resources, Members had to clearly articulate their needs and priorities.
357. On communications, the Chairperson of the CBC explained that the Customs community had to think as broadly as possible in order to develop a comprehensive communication strategy to highlight the support provided by the WCO and the progress of Members in terms of Custom reform and modernization, all to obtain and maintain political will.
358. The CBC had reiterated the need to focus on mechanisms to promote donor coordination, such as the Project Map Database and regional donor coordination conferences.
359. Finally, the Chairperson of the CBC explained that, as a way to create an open forum, the Third Session of the Committee had included breakout sessions, during which participants had been able to exchange and create new ideas that would shape Capacity Building products. He also indicated that the Committee had been an opportunity to deepen the collaboration with the PSCG and the private sector in general.
360. The CHAIRPERSON OF THE INTEGRITY SUB-COMMITTEE (ISC), Mr. Roy Skårslette, reported on the most recent session of the Sub-Committee, indicating that some 120 participants had attended. The session had comprised

various presentations by Members to share their experience on integrity development, as well as two roundtables on communication as a tool to build trust, and the value of establishing an internal affairs service within the Customs administrations. The ISC had also held discussions on informal trade practices and their impact on integrity, and measures administrations could employ to ensure compliance.

361. He stated that the ISC had reaffirmed the importance of social work and efforts to establish an “esprit de corps” among Customs officials. During the most recent session of the ISC, the Secretariat had presented the integrity component of the WCO LMD programme, and updates on the various ongoing pilot projects, including those involving private sector cooperation. He further explained that the review of the WCO Integrity Development Guide was progressing. Members were invited to read and contribute to the Integrity Newsletter that was published regularly.
362. In concluding his remarks, Mr. Skårslette thanked the Secretariat and Members for their support during his tenure as Chair of the ISC. As he stepped down, he expressed his best wishes to Mr. David Dolan from the United States, the incoming Chair of the ISC.
363. The CHAIRPERSON thanked all three speakers for their reports and invited comments from the floor.
364. A number of delegates congratulated the Capacity Building Directorate for its commitment and for the progress and efforts made in the last year. Several delegates also expressed appreciation for the results of the Capacity Building Committee and Integrity Sub-Committee.
365. The Delegate of SWEDEN said that it was important to continuously improve the various Capacity Building programmes and to maintain efforts in terms of donor engagement, Leadership and Management Development, and the creation of a possible global Capacity Building fund. He further stated that the focus on delivery had to be maintained and his country would continue to support WCO Capacity Building, including the implementation of AEO programmes in Africa, and the secondment of an Attaché to the ROCB for the Europe region.
366. The Delegate of BELGIUM thanked the Capacity Building Directorate for its support to the Working Group on Globally Networked Customs (GNC), for providing guiding principles to ensure efforts were in line with the overall WCO Capacity Building strategy and programme, and to guarantee that GNC was seen as an integral part of Customs reform and modernization.
367. The Delegate of FINLAND stated that his country had donated 4 million euro to fund a project focused on the development of the 22 administrations of the East and Southern Africa region. This project was focused on Leadership and Management Development, the implementation of the Customs Enforcement Network and Coordinated Border Management, support to the ROCB in Nairobi, as well as targeted assistance to Namibia Customs in the area of trade and logistics. He informed that eight activities had so far been conducted, that two steering committee meetings had been held and that a clear workplan for implementation was in place. He expressed his appreciation to the Secretariat and experts in support of the implementation of the project. He also thanked Zimbabwe for seconding the new head of the ROCB and Kenya for its continued support in hosting the ROCB for the East and Southern Africa region.

368. The CHAIRPERSON OF THE PRIVATE SECTOR CONSULTATIVE GROUP (PSCG) expressed appreciation to the Capacity Building Committee for its openness and goodwill towards the business community. She explained that the PSCG was now looking ahead to conduct a study on Customs efficiency, with preliminary input from seven of its members. Based on the World Bank Logistics Efficiency Index and levels of inventory on hand as indicators, the study might demonstrate that poor Customs performance characterized by uncertainty and inefficiency at borders led to higher costs for business due to the maintenance of higher levels of inventory. The PSCG would report on this issue at the next session of the Policy Commission.
369. She went on to explain that the PSCG would also be conducting a business modelling exercise that would explain how the supply chain worked, from the purchase order to final consumption of the goods. With support from its members, the PSCG would look at various sectors, including aerospace, automotive, pharmaceutical, electronics, IT software and services, retail, food and dairy production. The exercise would provide better understanding of the role of Customs, the intervention of other government agencies in the process, and the role of small and medium sized enterprises, business partners and suppliers. It was likely to be a tool that would be of interest and use to a broad range of WCO Members.
370. The Chairperson of the PSCG further expressed the support of the PSCG for the LMD programme through input and participation, as well as to the development of the Orientation Package for Decision Makers, welcoming the opportunity to continue a fruitful cooperation by supporting Customs services in positioning themselves within their government.
371. Finally, she informed the Council that, during its next meeting, the PSCG would hold a full-day session on Capacity Building to further explore how the private sector could best collaborate with the WCO and its Members in this area.
372. The Delegate of INDIA expressed appreciation for the inclusion of a new chapter on performance management in the WCO Capacity Building Development Compendium. He further expressed support for the LMD programme as an essential element of Customs development and stated that the Orientation Package for Decision Makers represented an important tool to sensitize political leadership to the roles of Customs. The Orientation Package should be adapted to take into account the specific national and regional circumstances. He requested that effort on delivery of Capacity Building be placed on enforcement, Customs procedures and valuation, as they contributed to the objectives of the Economic Competitiveness Package.
373. The Delegate of JAPAN expressed his country's commitment to support Customs reform and modernization through the provision of financial and expert support to WCO Capacity Building activities. Japan would contribute 3.8 million euro to the Customs Cooperation Fund (CCF) in the next financial year. He also suggested that greater care be taken to ensure that a results-based management approach be used to improve the impact of the Capacity Building programme. He congratulated the WCO on the recent signature of a Memorandum of Understanding with the African Development Bank, and expressed his country's support for the promotion of trade facilitation in Asia through Coordinated Border Management and the use of the Time Release Study in close cooperation with the WCO, the Japanese Development Agency (JICA), and the Asian Development Bank. In this respect, he stated that the WCO instruments were very useful. He announced that Japan had been supporting the establishment of one-stop border posts in Africa, and that the country would continue to

support the Career Development Programme in the next year, as well as the WCO Fellowship Programme.

374. The Delegate of KOREA expressed his country's support for Capacity Building as an essential element for Customs reform and modernization. Over the course of the past year, Korea had made USD 1 million of funding available and had supported 26 Capacity Building activities. For this financial year, Korea would again contribute USD 1 million to the CCF and plans were underway to increase this funding to further expand support to WCO Capacity Building initiatives such as the Fellowship Programme, AEO and Customs reform in general.
375. The Delegate of CHINA expressed appreciation for having the opportunity to take part in WCO Capacity Building activities, including the planned LMD workshop to be held in China later in the year. He asked for further clarification on how the WCO could measure the effect of the various Capacity Building initiatives. He went on to ask how the WCO could ensure that assistance provided was adapted to specific needs, and how proper use of limited resources could be ensured. A second delegate from China proposed that, given the numerous Capacity Building tools, Members could be divided into three types based on their respective level of development and that Capacity Building assistance could be targeted at a specific tier, as a way to ensure that Members could assimilate the support and to maximize the limited resources available.
376. The Delegate of LIBERIA said that the Office of the President of Liberia placed considerable focus on Capacity Building in order to overcome the challenges of the country's recent past history. The current strategic plan had prioritized a series of activities, provided timelines, assigned responsibilities and benefited from a periodic review. He thanked the Swedish Government for funding activities under a tripartite agreement between Liberia, Ghana and the WCO, and expressed an interest in maintaining close collaboration with the WCO to ensure continued assistance in the long term.
377. The Delegate of TOGO reported that his Administration had embarked on a vast reform and modernization programme, for which it had received assistance from the WCO. Most recently, Togo has received support from the WCO in the implementation of performance indicators, and assistance from Belgium in the implementation of an AEO programme. His Administration had recently implemented a new code of conduct. Finally, he pointed out that many administrations had a particular focus on revenue collection and, for that reason, the WCO should develop a business case on how a Customs administration could generate more revenue.
378. The Delegate of ITALY said that the Capacity Building Committee had reached a turning point by finding a way to involve governments in Customs reform and by increasing donor funding. The Orientation Package for Decision Makers provided solutions to get governments to understand the broad role of Customs. She further suggested that the WCO should consider additional performance measurement to define the success of Capacity Building activities. The ROCB had a key role to play in coordination, and this greater coordination could be achieved through the implementation of the Project Map Database, thus identifying the sources of funding and possible assistance with human resources. The Database would facilitate the prioritization of Capacity Building actions and assist in avoiding duplication.
379. The Delegate of the RUSSIAN FEDERATION expressed his country's support for the work of the WCO in the area of Capacity Building, voicing the hope that the Capacity Building activities would become even more practical for all Members in all

- regions. Referring to the ROCB for the Europe region, he expressed satisfaction with its recent establishment and asked Members in the Europe region to support it financially and with experts. He further informed that the RTC in Moscow had organized many training events with the support of excellent trainers, and he invited all Members to visit the academy. Finally, he announced that his Administration would sign an MOU for the establishment of a dog training centre later in the Sessions, and he invited all Members to visit this training centre and to exchange experiences.
380. The Delegate of BRAZIL encouraged all Members to attend the Capacity Building Committee as it presented a great opportunity to share experiences, not just for developing countries but for all Members. On the issue raised by the PSCG regarding business modelling, he expressed interest in this exercise as it could serve as a catalyst to assess progress, the mapping of Customs procedures, and to work with the private sector to ensure Customs controls and systems were aligned to business practices. Experience had demonstrated that cooperation with the private sector had led to significant improvements in Customs. In this respect, he was pleased to announce that a Brazilian organization PROCOMEX would be joining the PSCG as a new member.
381. The Delegate of AUSTRALIA highlighted the good work done in the area of integrity development and reaffirmed that integrity remained an important issue for all administrations, since organized crime was constantly looking for ways to infiltrate Customs administrations.
382. The Delegate of MAURITIUS, as regional Vice-Chair, thanked the Government of Finland for its ongoing support to the East and Southern Africa region. Referring to the recent appointment of a new Head of the ROCB for that region, he raised a question regarding the funding by the nominating country for all costs associated with the deployment to the ROCB, a situation that probably resulted in fewer candidates, preventing less fortunate countries from nominating candidates.
383. The Delegate of CAMEROON thanked the WCO for assistance received in the area of integrity and strategic planning. He expressed support for the LMD programme, based on feedback received from participants from his Administration who had taken part in a pilot workshop delivered in Cameroon in October 2010.
384. The Delegate of SUDAN thanked the WCO for the Capacity Building support received and reported that his Administration had made efforts to build infrastructure and had adopted a new law aligned with international best practices and standards, all in an effort to become a modern Customs administration. The Sudanese Administration was now focusing on the computerization of the process and he hoped that the Administration would be able to count on Columbus Programme support in the future.
385. The Observer for the ASIA/PACIFIC ROCB expressed the commitment of this regional structure in implementing the Capacity Building programme. He reported that a recent regional donor conference held in Bangkok had brought together 70 participants, and had been supported by the CCF Japan, the WCO Secretariat and Thai Customs. The donor conference had provided an opportunity for fruitful discussion with key players and the donor community on the matters related to Customs reform and modernization priorities in the Asia/Pacific region. Follow-up support would now be provided at national level to Members which needed it, hence highlighting the value of donor coordination and the continued commitment by the ROCB to donor engagement.

386. The Delegate of YEMEN expressed appreciation for the long-term commitment and efforts of the WCO to Customs reform, emphasizing the importance of professional leaders in this process. Capacity Building was of vital importance for his country, and for the region in general, as a way to improve security and economic development.

387. The Delegate of LIBYA referred to the effects on Customs of the recent war in his country. Ten Customs officers had lost their lives and another twenty had been injured. In addition, buildings, equipment and archives had been destroyed, and all the Administration's detector dogs had been lost. Nonetheless, structures were now being restored and improved, and there was a determination to reconstruct and modernize the Customs Administration to meet international standards. He expressed gratitude in this respect to Italy, France, the United States and the European Union for the assistance received or offered.

388. The Observer for the WORLD BANK expressed support for the WCO Capacity Building programme, soon to be further enriched by a project to the amount of USD 3 million. The Bank fully supported the "3P" approach and he reiterated the critical nature of political will to support institutional development. He also said that the investment in information technology and organizational development was fundamental, reassuring that the World Bank could provide support in these areas.

389. With regard to People, the Observer commented that integrity should look at both moral and professional standards, and that efforts had to be made to build a solid regulatory framework, to secure strong leadership and to invest in ICT, as in the case of Cameroon where the World Bank supported the establishment of individual IT-based performance indicator tools to address integrity.

390. Referring to the Capacity Building Committee, he said that the Bank appreciated deliverables such as the performance management toolkit, indicating that through a partnership with the World Bank the tool could be strengthened and national support offered in this area, hence reinforcing the partnership between the Bank and the WCO.

391. Responding to the various questions and suggestions submitted, the DIRECTOR, CAPACITY BUILDING, thanked the participants for their input and expressed satisfaction with the goodwill and commitment to partnership with the WCO.

392. With regard to results-based management, the Director said that this approach was already at the core of the work of the Directorate, as it was understood that, collectively, results had to be shown. This approach was followed in the preparation of the assistance, as well as in the evaluation and monitoring performed. He further reaffirmed that Columbus Phase 3 was an effective way to demonstrate results and progress in terms of Customs reform.

393. He also reiterated the commitment of the Secretariat to ensure that any new initiatives that had a Capacity Building component should follow the holistic organizational development approach adopted by Members in the past.

394. Regarding the adaptation of WCO tools and instruments to emerging trends and realities, he referred to the ongoing improvement to the WCO Diagnostic Framework, as a process to ensure the relevance of the tools.

395. Responding to the Delegate of Togo, the Director offered the possibility of WCO assistance in developing a business case, and suggested that the Orientation Package could offer some options to engage decision makers.

396. He noted the support for the exercise that would be conducted by the PSCG on business modelling and thanked Brazil for its commitment to such an endeavour. In response to the question raised by Mauritius regarding the funding for deployment of staff to the ROCB, he explained that the region was responsible for its regional entities, and for the policies that governed them. He nevertheless offered to raise this issue at the next Capacity Building Committee session.
397. Finally, he thanked the European Union for its recent contribution to the development of a number of new e-learning modules.
398. The CHAIRPERSON thanked the Director and the Chairs of the Capacity Building Committee and Integrity Sub-Committee, emphasizing that Capacity Building activities clearly remained of great interest to all Members.
399. Building on the Director's response to the Delegate of Mauritius concerning the ROCBs, she recalled that earlier in the Sessions, the Council had adopted a set of principles in relation to the various WCO regional entities, and in that context the Council had agreed that the Secretariat would be developing some best practice guidance in relation to those entities, and that best practice guidance would be shared across regions. If the Capacity Building Committee wished to give some assistance with this work, it would be most welcome.
400. The Council took note of :
- the Report and the Executive Summary of the Third Session of the Capacity Building Committee, held from 27 to 29 February 2012;
 - the refinement of the methodology of Columbus Programme Phase 3 missions;
 - a new Chapter on performance measurement for inclusion in the WCO Capacity Building Development Compendium;
 - updates of the WCO Diagnostic Framework and the WCO Capacity Building Development Compendium to align these two comprehensive WCO Capacity Building tools with recent developments;
 - the outline of the Framework of Principles and Practices on Customs Career Development and Training;
 - the consensus on the adoption of the Orientation Package for Decision Makers and on the content of the Leadership and Management training material;
 - the complementarity between the building of technical capacities and management development;
 - the further use of the WCO Project Map Database;
 - the Report of the 11th Session of the Integrity Sub-Committee;
 - the research carried out into informal trade practices.

401. It also :

- emphasized the added value of investing in people;
- thanked the many donors for their financial contributions and expertise in support of the Capacity Building programme;
- encouraged Members to share their experiences in the area of corruption in general and the use of communication to enhance integrity, in particular through articles to be published in future issues of the Integrity Newsletter;
- thanked the Directorate and the Chairpersons of the Capacity Building Committee and Integrity Sub-Committee for the progress achieved, particularly Mr. Roy Skårsette who was stepping down as Chair of the ISC.

(c) Compliance and Facilitation

Introduction

402. The DIRECTOR, COMPLIANCE AND FACILITATION, introduced the work which had been done by his Directorate and by the Committees it served, namely the Enforcement Committee and the Permanent Technical Committee.

403. He explained that the Compliance and Facilitation Directorate worked closely with Members to achieve the strategic goals adopted by the Council. The past year had been very intensive and the Directorate had achieved good results, but this would not have been possible without the excellent contribution from Member administrations and the support from Brussels-based Attachés. The Directorate's work had been driven by the goals, strategic activities and performance indicators set in last year's Strategic Plan. He added that the Directorate had been working in synergy with the other Directorates, which enabled them to contribute to all the goals in the Plan, particularly Goals 1, 2, 4 and 5.

404. This had been achieved in a number of ways, primarily by supporting the Committees in their work to set global policies and strategies; creating and then managing the major WCO instruments; providing expertise for technical assistance; conducting programmes and operational activities; organizing meetings, seminars and symposiums for Members and private sector partners; contributing to international and regional events organized by Members or partners; and finally engaging in long-term strategic partnerships with other international organizations.

405. The Director explained that there had been a number of major outputs by the Compliance and Facilitation Directorate in the past year. The Directorate had focused on developing new tools and instruments, and updating and promoting existing ones. He mentioned as examples the conclusion of the GNC Feasibility Study, the updates of the SAFE Framework of Standards and Risk Management Compendium, and the successful delivery of the Annual Reports on Drugs, Tobacco and IPR.

406. Along with the tools and instruments, the Directorate had also been engaged in building longer-term initiatives through various programmes. He drew particular attention to Programme Global Shield, a long-term enforcement initiative aimed at preventing illicit diversion and trafficking of explosive precursor chemicals in the international supply chains, and the Cargo Targeting System which was being developed as a targeting tool for Members.

407. In addition to organizing Committees and Working Groups that covered the wide range of issues under the Directorate's responsibility, it had also organized other international conferences and similar events around the world. The Directorate had also globally engaged in initiatives and activities with other organizations where there was shared competence.
408. The Director then turned to the activities of the Procedures and Facilitation Sub-Directorate for the next financial year. The Economic Competitiveness Package would be taken forward with Members and, at the operational level, Members would be engaging in implementing GNC, and the Sub-Directorate would produce guidance and provide support in this connection.
409. The Director added that Members had been asked to submit contributions in order to update the Immediate Release Guidelines and he invited those which had not already done so, to submit their views by mid-July 2012. He further added that Version 3.3 of the Data Model was expected to be published in October 2012.
410. Following the eATA cost/benefit analysis effected by the European Union, the work could now be taken forward regarding the development of a global eATA carnet system. In a separate area, close cooperation would be maintained with the International Maritime Organization in respect of anti-piracy and its impact on Customs-related issues. Finally, intensified efforts would be in place for the implementation of the Resolution for Natural Disaster Relief, the SAFE Review cycle and the next round of conferences that would be organized.
411. The Compliance and Enforcement Sub-Directorate would also cover a wide range of activities during the next financial year, including the development of the WCO Cargo Targeting System, which would increase the capacity of user countries to perform pre-arrival cargo risk assessment and targeting.
412. Risk indicators and manuals on conveyances, as well as an Intelligence curriculum, would be developed and included in the WCO Risk Management Compendium. The Director also provided information about the future expansion of the UNODC/WCO Container Control Programme to 20 new countries; expansion of Project AirCop with Interpol and UNODC to target cocaine in transit through Africa to Europe; the implementation of the Programme Plan for Global Shield; nCEN and the new CEN; as well as the promotion of the CENcomm platform.
413. The Director concluded this part of the presentation by announcing that the WCO would be the Chair of the Seventh Global Congress on Fighting Counterfeiting and Piracy, to be held in April 2013 in Istanbul, Turkey.

(i) Facilitation/Procedures

414. Since the Chairperson of the Permanent Technical Committee (PTC) for the past year, Ms. K. Subramanian (India), was not present, the DIRECTOR, COMPLIANCE AND FACILITATION informed the Council about the outcomes of the 193rd/194th and the 195th/196th Sessions of the PTC which had been held respectively, from 10 to 14 October 2011 and from 26 to 30 March 2012. The second meeting of the PTC had included a joint session with the Enforcement Committee on 29 March 2012 in order to discuss cross-cutting issues.
415. The Director began by recalling the key outcomes of the PTC in the past year. The PTC had approved two draft Recommendations of the Customs Cooperation

Council, one on the Dematerialization of Supporting Documents and the other on the Use of Advance Passenger Information (API) and Passenger Name Record (PNR) for Efficient and Effective Customs Control.

416. The PTC had also adopted three other documents : the Guidelines on Preferential Origin Verification including the National Practices Catalogue, the Single Window Compendium and the Revised Time Release Study (“Guide to Measure the Time Required for the Release of Goods - Version 2”).
417. The Director then referred to some of the discussions that had taken place at the last session of the PTC.
418. These had included :
- examination of a strategic paper on the Revised Kyoto Convention (RKC) when the PTC had agreed to ask the Policy Commission to provide strategic advice to the RKC Management Committee;
 - examination of the Economic Competitiveness Package (ECP), which the PTC had agreed to submit to the Policy Commission. It had acknowledged that the ECP Action Plan would take into account existing initiatives such as the C21 Strategy, the Revenue Package and Capacity Building initiatives;
 - examination of Korea’s proposal for a Customs-generated Unique Consignment Reference (UCR) based on the unique numbering scheme of ISO 15459, which the PTC viewed as a positive development; it asked the Secretariat to examine the technical feasibility and cost/benefit aspects of Korea’s proposal.
419. At the conclusion of its March 2012 sessions, the PTC had unanimously elected Mr. François Abouzi (Togo) as Chairperson of the PTC for 2012/2013.

(ii) Compliance/Enforcement

420. The CHAIRPERSON OF THE ENFORCEMENT COMMITTEE, Mr. Uri Bruck (Israel), drew delegates’ attention to the draft Report of the 31st Session of the Enforcement Committee (Doc. EC0314), as well as to his own written report which had been circulated in advance of the Council Sessions.
421. The 31st Session of the Enforcement Committee had taken place from 26 to 30 March 2012, starting as a closed session from 26 to 28 March as well as 30 March. The meeting had also included a joint session with the Permanent Technical Committee (PTC) on 29 March.
422. The theme for the 2012 session had been “*Effective Customs enforcement activities : A key element to address emerging global risks*”.
423. He explained that a special session to discuss emerging and evolving risks from an enforcement perspective had been held, where the Enforcement Committee had endorsed the development of programmes and field operations focused on high-risk areas. It had also endorsed the proposal on the creation of secure virtual discussion forums to enable timely and accurate exchange of information.
424. The Enforcement Committee had agreed to further discuss appropriate actions in designing and implementing effective export controls in respect of strategic, cultural

- heritage and prohibited/restricted goods. It had also identified the need for efficient control activities associated with illicit cash flows and stemming financial shadow economies. Further, it had expressed the view that a high-level strategic discussion on the future of the Harmonized System (HS) should be held in the Policy Commission.
425. As part of the Security Programme, the Enforcement Committee had endorsed the security and counter-terrorism action plan and supported the work of Programme Global Shield. In the Drug Enforcement Programme, the Committee had supported the UNODC-WCO Container Control Programme's expansion. Furthermore, the Enforcement Committee had endorsed several operations in the fight against drug trafficking.
426. The Chairperson of the Enforcement Committee explained that, for the Revenue Programme, the revised version of the WCO Post-Clearance Audit (PCA) Guidelines had been endorsed, as well as the Compendium on Customs Operational Practices and Seizures (COPES). The Enforcement Committee had also approved the expansion of Project Crocodile and a new global initiative on illegal cigarette trade.
427. In the area of Health and Safety, the Committee had endorsed the Customs Alert Network (CAN) project as a secure, CENcomm-based application, for the exchange of nominal data for profiling and targeting.
428. In the area of Environment, the Enforcement Committee had discussed Operations GAPIN II and DEMETER II and, for the future, directed that work on environmental issues be addressed within the Working Group on Commercial Fraud.
429. The Enforcement Committee had also endorsed new risk indicators and manuals on passengers, the pre-arrival phase of land cargo, postal/express consignments, and exports. The Committee had tasked the Global Information and Intelligence Strategy Working Group to draft new indicators and manuals on conveyances and to review and update training materials already available.
430. The Chairperson of the Enforcement Committee then turned his attention to the joint session held with the PTC on 29 March 2012 and chaired by the Deputy Secretary General. That session had served as a forum to discuss an array of cross-cutting issues that included emerging and evolving risks, air cargo security, the SAFE Framework of Standards, and Globally Networked Customs.
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431. Opening the discussion, the Delegate of GEORGIA said that he considered Compliance and Facilitation to be the two main parts of Customs' core business. He stressed the need to further address issues related to voluntary compliance and for further guidance on the tools used by Members in that regard, since this would be helpful both for the economic operators to be more compliant and for Customs to ensure compliance with less resources.
432. The Observer for the UNIVERSITY OF CANBERRA said that many important policy and technical matters had been addressed during the current Sessions and that

the implementation of these could have a significant impact on Customs administrations, the international trading community and a country's economic competitiveness. It was therefore important to ensure that the WCO decision-making process was based on sound data and credible research. He drew attention to INCU's close cooperation with the WCO, particularly in respect of the PICARD Programme, with the two flagships being the World Customs Journal and the PICARD Conference. He announced that this year's Conference would be held in Marrakesh.

433. The Delegate of JAPAN expressed his appreciation for the Enforcement Committee's excellent work, pointing out that the Committee had approved the proposal made by Japan for a joint enforcement operation against smuggling of methamphetamines by air passengers departing from African countries, transiting Europe and/or Middle East countries and bound for East Asian countries. The Operation, codenamed "Westerlies", was scheduled to be launched in November 2012 and would be supported by two training workshops. The costs of the Operation and the two workshops would be funded by the Japanese Customs Co-operation Fund and he encouraged Members to participate.
434. The Delegate of BRAZIL emphasized that one of the key risks was revenue security. After the financial crisis in 2008, weaknesses had been found in the international financial system and, as a result, the G20 had set up a global forum for transparency of exchange of information. He drew attention to countries where tax havens or banking secrecy clauses had clearly had a great effect on the financial flows and had impacted enforcement activities. Brazil had participated in this global forum and suggested a contact with the WCO as the latter had made advances in the area of exchange of information through CEN and GNC, and therefore should assume a leading role in these discussions.
435. The Observer for the WORLD BANK reported that the World Bank was engaged in several projects relating to Customs revenue assurance, health and safety at the border, and environmental law enforcement. He emphasized the efforts being made to meet demands for increased technical assistance in the enforcement area. The World Bank was interested in participating in specific sessions of the Enforcement Committee, in particular in relation to environmental matters, health and safety and revenue assurance. He stressed that the World Bank had no interest in sessions related to drugs or terrorism, but asked for consideration to be given to allowing access to the economic and social "non-criminal" parts of the meetings.
436. The CHAIRPERSON OF THE ENFORCEMENT COMMITTEE agreed with Brazil on the need to be more active in the area of exchange of information, emphasizing that the Enforcement Committee was dealing with this topic. Regarding the World Bank's request, he reminded that the Terms of Reference of the Enforcement Committee did not allow access to observers that were not law enforcement agencies. He added that discussions could be held within the Enforcement Committee to determine where other relevant organizations could be invited for particular sessions.
437. The DIRECTOR, COMPLIANCE AND FACILITATION, thanked the delegates for their positive responses and support. He agreed with the comments of the Enforcement Committee Chairperson and the Delegate of Georgia that voluntary compliance tools were important. He pointed out that the Directorate had delivered a number of tools in the last year and would continue to do so. The Directorate's work was driven by the strategic goals adopted by the Council and always took account of Members' needs and proposals. In response to the Delegate of Brazil and the Observer for the World Bank, he referred to the key programmes of the Enforcement

Sub-Directorate as the five areas of priority, namely revenue assurance, drugs enforcement, health and safety/IPR, security and environment.

438. Finally, the Director expressed his deepest appreciation to both Ms. K. Subramanian and to Mr. U. Bruck who had chaired their last Permanent Technical and Enforcement Committees in March 2012. Their skilful chairing had contributed greatly to the success of the two Committees.
439. At the invitation of the CHAIRPERSON, the Council :
- adopted the draft Council Recommendation on Dematerialization of Supporting Documents;
 - adopted the draft Council Recommendation concerning the use of Advance Passenger Information (API) and Passenger Name Record (PNR) for efficient and effective Customs control;
 - endorsed the Guidelines on Preferential Origin Verification;
 - approved the Report of the 193rd/194th Sessions of the PTC;
 - approved the Report of the 195th/196th Sessions of the PTC;
 - took note of the various PTC-related developments mentioned in the written report of the PTC Chairperson.
440. At the invitation of the CHAIRPERSON, the Council also :
- approved the Report of the 30th Session of the Enforcement Committee;
 - took note of the draft Report of the Enforcement Committee's 31st Session, which would be submitted to that Committee for final approval at its next session;
 - took note of the various enforcement-related developments mentioned in the written report of the Chairperson of the Enforcement Committee.

7. BUDGETARY AND FINANCIAL MATTERS

441. The CHAIRPERSON OF THE FINANCE COMMITTEE, Mr. Thomas Schoeneck (Germany), indicated that the Finance Committee had held its 91st Session on 3 and 4 November 2011 and its 92nd Session from 2 to 5 April 2012. He referred to the annual financial audit for the year 2010/2011, which proposed some minor technical recommendations that would be implemented in due course. The Auditor had confirmed the Secretariat's bookkeeping and transparency to be of a high standard, and proposed without reservation that the Secretary General be acquitted of his financial responsibilities for financial year 2010/2011.
442. Turning to the portfolio, which was intended to cover the Terminal Allowance provisions for WCO staff, he confirmed that this was being managed successfully and had produced a substantial unrealized gain during the year audited, it being noted that the maintenance of the portfolio's value was the investment bankers' main goal.
443. The WCO Customs Co-operation Fund (CCF), which received voluntary contributions primarily in the area of capacity building, had also shown very positive results. This account benefited from the generosity of donors, and the balance related to actual spending during the current year stood at approximately 6.4 million euro.
444. The result of financial year 2010/2011 was very positive with a surplus of 2.1 million euro, due mainly to two extraordinary circumstances : an important realized gain in the portfolio and the release of a provision for a legal dispute which had a good result for the WCO.
445. The current financial year (2011/2012) had been marked by prudent management on the part of the Secretariat, given that a 0 % increase in both Members' contributions and the general operating expenses had been decided upon one year previously. Thanks to the application of the "lapse factor", the year would close with a small surplus. 98.71 % of Members' contributions had been paid, and for the first time in a great many years there were no inactive Members.
446. Where the upcoming financial year (2012/2013) was concerned, three different but interlinked items had been discussed by the Finance Committee, namely Members' contributions, general operating expenses for the running of the Secretariat, and the proposed salary increase for WCO staff as recommended by the Co-ordinated Organisations' Co-ordinating Committee on Remuneration (CCR). After difficult discussions, the Finance Committee had agreed on a compromise "package" encompassing these three issues, which would involve : increasing Members' contributions by 0.5 %, increasing staff remuneration by 1.1 %, and increasing the general operating expenses by 1 %. In relation to the salary question, he said that despite this extraordinary deviation from the recommendation made in this respect by the CCR, the Finance Committee had confirmed that the WCO should remain aligned on the CCR mechanism, and had noted that, on occasion, the CCR recommended not only increases in remuneration, but also decreases. In fact this year, a proposal for a considerable reduction in the Expatriation Allowance, which would have a positive impact on the WCO's budget in the future, was being made. He then referred briefly to a discussion about the staff salary proposal which had taken place in the Policy Commission, mentioning the critical intervention made by a representative of the Staff Committee and the fact that the CCR proposal had been accepted in full by the 5 Co-ordinated Organisations as well as by 13 of the other 14 international organizations that were aligned on the CCR mechanism, as was the WCO. The Finance Committee had confirmed that it was proposing to deviate from the CCR

mechanism and that it was within its legal competence to make such a proposal to the Council.

447. The Finance Committee Chairperson then turned to the review of the Organization's Publications Policy and the expert study on this subject presented by the external consultant, EUROGROUP. Following discussions held at the Policy Commission's 66th Session, the Finance Committee was now following an incremental approach, defining points of consensus and looking for tailor-made solutions; in particular, it was taking the Harmonized System Explanatory Notes as a benchmark, given that this was the publication that had the greatest impact on the WCO budget, and bearing in mind that the Explanatory Notes were translated into many languages by Members and were often issued by Members to the public, either free of charge or against payment. The external consultant had also confirmed that the current outsourcing arrangement was extremely favourable to the WCO, and the Finance Committee had supported in general a proposal to leave the Publications activity outsourced and continue the contract with the service provider until 2017, which would also be the end of the current HS 2012 review cycle. There had also been consensus that the way forward should be based on a "free to Members only" Publications policy. The financial costs engendered by a "free to the public policy" could only be offset by a sharp increase in Members' contributions, which would have to rise by almost 5 %, and at present this was not a realistic option. The Secretariat had now been invited to verify Members' status with regard to the use and marketing of translations; in this connection, Members would be invited on a case-by-case basis to make such translations available to the Secretariat for marketing purposes.
448. In relation to the link between the Strategic Plan and the WCO's budget, the Finance Committee Chairperson said that the Secretariat had put forward a proposal concerning the costing of the Strategic Plan which had been examined and deemed convincing and which contained the required financial information concerning planning.
449. The CHAIRPERSON thanked Mr. Schoeneck for his comprehensive report. She invited the Council to take note of the financial audit report and of the recent developments regarding the Publications Policy. In the light of the consensus arrived at within the Finance Committee, she called for discussions on the development of a Publications strategy to cover the period after 2017.
450. With regard to the CCR proposal concerning WCO staff remuneration, she briefly referred to the informal discussions held in the Policy Commission immediately before the Council Sessions. She noted that the WCO's alignment on the CCR system had served the Organization well for more than 30 years. She added that the Finance Committee was the most important Committee after the Council, as it was mentioned in the Convention establishing a Customs Co-operation Council; the Finance Committee had proposed a package based on a modest increase in remuneration, combining this with other important budgetary elements. However, she also felt that there was probably still a considerable lack of information among Members about the CCR itself, and its overall impact on the WCO and its budget. She suggested therefore that this issue be considered with great prudence, and was reluctant to open a debate in the Council about the Finance Committee's deliberations. She therefore proposed that the matter be referred back to the Finance Committee for additional, and more complete analysis. She invited the Finance Committee to report back to the Policy Commission in December 2012. For the time being, the Council would adopt a 1.1 % increase in WCO staff remuneration as from 1 January 2012, and would put the remaining 1.1 % on hold pending a final decision on the matter.

451. The Delegate of BRAZIL referring to the recent Ad Hoc Group on the Composition of the Policy Commission, wondered whether the regional distribution of seats on the Finance Committee should also be reviewed. He agreed with the compromise package and the proposal put forward by the Chairperson in relation to the discussions on the proposed salary increase. He underlined the importance of certainty for WCO staff in relation to their working conditions at the Secretariat.
452. The Delegate of YEMEN welcomed the Chairperson's proposal and stressed that, on the salary question, a benchmark with other organizations was important in order to recruit the best qualified professionals for the Organization. He agreed that the composition of the Finance Committee should be reviewed.
453. The Delegate of ECUADOR congratulated the Finance Committee Chairperson on his report and supported his proposal, while underlining the significance of a CCR-related decision. He considered it important to analyse the impact of this issue in terms of the positioning of the WCO vis-à-vis other stakeholders.
454. The Delegates of SWEDEN and the EUROPEAN UNION lent their full support to the proposal put forward by the Chairperson. The Delegate of the EUROPEAN UNION particularly thanked Mr. Thomas Schoeneck for his excellent chairing of the Finance Committee over recent years.
455. The Delegate of NORWAY expressed his support for the decision on salaries by the Finance Committee, and for the proposal by the Chairperson. He said that the Organization should not allow an increase in general operating expenses that was higher than the available budget to continue for too long. Nor should the Organization depend too much on voluntary donations for its future operations.
456. The Delegate of MOROCCO supported the proposal for a study on the composition of the Finance Committee, and questioned whether the current composition truly represented the regional position, given how the Organization had developed. He supported the Chairperson's proposal on the salary issue, but underlined that the WCO should work with a salary scheme which was in accordance with those of other international organizations, and should meet the staff's expectations of fair treatment.
457. The HEAD OF THE DIVISION OF ADMINISTRATION AND PERSONNEL informed the Council that the rules and regulations governing the CCR were contained in a working document (Doc. SF0318) which had been published for the April 2012 session of the Finance Committee and could be consulted on the WCO Members' Web site. As for the financial aspects of full implementation of the CCR proposal for a 2.2 % salary increase, it would cost the WCO around 102,000 euro for financial year 2011/2012 and around 210,000 euro for 2012/2013, plus a total of 610,000 euro in one-time expenditure from the Terminal Allowance portfolio, which at present showed unrealized gains of around 2.1 million euro.
458. The CHAIRPERSON concluded this discussion by indicating that the Council had underlined that there was no issue with the quality of the staff's work where the salary question was concerned and that the Finance Committee should re-examine the salary issue, as this was a financial matter.
459. The Council congratulated Thomas Schoeneck on his skilful chairing of the Finance Committee over the previous three years.

460. In conclusion, the Council :

- approved the proposal that the budget surplus for financial year 2010/2011 (2,114,445.73 euro) be absorbed and that the accumulated result on 30 June 2011 be established as being 8,499,281.01 euro;
- took note of the Audit Report on the accounts for financial year 2010/2011 and the recommendations contained therein, and acquitted the Secretary General of his financial responsibilities for the financial year 2010/2011;
- adopted the amended Secretariat proposal for a 1 % increase in the general operating expenses for 2012/2013;
- adopted the staffing table for 2012/2013 showing the budgeted posts including the number of Technical Attachés, as agreed;
- adopted Decision No. 332, concerning the budgetary and financial provisions for 2012/2013 reproduced at Annex VIII hereto, including the scale of Members' contributions for financial year 2012/2013 which had been circulated during the Sessions;
- approved the proposed capital expenditure of 520,000 euro for financial year 2012/2013;
- approved the high-level costing of the Strategic Plan as agreed;
- approved the approach proposed by the Finance Committee with regard to the WCO Publications Policy;
- adopted the changes to the WCO Staff Manual as proposed, with effect from 1 January 2012;
- agreed that the matter of membership of the Finance Committee should be discussed at the next session of the Policy Commission in December 2012, and invited the Finance Committee to consider it at its October 2012 session and provide input to the Policy Commission;
- approved as a whole the Reports on the Finance Committee's 91st and 92nd Sessions, i.e. Docs. SF0301 and SF0320;
- decided that, in respect of the Finance Committee's conclusions, a 1.1 % salary increase should be adopted for the time being, in anticipation of a final overall decision to be taken later. The Finance Committee was asked to undertake a study on this subject and to provide a full report which should describe the establishment and functioning of the CCR, its current mechanism and application, as well as its working principles. The report should contain conclusions on the effect of the pay increase in terms of the general operating expenses, the impact on the overall budget, including contributions, the long-term impact on the budget and reserves, as well as the organizational impact for the WCO if it were to depart from the CCR. Additional advice should be provided on benchmarking salaries against other international organizations. The Finance Committee should report back to the Policy Commission in December 2012.

8. ELECTIONS

461. It was proposed that Ms. Josephine FEEHILY (Ireland) be re-elected Chairperson of the Council for 2012/2013.
462. The Council approved the above proposal by acclamation.
463. Ms. FEEHILY expressed her gratitude for the confidence placed in her through this re-election.
464. The CHAIRPERSON then announced that following consultations between the Members in the various regions, it was proposed that the Delegates of Australia, Mauritius, Morocco, Nigeria, Norway and Uruguay be elected Vice-Chairs for 2012/2013. In the case of Morocco and Nigeria, this required a derogation from Rule 8 of the Council's Rules of Procedure since both these Members had already served as Vice-Chair for two or more consecutive terms.
465. The Council agreed to the above proposals which were approved by acclamation.
466. 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 Brazil, China, European Union, France, India, Italy and New Zealand. It was noted that they would serve alongside a number of delegates elected to the Policy Commission one year previously, namely Argentina, Bahrain, Canada, Croatia, Democratic Republic of the Congo, Finland, Germany, Hong Kong (China), Japan, Kenya, Liberia, Mexico, Portugal, Russian Federation, Saudi Arabia, South Africa and the United States.
467. Following consultations between the Members in the various regions, it was proposed that the following be elected to serve on the Finance Committee for 2012/2013 : European Union, France, Gambia, Italy, Japan, Korea (Republic of), Netherlands, Pakistan, Panama, Paraguay, Saudi Arabia, Spain, Switzerland, Uganda, Ukraine, United Kingdom and the United States.
468. It was proposed that Mr. B. O'Hearn (United States) be elected Chairperson of the Finance Committee for 2012/2013 and that Mr. W. Williamson (United Kingdom) be elected Vice-Chairperson for that period.
469. Following consultations between the Members in the various regions, it was proposed that the following Members be elected to serve on the Audit Committee : Australia, Ecuador, Gabon, Jordan, Lesotho, Luxembourg, Malaysia, Poland, Tanzania, Togo, Tunisia and Uruguay.
470. It was proposed that Mr. M. Pinto (Ecuador) serve as Audit Committee Chairperson in 2012/2013 and that Mr. A. Bellot (Luxembourg) serve as Vice-Chairperson for that period.
471. All these proposals were approved by acclamation and are set out in Council Decision No. 333, which is reproduced at Annex IX hereto.

9. OTHER BUSINESS

(a) “Yolanda Benitez” trophy for the combating of counterfeiting and piracy

472. The SECRETARY GENERAL recalled that each year, at the Council Sessions, the “Yolanda Benitez” trophy was awarded to an administration which had shown particular commitment to combating counterfeiting and piracy. The trophy was named in honour of a Customs officer from Paraguay who had been killed in the performance of her duties combating counterfeiting and piracy.
473. After thanking all the Customs administrations that had entered for the prize, the Secretary General announced that this year, in addition to the Yolanda Benitez trophy itself, a special prize was also being awarded.
474. The special prize went to Serbia for its work and commitment to combating counterfeiting and piracy. Serbian Customs conducted IPR training in partnership with brand holders to ensure that Customs officers were able to perform their IPR functions effectively, and the Administration was always willing to support regional WCO IPR initiatives. It had shown a keen interest in the WCO’s Interface Public-Members (IPM) from the outset and had implemented that tool at an early stage. Finally, Serbian Customs had reported 604 cases of counterfeit goods stopped at the border.
475. The winner of this year’s competition, and the recipient of the Yolanda Benitez trophy, was the Panama Customs Administration for its outstanding commitment to combating counterfeiting and piracy.
476. Panama had implemented an effective policy aimed at increasing border protection and preventing IPR infringements, and this had enabled Panama Customs to achieve improved results in this respect. In 2011, Panama Customs had seized 339 containers carrying counterfeit and pirated products.
477. Panama Customs had actively supported the WCO by providing logistical assistance and hosting the Operational Coordination Unit for two major regional IPR Operations - “Tigre I” (104 containers intercepted) and “Tigre II” (191 containers intercepted). The WCO’s IPM tool had been used very successfully for “Tigre II”. Panama had always supported the WCO’s IPR activities and had also made important changes to its legislation in respect of IPR protection.
478. The Delegate of PANAMA said that this award was an honour and a source of pride for Panama Customs and would also act as an incentive to the Administration as it continued to combat the scourge of counterfeiting and piracy. It was an award to be shared with all Panamanian Customs officials. Moreover, it represented the efforts of all countries world-wide to protect borders.
479. Panama was a small country with only some three million inhabitants located at the narrowest point in the Americas, but it was at the forefront of maritime development both regionally and world-wide, with the country’s ports being recognized as amongst the most modern and busiest in the Americas. Panama’s national economy was growing, by 10.1 % in 2011 but, at the same time and as elsewhere in the world, organized crime, smuggling, counterfeiting and piracy were on the increase.
480. From the second half of 2009, Panama Customs had worked to increase the collection of duties and there had been marked increases in the collection rate in both 2010 and 2011. Advances had also been made in respect of the security role of

Customs, where up-to-date technology had been introduced with commensurate training for Customs officials in the use of that modern technology. The UNODC had implemented the Container Control Programme in Panama where there was now a centre of excellence and very good results had been achieved - 1,449 kg of cocaine seized in 2011, and 634 kg seized up to mid-June 2012.

481. With regard to the specific area of IPR, the Delegate of Panama said that there was an increased awareness in her Administration about possible commercial movements of pirated and counterfeit goods - of 186 containers detained this year up to May, 113 had been found to contain pirated goods. Non-intrusive scanning equipment had been introduced and had helped to reveal consignments of counterfeit and pirated goods, including footwear, clothing and toys. Some 65 % of the containers detained in Panama's ports contained counterfeit products.
482. WCO experts had provided advice and some ten countries had participated in Operations "Tigre I" and "Tigre II", sharing their experience regarding the identification of fraudulent goods. In the first part of the "Tigre" Operation, 104 containers had been identified in the region as containing counterfeit goods and, in "Tigre II", 165 containers had been identified. These Operations had also revealed new routings used by traffickers, as well as new methods of concealment. Good results had been achieved in Panama through teamwork and through political support, including the modification of legislation so that not only goods entering Panama were examined, but also those leaving or transiting the country.
483. The Delegate of Panama emphasized the importance of a more aggressive policy against counterfeit and illicit products that were harmful to people's health, referring specifically to counterfeit medicaments. She also drew attention to the fact that medicaments were sometimes transported at inappropriately high temperatures or consigned together with other products which could adversely affect the quality of the medicaments.
484. In closing, she referred to a recent visit to Panama by United States Homeland Security Secretary Napolitano who had reaffirmed her commitment to secure the global supply chain against terrorism and other illicit activities.

(b) Accession to WCO instruments, signing of Memoranda of Understanding and other Agreements

(i) Revised Kyoto Convention

485. In the course of the Sessions, the Delegates of NIGERIA and the DOMINICAN REPUBLIC deposited their country's instrument of accession to the Revised Kyoto Convention (RKC), bringing the number of Contracting Parties to 81.

(ii) Regional Training Centre

486. The Delegate of FIJI signed a Memorandum of Understanding (MOU) with the Secretary General for the establishment of a WCO Regional Training Centre (RTC) in Suva, which would be officially inaugurated in August 2012.

(iii) Regional Dog Training Centres

487. The Delegates of CHINA and the RUSSIAN FEDERATION signed MOUs with the Secretary General for the establishment of WCO Regional Dog Training Centres in their respective countries.

(iv) Memoranda of Understanding with other international organizations

488. The SECRETARY GENERAL signed an MOU with Mr. Martin Marmy, the Secretary General of the INTERNATIONAL ROAD TRANSPORT UNION (IRU). This MOU constituted a basis for the enhanced cooperation between the two Organizations.

489. The Secretary General of the IRU said that it was a great honour to be able to sign this important framework Memorandum of Understanding to reinforce cooperation between the WCO and the IRU.

490. The aim of this agreement was to further facilitate and secure trade through the strengthening of the excellent cooperation between the two Organizations which pursued the same common objectives and joint activities to facilitate cross-border trade and secure the international supply chain.

491. The IRU had a long history of successful cooperation not only with the WCO but also with national Customs administrations, resulting directly from the promotion and support given by the IRU for the effective implementation of the key multilateral Customs conventions, notably the Kyoto Convention and the Container Convention.

492. In addition, for more than 50 years, the IRU had been the implementing body for the global United Nations TIR Convention, the TIR System being one of the most effective tools to facilitate and secure Customs procedures and international trade by road or containerized multimodal transport.

493. The Secretary General of the IRU indicated that, thanks to the new Memorandum of Understanding and the existing cooperation, Customs administrations would be able to benefit directly from the numerous TIR IT risk-management tools developed by the IRU, such as Real-Time Safe TIR, Cutewise, TIR Electronic Pre-Declaration (TIR-EPD), etc.

494. Together with the WCO, the IRU had successfully developed a comprehensive modular e-learning package on TIR for easy and direct use by Customs officers. Currently, 14 modules were available on the WCO Web site, free of charge, in English, French, Russian, Arabic and Spanish.

495. Moreover, the IRU actively contributed to the work of the WCO Private Sector Consultative Group, the Ad Hoc Group on Globally Networked Customs and the SAFE Working Group. The WCO Director of Compliance and Facilitation had delivered a keynote address to the IRU General Assembly in April 2012 on facilitating and securing trade via the key multilateral instruments.

496. In conclusion, the Secretary General of the IRU said that his Organization was committed to further improving collaboration not only with the WCO but also with all national Customs administrations to allow road transport more effectively to drive trade, progress, prosperity and ultimately peace around the world.

(v) Mutual Recognition of Authorized Economic Operator Programmes

497. During the Sessions, a bilateral Mutual Recognition Arrangement regarding Authorized Economic Operator (AEO) programmes was signed between China and Singapore.

(c) WCO photographic competition

498. Thirty-nine Member administrations had submitted entries for this year's photographic competition, the theme for which was "Heritage", which was in keeping with the Organization's 60th Anniversary. All Heads of Delegation had been invited to vote for their favourite photograph, and 71 votes had been cast.

499. The SECRETARY GENERAL announced that the winning entry was the Slovak Administration's photograph from 1941 entitled "Full-time Customs officer". The picture showed an officer of the Financial Guard on duty at a road crossing point between Slovakia and a neighbouring country, sitting with his young daughter.

**10. DATE AND PLACE OF NEXT SESSIONS AND
CALENDAR OF MEETINGS FOR 2012/2013**

500. The 121st/122nd Sessions of the Council would be held in Brussels from 27 to 29 June 2013, preceded by the 69th Session of the Policy Commission from 24 to 26 June 2013.

501. With regard to the 68th Session of the Policy Commission, the Delegate of JAPAN said that, during the Policy Commission session earlier in the week, he had extended an offer for the 68th Session to be held in Japan in December 2012 and he was pleased now to reconfirm that invitation. The Council agreed that the 68th Session of the Policy Commission would take place in Japan in early December 2012.

502. Subject to a number of amendments to the draft that had been circulated, the Council approved the Calendar of meetings for 2012/2013, which is reproduced at Annex X hereto.

CLOSURE OF THE SESSIONS

503. The SECRETARY GENERAL thanked delegates for their active participation and interaction throughout the Council Sessions.
504. The Delegate of NIGERIA took the floor to express his gratitude to the Council for having invited the President of Nigeria to deliver a keynote address at the current 60th Anniversary Sessions. The warm welcome accorded to the President had been much appreciated. He went on to express his Administration's gratitude for the support received from the Organization over recent years which had been a catalyst in obtaining both political and social support for the Customs in his country. That support had been evidenced by a visit by the former Director of Capacity Building in 2006 and several more recent visits by the Secretary General. These had included two meetings with the President of Nigeria, a visit to the President of the Commission of the Economic Community of West African States (ECOWAS), meetings with senior government officials, representatives of academia, traditional rulers of Nigerian society (Obas) and Nigeria's private sector. The Nigeria Customs Service, for its part, had taken action to implement WCO tools and instruments.
505. The SECRETARY GENERAL thanked the Delegate of Nigeria for his kind words and for the hospitality shown to all participants at the Policy Commission's session held in Abuja in December 2011. As Vice-Chair for West and Central Africa, Nigeria always provided sound leadership in the region as well as very useful feedback on issues of importance to the region.
506. He extended his gratitude to all the Vice-Chairs for their assistance over the year and for being a valuable and constant source of advice and feedback from the regions. He paid particular tribute to the two Vice-Chairs who had completed their terms of office and were now stepping down, namely the Delegates of Guatemala and Thailand.
507. Guatemala had done a great deal to raise the profile of the Americas region, particularly in terms of the use of the Spanish language. Thailand, which had represented the vast and very diverse Asia/Pacific region, had always taken the lead in seeking a consensus position within the region and had maintained close contact with the Secretariat to ensure that the Asia/Pacific view was reflected in the WCO agenda.
508. The Secretary General then welcomed the two new Vice-Chairs, Australia and Uruguay, and said that he looked forward to working with them over the coming year.
509. The CHAIRPERSON thanked the Secretariat for its assistance, the various Committee Chairs for their valuable contribution and the Council Vice-Chairs for having helped to resolve some tricky issues at the Policy Commission and Council sessions over the past year. She also expressed gratitude to the various outside speakers and the Belgian Crown Prince for their contribution to the 60th Anniversary Sessions. They had brought colour, richness and an external perspective to the deliberations. Finally, she thanked all participants for their level of engagement which had contributed to the solid achievements made at what had been very full Council Sessions.

J. FEEHILY,
Chairperson.

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