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DRAFT MINUTES OF THE 133RD/134TH SESSIONS
OF THE CUSTOMS CO-OPERATION COUNCIL

(Brussels, 27 - 29 June 2019)

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DRAFT MINUTES

OPENING OF THE SESSIONS

1. The 133rd/134th Sessions of the Council were held at WCO Headquarters in Brussels from 27 to 29 June 2019. The list of participants is reproduced at Annex I.
2. The CHAIRPERSON declared the proceedings open and welcomed the participants.
3. 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.

1. ADOPTION OF THE AGENDA

4. The CHAIRPERSON invited the Council to adopt the draft Agenda set out in Doc. SC0180.
5. The Delegate of SERBIA took the floor to point out that, a year on from the previous Council Session, the Organization was still faced with an issue where an entity - so-called "Kosovo" - and its representatives were present in the meeting room though they should not be. This situation was unacceptable for Serbia, which considered that the entity concerned should not be part of the Organization and, in that regard, he referred to United Nations Security Council Resolution No. 1244 which clearly stipulated that this part of Serbia was under interim administration of the United Nations. He also emphasized that there were valid and binding decisions of the Council from 2012 and 2017 which remained in force and, as such, Kosovo should not be included in the list of WCO Members or in the list of contributors. He pointed out that, in order to avoid the further politicization of the work of the WCO, a Working Group on Accessions had been established to deal with this issue. The delegate therefore asked the Chair for clarification as to why the dilemma faced during the previous two years still persisted.
6. The Delegate of KOSOVO reiterated that Kosovo was a full Member State of the WCO and, as such, would exercise all its rights and meet its obligations as a Member State. He considered that any further discussion of this matter was obsolete and would not contribute to technical cooperation or to the mission of the Organization.
7. The Delegate of ARMENIA suggested that, as in the case of the candidates for the two Director posts, the candidates for the office of Council Chairperson should also be given an opportunity to present themselves at the current Sessions and thus enable delegates to evaluate their candidature. The CHAIRPERSON confirmed that the two candidates for Council Chairperson would be given such an opportunity.
8. The Agenda set out in Doc. SC0180 was adopted.

**2. APPROVAL OF THE MINUTES OF THE 129TH/130TH, THE 131ST AND
THE 132ND SESSIONS OF THE COUNCIL**

9. The CHAIRPERSON invited the Council to turn its attention to an issue which remained outstanding, namely Approval of the Minutes of the 129th/130th Sessions of the Council (July 2017), Approval of the Minutes of the 131st Session of the Council (December 2017) and Approval of the Minutes of the 132nd Session of the Council (June 2018).
10. Taking into account the ongoing discussions, the CHAIRPERSON proposed that the approval of the Minutes be postponed. There being no objections, the proposal was adopted.

3. COMMENTS BY CHAIRPERSON OF THE COUNCIL

11. The CHAIRPERSON began by drawing attention to the constant changes in the world trade scenario, which presented new challenges to both Customs administrations and the Organization as a whole. Among the challenges, risks and opportunities, he highlighted international criminal organizations which operated successfully within the framework of globalization, both inside and outside the gaps existing between national law enforcement jurisdictions. To address these challenges, data exchange and cooperation between national Customs administrations, between Customs and other government agencies, and between the WCO and other international organizations, was crucial.
12. Long and persistent current account imbalances, together with changes in the location of companies and the worsening of working conditions, had led to a resurgence of protectionism in many countries. This situation, combined with inefficient trade negotiations, had weakened the international multilateral system.
13. The Chairperson referred to trade-based money laundering as another important challenge. Technology and logistics also presented new challenges to Customs, but they also provided a wide range of opportunities.
14. In the near future, the role of Customs administrations and the WCO would change dramatically. Customs would no longer be just a national border guard, as he considered that the frontier was no longer at the border. The future of Customs lay in smart data and the key to success in this regard was knowing how to collect, store, handle, work and interpret data through modern technology, and determine what actions should be taken with the inputs obtained. Customs should and would become the trade information hub of the world and the WCO should become the World Border Organization.
15. The Chairperson said that no organization could remain unchanged as its surroundings shifted. The global scene had been changing rapidly and dramatically, with the appearance of worrying phenomena such as trade wars, protectionism, migration, reduced growth in trade, increased global inequality, barriers to trade, and geopolitical tensions.
16. The WCO could and indeed ought to play a more significant and active role, with new approaches in the international economic and trade arenas. However, in order to

do that, the WCO had to evolve. The question was to determine how and in which direction.

17. He expressed the view that not only governance had to change, but leadership as well. In his opinion, the leadership needed was one oriented, inter alia, towards a Member-driven organization, inclusiveness, democracy, efficiency, compliance management, results, accountability and avoiding political influence. Friendliness and empathy were also necessary to build a gentle and enjoyable work environment suited for efficiency.
18. The Chairperson concluded with three messages. Firstly, he stressed that the officials on the podium were at the service of Members and that Members were the “bosses” in the Organization. Secondly, there was lack of discussion on a vision to explore what the WCO and Customs would look like in five years’ time. Thirdly, he expressed the wish that the spirit of the current meeting be guided by the words of the Spanish poet Leon Felipe (1884-1968) : “I tighten the reins and hold back, for arriving early and alone is not what counts, but rather arriving all together and on time”.

4. REPORT OF THE SECRETARY GENERAL

19. In his oral report to the Council, the SECRETARY GENERAL stated that the issues raised by the Chairperson of the Council in his comments were being addressed by the Secretariat and Members. He emphasized that he relied on Members’ continued support to help Customs remain relevant, responsive, agile and to be the leading organization in Customs and border matters. He then outlined issues related to the management and finances of the Organization, and provided an overview of the activities undertaken over the last 12 months by the Secretariat, as well as the future orientation of the WCO.
20. He welcomed Suriname, which had joined the WCO in November 2018, and then drew attention to new accessions to some of the WCO’s major instruments. The Revised Kyoto Convention (RKC) now stood at 118 accessions, with four countries having acceded to the Convention since June 2018, while another was expected to do so during the current Council Sessions. The number of Contracting Parties to the Harmonized System Convention had remained at 157, but another country was also expected to accede to the Convention during the Sessions.
21. As for the Secretariat staff, the number of personnel currently stood at 222, representing 67 nationalities, including 49 Technical Officers, 40 Technical Attachés (TAs) who had generously been seconded by Members at their own expense, and 10 Professional Associates (PAs) who had been given the opportunity to obtain international working experience at the WCO thanks to funding from Japan under the Career Development Programme. He expressed his appreciation to those Members which had provided TAs and PAs to assist the Secretariat, as without them it would have been difficult to carry out many of this year’s activities. He indicated that the Secretariat was understaffed given that almost no new budget posts had been created in recent years, while the workload of the Secretariat had been growing as shown by the 84 % increase in the number of working bodies and the 57 % increase in the number of meetings since 2006. Faced with limited resources, the WCO had had to prioritize and might not be able to carry out the same level of activities in the future.
22. Turning to the WCO’s finances, the Secretary General said that the Secretariat had continued to apply strict management principles in order to achieve a balanced

budget. The Organization's Reserves amounted to 7.7 million euro in June 2019, where the requirement was to have 4.5 million euro. Regarding the decision to allocate one million euro of the Reserves per year for three years (up to June 2019) to the Customs Co-operation Fund (CCF) in order to fund activities related to capacity building, 0.8 million euro remained unspent and, as a result, a one-year extension had been requested to use this amount. Over the years, this money had been used to produce publications and e-learning modules, to fund capacity building activities, to pilot the use of additional languages at the WCO, and to review the RKC.

23. The Secretary General then indicated that the Finance Committee had recommended a modest increase of 1.5 % in the general operating expenses (GOE) and a 1.5 % increase in Members' statutory contributions for financial year 2019/2020. The GOE would rise to 17.8 million euro and Members' contributions to 16.4 million euro, and the gap would be filled by revenue collected by the Secretariat.
24. The Secretary General thanked Members who had provided voluntary financial contributions amounting to 20 million euro last year, a sum which surpassed the GOE, but the use of which was restricted to capacity building activities. As an example, he highlighted the recent renewal of the Grant Agreement for the China Customs Cooperation Fund (CCF-China). He also expressed his appreciation to those Members which had provided national experts to help the Secretariat deliver activities : out of 546 missions undertaken by the WCO, 325 had made use of national experts. He also highlighted the support received from the regional structures of the WCO.
25. He then referred to the measures that had been taken to raise the profile of the WCO and the international Customs community as a whole. In this regard, 426 capacity building missions had been delivered at the national level and 120 at the regional level during the 2018/2019 financial year. In addition, a number of conferences had been organized and new online services, such as e-learning modules aimed at Customs officers as well as for the private sector, had been launched through the WCO Academy. The Secretary General also mentioned that he, as well as his senior staff, had met with the heads or deputy heads of government, including numerous ministers and heads of international and regional organizations, to promote the role of Customs and the work of the WCO.
26. He then mentioned some of the publications that had been issued recently, such as the Annual Report, the WCO News magazines, the Illicit Trade Report and the WCO Study Report on Illicit Financial Flows via Trade Mis-invoicing. He also highlighted some key statistics related to WCO Members' profiles published in the Annual Report, including the fact that the percentage of female Directors General was currently 13 % and 30 % of the WCO's Members were revenue authorities. He also pointed out that 75 Members had undertaken a Time Release Study (TRS), and that the number of Customs officers around the world totalled some 820,000.
27. The Secretary General then presented key highlights from the WCO environmental scan, which provided an overview of the general trends underpinning global trade : the structural changes in the current trade environment with the rapid globalization of the 1990s and early 2000s had become sluggish; the expansion of global value chains had stagnated; there was now a debate on the value of multilateralism, while regional integration had gained prominence; important considerations were being given to security, migration and environmental protection; the economy was becoming more digitalized with the growth of e-commerce transactions in both tangible and intangible goods; and, gradually, timely and usable data were becoming available as we entered the era of the "data revolution."

28. After drawing attention to the new draft Strategic Plan covering the period 2019-2022, developed in close cooperation with Members, he reported on the implementation progress of the current Plan since the June 2018 Session, focusing on the nine priority areas identified in the new Plan.
29. With regard to the first priority area, Coordinated Border Management, the Secretary General explained that the WCO had focused on developing new tools related to Single Window, digital collaboration and institutional cooperation. New publications and e-learning material had been issued on how to build a Single Window environment, and an interactive map had been built to share Members' experiences. Regarding digital collaboration, besides the Data Model which continued to be enhanced to cover all border regulatory requirements, a new standard for X-ray files generated by non-intrusive inspection (NII) devices had been developed and codenamed the Unified File Format (UFF). The standard would significantly facilitate the interoperability of NII equipment supplied by different manufacturers, as well as the exchange of images within and between Customs administrations. Regarding institutional cooperation, the WCO continued to support Members' trade facilitation efforts as part of their National Committees on Trade Facilitation, and supported enhancing Members' cooperation with Tax, Police, Border Guards and other border agencies. The latest initiative was the development of the new handbook focusing on cooperation between Customs and financial intelligence units.
30. Turning to the second priority, Safety and Security, the Secretary General mentioned that the WCO had been providing support to Members through its Security Programme, with a focus on specific commodities, such as chemicals, dual-use goods and firearms, as well as on the management of passengers. The WCO fully supported its Members in the deployment of the Global Travel Assessment System (GTAS) to collect Advance Passenger Information and Passenger Name Records, and work on the management of cruise ship passengers, led by a WCO Member, continued. Regarding the fight against illicit trade, he highlighted two initiatives focusing on drug trafficking and other prohibited items : firstly, the UNODC/WCO Container Control Programme that had been deployed at ports and airports in 51 countries over the last 15 years, and secondly the new COLIBRI project that focused on general aviation, a sector which was not very well controlled. He also underlined that tackling illicit waste and the protection of the environment were now a priority for many Members and that the Contracting Parties to the Basel, Rotterdam and Stockholm Conventions (three multilateral environmental agreements dealing respectively with hazardous wastes, hazardous chemicals and pesticides and persistent organic pollutants) which had met in April 2019, had highlighted the role of Customs while reaffirming the need to cooperate with the WCO to ensure compliance with the three Agreements' provisions. The Secretary General explained that the WCO would explore ways to be even more active in these areas and that a fifth edition of the enforcement operation DEMETER, which focused on waste, was due to take place in 2019. He then reminded delegates of the importance of enhancing risk identification capacities by implementing intelligence-based controls and, hence, the need to collect and share enforcement and open-source data to enable risk analysis, including through the WCO Customs Enforcement Network. Although the WCO Secretariat had provided some analysis in its Illicit Trade Report, it intended to further develop its analysis activities to support Members.
31. Regarding the third priority area, the Revised Kyoto Convention, the Secretary General reported that the number of Contracting Parties to the Convention had increased to 118. As instructed by the Policy Commission in December 2018, the

Secretariat had undertaken research on specific topics covered by the Convention : Free Zones, with the objective of producing guidelines, and Rules of Origin, with the objective of responding to concerns expressed by the private sector about the management of certification procedures. He then reminded delegates that a Conference on Rules of Origin would take place later this year in Chile.

32. Moving to the fourth priority area, E-Commerce, he highlighted the need to ensure implementation of the norms set out in the Framework of Standards on Cross-Border E-Commerce that had been adopted in 2018. Technical specifications had been developed, as well as other guidance material to further enrich the Framework, including an implementation strategy, an action plan, and a capacity mechanism aimed at ensuring its widespread adoption.
33. Turning to the fifth priority area, the Harmonized System, the Secretary General explained that its 2022 edition would be submitted to the Council for adoption. Some notable amendments included new headings or defining Notes for new or major technologies such as 3D printers, smartphones and drones, as well as the areas requested by other international organizations (IOs) for protection of the environment and health and security purposes such as electronic waste, various gases with high global warming potential, chemicals, rapid diagnostic kits for the Zika virus and other mosquito-borne diseases, new fentanyl opioid derivatives, and cultural items. He mentioned that the Council would also discuss and consider the need to initiate a strategic review of the Harmonized System.
34. Regarding the sixth priority area, Capacity Building, he referred to the need to review its strategy and the management of experts, in order to define the future direction and improve delivery. He also mentioned the publication of the Mercator Programme Report, which presented activities undertaken since the launch of the programme five years previously, in order to raise its visibility, to obtain support from donors, and to attract new countries to join the programme. Work done to assist small island economies, including the ongoing development of a guidance tool and the organization of workshops with the involvement of regional entities, was also highlighted. He noted that the fact that new donors had been funding capacity building activities this year served as a testimony to the quality and relevance of the work done by the Secretariat.
35. On the subject of the seventh priority area, Performance Measurement, the Secretary General reported that the Secretariat had continued to provide support for the deployment of TRS, which enabled Members to evaluate procedures at the border. He also reported that the WCO continued to engage with the World Bank and other international organizations to improve the use of the TRS. He also mentioned that the Council would discuss matters related to the Working Group on Performance Measurement, which had been tasked to develop a mechanism to measure Customs performance. The Secretariat had also been looking at the methodology used by other international organizations, including the World Bank and its “Doing Business” team with whom the Secretariat continued a dialogue, in order to convey the views of Customs, as well as those of the WCO Private Sector Consultative Group (PSCG), in an effort to improve the methodology.
36. Regarding the eighth priority area, Integrity, the Secretary General reported that the WCO had launched the Anti-Corruption and Integrity Promotion (A-CIP) Programme to assist selected WCO Members in implementing measures to combat corruption and promote integrity in accordance with the ten measures listed in the WCO Revised Arusha Declaration on good governance and integrity in Customs.

37. On the ninth and final priority area, Digital Customs and Data Analysis, the Secretary General referred to the publication, this year, of the Report on Disruptive Technologies, which aimed to raise awareness of these latest technologies and their potential. He informed the Council of the dialogue between the Policy Commission members and the Private Sector Consultative Group where the need had been expressed for the WCO to articulate a vision for the future that took into account new technologies so that Customs could keep a leadership role in managing borders. He also underlined the importance of leveraging Big Data, reminding Customs that it had access to the huge amount of data that it collected, as well as open-source data, and that open-source analytics software to analyse this data for risk management purposes was available. He also referred to the concept of “governance by data,” stressing the need for a change in culture, while recognizing that some administrations were taking the issue to heart and had started to train officers in data science.
38. The Secretary General drew the Council’s attention to a number of forthcoming events : the Knowledge Academy in July 2019, the Global Canine Forum in October in Australia, the Global Communication Strategies Conference in October, the PICARD Conference in October in North Macedonia, the Global Origin Conference in November in Chile, and the Policy Commission session in December.
39. To conclude, the Secretary General reminded delegates that the theme for 2019 was “SMART borders for seamless trade, travel and transport” and declared that the Secretariat stood ready to support Members in their endeavours to build such an environment and take the lead in border management.
40. The CHAIRPERSON thanked the Secretary General for his detailed presentation and for all the work accomplished by the Secretariat. He then opened the floor for comments.
41. Many of the delegates who took the floor expressed their appreciation for the Secretary General’s analysis on the Customs environment and his comprehensive report as well as the excellent work done by the Secretariat.
42. The Delegate of MEXICO shared the priorities set out by the Mexican Government and its Customs Administration following the elections that had taken place in 2018, notably eliminating corruption, and delving into the roots of problems when it came to security and triggering economic growth. The Customs Administration would have to streamline foreign trade processes by working together with other government agencies and the private sector, as well as making better use of technologies and intelligence. It would also be strengthening its existing international Customs cooperation network, ensuring implementation of the treaty replacing the North American Free Trade Agreement, boosting the development of the south of the country by improving the border infrastructure to allow for optimal cooperation and coordinated border management, and making better use of the existing 28 Customs cooperation agreements and of the 10 others that would be signed soon. Priority would also be given to the Mexican Authorized Economic Operator Programme, which 1,000 companies had already joined. Regarding the work done by the Secretariat, the delegate said that he welcomed the adoption, in the area of valuation, of the new Advisory Opinion 23.1 on “flash sales.” He highlighted the need to ensure and monitor the implementation of the Framework of Standards on Cross-Border E-Commerce and to follow closely the discussions taking place at the WTO on the issue. He welcomed the launch of a new programme on integrity and hoped its scope would be extended to include more countries. He reiterated his Administration’s commitment to the review of

the RKC and underlined the need to establish a solid monitoring and reporting mechanism for the effective implementation of the Convention by each Contracting Party, as well as for the evaluation of the impact of the Convention as a whole. Finally, turning to capacity building, he mentioned the need to develop a robust mechanism to assess the impact of the missions that were carried out, as well as to ensure the optimal management of the pool of experts.

43. The Delegate of CHINA said that the global economy and trade were undergoing profound changes and he made three proposals for future cooperation. First, countries should firmly advocate the multilateral trading system, fully implement the WTO Trade Facilitation Agreement, and promote the free flow of commodities and production factors. Customs could contribute to the construction of an open world economy by pushing forward reform and innovation; optimizing procedures; and creating a safe, facilitating and inclusive business environment. Second, all WCO Members should jointly build a smart Customs network, with a vision of “smart Customs, smart borders, smart connectivity”. They should apply the latest technologies to become “smart Customs,” leveraging the Cloud platform, Blockchain and Artificial Intelligence, areas which China Customs had explored. To build “smart borders”, Customs should play a central role in coordinating border agencies by jointly building facilities, sharing data and harmonizing procedures. To truly realize “smart connectivity”, Customs should further promote the alignment of policies, facilities and equipment, as well as technical standards in order to form a global consensus on smart management, clearance, enforcement and mutual assistance. Coming to the last and third proposal, he highlighted the need to protect the ecological environment, listing a series of enforcement operations aimed at mobilizing global efforts to combat smuggling of species or waste, while recognizing that more needed to be done in this area. Finally, he reaffirmed his Administration’s will to work with all Members to tackle challenges, overcome difficulties, and jointly elevate the work of the international Customs community to a new level.
44. The Delegate of JAPAN appreciated the inclusive approach adopted by the WCO to develop the new Strategic Plan, and urged the Secretariat to take swift action to implement it effectively and efficiently. He then informed delegates that Japan had been strengthening its counter-terrorism measures as it would be hosting important events in the near future, including the 2019 G20 Summit, the Rugby World Cup in September 2019, the Olympic and Paralympic Games in 2020, and the Japanese Emperor Enthronement Ceremony in October 2019. He also mentioned that Japan had hosted the WCO Asia Pacific Security Conference the previous month, which had enabled participants to discuss counter-terrorism and build relationships that would facilitate future cooperation. Japan’s voluntary contribution to the WCO had amounted to five million euro this fiscal year, and his Administration would continue to support the Secretariat by providing human and financial support.
45. The Delegate of the EUROPEAN UNION (EU) stated that the EU was a strong supporter of the multilateral rule-based system and that the WCO played a leading role in underpinning strong cooperation between Customs authorities and, therefore, had an important contribution to make in ensuring effective multilateral cooperation in the Customs area. He then underlined the importance of making further progress on the E-Commerce Framework of Standards and the related documents brought together under the E-Commerce Package, as well as on the security and safety agenda. He agreed on the need to have a future-oriented approach and to support the emergence of a genuinely digital-data-driven Customs, adding that the SMART Customs concept resonated with the EU’s endeavour to look at how to better use data and how to respond to digital challenges. The EU had done some foresight work with the objective

of taking lessons learned from this work and feed them into the policy and operational work processes in order to be ready for the future.

46. The Delegate of MALAYSIA expressed his appreciation of the work done to establish a dialogue with the World Bank to discuss the performance measurement methodology, as well as to develop a dedicated Customs tool in this area. He informed delegates that Malaysia Customs and other national agencies had also entered into discussions with the World Bank. He underlined the importance of the Asia Pacific Security Programme in building the capacity of the region to face security-related challenges, thanking Japan for funding the initiative. Malaysia would also support initiatives related to the implementation of the Framework of Standards on Cross-Border E-Commerce.
47. The Delegate of UGANDA, as Vice-Chair of the East and Southern Africa region, explained that the recent entry into force of the African Continental Free Trade Area was an indication that regionalization and multilateralism continued to be priorities in Africa and in his region. On matters related to coordinated border management, he explained that 28 joint border posts were operational in the region, several countries were developing Single Window environments, an electronic regional transit tracking system was in place, and countries were looking at moving ahead with data exchange. He also reaffirmed the region's commitment to strengthen cooperation between agencies at the national level, between Customs in the region, as well as between the region and other WCO regions, as it saw immense benefits in terms of furthering trade facilitation.
48. The Delegate of the RUSSIAN FEDERATION expressed his support for the intervention made by Serbia earlier in the meeting. He also agreed with the declaration made by the Chairperson that the WCO was an organization that should be driven by Members for the Members. Regarding the report by the Secretary General, he commented on certain priorities, namely performance measurement and e-commerce. Referring to the fact that China and the United States accounted for two-thirds of the global e-commerce market, he informed delegates that the Russian Federation was responsible for 20 % of e-commerce imports, with one million packages a day moving through the postal channel. In this context, he highlighted the need for strong cooperation between countries. He also said that the WCO should pay more attention to security issues, the importance of which was growing. With regard to coordinated border management (CBM), he explained that his Administration was working with its counterparts in the Eurasian Customs Union to set standards and unify practices at borders. He supported the view expressed by the Delegate of China about the need to move from CBM to SMART borders, explaining that Customs had the necessary technology in place, including communication channels to share data. Customs should be the natural coordinator at the borders between national and foreign agencies. Reminding delegates of the Globally Networked Customs project, he highlighted the crucial importance of information exchange, the need to expand the use of new technologies, and, in order to do so, the need to mobilize resources and persuade governments to invest more in Customs. Finally, he explained that his Administration was developing a new strategy, Horizon 2030, and stood ready to provide its thoughts and ideas to the WCO Secretariat while wishing also to receive input from other Members.
49. The Delegate of the UNITED STATES introduced his Administration's vision and strategy covering the period 2020 to 2025, which built the foundation of his Administration's mission around a unified and adaptable team to effectively respond to the unknown challenges of tomorrow. Three words formed the three goals of this

vision and strategy : Mission, Team, and Future. The first goal, Mission, focused on protecting society while facilitating trade and travel. The second goal, Team, focused on building a resilient and capable workforce ready for anything. The third goal, Future, required investing in technology and partnerships to confront emerging threats. He then pointed out that, through international partnerships, more could be accomplished together than alone, and that one major issue where further international partnership would be needed was the emerging threat of synthetic opioids, particularly fentanyl. He explained that virtually all synthetic opioids came across international borders trafficked by transnational criminal organizations. Three years ago, Customs and Border Protection (CBP) had seized 70 pounds of synthetic fentanyl, compared to 2,000 pounds last year. Although these quantities might not appear alarming immediately, the relatively small amount was uniquely dangerous as merely two milligrams was a lethal dose for most people. A comprehensive strategy had been developed, which called for international engagement to reduce the supply at the sources. As one of the primary pathways used to ship the substance was the international mail stream, the ongoing pursuit of receiving advance electronic data on mail parcels was critical in managing the risks associated with this mode of transport. The United States expected to receive advance information on 100 % of international mail packages by 2020; it currently received digital tracking data on 70 % of all international mail parcels. He pointed out that, regrettably, other countries could soon be targeted by the same criminal organizations and that was the reason for sharing his Administration's concerns during the Council Sessions, so that collective awareness could be built and reflection on how to counter this threat could commence. Finally, he reaffirmed CBP's commitment to support the WCO in its efforts to continue to be a world-class organization, based on a solid foundation of technical credibility, transparency and good governance.

50. The Delegate of the MALDIVES noted the ongoing work related to preloading advance air cargo information with the International Civil Aviation Organization and the pilot projects on the exchange of advance information on postal items with the Universal Postal Union (UPU). He explained that Maldives Customs had been working with other agencies to obtain advance information to feed its risk management systems and implement an intelligence-driven approach. Maldives Customs now received electronic air cargo manifests in advance, but sought support to solve some remaining issues, such as the lack of compatibility of IT systems, in order to move forward.
51. The Delegate of ARMENIA highlighted the need for developing countries to be more involved in deploying capacity to achieve the targets and objectives set out in the new Strategic Plan by, for example, initiating projects such as the Single Window. Developing countries were in a good position to leverage the latest technologies as they were in the process of developing brand-new systems. Armenia Customs had, for example, developed a smart risk management system that mined Big Data. The system enabled the Administration to enhance the fight against violations of Intellectual Property Rights.
52. The Delegate of GUINEA, as Vice-Chair of the West and Central Africa region, referred to the second priority of the Strategic Plan, Security, pointing out that countries could not fight terrorism if they were not able to manage flows at borders. He mentioned two major projects of particular importance in his region : the "Security by Collaboration ++" project led by Nigeria, and the WCO Security Project for West and Central Africa funded by Japan. He asked the Secretariat to continue to support the "Security by Collaboration ++" project, which had not yet achieved the desired progress, even though the region was severely impacted by terrorism. He also requested continued support to manage humanitarian crises, such as the Ebola

epidemic, through the extension of the “Customs for Relief of Epidemic Diseases (C-RED)” Project that had ended this year.

53. The Delegate of BENIN mentioned that the Secretariat had provided support for the interconnection of Customs’ automated systems in the West and Central Africa region, which had positively impacted the capacity to facilitate trade in the region. He also referred to the assistance provided in the area of fake and illicit medicines, which had enabled Benin Customs to fulfil its mandate as a modern administration. Finally, he referred to the need to improve the image of Customs administrations.
54. The Delegate of JORDAN pointed out that the priorities of the new Strategic Plan fully reflected the priorities of Jordan Customs, which had started to implement some of the provisions highlighted in the Plan. For example, a second generation Single Window was under development, and the IT systems of the countries that formed part of the Agadir Agreement (a free trade agreement between Egypt, Jordan, Morocco and Tunisia) were now connected. Jordan Customs also shared the view that data analytics was of utmost importance, as well as the use of Artificial Intelligence to manage risks. Finally, he highlighted the need to support administrations in the management of cross-border e-commerce transactions and enhancing integrity and combating corruption.
55. The Delegate of IRELAND referred to the huge level of activities reported by the Secretary General, particularly the increase, compared with the period 2005/2006, in the number of WCO working bodies and meetings taking place at the WCO. He highlighted the need to understand the return on investment of such activities, while recognizing that linking activities and outcomes or impacts was one of the most challenging tasks any organization had to accomplish. He also highlighted the fact that the WCO was uniquely placed to evaluate the whole cross-border system and wondered whether all the efforts being deployed were actually providing the expected dividends. He suggested that the Strategic Plan implementation report should include some elements in relation to outcomes and impacts on themes such as trade facilitation, compliance management and capacity building. Linking the investment of resources to tangible impacts would be useful to all administrations where there was competition for the use of scarce resources, as well as to society as a whole.
56. The Delegate of NIGERIA explained that coordinated border management was an area very dear to his country and region where borders were porous, and he therefore asked the Secretariat to continue supporting the execution of the “Security by Collaboration ++” project. He then informed delegates that Benin and Nigeria had interconnected their IT systems, allowing for the exchange of documents in real time. In this regard, he hoped to do the same with other countries in the region to further trade facilitation and enhance security.
57. The Delegate of INDIA commented on the increase of working bodies and meetings that created more work, highlighting the need to debate how this could be handled with greater efficiency through a combination of increasing resources and the use of virtual platforms. He considered that the WCO work programme should be results-based and that emphasis should be placed on performance measurement. He explained that India’s contribution focused on the development of small island economies and landlocked countries, and that the country had set up a Customs Cooperation Fund with an initial cap of 630,000 euro, as well as the provision of experts to carry out WCO missions in various areas.

58. The Delegate of TRINIDAD AND TOBAGO highlighted the capacity building activities provided to small island economies, including the very first regional workshop organized in May 2019 in his country, where participants had exchanged views on the development of more efficient risk management, on building capacities, on facilitating the movement of passengers and goods, and on the outlines of future guidelines. He hoped that activities such as this would continue to figure on the agenda of the WCO and he noted that the new focus on the management of cruise ship passengers would also be beneficial to small island developing states, as the cruise industry was intrinsically linked to their economies.
59. The SECRETARY GENERAL thanked delegates for their comments, encouragement and support, before addressing the specific issues raised during their interventions.
60. Referring to the comments from the Delegate of Mexico on the importance of integrity and on the need for a monitoring mechanism on the implementation of the RKC, he reaffirmed the Secretariat's commitment to expand its work on integrity and explained that the PSCG had expressed the same view concerning the RKC.
61. Turning to the points raised by the Delegate of China, he suggested that China's experience in using technologies, particularly Artificial Intelligence, would be of considerable value and that the idea that Customs should play the role of a coordination centre was in line with what the Chairperson had suggested earlier.
62. Regarding the comments from the Delegate of Japan on counter-terrorism and on the outcomes of the Asia Pacific Security Conference, he reaffirmed the need to enhance regional networks and thanked Japan for its continued financial contribution to capacity building activities.
63. Turning to the remarks by the Delegate of the European Union, he agreed whole-heartedly on the need to continue the digitalization agenda and to mobilize resources in order to be prepared for future challenges.
64. Recalling the intervention of the Delegate of Malaysia on performance measurement, he informed delegates that the Secretariat had been endeavouring to facilitate the establishment of a dialogue between Customs and the World Bank "Doing Business" team, and had also been working directly with the team to try to improve the methodology used.
65. Concerning the intervention by the Delegate of Uganda on coordinated border management, he agreed that there were different layers and levels of cooperation to be put in place, at the national level between Customs and other agencies, and at the international or regional level between Customs administrations.
66. Referring to the points raised by the Delegate of the Russian Federation, he agreed on the need for a good performance measurement system and to establish cooperation with postal and other carriers to manage e-commerce transactions. He welcomed the idea to share Russian Customs' new strategy with Members as this could be a source of inspiration for other administrations.
67. Concerning the comments by the Delegate of the United States, he thanked the Administration for sharing its strategy for 2020-2025 and highlighted the focus that had been put on the fight against the trade in opioids, a problem that other countries were facing or would also face in the future. The challenge required, among other things,

the strengthening of enforcement capacities to target the movement of small packages and parcels transported by mail or courier. He reminded delegates of the relevance of the material gathered under the E-Commerce Package, the objective of which was not only to enable administrations to facilitate transactions, but also to ensure their compliance with trade regulations whilst making certain that goods being traded via e-commerce did not pose safety and security risks.

68. Responding to the Delegate of the Maldives, he appreciated the country's decision to implement technological tools such as GTAS to better control passengers and cargo.
69. Concerning the remarks from the Delegate of Armenia, he congratulated the Administration on the achievements and the approach it had adopted towards IT.
70. Turning to the remarks by the Delegate of Guinea, he explained that the Secretariat had been looking for donors to continue delivering support related to the management of epidemics.
71. Regarding the intervention of the Delegate of Benin, he said that the Secretariat would continue providing support to enhance capacities in the areas of counter-terrorism and the protection of society against substandard or fake items, including medicine.
72. Recalling the intervention of the Delegate of Jordan, he was glad to learn that the priorities set out in the new Strategic Plan were aligned with the country's own priorities.
73. Responding to the Delegate of Ireland, the Secretary General explained that the Secretariat had been working on the performance assessment of its own activities with the assistance of external organizations, but that the result was mitigated as it was difficult to set relevant criteria. He then highlighted the fact that one of the tasks of the Working Group on Performance Measurement was to identify a methodology to assess the performance of the activities carried out by the Secretariat in order to enable it to better manage its resources.
74. Concerning the intervention of the Delegate of Nigeria, he welcomed the efforts taken to interconnect IT systems in the region and to leverage technologies and data.
75. Turning to the remarks by the Delegate of India, and more specifically to the need to provide assistance to small island economies and landlocked countries, he explained that the Secretariat would continue to do so, and encouraged countries to implement the transit guidelines as well as the future guidelines for small island economies. He also thanked India for its financial and human resource contribution.
76. Concerning the comments by the Delegate of Trinidad and Tobago, he agreed that the regional workshop organized had been a success and that the work on the management of cruise ship passengers was very relevant for many small island economies.
77. In closing, the Secretary General expressed his gratitude to Members for their feedback and proposals, all of which would be carefully considered by the Secretariat with a view to ensuring that the WCO remained a Member-driven organization, responsive to their concerns, needs and priorities.

5. POLICY MATTERS

78. The CHAIRPERSON invited participants to consult the Reports of the Policy Commission's 80th and 81st Sessions (Docs. SP0671 and SP0690), which had taken place in December 2018 and June 2019 respectively. The 80th Session, in December 2018, had been concerned primarily with matters which were examined further at the 81st Session and were therefore reflected in Doc. SP0690. He therefore invited participants to consult the Report of the Policy Commission's 81st Session (Doc. SP0690), which had taken place earlier in the week. With the assistance of the Secretary General and the senior management of the Secretariat, he presented to the Council, item-by-item, the key outcomes of that session as reported in Doc. SP0690. He informed the Council that the "A" items before the Policy Commission had been for information or had required endorsement only.

"A" ITEMS

(a) Economic Competitiveness Package Action Plan - Progress Report

79. At the invitation of the Chairperson, the Council :
- took note of the progress made with the implementation of the Economic Competitiveness Package (ECP) Action Plan for Phase IV; and
 - endorsed the document providing a summary of the Technical Specification of the proposed unified X-ray file format for Non-intrusive Inspection devices - UFF 2.0 (Annex II to Doc. LF0197) with a view to the finalization of Phase 2 of the UFF Development Programme.

(b) Compliance and Enforcement Package - Progress Report

80. At the invitation of the Chairperson, the Council took note of the activities reported by the Secretariat, including the new 2019/2020 Compliance and Enforcement Package (CEP) Action Plan.

(c) Revenue Package Action Plan - Progress Report

81. At the invitation of the Chairperson, the Council endorsed the proposed Action Plan for Phase IV of the Revenue Package.

(d) Use of Additional Languages at WCO - Report by Working Group

82. At the invitation of the Chairperson, the Council :
- took note of the progress to date in respect of the pilot project; and
 - encouraged the members of the language groups concerned to take advantage of the provision of interpretation at the identified working body meetings in order to enhance their involvement and participation in the work of the WCO.

(e) Report on Private Sector Consultative Group Meeting

83. At the invitation of the Chairperson, the Council took note of the Summary Report on the Private Sector Consultative Group's meeting, held on 15 and 16 April 2019.
84. The CHAIRPERSON then invited the Council to turn its attention to the more substantive items from the Policy Commission's Agenda (known as "B" items).

"B" ITEMS**(f) Review of Harmonized System**

85. The DIRECTOR, TARIFF AND TRADE AFFAIRS, referred to paragraphs 38 to 43 of the Policy Commission's Report (Doc. SP0690) and informed the Council that the Policy Commission had first taken note of the outcomes of the Conference on the future of the Harmonized System (HS). The Conference had been held on 2 and 3 May 2019, with more than 300 participants from Customs administrations and various stakeholders. The Conference had recognized the current strength of the HS as a multi-purpose tool for the global trading system. It had, however, also expressed concerns about the HS and felt that improvements to the HS were both desirable and possible with a view to making it compatible with 21st Century trade. The Conference had recommended that a feasibility study for a strategic review of the HS be conducted in consultation with all stakeholders.
86. The Policy Commission had held a wide-ranging discussion on this issue. Some delegates had agreed that it was timely to consider a strategic review of the HS to ensure that it met changing needs in the 21st Century, proposing specific steps and areas for a review. A number of delegates had suggested that caution should be exercised in order to carefully consider the impact of a strategic review on the application of the HS by various users, the financial and human capacity implications, and whether the project would effectively render the expected benefits of a review. Some delegates had also suggested that the governance mechanism be looked into with a view to evaluating the benefits of using the current review process versus a separate one.
87. The Director informed the Council that the Policy Commission had endorsed the submission of a Business Case to the Finance Committee and, subsequently, to the Policy Commission, covering the scope of a possible review, the initial impact and feasibility studies, possible governance mechanisms for the change process, and the expected financial and human resource costs.
88. The Policy Commission had also supported the principle that the development of the Business Case would be an inclusive and consultative process involving WCO Members, the Harmonized System Committee, international organizations, the private sector and academia.
89. The Delegate of CHINA congratulated the Secretariat on the successful hosting of the Conference on the HS Strategic Review and expressed the view that more work needed to be done to ensure that the HS met the changing needs of the times. In view of the need to face changes in business patterns and the development of new technologies, the HS should be made future proof. Consequently, China Customs

supported the submission of a Business Case to the Finance Committee and the Policy Commission as a good and practical start.

90. The Council endorsed the conclusions of the Policy Commission as set out in paragraph 43 of the Policy Commission's Report (Doc. SP0690).

(g) Performance Measurement

(i) Working Group on Performance Measurement

(ii) Follow-up of dialogue with World Bank Group

91. The DEPUTY SECRETARY GENERAL presented the outcomes of the discussions at the 81st Session of the Policy Commission, which had been updated in respect of intersessional developments and the actions undertaken in the area of performance measurement, with particular focus on the establishment of a new Working Group on Performance Measurement.
92. The draft Terms of Reference for the Working Group on Performance Measurement had been presented to the Policy Commission. They incorporated the comments and suggestions made during the previous session (i.e. preference for a benchmarking approach; Customs' perspective to be reflected in existing performance measurement tools; all Customs' competencies to be addressed by the new performance measurement tool; use of IT platforms and modern technologies for automated data collection and validation; involvement of external stakeholders in quality assurance and credibility of methodology; evaluation to be led by the WCO, with the assistance of the six regional Vice-Chairs who would define the mechanism for the evaluation of Customs administrations by their peers). At the Policy Commission session, delegates had proposed some additional crucial deliverables for the Working Group, including : the possible options for benchmarking, self-assessment and the evaluation of possibilities for peer-review monitoring and evaluation; the definition of the modalities for data collection; the identification of indicators; and the possible use of data collected for decision-making.
93. The Deputy Secretary General recalled that the first outcomes of the Working Group should be achieved by June 2021. At the end of his presentation, he drew the Council's attention to the conclusions of the 81st Session of the Policy Commission, namely to approve the draft Terms of Reference for the Working Group on Performance Measurement, whose role was to develop a new performance measurement mechanism; to approve the business case for the establishment of the Working Group on Performance Measurement; and to approve the financial implications of EUR 180,000 per year linked to the establishment of the Working Group on Performance Measurement.
94. The DIRECTOR, TARIFF AND TRADE AFFAIRS, then presented the outcomes of the discussions at the 81st Session of the Policy Commission concerning the dialogue with the World Bank Group (WBG) on the "Doing Business" survey.
95. He informed the Council that the Policy Commission had taken note of the recent developments on this issue following its dialogue with the WBG at its 80th Session. Activities included two Secretariat letters sent to all Members to clarify their needs with regard to the "Doing Business" survey and to bring them to the attention of the WBG. Nineteen Members had responded with comments on the "Doing Business" survey, and 50 Members had provided the WBG with lists of potential respondents to the

“Doing Business” survey from the private sector in their respective countries, with a view to enlarging the number of respondents and improving the quality of responses. Participation in the latest “Doing Business 2020” by Customs administrations themselves was also confirmed with the WBG as had been the case the previous year.

96. The Director also reported that, at the 81st Session of the Policy Commission, delegates had expressed appreciation for the work done by the Secretariat to date and supported the role of the WCO in representing its Members in the dialogue with the WBG, including clarifying Members’ comments on the “Doing Business” survey. Members also welcomed the positive results achieved by engaging with the WBG with a view to improving its methodology in assessing the performance of national Customs administrations through the “Doing Business” survey. He then presented the conclusions of the Policy Commission as follows : the Policy Commission supported the continued dialogue between the Customs community and the WBG and encouraged Members to engage actively with a view to further enhancing the “Doing Business” survey process, including enlarging the sample size of respondents; and agreed that the Secretariat should bring the comments received from Members to the attention of the WBG.
97. The Delegate of the RUSSIAN FEDERATION reiterated his country’s full support for the work by the Secretariat and Members in developing a mechanism for performance measurement. Aiming at final approval from the Council, he outlined the Policy Commission’s consensus for the development of a new “mechanism” for performance measurement, which would highlight the role of the WCO as the leading organization in Customs matters among the other international institutions measuring Customs activities. He recalled the Policy Commission’s preference for a benchmarking approach, as opposed to a ranking one, which would give Members the possibility to share their best practices without placing their national administrations in a ranking list. He hoped to have productive results from the new Working Group on Performance Measurement by June 2021, and that Members would be in a position to use a real set of tools or a mechanism to measure Customs activities and present the results both nationally and internationally.
98. Concerning the dialogue with the WBG, the delegate noted the positive progress achieved and indicated that the WBG had made a change to the “Doing Business” survey to separate the cost and time incurred for Customs clearance and for the requirements of other border agencies. This could be due to the efforts undertaken by Members and the Secretariat which had been helpful in dealing with the WBG. He expressed his Administration’s full support to continuing the dialogue.
99. The Delegate of GEORGIA considered that Members were striving to achieve the statutory mission of the Organization, while proposing practical means of attaining the highest possible degree of harmony and uniformity in their Customs systems. With regard to performance measurement, he drew attention to the initial demand, namely to have an objectively verifiable approach and to be respected by governments. He outlined the importance of widening the pool of experts, including experts from the private sector working on performance measurement. In this context, from a credibility perspective, he suggested that the composition of the Working Group on Performance Measurement be reconsidered, inviting the private sector as a permanent member of the Working Group.
100. The Delegate of BENIN pointed out the difficulties faced by developing countries in improving their rankings in the “Doing Business” survey. In particular, he drew attention to the necessity to reduce clearance times, and explained that, although

Customs clearance time was only five to ten minutes, waiting times of 24 or even 48 hours spent at other border agencies were causing the difficulty. He suggested that there be some form of document or guide enabling each administration to explain and justify the time necessary for the release of goods, and clarify that the delay could sometimes be attributable to the time taken by other border agencies or delays in traders' payments after the declaration had been submitted.

101. The Delegate of PALESTINE suggested that the benchmarking exercise include an integrity indicator, among the others already considered. Referring to compliance, he underlined the peer review approach as a good means to measure performance.
102. The Delegate of SINGAPORE emphasized that the work of the new Working Group on Performance Measurement would be a long journey, and suggested that an upstream reporting approach be developed so that the draft concepts could be fleshed out through discussions, comments and considerations among the Members, before submission to the Policy Commission and the Council.
103. The Delegate of the MALDIVES pointed out that, from his Administration's experience in directly interacting with the WBG over the last two years, the clearance times submitted by Customs to the WBG were not represented in the publication of "Doing Business", the time published by the WBG differing from those reported by Customs. He suggested that, through the Working Group, a mechanism be established between the WCO and the WBG where feedback on the reasons for such differences could be provided to Members.
104. The Delegate of ANTIGUA AND BARBUDA, echoing the sentiment expressed by the Delegate of the Maldives, wondered whether there was a way for the WBG to give credit to the results of a Time Release Study (TRS) in the final report of "Doing Business" where an administration had already conducted a TRS.
105. The Delegate of SRI LANKA, also endorsing the comments made by the Delegate of the Maldives, expressed concerns related to the "Doing Business" survey. He referred to the difference between the "Doing Business" result and the result of the TRS conducted in Sri Lanka in 2018 with participation of a wide range of stakeholders, including Customs, other government agencies and the private sector. The "Doing Business" outcomes reported five days for importation into the country, whereas the TRS showed shorter times and revealed the bottlenecks. He reiterated the necessity of developing a mechanism in order for administrations to address these discrepancies.
106. The Delegate of the EUROPEAN UNION expressed support for the development of a mechanism for performance measurement and also underlined its importance in the development of a more strategic and evidence-based policy-making process. Referring to the membership of the Working Group on Performance Measurement, he emphasized that the involvement of the private sector was considered necessary and appropriate, and was covered in the mandate of the Working Group. However, he hesitated about making the membership of the private sector systematic. In order to have a more agile and interactive way of tracking the progress of the Working Group, he supported the idea of interim reporting between now and June 2021.
107. The Observer for the WORLD BANK expressed support for the work of the WCO and Members to create performance management tools and to identify constraints in the Customs environment, as well as in the environment of other government bodies. He explained that the "Trading Across Borders" indicator of the "Doing Business"

survey specifically related to auto parts for importation and the most tradable commodity for exportation. He reminded delegates that issues around such specific commodities could impact the time and cost for the total border clearance. The WCO's initiative for Members to implement the TRS was critical, in that the TRS might provide downstream performance measurement data-collection points to differentiate the time and cost incurred at the Customs' stage and those incurred at the stage of other government bodies. He also mentioned the availability of technical assistance from the World Bank to WCO Members on data collection and the TRS, linked to the implementation of the Trade Facilitation Agreement.

108. The Delegate of PERU expressed support for the development of performance measurement tools and expressed the view that discussions should focus not only on "Doing Business", as "Doing Business" indicators related to cross-border trade and not Customs' performance, which also measured other elements. The WBG should make sure that actual businesses, instead of lawyers or law firms, responded to the "Doing Business" survey. He explained the situation in his country, where law firms very often represented traders and responded to the survey; these law firms did not necessarily want the time or the indicators to improve and there was a certain bias from the persons responding.
109. Addressing the interventions by Members, the DEPUTY SECRETARY GENERAL confirmed the establishment of a mechanism for performance measurement and Members' preference for a benchmarking approach. He also confirmed that the Policy Commission and Council would be regularly updated on the progress of the Working Group.
110. Referring to the scope of the methodology, he said that all the options (including peer-review approach, self-assessment, involvement of other border regulatory agencies, etc.) would be considered by the Working Group.
111. With regard to the participation of private sector representatives in the Working Group, the Deputy Secretary General suggested to keep the mandate as had been agreed by the Policy Commission, considering the fact that private sector could be invited, as necessary, to the sessions of the Working Group.
112. The DIRECTOR, TARIFF AND TRADE AFFAIRS, noted the general support expressed by Members regarding the dialogue with the WBG. He explained that the progress achieved so far had mainly been on the process of the "Doing Business" survey, and that there was still a long way to go in terms of improving the methodology. He envisioned that the next step would be conducting technical exchanges with the WBG regarding the survey process.
113. As to the concerns expressed by delegates about the "Doing Business" survey, he suggested that Members consult the Report of the 80th Session of the Policy Commission (Doc. SP0671) which recorded in detail the dialogue held between the Policy Commission and the WBG representative, especially the WBG's explanation of the survey's methodology (paragraphs 171 to 253 of the Report).
114. Responding to the concerns expressed by the Delegate of the Maldives regarding Customs' responses to the WBG not being always reflected in the survey and the difference between the Customs' responses and the result of the survey, he referred to the WBG representative's answer during the December 2018 Policy Commission session. The "Doing Business" survey relied mainly on responses from the private sector and the intention of the WBG was to keep the result of the survey

independent from governments' influence. He opined that responses by Customs administrations could provide a reference for the WBG to cross-check how sound and objective the private sector's responses were.

115. On the concern regarding the difference between the result of a TRS and the "Doing Business" survey, he again referred to the WBG representative's explanation at the December 2018 Policy Commission session, noting that the "Doing Business" survey relied on the private sector's perspective and that, as a general rule, the WBG did not use official data as a basis but rather might use it as a cross-reference. He mentioned the two major limitations or constraints for the WBG to use TRS in "Doing Business" as had been pointed out by the WBG representative. The first limitation was that a TRS needed to capture the data for specific case studies selected for the "Doing Business" survey, in terms of specific commodities and ports chosen, rather than the data on the economy for all goods at large. The second limitation was that a TRS could only be considered on an ad-hoc basis when a TRS result was available and published in the same languages as those used in the "Doing Business" survey; in reality, the majority of countries had not published their TRS results. He believed that, when the two limitations were addressed, there should be a better chance for TRS to be taken into account.

116. In conclusion, the Council :

- approved the Terms of Reference for the Working Group on Performance Measurement, whose role was to develop a new performance measurement mechanism. The Terms of Reference are reproduced at Annex II to these Minutes;
- approved the Business Case for the establishment of the Working Group on Performance Measurement;
- approved the financial implications of 180,000 EUR per year linked to the establishment of the Working Group on Performance Measurement;
- took note of recent developments regarding the dialogue with the World Bank Group;
- supported continued dialogue between the Customs community and the World Bank Group, and encouraged Members to engage actively with a view to further enhancing the "Doing Business" survey process, including enlarging the sample size of respondents; and
- agreed that the Secretariat should bring to the attention of the World Bank Group the comments set out in the working document for the Policy Commission's 81st Session (Annex to Doc. SP0691), also taking into account the comments made by delegates in this respect.

(h) Data Analysis and Governance

117. The SECRETARY GENERAL reported that the topic of data analysis and governance had attracted considerable attention among members of the Policy Commission. He emphasized that the opportunities offered by such new analytical technologies were open to all Members, as they were all rich in data and could make use of open-source data analytics tools as well as open-source data. He suggested that all Members could consider utilizing data analytics in their Administrations, thereby changing the culture of Customs and promoting data-driven decision-making. Regarding progress on the topic within the Secretariat, he reported that a series of papers on data analytics practices would be published in the Autumn, to include mirror analysis and machine learning for fraud detection, as well as geo-spatial analysis for border surveillance.
118. The Policy Commission had held in-depth discussions on challenges with respect to the use of data, focusing on : how to harness the power of data analytics and put this to practical use; how to recruit skilled data scientists in Customs and how to train young Customs officers; and how to manage data accuracy. Regarding concerns over data security, he pointed out that the WCO Handbook on information security management was available for all Members to consult.
119. As a way forward, the Secretary General reported that the Secretariat would continue awareness-raising and training initiatives for Members, and would launch a WCO Cloud service, which would serve as an online platform of collaborative research with Customs data experts.
120. Many delegates expressed their appreciation for the Secretary General's presentation as well as their support for the future work of the Secretariat, echoing the Secretary General's comments on the significance of data analysis and governance and the timely nature of the topic for the Customs community.
121. The Delegate of the EUROPEAN UNION (EU) announced that the EU was in the process of financing a data mining project group where Customs administrations and academia would cooperate closely to exchange experiences and methodologies in respect of data analytics.
122. The Delegate of the RUSSIAN FEDERATION said that many Eurasian countries were undergoing the digitalization of their economies, including Customs digitalization, and were thus keen to develop digital technology with respect to coordinated border management and smart borders. He urged that the Secretariat provide Members with efficient instruments with regard to the digitalization of the economy and Customs.
123. The Delegate of NIGERIA welcomed the initiative on data analytics, particularly the concept of data analytics training for young Customs officials, and requested that such training opportunities be extended to all Members, including those in the West and Central Africa region.
124. The Delegate of IRELAND reminded delegates of the importance of data quality, which was the foundation of any data analytics programme. He also suggested that the opportunities and potential of data analytics be recognized not only from a Customs perspective but also from the more holistic combined perspectives of tax administrations and supply chains. Finally, he suggested that delegates consider the new profile and skill set required by Customs administrations in the light of this changing environment.

125. The Delegate of the UNITED STATES suggested that the data analytics practices of Customs had evolved from purely tactical decision-making for risk analysis purposes, to more general areas in order to better predict the future and prescribe actions that Customs needed to take, thus optimizing the use of resources. He suggested that Members consider processes and people issues with respect to data analytics, so that Customs officers could understand the value of data analytics and feel comfortable in using it.
126. The Delegate of GEORGIA stated that, given the changed business processes behind decision-making, his Administration was implementing data analytics in order to secure enhanced compliance of the supply chain and coordinated border management.
127. The Delegate of JORDAN emphasized the importance of having Customs officers skilled in data analytics, and expressed his willingness to share experiences and support the Secretariat's initiative in this area.
128. The Delegate of NIGER said that his Administration had started to hire statisticians and economists to ensure better data analytics, and referred to the difficulty in training Customs officers in order for them to comprehend data science. In this regard, he expressed his willingness to work with the Secretariat in organizing data analytics training for Customs officers.
129. The SECRETARY GENERAL expressed appreciation for all the positive feedback. In summarizing the comments, he noted that many Members, regardless of their financial resources, were taking steps to improve their data analytics practices, and mentioned the importance of non-revenue data in Customs, the role of data officers in charge of controlling data accuracy, and the possibility of securing data experts in Customs by recruiting pure data scientists to train Customs officers. He also emphasized that data analytics was not only applicable to risk management, and that data science offered ample opportunities and significant potential for Customs to explore.
130. In conclusion, the Council :
- took note of the increasing impact of data and algorithms on public governance and Customs matters, and noted the latest developments in the field of data governance and data science within the WCO;
 - expressed support for WCO efforts to develop the use of data science in Customs; and
 - approved the establishment of an online community of Customs data experts to facilitate collaborative research.

(ij) Review of Revised Kyoto Convention

131. The DEPUTY SECRETARY GENERAL introduced this item by reporting on the outcomes of the discussions concerning the review of the Revised Kyoto Convention (RKC) which had taken place earlier at the Policy Commission. During the Policy Commission session, he had provided delegates with an update on the work concerning the review of the RKC, indicating that the Working Group on the Comprehensive Review of the RKC (WGRKC) had made substantial progress in examining over 100 concept-based proposals submitted by Members and 22 concept-based proposals submitted by external stakeholders. These concepts included issues

such as : periodical updates and future-proofing, monitoring and notification mechanism, advance cargo information, Authorized Economic Operators (AEOs) provisions, free zones and rules of origin, along with other proposals related to strategic issues and horizontal and structural matters.

132. With regard to the comprehensive review process, the Deputy Secretary General explained that a gap analysis had been conducted and needs had been identified at several stages of the proposals. Further discussion on the concepts and components would be necessary in order to develop more concrete recommendations that could be reviewed and considered by the RKC Management Committee (RKC/MC). It would then be up to the RKC/MC to decide and make recommendations on the potential areas for amendments.
133. The next stages in the process had been discussed in the Policy Commission where a Member had expressed concern that the WGRKC had exceeded its mandate by discussing some of the concept-based proposals in a detailed manner, and suggested that the correct process of amendment, through the RKC/MC, should be followed. Additionally, other delegates had highlighted the autonomy of the RKC/MC as the appropriate body to conduct the review of the RKC.
134. The Deputy Secretary General concluded by stating that the Policy Commission had taken note of the progress made at the WGRKC meetings and had suggested to the RKC/MC that it discuss, and provide clarification on, the process for potential areas of amendment.
135. The Delegate of AUSTRALIA said that his country, an active member of the WGRKC since inception at the June 2018 Council Session, continued to support the WGRKC's review work and appreciated the collaborative efforts and discussions on how to further harmonize Customs procedures through amendments to the Convention. His Administration had put forward a number of proposals and had been working in partnership with other Members to develop them into concepts for amendments to the Convention to achieve more effective security and facilitation outcomes. Noting the oral report delivered by the Deputy Secretary General, he pointed out that the RKC/MC should provide clarity and precision on the scope of the review and the process that underpinned it. Bearing in mind Article 15 of the Convention, he considered it important to gain the support of all Contracting Parties to ensure that the proposed amendments came into effect. He hoped that the WGRKC would succeed and would continue to work in a way that brought all Members along and that would ensure trust in the process leading to amendments reflecting the needs of the modern Customs environment.
136. After expressing his country's full support for the amendment of the RKC, the Delegate of INDONESIA shared the view that the SAFE Framework of Standards, AEO and mutual recognition agreements (MRAs) should be incorporated into the RKC as Specific Annexes, as this could potentially lead to an increase in the number of Contracting Parties to the Convention.
137. Recalling that the RKC had been taken into account when drafting the WTO Trade Facilitation Agreement (TFA), the Delegate of the DOMINICAN REPUBLIC, as Vice-Chair of the Americas and Caribbean region, stated that the RKC was a flagship Convention which was binding for trade facilitation purposes. He noted that that only 5 out of the 33 Members in his region had acceded to the RKC; however, an evaluation conducted had shown that many non-contracting parties incorporated the RKC recommendations in their national legislation. Noting that, overall, a high percentage of

WCO Members had acceded to the Convention, he remarked on the need to create a mechanism to monitor implementation and to determine whether Members had acceded to the entire Convention, including the General Annex and Specific Annexes. While not opposing a new revision, he wondered whether it would be more feasible to focus on the implementation of the current RKC.

138. The Delegate of the RUSSIAN FEDERATION expressed his support for the review of the RKC and the work done by the WGRKC, welcoming the decision taken by the RKC/MC to invite other stakeholders to the process, particularly Economic and Customs Unions and the private sector. The inclusion of external stakeholders could support Customs in moving ideas forward within their government, particularly through the influence of the private sector and its lobbying capacity. He emphasized that problems concerning Customs procedures could not be solved at national level and therefore the inclusion of Customs Unions was important.
139. Acknowledging and sharing his appreciation for the extensive work done by the WGRKC, the Delegate of MEXICO reiterated his country's commitment to the review process. Supporting the intervention by the Delegate of Australia, he stressed the need to ensure that the WGRKC followed the correct process and brought all Members on board, in order to achieve the right results.
140. The Delegate of the EUROPEAN UNION expressed his support for the RKC review process and underlined the importance of continuing the work with involvement of all Members and maintaining the current pace. He was of the view that the RKC/MC should discuss the involvement of external stakeholders in greater detail.
141. Thanking the WGRKC for the substantial progress made, the Delegate of SWITZERLAND highlighted the importance of updating the RKC as soon as possible to encompass the digitalization of Customs procedures and maintain the RKC's status as a solid, flagship instrument with a level of detail going beyond the TFA. He expressed his full support for the continuation of the WGRKC's work, with a view to presenting recommendations to the RKC/MC which reflected the reality of Customs procedures in the 21st Century.
142. The Observer for the GLOBAL EXPRESS ASSOCIATION voiced his full support for the review and update of the RKC, noting that the RKC had led to a tremendous amount of harmonization and standardization of Customs procedures since its adoption. He welcomed the recent decision by the RKC/MC to include the private sector in the review work and stated his commitment towards constructive discussions within the WGRKC.
143. Addressing the comments made and concerns raised by some delegations, the DEPUTY SECRETARY GENERAL clarified that any potential areas for amendment should be approved by all Contracting Parties in order for them to enter into force. He further suggested that the RKC/MC continue the procedural discussions in its capacity as the body responsible for the RKC review process.
144. In response to several interventions regarding the involvement of external stakeholders, the Deputy Secretary General referred to the conclusion reached by the RKC/MC, whereby the WGRKC would, in principle, invite external stakeholders to all meetings of the WGRKC. He suggested that the RKC/MC continue discussions in order to determine the specifics of such involvement. He concluded by acknowledging the general support expressed by the Council for the update of the RKC, so that it

remained one of the WCO's flagship Conventions, and for the WGRKC to continue its current work as mandated by the RKC/MC.

145. In conclusion, the Council :
- took note of the discussions held and progress made at the meetings of the Working Group on the Comprehensive Review of the RKC;
 - encouraged Members to support and actively engage in the work, contributing appropriate expertise and experience in respect of modern Customs procedures and initiatives; and
 - suggested to the RKC Management Committee that it discuss, and provide clarification on, the process for potential areas of amendments.

(k) E-Commerce

146. The DIRECTOR, COMPLIANCE AND FACILITATION, began by recalling that in June 2016 the Council had approved the establishment of a Working Group on E-Commerce (WGEC) to develop standards and guidelines on cross-border e-commerce. Subsequently, the Council, at its June 2018 Session, had endorsed the Framework of Standards on Cross-Border E-Commerce and agreed to extend the WGEC's term to June 2019, in order to enable it to complete the outstanding work items as per the approved work plan. Since June 2018, the WGEC had conducted a large amount of intersessional work, through virtual and face-to-face meetings, in order to finalize the E-Commerce Package. The Package included technical specifications, definitions, flow charts and data elements, business models, roles and responsibilities of e-commerce stakeholders, revenue collection approaches and implementation strategy, an action plan and capacity building mechanism, as well as case studies from a number of Members.
147. She said that, during the discussions on the E-Commerce Package at the June 2019 Policy Commission session, a few Members had raised concerns regarding three of its Annexes which, in their view, required further work, namely Annex B : Reference Data Set for E-Commerce; Annex E : Revenue Collection Approaches; and Annex F : E-Commerce Stakeholders : Roles and Responsibilities. After a wide-ranging deliberation, the Policy Commission had endorsed the E-Commerce Package (excluding these three Annexes) to go forward to the Council for consideration and endorsement.
148. The Director added that the Joint WCO-UPU Guidelines on the Exchange of Electronic Advance Data (EAD) between Posts and Customs had also been presented to the Policy Commission. Those Guidelines had been developed after extensive discussions with the UPU, and were intended to help Members better communicate with postal operators. She mentioned that postal operators were part of the UPU and, through the UPU Convention, standardization with regard to EAD could be achieved among them. This standardization would help Customs administrations in carrying out more effective risk management. She also noted that Members had requested to include e-commerce in the future meetings of the Permanent Technical Committee (PTC) and Enforcement Committee, and that had been agreed by the Policy Commission. Furthermore, the Policy Commission had extended the mandate of the

WGEC to work virtually to accomplish the unfinished work related to the three aforementioned Annexes.

149. Welcoming the excellent work done by the WCO in the area of regulating and managing e-commerce, the Delegate of the RUSSIAN FEDERATION expressed his Administration's support for the E-Commerce Package. He said that several billion parcels were coming through cross-border e-commerce trade, mainly via postal channels, and therefore the issue had gained significant attention from all Customs administrations. Stressing the need to actively administer and regulate e-commerce, the delegate acknowledged the creation of the Framework of Standards as a very good step forward. He voiced concern with regard to the interpretation of virtual deliberations, as the Policy Commission had recommended replacing face-to-face meetings of the WGEC with virtual meetings to optimize time and resources. He requested the Council to ask the Secretariat to find a way to provide translation/interpretation for the envisaged virtual work, in order not to lose the effective involvement of Members.
150. The VICE-CHAIRPERSON OF THE PRIVATE SECTOR CONSULTATIVE GROUP (PSCG) said that the PSCG had been a positive supporter of the WGEC, pointing out that one of its members had acted as the private sector Co-Chair of the Working Group and several others had been actively engaged as Co-Leads of various Sub-Groups, providing input from their perspectives. The participation in this process had helped the private sector better understand the needs and challenges related to this business by listening and learning from Customs and other players. After reaffirming the PSCG's ongoing support for the work of the WCO in the area of cross-border e-commerce, including the Framework of Standards, he said that the extension of the WGEC's activity by the Council last year had allowed for important work to be added to the Framework. However, the PSCG recognized the need to further review a part of the Framework. Finally, on behalf of the PSCG, he encouraged the Council to approve the E-Commerce Package as presented at this meeting and allow further work to proceed on the three pending Annexes.
151. The Delegate of CANADA said that many countries, including his own, were already exploring e-commerce regulations domestically, and stressed that a harmonized policy at the global level should also be explored. As such, his Administration supported the WGEC's work, and was pleased to be represented through Mr. Mike Leahy, as the Customs Co-Chair of the WGEC. Applauding the WGEC's work towards developing a Framework of Standards, he noted that the Framework would provide value and support to all Customs administrations in the face of growing e-commerce and related challenges. The delegate continued by stating that, in view of the concerns that had been raised by the United States on the three Annexes that required refinement, his Administration recommended that the E-Commerce Package be endorsed with the exception of the three Annexes. The refinement of these Annexes could be undertaken through a virtual working group. He concluded by expressing appreciation for the important work undertaken by the WGEC to address e-commerce-related issues, and thanked all members of the WGEC for their continued dedication, hard work and leadership.
152. The Delegate of MALAYSIA said that e-commerce had grown exponentially in her country and was expected to grow further in future. Malaysia was a very attractive market for e-commerce business, mainly for small and medium-sized enterprises (SMEs), being one of the leading countries of the Association of Southeast Asian Nations (ASEAN) in terms of the contribution from e-commerce to the Gross Domestic Product (GDP). The Government of Malaysia had established the National

E-Commerce Council (NECC), of which Customs was a key member. She added that Customs played an important role in reducing the border clearance time for inbound and outbound parcels to facilitate cross-border trade. In that connection, Customs endeavoured to provide seamless border clearance to support the growing cross-border e-commerce. Under the initiative of the NECC, Malaysia had established a Digital Free Trade Zone (DFTZ) that provided a facility for SMEs involved in import and export activities through online transactions. The main objective of the DFTZ had been to spur SMEs through e-commerce and establish Malaysia as a regional fulfilment hub. The DFTZ enhanced efficiency and reduced the average time taken to clear cross-border e-commerce shipments. She indicated that Customs needed to increase its capacities in areas such as risk assessment of low-value consignments through the use of technology. Finally, the delegate acknowledged that the introduction of the Framework of Standards on Cross-Border E-Commerce and the updated Immediate Release Guidelines would assist Customs in addressing the challenges in this field. Additionally, thanks to the advances in technology and data analytics capabilities, Customs would be able to provide conclusive data for effective decision-making.

153. The Delegate of ANTIGUA AND BARBUDA expressed his Administration's support for the work accomplished by the WGEC, commending the development of the E-Commerce Package. It was of key importance to develop and evolve a set of global standards to harmonize the treatment of e-commerce shipments across borders. Highlighting the work related to the UPU, he mentioned that the computerized system known as the International Postal System (IPS) was being implemented in his country, displaying an exemplary collaborative approach between Antigua and Barbuda Customs and the postal service. After describing how the technical expertise from Customs, in terms of software and coding requirements, had been provided for the IPS, he informed that the final product was at the testing stage. This system would lead to a seamless processing of postal parcels, as it would enable Customs to conduct risk analysis of all the incoming and outgoing parcels, as well as benefit the postal service in terms of the speedy release and delivery of parcels to their customers, thus improving the overall service and safeguards against associated risks. Finally, he appreciated the dialogue conducted with the UPU and suggested to continue working together to develop a robust and practical solution to handle e-commerce operations across borders.
154. Speaking on behalf of its Member States, the Delegate of the EUROPEAN UNION affirmed their commitment to the WCO's work on cross-border e-commerce and emphasized the need for continued progress in this area. Highlighting the constantly increasing importance of the e-commerce topic in view of its exponential growth, he said that the progress made to date had been satisfactory and underlined the need to conclude the outstanding work in a timely fashion. Recalling that the Council had already extended the mandate of the WGEC for one year to complete the work by June 2019, and noting that three Annexes still needed further work to be done to get them right, the delegate keenly looked forward to future work through the virtual working group and hoped to conclude the work decisively as rapidly as possible.
155. The Delegate of CHINA joined others in commending the WGEC's hard work and supported the endorsement of the E-Commerce Package. Pointing out that e-commerce had been developing rapidly and that the WCO already had a solid foundation in this regard, he urged the Customs community to cherish the progress and the work that had already been established, and reach consensus as soon as possible, given that many other international organizations and communities were also becoming engaged with the work in the e-commerce sphere. Echoing the concern expressed by

the Delegate of the Russian Federation, he said that, though the idea of establishing the virtual working group was good in terms of saving time and costs, it had to be borne in mind that the E-Commerce Framework was a complex issue, which had taken three years of efforts by the WGEC and the work was not yet complete as three Annexes were still to be endorsed. In this context, he wondered whether working in a virtual manner would be sufficient to carry out further work. He went on to suggest the inclusion of a permanent item on e-commerce at the future PTC and Enforcement Committee sessions, noting that such a complex issue would require more focused work.

156. Congratulating the WGEC on the work undertaken to address the issue of e-commerce, the Delegate of ANGOLA requested to speed up the ongoing efforts given the realities in Member countries and in order to be ready to effectively face the challenges presented by e-commerce. Supporting the point raised by the Delegate of the Russian Federation, he appealed for the use of other working languages in the activities/proceedings of the virtual platform. After underscoring the need for the involvement of all WCO Members in the discussions concerning the Framework, the delegate said that such involvement would be stronger and more effective if Members were allowed to use their own language.
157. Complimenting the WGEC on its efforts in developing the E-Commerce Package, the Delegate of SPAIN requested Members to approve the agreed documents and to work further, through the virtual working group, to finalize the remaining task related to the three identified Annexes. She highlighted the role of postal services, whether public or private, in e-commerce as they were the carriers and also possessed important information. Collaborative work through the UPU should be ensured, for which the guidelines that had been approved were really useful. Underlining the importance of information/data for analysis and risk management, she stressed the use of the Framework of Standards and the need to develop appropriate tools for accessing data from postal services.
158. The Delegate of PALESTINE said that the age in which we were living had brought about a multitude of risks and emphasized that no-one should be left behind with regard to e-commerce. He recognized the need for acquiring data concerning the sender and the receiver of e-commerce goods, pointing out that sometimes e-commerce had been used as a pretext to avoid controls. Furthermore, he noted the need to continue working on data confidentiality as it was an extremely important issue. He thanked the WGEC for the excellent work and expressed the need to achieve concrete results in addressing the problems emanating from the growth in e-commerce.
159. The Delegate of GERMANY also congratulated the WGEC on the excellent work and reiterated the need to move forward swiftly as had been previously mentioned by the European Union and other speakers. She expressed her Administration's support for the proposal of further working on the three Annexes through a virtual working group and bringing the work to conclusion.
160. The Delegate of the UNITED KINGDOM thanked the WGEC for its work in an extremely important and complex area characterized by fast-moving technologies. His Administration fully appreciated the importance of striking a balance between accelerating the work and moving towards operational implementation and the need for speedy delivery. He said that it was equally important to strike a balance between the depth of the work to be done and the quality of the work, in order to deliver the best possible solution. He supported the proposal of completing the three Annexes in the

next 12 months through the virtual working group, as well as the inclusion of e-commerce as a permanent topic on future PTC and Enforcement Committee Agendas, as recommended by the Policy Commission.

161. Endorsing the statement made by the Delegate of the European Union and commending the WGEC on its achievements, the Delegate of PORTUGAL said that the work done was in line with the realities faced by Members, as there had been a significant increase in e-commerce which had presented considerable challenges. She stressed the need to move swiftly towards finding the best possible solutions to address those challenges. Agreeing with the intervention made by the Delegate of Angola, she underlined the need for the inclusion of Members' languages for fulsome participation in the virtual working group.
162. The DIRECTOR, COMPLIANCE AND FACILITATION, thanked Members and stakeholders who had taken the floor to acknowledge the substantial amount of work that had been done through the WGEC. She appreciated Members which had sent their delegates to participate and contribute in the WGEC and, in some cases, to co-chair the WGEC, acknowledging the leadership provided by Australia, China, and Canada. She highlighted the importance of maintaining the momentum to finish the current work and to enable Members to initiate the implementation process. Recognizing that a number of countries such as Malaysia and Antigua and Barbuda had already undertaken some initiatives in dealing with the e-commerce phenomenon, she encouraged them to share their case studies once their trials became more mature. These case studies could be incorporated in the E-Commerce Package for the benefit of other Members. The Director also thanked the PSCG and other private sector stakeholders who had been extremely committed to the e-commerce work throughout the whole process of the WGEC, including its five meetings and the intersessional work, by participating in large numbers and contributing from their perspectives.
163. In conclusion, the Council :
- took note of the overwhelming significance of the cross-border movement of e-commerce and the associated challenges faced by Customs administrations;
 - recognized the need to place the topic of e-commerce on future PTC and Enforcement Committee Agendas;
 - endorsed the E-Commerce package, with the exception of three Annexes (Annex B : Reference Data Set for E-Commerce, Annex E : Revenue Collection Approaches, and Annex F : E-Commerce Stakeholders : Roles and Responsibilities);
 - extended the mandate of the WGEC, in a virtual manner, until June 2020;
 - adopted the draft joint WCO-UPU Guidelines on the Exchange of Electronic Advance Data between Posts and Customs; and
 - agreed to continue discussing and regularly reviewing/updating the Guidelines through the relevant working bodies.

(I) Cruise ships

164. The DIRECTOR, COMPLIANCE AND FACILITATION, introduced the item providing background and noting the work done on the issue of cruise ships by the Brussels-Based Attaché Working Group (BBAWG) since it had been established by the June 2018 Policy Commission and Council to examine cruise-ship-related issues jointly with relevant stakeholders. The BBAWG had met in November 2018 with around 40 Members and participants from industry, identifying that there was insufficient infrastructure, as well as inadequate tools and technology, for Customs administrations to deal with the growing number of cruise ship passengers.
165. The Director noted that a report prepared by the BBAWG was nearing finalization and would provide findings and recommendations for consideration by the relevant WCO Committees. This included the development of a compendium of best practices and the establishment of standards for API and PNR data. Given the relevance of this work to both the Permanent Technical Committee (PTC) and the Enforcement Committee, the Policy Commission had recommended that the report be submitted to both Committees before being brought forward to the Policy Commission in December 2019.
166. The Delegate of AUSTRALIA thanked New Zealand and Japan for their leadership in drafting the policy paper, and noted that cruise ships represented a rapidly growing challenge for Customs administrations, including in respect of resource pressures, clearance at remote locations, infrastructure constraints and varying standards of equipment in cruise terminals. He also noted that the increasing size of cruise ships and their growing number of passengers presented a significant risk in terms of border clearance, duty evasion, crew, security, etc. While the efforts of the cruise industry to enhance security measures were appreciated, this could not be taken for granted and, in the event of a catastrophe at sea, the Heads of Customs administrations might be looked to for answers. He proposed therefore that the global Customs community come together to develop improved guidance, tools and instruments for security and facilitation from a passenger and crew perspective. Australia looked forward to working with other Members to advance this work, in partnership with the industry and other international organizations.
167. The Delegate of the DOMINICAN REPUBLIC, as Vice-Chair for the Americas/Caribbean region, commended this work which was important due to the volume of cruise passengers and the significance of the industry to the economies in the Caribbean, including the Dominican Republic. He commented that a compendium of best practice and global standards of API and PNR would be useful, but also noted that there were some other issues relating to the cruise industry, including the risk of money laundering through casinos on board cruise ships. While noting the participation of industry in the BBAWG, he suggested that international tourism organizations should also be involved.
168. The Delegate of NEW ZEALAND thanked Members for their interest and active engagement in respect of the cruise ship issue. He noted that as important as this work was for managing the risks around cruise ships, it also had relevance across all transport modes. Indeed, if the WCO could enhance API and PNR transmission for cruise ships, the work undertaken might even have application for landlocked countries (e.g. rail transport). He also noted that API/PNR was just one tool in the passenger controls toolkit, and that other passenger controls might also be included in this work, including biometrics and other passenger information. New Zealand was pleased with the work done so far and thanked Japan and the WCO Secretariat for their support.

Finally, the delegate expressed the hope that the Report could be approved by the Policy Commission in December 2019, after endorsement by the PTC and Enforcement Committee.

169. The Delegate of MEXICO thanked New Zealand for its leadership on the cruise ship issue and noted that optimum passenger management was fundamental for all transport modes. He reaffirmed Mexico's continued commitment to the work on controls, including API and PNR for cruise ships as well as other transport modes.
170. The Delegate of MOZAMBIQUE congratulated the team on its work and noted that increasing tourism and the use of cruise ships had drawn attention to security risks and the need, on the one hand, to ensure proper controls and, on the other, to facilitate cruise ships. A compendium of best practices would help prepare Customs for a large increase in the flow of tourists and this proposal was therefore very welcome.
171. In conclusion, the Council :
- took note of the current developments with regard to the Brussels-Based Attaché Working Group and the resulting draft recommendations; and
 - requested that the final Cruise Ship Report be presented to the Policy Commission in December 2019, after review and endorsement by the Permanent Technical Committee and the extraordinary session of the Enforcement Committee in the autumn.

(m) New Strategic Plan 2019-2022

172. The DEPUTY SECRETARY GENERAL pointed out that the Strategic Plan 2016-2019 was about to be completed at the end of June 2019 and recalled there was therefore a need to adopt a new three-year strategy for the WCO. He recalled that, during the June 2018 Council Session, delegates had called for a new Strategic Plan process that would further involve Members and Vice-Chairs; that would have more streamlined tactical activities and focused priorities; and that would avoid duplication and adopt a high-level approach. Delegates had also requested the conduct of a survey to collect Members' views and priorities, and indicated that the new Strategic Plan should be built in a simpler way and be easy to monitor.
173. The mandate given by the Council had therefore been followed, starting with the conduct of a survey to obtain Members' point of view on the strengths and weaknesses of the Strategic Plan 2016-2019. The Deputy Secretary General explained that he had then personally attended six regional workshops dedicated to shaping the new Strategic Plan. He thanked the hosting countries for their hospitality, as well as the regional Vice-Chairs for their involvement and efforts in the process. Priorities, concerns and valuable ideas expressed by Members had been collected during these regional workshops. Structural comments had been made and it had been concluded that there was a need for a Plan that would ensure a proper follow-up of WCO actions, especially through a particular focus dedicated to WCO internal processes.
174. The Deputy Secretary General explained that these discussions had led to the drafting of a new Strategic Plan that was intended to offer a proper balance between how the Secretariat was operating internally and how it responded to Members' main objectives related to protection of society, revenue collection and trade facilitation. He further explained that the new approach was based on a globally recognized

methodology, the so-called Balanced Scorecard method, articulated around its four traditional perspectives, plus one additional perspective included at the request of Members. The aim was to have a tool that would help Members in achieving their objectives while assessing the efficiency of the Secretariat in developing international standards, delivering capacity building and fostering cooperation.

175. The new Strategic Plan 2019-2022 was a Member-driven document, born from an inclusive process, which included clear priorities and action plans. The Strategic Plan was moving from description-based to action-based priorities and concrete deliverables. Redundancy was avoided and the Key Performance Indicators (KPIs) were fewer and more relevant, reduced from 91 in the Strategic Plan 2016-2019 to 29 in the new Strategic Plan 2019-2022. The new tool also brought renewed Mission and Vision statements. Nine specific priorities were defined and the new approach adopted for the Environmental Scan 2019, which included suggestions on specific actions to be taken by Customs in each of the concrete areas identified, allowed for reinforced linkages with the Strategic Plan.
176. Referring to the discussions held during the 81st Policy Commission session, the Deputy Secretary General said that delegates had welcomed the new approach, considering it as a real step forward in the WCO core strategy. The new Strategic Map had been particularly appreciated, as a simple and straightforward translator of the entire strategy to all stakeholders of the WCO. Delegates had also asked to ensure that this would be a continuous process in which the Vice-Chairs were involved. There had been a significant number of requests calling for the constant evolution of the Strategic Plan and the need to equip it with qualitative KPIs. In this regard, the Deputy Secretary General said that the WCO was working on the definition of qualitative KPIs but still needed to collect more information in this area, and mentioned the future work of the Working Group on Performance Measurement as also relevant for this exercise in the future. The 81st Policy Commission session had approved a proposal for a small amendment to the Vision Statement that was now being submitted to the Council. Finally, he recalled the Policy Commission's main conclusions regarding the new Strategic Plan 2019-2022 and submitted them to the Council for endorsement.
177. The Delegate of INDIA thanked the Deputy Secretary General and the Secretariat for their efforts in the development of the new Strategic Plan. He said that India, as Vice-Chair for the Asia/Pacific region, had hosted a high-level workshop dedicated to the Strategic Plan in Jaipur. He added that the Asia/Pacific region had also made efforts to align its regional strategic plan to the new WCO Strategic Plan. He stated that there was a need to include qualitative indicators to assess the implementation of the Strategic Plan, particularly in the field of technical assistance and capacity building programmes. Indicators should be developed to assess the quality of the application of WCO tools by Members, whether they had been productive and the impact they had on Customs operations. He expressed the opinion that if the tools developed were not properly administered by Customs administrations, they would not be of much use. He concluded by hoping that the new Strategic Plan would emphasize the outcomes of implementation and would guide WCO activities efficiently over the next years.
178. The Delegate of UGANDA, as Vice-Chair for the East and Southern Africa region, recommended that the Council support the adoption of the new Strategic Plan. He applauded the inclusive approach taken by the WCO in its development, involving Members in the regions to come up with common priorities. In this process, the East and Southern Africa region had realized that its regional strategic plan was very much aligned to the new WCO Strategic Plan. He emphasized the importance of developing

qualitative KPIs that could form a basis to assess the implementation of this new Plan. A mechanism was therefore needed to perform an impact assessment, especially regarding the capacity building initiatives implemented under the Strategic Plan.

179. The Delegate of CANADA thanked the WCO for its dedication and hard work in developing the new Strategic Plan. Canada was particularly grateful for having had the opportunity to provide input during the regional consultation. As Customs business was continuously evolving, it was important to modernize the approaches regarding coordinated border management in order to keep pace with the changing environment. The WCO should be mindful of the needs of all Members and make sure that the Strategic Plan identified initiatives targeting new and emerging trends. Considering the challenge faced by all Customs administrations, namely doing more with less, he considered that efficiency was needed in WCO strategic planning to ensure that Members were provided with the most value for their contributions. He encouraged the WCO to continue to assess and further streamline its priorities in order to allow for a more efficient and targeted Strategic Plan, and strongly recommended that the Secretariat take all means possible to reduce duplication and focus on a few key areas for the implementation of the Plan. The delegate applauded the work of the Secretariat in restructuring the Strategic Plan to align tactical activities with their related strategic goals and in working around the minimization of the number of priorities. Canada was pleased to review the Implementation Plan 2019-2020 and the Environmental Scan, and understood that these documents began to address the question of supplementing quantitative measures of KPIs with qualitative measures to better evaluate the effectiveness of the items being measured, allowing for a more fulsome evaluation of the Plan.
180. The Delegate of the RUSSIAN FEDERATION, as Vice-Chair for the Europe region, thanked the WCO team headed by the Deputy Secretary General and congratulated them on the work done on the Strategic Plan. He strongly supported the work and developments in this area, considering the importance of strategic planning. The new approach used to formulate strategic goals and the Strategic Map were also supported. All Members should have a look at the new Strategic Map which was well composed and thought out, and could be used for their own strategic planning. He appreciated the modification adopted by the Policy Commission regarding the Vision Statement, and reiterated his country's proposal to give an impetus in formulating KPIs used in the Russian Federation's comprehensive programme of Customs development until 2020 and in its future strategy for the vision of Customs in 2030.
181. The Delegate of the DOMINICAN REPUBLIC, as Vice-Chair for the Americas/Caribbean region, thanked the Deputy Secretary General for the exercise undertaken in strategic planning, based on the needs and priorities of the six regions of the WCO. In the Americas/Caribbean region, more than 70% of the Members had attended the regional workshop dedicated to the new Strategic Plan, allowing them to have in-depth discussions on their specific regional priorities. She added that the region had a strategic plan very much aligned with the new Strategic Plan developed by the WCO. The KPIs constituted a significant improvement compared to the former Strategic Plan and were now based on Members' needs. She added that the region supported the need to develop a qualitative mechanism for the implementation of WCO tools, as the level of quality in their implementation was ultimately leading to significantly different results. The new Strategic Plan had to be taken as a living document, to be continuously updated, and the involvement of Members in the process should be pursued. The overall approach used in the development of the new Plan, focusing on realities faced by Members and the evolving trade environment, should be maintained. Finally, the Americas/Caribbean region had looked at the document

related to the cost allocation of the WCO Strategic Plan and some Members had indicated the need to summarize the document and make it more easily comprehensible, particularly for those not attending the meetings of the Finance Committee. At the same time, the document should provide Members with specific information concerning the costs allocated to each strategic activity.

182. The Delegate of IRELAND welcomed the inclusive approach followed in the development of the new Strategic Plan, recognizing the work with the Deputy Secretary General in that overall approach. He considered that, in some respects, the document represented a part of the journey the Organization and its Members had embarked upon in setting the new strategy and orientation for the next three years. Of equal importance was the need to ensure that the resource allocation and prioritization reflected a real focus on the delivery and implementation of the strategy. The work on performance measurement and reporting was the next important step to be undertaken. He agreed with previous comments calling for indicators presenting outcomes, in addition to the ones focusing on outputs. He concluded that, notwithstanding the fact that the WCO now had a Strategic Plan for the next three years, it was important to remain vigilant regarding the need to have an agile and responsive Organization because the world would significantly evolve between now and 2022. The right balance should be applied between agility, responsiveness, and the need to deliver on all of the activities and goals reflected in the new strategy.
183. The Delegate of the MALDIVES thanked the Secretariat for this important work. He stated that Maldives Customs was also in the process of formulating a new national strategic plan for the upcoming five years. Consultation with both internal and external stakeholders was important for this process. As such, 15 national Customs offices had conducted consultations during the process of defining Maldives' strategic plan. This involved both an internal consultation - which included a staff survey to assess their overall satisfaction and their challenges, due consideration to the Asia/Pacific region's strategic plan and the results of the national Time Release Study - and an external consultation - which included port operators, trade communities, Customs brokers and agents, and the general public. So far, 120 directions had been identified and would be used as a basis for the discussion at the forthcoming national strategic plan workshop, to be held at the beginning of July 2019. The workshop would gather 40 staff from all areas of Customs activities and would last three days. This overall process would allow for the formulation of a new vision, mission, and focus areas for the Maldives Customs Service. Qualitative KPIs would be used to monitor the achievement. The new WCO Strategic Plan would also be used in the process of defining the national strategic plan.
184. The Delegate of the EUROPEAN UNION thanked the Deputy Secretary General and the Secretary General for all the work that had gone into the preparation of the new Strategic Plan. She expressed her appreciation for the opportunity given to the European Union and the European Commission to work very closely with the Secretariat in this process. Echoing previous speakers, she considered that it was a living document that needed to be kept alive and constantly reviewed to ensure that priorities remained aligned with reality. The inclusive process with Members had to be maintained, as it appeared to go in the right direction in the drafting of the new Strategic Plan. She added that it was important to make sure that the identified priorities came with the appropriate funding and, therefore, cost allocation needed to correspond to priorities mentioned in the Plan. She concluded that the process was going in the right direction and was work in progress.

185. The Delegate of OMAN thanked the Deputy Secretary General for all the efforts made to involve Members of the six regions in the process. The workshops were extremely useful for Members to express their needs in terms of strategic planning. He expressed his hope that the new Strategic Plan would allow Members to progress and develop their capacities in the coming years and he expected that it would help Members better face the challenges of their environment.

186. The DEPUTY SECRETARY GENERAL thanked delegates for their comments on the new Strategic Plan. He explained that the Secretariat would keep working on evolving towards a more qualitative approach, as requested in most of the comments received. The WCO was moving towards a new ambitious approach for measuring its overall performance and was maybe half-way in achieving this. As delegates had said, the new Strategic Plan was a living document that would evolve continuously and enable the WCO to keep moving in the right direction. Regarding the comments on resource allocation, the Deputy Secretary General said that, being a living document, the new Strategic Plan would offer flexibility to adapt to emerging trends and to define priorities. This would allow for rapid adaptation of the resource allocation depending on the new needs identified. This would be done on a yearly basis as, following discussions at the December Policy Commission session, the process of adoption of the annual Implementation Plan entailed that the KPIs and financial impact had to be discussed during the Audit and Finance Committees. Those Committees were in charge of discussing the main priorities and taking decisions on the proper cost allocation for priority activities. Finally, the Deputy Secretary General again thanked delegates and reiterated that this was work in progress. Members and Vice-Chairs would continue to be closely involved in the strategic planning process, keeping the Strategic Plan as a document by Members and for Members.

187. At the Chairperson's invitation, the Council :

- adopted the Strategic Plan, which covered the financial years 2019/2020 to 2021/2022, as well as the main priorities, the Implementation Plan for the financial year 2019/2020 and its accompanying documents, which included Strategic Objectives, performance indicators, the financial implications and specific deliverables, as well as the Environmental Scan 2019. The new Strategic Plan 2019-2022 and the Implementation Plan for 2019/2020 are set out at Annex III to these Minutes; and
- took note of Members' contributions and encouraged them to pursue the process of following and monitoring the implementation of the Strategic Plan.

(n) Limit on number of terms for posts of Secretary General and Deputy Secretary General; Rules of succession for post of Deputy Secretary General

188. The SECRETARIAT introduced this item and explained that the question of a limit on the number of terms for the posts of Secretary General and Deputy Secretary General, as well as the rules of succession for the post of Deputy Secretary General, had been discussed during the Policy Commission's session in Mumbai in December 2018. At that time, the Policy Commission had requested the Secretariat to provide additional information on both matters and to retable the discussion in June 2019. Following the request from the Policy Commission, the Secretariat had contacted a number of other international organizations, and information had been collected from the OECD, NATO, the Council of Europe and the European Space Agency.

189. Regarding the limit on the number of terms, there had been general agreement in the Policy Commission that there should be a limit of two terms. One outstanding issue was whether the two-term limit should be cumulative over the two posts, i.e. Deputy Secretary General and Secretary General. Three of the four organizations consulted had indicated that any period of service as Deputy Secretary General would not impact on a potential subsequent election to the post of Secretary General, or on the length of term in that post. The fourth organization had indicated that it did not have a Deputy Secretary General position. The Secretariat reported that the Policy Commission had discussed the question but had been unable to reach a decision and a proposal had been made to have the question further examined at the next Policy Commission session in December 2019.
190. The Secretariat explained that during the discussions at the Policy Commission session in Mumbai, a delegate had also suggested that the same rules regarding term limits be applied to all five elected posts. Nevertheless, at its most recent session, delegates in the Policy Commission had expressed their strong support for the retention of the long-standing current rules relating to the election of Directors as confirmed in 2016, namely limited to one term of five years with a possible extension of two or three years subject to Council approval.
191. Turning to the issue of rules of succession for the post of Deputy Secretary General in the event that a Deputy Secretary General would no longer be able to serve in post, the four organizations that responded to the request for information had indicated either that they did not have a specific provision in place or the situation did not apply to them as they had a different appointing mechanism. The two options which had been discussed in the Policy Commission were : to automatically appoint the longest-serving of the Directors or to leave it to the Secretary General, in agreement with the Chairperson of the Council, to determine the most appropriate Director to take on the role of Deputy Secretary General at the time, in an acting capacity. Almost all delegates that expressed a view had stated that where a Deputy Secretary General was unable to complete his/her term of duty, rather than having the most senior Director fill the Deputy Secretary General vacancy pending an election, the Secretary General and the Chairperson of the Council should agree on the temporary appointment of the Director best suited to the strategic issues in the Organization at the time, to act in the capacity of Deputy Secretary General until an election to fill the vacancy could take place.
192. Finally, at the suggestion of the Policy Commission, a formal decision setting out the rules of succession for both the Secretary General (based on the 2006 Council Minutes) and the Deputy Secretary General posts would be drafted by the Secretariat and submitted to the Policy Commission and Council for approval.
193. The Delegate of ICELAND welcomed the ongoing discussions on the topic of governance in general, and particularly the focus on the limitation of the number of terms that elected officials could serve. She expressed the view that the two-term limit should ensure continuity as well as renewal in the Organization. With regard to the discussions on cumulative term limits, her Administration could be supportive of a proposal made by the Chairperson of the Audit Committee during the Policy Commission session, namely that a time-limit of 15 years spread across the posts of Secretary General and Deputy Secretary General be applied. She indicated that a rule

where no person could serve in a senior management position of the Organization for more than 20 years could also be envisioned. This would apply as the cumulative term limit for all elected posts, including the Directors.

194. She then drew attention to the subject of gender equality and diversity, a matter of great importance and focus for her Government and particularly relevant to the topic of governance and leadership. She urged the WCO and the Council to continue the work initiated aimed at integrating and mainstreaming gender equality and diversity in the work processes and mechanisms of the Organization, including senior management and leadership positions.
195. The Delegate of NEW ZEALAND supported the key conclusions of the Policy Commission on term limits, particularly : a limit of two terms for the post of Secretary General and Deputy Secretary General; retaining the status quo for the post of Directors; and the procedure to be followed to fill a vacancy in the Deputy Secretary General role in anticipation of an election. He indicated that the Policy Commission had not reached consensus on the issue of cumulative term limits across the posts of Secretary General and Deputy Secretary General, and that the question had been referred to the Council for guidance. He suggested that this outstanding issue be discussed at the next session of the Policy Commission so that a clear recommendation could be presented to the Council. The main options discussed so far had been cumulative term limits of 10 or 20 years, and an additional proposal of a maximum of 15 years across both posts (Deputy Secretary General and Secretary General), with a maximum of 10 years in any one of these roles.
196. The Delegate of the EUROPEAN UNION also expressed support for the conclusions of the Policy Commission, favouring a balanced approach that on the one hand sought continuity and experience, and on the other ensured the renewal of the top management of the Organization. The European Union had been supportive of the limitation of terms since the 2016 Council Sessions and agreed that the issue of cumulative term limits required further examination.
197. The Delegate of the UNITED STATES also endorsed the recommendations of the Policy Commission concerning term limits and stated that the maintenance of limits was necessary to promote healthy change and to support the growth and development of new ideas. Limiting terms also allowed other qualified candidates the opportunity to pursue the very limited leadership positions. With regard to the proposal on cumulative term limits for the two most senior positions, his Administration also recommended that the issue be presented to the next Policy Commission for discussion.
198. The Delegate of AUSTRALIA considered that the WCO needed to adhere to the principles of contemporary leadership, transparency, impartiality and good governance in order to be sustainable as an international institution. He also supported the need for a focus on diversity and endorsed the limitation of two five-year terms for the Secretary General and Deputy Secretary General and a single five-year term for Directors.
199. The Delegate of SPAIN also endorsed the outcomes of the Policy Commission and, concerning the issue of cumulative term limits over the posts of Secretary General and Deputy Secretary General, indicated that Director posts should also be taken into account in future discussions. She recommended to return the question to the Policy

Commission so that a clear mandate could be formulated and added that her county had always promoted the need for transparency in terms of internal governance.

200. The Delegate of MEXICO also supported the recommendations of the 81st Session of the Policy Commission. With regard to cumulative term limits, he agreed to further discuss the matter at the next session, but emphasized the need for a decision to be taken swiftly in order to avoid the question being postponed and to avoid a situation where open discussions coincided with future elections.
201. The Delegate of SOUTH AFRICA enquired about the performance management of elected posts and whether performance criteria against which elected officials could be evaluated were established upon their appointment, so that their performance could be reviewed and action could be taken where appropriate. He also expressed support for the comments made concerning the elected posts and related term limits.
202. The SECRETARIAT thanked delegates for the valuable input and indicated that the question of cumulative term limits would be tabled for discussion at the December 2019 Policy Commission, taking into consideration all the input received, and including all elected posts. The topic of gender representation and equality would also be addressed. On the question of performance management for elected posts, the Secretariat explained that posts were advertised with a clear description of the functions attached to the post, as decided by the Council. One way of evaluating the performance of elected officials was through the key performance indicators in the WCO Strategic Plan.
203. In conclusion, the Council :
- approved the introduction of a limit of two five-year terms for the posts of Secretary General and Deputy Secretary General, and agreed to further consider whether the two-term limit should be cumulative over the two posts;
 - confirmed the conclusions of the July 2016 Council Sessions concerning the number of terms for Director posts, namely a single five-year term, though renewal limited to two or three years may be granted in exceptional cases;
 - agreed that, in the event that a Deputy Secretary General was no longer able to serve in post, it would be for the Secretary General, in agreement with the Chairperson of the Council, to determine the most appropriate Director to take on the role of Deputy Secretary General at the time, in an acting capacity until the next election;
 - asked the Secretariat to draft a formal Decision setting out the rules of succession for the Secretary General and Deputy Secretary General posts; and
 - took note of the need to consider the question of gender equality and diversity across the Organization, including leadership positions.

(o) Audit Committee Report

204. The CHAIRPERSON OF THE AUDIT COMMITTEE, Mr. Bjørn Røse (Norway), reported on issues relating to governance, transparency, internal audit and risk management discussed at the 13th Audit Committee Meeting in February 2019. These concerned the draft Strategic Plan 2019-2022 and Implementation Plan for 2019/2020, the status report on pending recommendations, the Internet-based risk survey, the external audit on “The effectiveness of WCO-funded Capacity Building projects” and the internal audit on “Mission management procedures”.
205. The Audit Committee had also made recommendations to the Policy Commission on the Audit Plan for the next year, consisting of an electronic risk survey, renewed risk mapping in the form of an external audit, and an internal audit on the financial statement closing procedures, with a special focus on liquidity, to be conducted in cooperation with the Finance Committee. Recommendations and conclusions presented by the Audit Committee, with the exception of the item on Customs Attachés based in Brussels, had been endorsed by the Policy Commission.
206. The Chairperson of the Audit Committee concluded by requesting the Council to adopt the conclusions of the Policy Commission on this item.
207. The Delegate of the RUSSIAN FEDERATION thanked Mr. Røse for his chairmanship of the Audit Committee and his dedication to the work of the WCO.
208. In conclusion, the Council :
- adopted the Report of the 13th Meeting of the Audit Committee (Doc. SA0135), with the exception of the item on Customs Attachés in Brussels;
 - approved the Audit Plan for 2019/2020; and
 - agreed that the Policy Commission should return to the question of Memoranda of Understanding in December 2019.

(p) Customs-FIU Cooperation Handbook

209. The DIRECTOR, COMPLIANCE AND FACILITATION, introduced the Customs-FIU Cooperation Handbook and explained that the document had been developed as a joint effort between the WCO and the Egmont Group for Financial Intelligence Units (FIUs). The initiative had been launched by the WCO at the Enforcement Committee in 2018 and the Egmont Group had endorsed the concept note for the Handbook at its Plenary Session in Sydney, Australia, in August 2018. The subsequent work had involved the collaboration of Egmont Group members and the WCO enforcement staff from September 2018 onwards, including multiple meetings of the drafting team. The Handbook represented a new and important partnership with the Egmont Group and she compared the Handbook in its value to the Customs-Police Cooperation Handbook and the Customs Tax Cooperation Handbook that had been developed in 2018.
210. She said that, upon its endorsement, the Handbook would serve as an important tool and reference guide for both Customs administrations and FIUs around the world. The document focused on money laundering and terrorism financing activities that occurred in areas of Customs competence and it identified the specific methods that criminals and terrorists employ to launder money.

211. The Director explained that the Policy Commission had recommended to hold an extraordinary session of the Enforcement Committee in the autumn of 2019 to allow Members to expeditiously review and endorse the Handbook. She stressed the importance of the Handbook and the new relationship with the Egmont Group, as well as the prospective joint training efforts that would be conducted. She added that the Egmont Group would likely approve the current draft version of the Handbook during its Plenary Session in The Hague, from 1 to 4 July 2019.
212. Several delegates expressed support for the initiative and recognized the need to finalize the Handbook in an expeditious manner, considering that the tool would be of significant assistance to Members.
213. The Delegate of INDIA referred to the perfect timing of the Customs-FIU Cooperation Handbook, as the need for the WCO to further its global efforts to counter money laundering, illicit financial flows and terrorism financing had never been greater. He lauded the WCO for its traditional efforts targeting revenue evasion, but stressed the need to specifically tackle trade-based money laundering. Millions of dollars were being laundered in India on a yearly basis using this method. Indian Customs had already been achieving success by establishing real-time cooperation with the Indian FIU. He concluded by supporting the Policy Commission's recommendation to hold an extraordinary session of the Enforcement Committee to approve the Handbook.
214. The Delegate of the DOMINICAN REPUBLIC, as Vice-Chair of the Americas/Caribbean region, indicated that Customs administrations and governments of the region had recently met in Panama for a GAFILAT (Financial Action Task Force of Latin America) regional conference on money laundering. One of the main focuses of this conference had been the threat posed to the financial and commercial sectors by transnational criminal organizations engaging in trade-based money laundering. He praised the development of the Customs-FIU Cooperation Handbook and added that it would be a very important tool for future collaborative efforts in the Caribbean and Latin America. The timing for the publication of the Handbook was ideal and he commended the Policy Commission's recommendation to hold an extraordinary session of the Enforcement Committee in the autumn of 2019.
215. The Delegate of BENIN said that criminal organizations were having a devastating effect on the economy of his country due to their money laundering activities in the banking and commercial sectors, respectively. At the national level, Benin Customs had begun to collaborate with the Central Bank and the FIU to tackle the laundering of illicit funds occurring in areas of Customs competence.
216. The DIRECTOR, COMPLIANCE AND FACILITATION, expressed appreciation for the interventions and encouraged Members to share their best practices and case studies with the WCO for inclusion in future updates of the Handbook, as it was envisioned to be a living document.

217. In conclusion, the Council :

- took note of the progress in the development of the Customs-FIU Cooperation Handbook;
- acknowledged the importance of the topic and the potential benefit that the Customs-FIU Handbook would provide Members in their efforts to address the challenges of illicit financial flows; and
- agreed to hold an extraordinary session of the Enforcement Committee in the autumn of 2019 in order to expedite the review, comment and endorsement process of the Handbook.

218. Finally, the Council adopted as a whole the Reports on the Policy Commission's 80th and 81st Sessions.

6. TECHNICAL MATTERS

(a) Capacity Building

219. THE DEPUTY SECRETARY GENERAL provided a summary of the activities implemented from July 2018 to June 2019, as described in the Capacity Building Progress Report. Since the beginning of the year, he had had the responsibility of overseeing the work done in the Capacity Building Directorate, and he acknowledged the work done by his colleagues. He noted that the Capacity Building Report outlined the progress achieved by Members in their reform and modernization processes and highlighted some major achievements. Specifically, during this period, there had been over 600 capacity building missions delivered, including regional, sub-regional and national events, and detailed information had been made available under the Regional Section of the Report. Regarding the WCO Capacity Building flagship programme, the Mercator Programme, 47 Members were currently benefiting from Mercator Programme partnerships, including a significant role played by WCO accredited experts, in particular Mercator Programme Advisors (MPAs). A total of 73 accredited MPAs had been providing effective TFA implementation support to Members under the Programme.

220. He recalled the Secretary General's remarks on the publication of the first WCO Mercator Programme Report, which highlighted the Programme as a unique vehicle for the effective mobilization of Customs-to-Customs peer-based support since its launch in 2014. Regarding gender equality and diversity, the WCO had continued work under the Virtual Working Group on Gender Equality and Diversity. There had been 11 meetings convened since the Group's inception, and over 40 representatives from 34 countries had participated.

221. The WCO had also continued efforts to attract support from established donors who had contributed to the various Customs Cooperation Funds and the Deputy Secretary General expressed appreciation for the support, trust and continued partnership.

222. As mandated by Members and the Capacity Building Committee, the WCO had been working on a new Strategy for the delivery of capacity building focused on measuring impacts and implementing a results-oriented methodology. The current Strategy had been in place since 2003 and therefore it had become necessary to

propose some updates, including means to improve, and be more agile on, the accreditation of experts. Within the pool of donors, work had been conducted on the follow-up of the implementation of recommendations in order to better measure the impact.

223. On the subject of integrity, the WCO had continued to review its approach and various types of activities had been delivered in response to the specific needs of Members. The Chair of the Integrity Sub-Committee would report on the Sub-Committee's 18th Session held in April 2019, under the theme "Monitoring and measuring integrity to enhance ethical climate and compliance". A first Global Meeting of Integrity Experts had also been organized in October 2018 and earlier in the year a new results-based technical assistance programme, funded by the Norwegian Agency for Development Cooperation (Norad), focused on anti-corruption and integrity promotion for Customs, had been launched. The programme would benefit 11 Member administrations that had expressed interest. The Deputy Secretary General noted that other Members had also expressed interest, and the WCO had been working on expanding funding for the Programme. A new tool on the compilation of good practices in internal control in collaboration with external control offices had also been developed. The Deputy Secretary General noted that integrity had been proposed as one of the nine priorities of the new WCO Strategic Plan, assigning the subject increased strategic importance within the work implemented by the Secretariat.

224. The Deputy Secretary General concluded his remarks and invited the Chairs of the Capacity Building Committee and the Integrity Sub-Committee to speak.

- Capacity Building Committee's Tenth Session

225. The CHAIRPERSON OF THE CAPACITY BUILDING COMMITTEE (CBC), Ms. Velma Ricketts-Walker (Jamaica), provided a summary of the Tenth Session of the CBC, held from 8 to 10 April 2019, under the theme "Reflecting on the Past, Embracing the Future". She noted that that the session had marked ten years since the establishment of the CBC and recognized the intensive work conducted by the Capacity Building Directorate, the executive commitment of the WCO, and Member and donor support.

226. The Tenth Session of the CBC had provided a unique opportunity for reflection on the past CBC sessions, assessing what had worked well, what had been accomplished and what needed revision, while seeking ways to harness the innovations presented by the technologies of today and the future. It brought into focus the importance of developing human resources so that technological initiatives would not fail. The CBC had remained true to its mandate of identifying and serving Members' capacity building needs. The agenda of the three-day meeting had enabled participant and Member-driven involvement and the Secretary General's intervention and guidance had been appreciated, highlighting issues such as the importance of human resources, organizational development and technological advances, to tackle the challenges of today and tomorrow.

227. The session had allowed for a balanced scorecard on the capacity building agenda which tracked the progress from ad-hoc-based Members' needs assessments, to a tailor-made approach, with specific multi-year plans for Members.

228. She noted the key areas on the evolution of capacity building which had been included:

- the need for continuous education, including the PICARD Programme;
- the emerging trend of Customs moving away from primarily revenue generation to security, economic development and trade facilitation;
- the need to learn from stakeholders and to share countries' experiences;
- the need to build and maintain trust between Customs and the private sector;
- the need for active and sustained Member involvement in capacity building; and
- the importance of integrity, which underpinned all of the WCO tools and instruments.

229. The Chair of the CBC said that the importance of capacity building could not be overemphasized and, as such, an effective capacity building strategy was a critical factor of success. The draft WCO Capacity Building Strategy for 2019-2022 had been presented, as the first update since the initial one in 2003. The Strategy assessed the elements of capacity building efforts that worked and those that did not, and it also proposed the way forward. She added that the Strategy should be a mechanism by which all the stakeholders in the capacity building process could work collaboratively so that Member administrations could carry out their reform and modernization processes effectively, contributing to the socio-economic development of their countries. Some Members had provided feedback on the Capacity Building Strategy, however greater feedback was encouraged to ensure a more Member-driven strategic direction and Strategy.
230. Regarding trade facilitation and the Mercator Programme, the Chair of the CBC said that future sessions of the Trade Facilitation Agreement Working Group were to be integrated into the CBC, as appropriate, and that the next session in 2020 would be a joint one. Regarding the Mercator Programme, she highlighted the launch of the WCO Mercator Programme Annual Report and said that this Report would be produced on an annual basis as of 2020.
231. Concerning the Framework of Standards on Cross-Border E-Commerce, she indicated that the Members had expressed support for an approach which utilized existing WCO capacity building methodologies, tools and instruments, particularly the Mercator Programme, for the implementation of the Framework.
232. She then turned to the topic of performance measurement, which had been discussed in detail during the Council, and noted that it was an area of deep interest for Members as it related to the role of the WCO in monitoring and evaluating performance. After outlining several options regarding the development of the potential tool, she said that the CBC had concluded that a benchmarking approach was preferred, and that a Customs-focused outlook was to be adopted.
233. Moving to the ROCB-RTC-VC meetings, the Chair of the CBC explained that they had focused on the role and responsibilities of the Vice-Chair Offices (VCO) and the regional structures. Members had emphasized that the VCOs and the regional structures needed to further promote the WCO Strategic Plan, and that Regional Strategic Plans needed to be aligned with the WCO Strategic Plan. The commitment expressed by the VCOs and the regional structures confirmed that action would be taken to integrate WCO strategic objectives into regional and national initiatives.

234. She then turned to the item on “Customs Professionalism : Initiatives to Raise the Profile of Customs”. She noted that the PICARD Professional Standards had been updated to feature the private sector, a general reorganization of the Standards, a reformulation of the knowledge-skill-attitude requirement for strategic and operational managers; and to include a stronger emphasis on emerging technologies, risk management, security and facilitation, coordinated border management and international supply chains. The WCO Recognition Guidelines had also been updated and aligned with the PICARD Professional Standards 2019.
235. Concerning the item on Gender Equality and Diversity, she noted that the Virtual Working Group on Gender Equality and Diversity had continued to make progress in accomplishing its objectives, and panelists in the meeting had spoken of the various initiatives that had been conducted in their own countries related to gender equality and diversity.
236. Lastly, the Chair of the CBC noted that the past year had been positive for capacity building activities, meeting the needs of many WCO Members, and she welcomed the new initiatives and partnerships launched. Capacity building mattered, as it was an element required to meet the challenges and opportunities of the 21st Century.
237. Concluding her report, as the returning Chair of the CBC, she recognized that work continued and she looked forward to embracing and overcoming the challenges that might arise. With support of the Capacity Building team, including the returning Vice-Chair, Mr. Daniel Perrier, they would continue to achieve the best outcomes for the next years.

- Integrity Sub-Committee’s 18th Session

238. The CHAIRPERSON OF THE INTEGRITY SUB-COMMITTEE (ISC), Mr. Carlos Enriquez Montes (Mexico), provided a brief summary of the outcomes of the 18th Session of the ISC, which had taken place on 11 and 12 April 2019, under the theme : “Monitoring and measuring integrity to enhance ethical climate and compliance”. A total of 83 Members had been represented at the session, in addition to 7 international organizations and representatives from the private sector and academia.
239. The Chair of the ISC mentioned that the WCO Deputy Secretary General, in his opening remarks, had highlighted the importance of integrity for Members and the inclusion of integrity as a key priority in the new WCO Strategic Plan.
240. He further explained that an insight to the creation of the ISC had been provided during the session and that the principles of the 2003 Revised Arusha Declaration remained relevant today. He acknowledged major WCO achievements and recognized that more work needed to be done, particularly to enhance collaboration with all relevant stakeholders and to provide a multi-dimensional approach to countering corruption and promoting integrity.
241. The Chair of the ISC then highlighted the main topics covered under the ISC. The keynote speaker, Mr. János Bertók of the Organisation for Economic Cooperation and Development (OECD), had provided a whole-of-government and whole-of-society perspective on public integrity under three pillars : systems, culture and accountability. Mr. Bertók had stressed the importance of effectively assessing and measuring vulnerabilities of corruption in Customs by adopting a risk-based approach and through

the effective analysis of data, to determine not only the levels of corruption, but also the level of resilience to corruption.

242. A panel session on “Measuring Integrity in Customs” had also been organized, including representatives from Sri Lanka, India and Belgium, who highlighted the connection between the concept of measuring integrity in Customs and the overall maturity of organizational performance.
243. Moving on to the subject of “Behavioural insights of corruption and integrity as a preventive measure”, he reported that a representative from Academia had delivered an insightful presentation on the “rational choice” approach to understand why corruption occurred, as well as other approaches that had emerged to consider cognitive, psychological, cultural and sociological factors. Three Members - Montenegro, United States and Canada - had shared their experiences on integrity assessments and the ISC had noted that the WCO should continue to focus on this topic, in particular enhance the use of intelligence deriving from information gathered on staff behaviour.
244. The ISC had also discussed how the internal audit function contributed to developing integrity, and representatives from Italy and Argentina had shared their experiences on this matter.
245. The ISC had also debated the topic of “cooperation with stakeholders on integrity monitoring”. Representatives from the African Union, the International Federation of Customs Brokers Associations, the United Nations Development Programme and Azerbaijan Customs had provided different perspectives on the topic, and the ISC had acknowledged that the success of integrity promotion and combating corruption relied on mutual trust and effective cooperation between public and private stakeholders.
246. The Chair of the ISC further reported that, through several presentations, the WCO Secretariat had updated the Committee on the progress in the area of integrity, including : the organization of the first Global Meeting of Integrity Experts, funded by China, where recognized integrity experts had enhanced their knowledge on the WCO Integrity Programme; and the launch of the Anti-Corruption and Integrity Promotion (A-CIP) Programme for Customs, financed by Norad. This new programme complemented other WCO initiatives, such as the WCO Mercator Programme, and he encouraged other potential donors to join the efforts in promoting integrity. The WCO Secretariat had also provided a report on the delivery of integrity development support missions to Members, along with several cooperation activities with other international organizations.
247. The ISC had also considered other potential areas for future discussion, highlighting that the ISC should revisit the theme of leadership and commitment. It also expected to receive more proposals for agenda items from the Members for future sessions.
248. Lastly, elections had taken place and the Chair of the ISC had been re-elected, and Mr. Hendra Prasmono of Indonesia Customs had also been re-elected as Vice-Chairperson. The Chair of the ISC expressed his readiness to work closely with all Members to ensure a successful 19th Session, in early 2020.
249. The CHAIRPERSON OF THE COUNCIL thanked Ms. Ricketts-Walker and Mr. Enriquez Montes for their reports.

250. The Delegate of UGANDA, as Vice-Chair of the East and Southern Africa (ESA) region, thanked the Chair of the CBC for the well-attended session marking the Committee's Tenth Anniversary, highlighting Members' active participation. He acknowledged the keynote address delivered during the CBC by Mr. Dombrovskis, European Union Vice-President and Commissioner for the Euro and Social Dialogue. During the session, Uganda had shared information regarding an initiative to support women in cross-border trade, aimed at contributing to women's economic empowerment through innovation and gender-responsive trade facilitation initiatives. Members in the region had expressed interest to undertake similar initiatives and he voiced his Administration's willingness to work together with those countries. He expressed appreciation to Members that had supported capacity building activities delivered to ESA region countries. He also acknowledged the work done by the Integrity Sub-Committee, highlighting that during the last meeting of Directors General of Customs of the African Union held in Moroni, Comoros, the Moroni Declaration on Integrity had been adopted to strengthen integrity in Customs administrations.
251. The Delegate of the UNITED STATES thanked the Chairpersons of the CBC and ISC for the comprehensive reports. Highlighting the 10th Anniversary of the Capacity Building Committee, he remarked on Ms. Ricketts-Walker's view of the importance of capacity building and congratulated the Committee on its work. He also thanked the WCO for having made a structural commitment to support Members to implement the best practices embodied in the Organization's various instruments.
252. The Delegate of EGYPT underlined the important role played by the WCO in raising the capacity of its Members. Noting that the African Free Trade Agreement had entered into force this year, creating the largest free-trade zone since the creation of the WTO in 1995 (with a market of 1.2 billion consumers and 3.4 trillion dollars of GDP), Egypt, as the current Chair of the African Union, looked forward to the support of the WCO to implement this Agreement. In this connection, he thanked the Secretary General for his participation in the Tenth Meeting of Heads of Customs of the African Union, held in September 2018 in Comoros, where he had stressed that the Organization fully supported the African Continental Free Trade Area and would work with Member States of the African Union to develop digital systems and to help facilitate cooperation between Customs administrations throughout Africa.
253. The Delegate of the RUSSIAN FEDERATION, as Vice-Chair of the Europe region, expressed his gratitude to the Deputy Secretary General, Ms. Ricketts-Walker and Mr. Enriquez Montes for the excellent work. Concerning capacity building events organized in the Europe region, he noted that during the Conference of Heads of Customs Services held in April 2019 in Saint-Petersburg, Russia, the Europe region had decided to recognize a WCO Regional Dog Training Centre in Kyrgyzstan, expressing full support for this initiative and for the existing MoU between the WCO and the Kyrgyz Customs Service. He explained that establishing another WCO Dog Training Centre in Kyrgyzstan was important due to the extensive borders and the drug-trafficking threats in the region. He further indicated that the region had found a solution with regard to the financial provisions for the European ROCB located in Baku, Azerbaijan, and that the Office would continue its functioning to assist the development of regional Customs cooperation. He thanked Azerbaijan Customs for the support provided to date and expressed his hope that it would continue to provide support to the ROCB in Baku.
254. The Delegate of GEORGIA expressed appreciation for the work in the area of capacity building and said that the CBC was a practical platform where Members could reflect and promote international instruments and best practices elaborated by the

WCO. He welcomed WCO efforts aimed at developing more outcome-based indicators for capacity building. Concerning integrity development, he expressed appreciation for the work done, noting that Customs officers were not acting in isolation, but rather as a part of the government and society. He stressed the importance of maintaining a holistic view regarding the process of integrity development, pointing out the need to illustrate the necessary building blocks to achieve high levels of integrity.

255. The Delegate of INDONESIA thanked the WCO for the comprehensive reports. With regard to capacity building, he underlined that Customs capacity building programmes were most effective through bilateral and sub-regional cooperation mechanisms. He emphasized the importance of increasing the supply of WCO experts and the exchange of knowledge and expertise between Members, and called for an increase in the number of WCO accredited and recognized experts in the region, specifically in South-East Asia.

256. The Delegate of CHINA expressed his appreciation for the progress achieved in the past ten years since the establishment of the CBC, as well as for the efforts made by the CBC to ensure that the various programmes evolved in order to help Members adapt to a new environment. The theme of this year's CBC session had captured China Customs' vision in terms of capacity building. He went on to explain that, in 2014, the China Customs Cooperation Fund (CCF-China) had been established to support international Customs work. The Grant Agreement, which would conclude on 30 June 2019, had served to sponsor over 70 programmes, with over 1,000 participants from all six WCO regions. Looking to the future, he informed Members that China Customs was renewing the CCF Grant Agreement with the WCO for another five years (from 2019 to 2024) and that the grant amount would be increased from EUR 600,000 per year to EUR 1 million per year. China Customs would continue to maintain close cooperation with the WCO and its Members, through the CCF-China, as well as through its Regional Training Centres in Shanghai and Xiamen, to further assist Members by supporting capacity building activities.

257. The CHAIRPERSON OF THE COUNCIL concluded that the Council :

- took note of the Report and the Executive Summary of the 10th Session of the Capacity Building Committee, held from 8 to 10 April 2019; and
- took note of the Report and the Executive Summary of the 18th Session of the Integrity Sub-Committee, held on 11 and 12 April 2019.

(b) Tariff and Trade Affairs

258. The DIRECTOR, TARIFF AND TRADE AFFAIRS (TTA), reported to the Council that the WCO had continued to deliver in all TTA areas with all Strategic Plan goals achieved in the classification, valuation and rules of origin areas, while trying to inject innovation into its work by undertaking such projects as revamping the WCO Documentation Centre and exploring a strategic review of the Harmonized System (HS).

259. The TTA Secretariat had continued to manage a significant workload during the past year with nearly 50 meetings, 300 Agenda items, more than 4,000 pages of documents, more than 150 decisions taken, nearly 150 classification advices and more than 250 days of capacity building missions.

(i) **Origin**

260. Highlighting the origin-related work, the DIRECTOR, TARIFF AND TRADE AFFAIRS, reported that the WCO Secretariat had continued to play a leading role in assisting Members in the practical application of rules of origin, including in particular origin certification and verification.
261. The CHAIRPERSON OF THE TECHNICAL COMMITTEE ON RULES OF ORIGIN (TCRO), Mr. Aseem Nanda (India), highlighted that the TCRO had been given an update on the work of the WTO Committee on Rules of Origin (CRO) and had been fortunate to have the Chair of the CRO present at its meeting, together with the representative of the WTO. The work on the harmonization of Non-Preferential Rules of Origin had remained stagnant, while discussions had taken place linked to notifications and transparency.
262. The WCO Secretariat had informed the TCRO about the work linked to the WCO Origin Action Plan and the building of capacities in Member administrations. A number of origin tools had been updated and these were accessible in several languages on the WCO Website. The tools promoted uniform application of rules of origin by Members, thereby mitigating the effects of the so-called spaghetti bowl.
263. The WCO Secretariat had remained proactive and responsive to Members' requests and needs in relation to the management, understanding and application of preferential Rules of Origin.
264. The TCRO Chair informed the Council that a workshop had been held back-to-back with the TCRO, with presentations and discussions on preferential market access for least-developed countries, origin procedures and information about e-learning for Members and the private sector.
265. The workshop had also discussed the review of the Revised Kyoto Convention (RKC) and the important inputs had been fed into the Working Group on the Comprehensive Review of the RKC. Specific Annex K had not been part of the revision of the original Kyoto Convention and there was therefore a need to update the text to make sure that the RKC remained a contemporary instrument on Rules of Origin. The TCRO Chair encouraged Members to enrich the discussions in order to ensure the quality of the RKC.
266. Mr. Nanda concluded by thanking Members for their continued support for himself and the Vice-Chair.
267. The CHAIRPERSON OF THE COUNCIL thanked the Chair of the TCRO, the Secretariat and the Members for the good work accomplished.
268. At the invitation of the Chairperson, the Council :
- took note of the Report of the 37th Session of the Technical Committee on Rules of Origin;
 - took note of the developments regarding the harmonization of the Non-Preferential Rules of Origin; and

- took note of the work carried out by the WCO Secretariat in relation to the WCO Action Plan on Preferential Rules of Origin and the Revenue Package.

(ii) Valuation

269. With respect to valuation-related work, the DIRECTOR, TARIFF AND TRADE AFFAIRS, noted that the Technical Committee on Customs Valuation (Technical Committee) continued to deliver, having adopted Advisory Opinion 23.1 concerning the valuation of goods purchased in flash sales.
270. The CHAIRPERSON OF THE TECHNICAL COMMITTEE ON CUSTOMS VALUATION, Mr. J. Birkhoff (Netherlands), highlighted the importance of the work of the Technical Committee in ensuring, at technical level, the uniform application and interpretation of the WTO Customs Valuation Agreement, an important aid to both Members and trade. He reported that the Technical Committee had adopted Advisory Opinion 23.1 which dealt with the valuation of goods purchased in 'flash sales' at a highly discounted price. This Advisory Opinion was an example of how to apply the Agreement in respect of imported goods purchased both on the traditional market and through e-commerce.
271. He added that the Technical Committee had agreed with the suggestion of the Director to change the title of the Agenda item "Progress Report on developing countries' application of the WTO Agreement" to "Progress Report on Members' application of the WTO Agreement", to enable Members to benefit from experiences of all administrations to improve the application of the provisions of the Agreement, in line with Article 20, paragraph 3 of the Agreement.
272. He referred to the work of the Technical Committee for the 46th, 47th and 48th Sessions as reported in Docs. VT1137E1c, VT1161E1c and VT1188E1a respectively, and informed the Council of nine technical questions currently under consideration by the Technical Committee on topics such as royalties and licence fees, intra-group sales and payment for access rights to TV bouquet.
273. The CHAIRPERSON OF THE COUNCIL thanked the Chair of the Technical Committee on Customs Valuation, the Secretariat and the Members for the good work accomplished.
274. At the invitation of the CHAIRPERSON, the Council :
- approved the Reports of the 46th and 47th Sessions of the Technical Committee on Customs Valuation, contained in Docs. VT1137E1c and VT1161E1c respectively;
 - took note of the draft Report of the 48th Session of the Technical Committee on Customs Valuation, contained in Doc. VT1188E1a;
 - approved Advisory Opinion 23.1; and
 - took note of the various other valuation-related developments referred to in the Technical Committee Chairperson's written report.

(iii) Nomenclature and Classification

275. The DIRECTOR, TARIFF AND TRADE AFFAIRS, congratulated Gambia on becoming the 158th Contracting Party to the Harmonized System Convention and expressed his appreciation for the work Gambia had put into the accession process.
276. He then drew the attention of the Council to the draft Article 16 Recommendation concerning the amendment of the Harmonized System for HS 2022, which was before the Council for adoption. He called for the support of all Members for the adoption of all the important changes to the Harmonized System reflecting the needs of users and changes in technology and in patterns of international trade. Noting that the package of changes represented the outcome of work over a span of four years, he invited the Council to acknowledge the hard work done by the HS Committee and the Review Sub-Committee and, in particular, by the Chairs of the Review Sub-Committee, Ms. Ulla Larsson from Sweden as current Chair, and Ms. Lu Gan from China and Mr. Sung-Chae Kim from Korea as former Chairs.
277. The Director also informed the Council that the Recommendation of 30 June 2018 Amending Article 8 of the HS Convention with a view to speeding up the HS decision-making process by placing a two-reservation limit on classification decisions taken by the HS Committee had been adopted by unanimity and would enter into force on 1 January 2021. He thanked all delegations for their support for the Recommendation which represented a significant step taken by the Organization to advance on improving the decision-making process in respect of the HS.
278. The CHAIRPERSON OF THE HARMONIZED SYSTEM COMMITTEE, Ms. Lu Gan (China), noted that at its 63rd Session the HS Committee had finalized the draft Article 16 Recommendation concerning the amendment of the Harmonized System for HS 2022, which the Council would be asked to adopt. It contained 351 sets of amendments. Some notable amendments were new headings or defining Notes for new or major technologies, including 3D printers, smart phones, drones and novel tobacco products. Global environmental concerns had also prompted new headings or Notes for associated goods, such as the trade in electronic waste (e-waste) and monitoring of various gases with high global warming potential.
279. In the area of public health, the Committee had taken into account issues such as the need for facilitated movement of rapid diagnostic kits for the Zika virus and other mosquito-borne diseases, as well as the emergence of new fentanyl opioid derivatives. There were also amendments relating to security concerns, such as better identification of cultural articles to assist in detecting the illegal trade in those goods by terrorist groups.
280. She drew the Council's attention to the HS Committee's approval, at its 63rd Session, of a Recommendation of the Customs Co-operation Council on the insertion in national statistical nomenclatures of subheadings to facilitate the monitoring of the international movement of substances controlled by virtue of the Kigali amendments to the Montreal Protocol that deplete the Ozone Layer. The Council would also be asked to adopt this Recommendation.
281. She pointed out that six reservations had been entered in respect of decisions taken by the Committee at its 62nd and 63rd Sessions and these were submitted to the Council for referral back to the HS Committee for reconsideration. She invited the Administrations concerned to make their requests for referral by the Council back to the Committee for re-examination, in accordance with Rule 20 of the Committee's Rules of

Procedure. Finally, she invited the Council to approve the Reports of the 62nd and 63rd Sessions of the HS Committee.

282. The following delegates took the floor to request that reservations which had been entered by their Administrations be referred back to the next session of the HS Committee for re-examination :

- European Union, on the classification of a “Sterilizer Formaldehyde Formomat PL 349-2” in heading 84.79 (subheading 8479.89);
- India, on the classification of “Dissolved gas analysis (DGA) monitors” in heading 90.27 (subheading 9027.20);
- Saudi Arabia, on the classification of a “tobacco product called “EHTP”” in heading 24.03 (subheading 2403.99);
- Philippines, on the classification of “Liquefied Petroleum Gas” in heading 27.11 (subheading 2711.19), “Quadra 440XL Chrome tap, serving instant boiling and chilled filtered water” in heading 84.21 (subheading 8421.21) and an “Emergency Kit for motor vehicles” in heading 90.26 (subheading 9026.20);

283. The CHAIRPERSON OF THE COUNCIL thanked the Chair of the HS Committee, the Secretariat and the Members for the good work accomplished.

284. Following these interventions, and at the invitation of the Chairperson, the Council :

- adopted the draft Article 16 Council Recommendation concerning the amendment of the Harmonized System Nomenclature (the 2022 version) in order to update the HS to reflect the changes in technology and patterns in international trade, as well as the needs of users;
- adopted the Recommendation of the Customs Co-operation Council on the insertion in national statistical nomenclatures of subheadings to facilitate the monitoring of the international movement of substances controlled by virtue of the Kigali amendments to the Montreal Protocol that deplete the Ozone Layer;
- referred the questions of the classification of the following products back to the Harmonized System Committee for re-examination :
 - Tobacco product called “EHTP” in heading 24.03 (subheading 2403.99);
 - “Liquefied Petroleum Gas” in heading 27.11 (subheading 2711.19);
 - “Quadra 440XL Chrome tap, serving instant boiling and chilled filtered water” in heading 84.21 (subheading 8421.21);
 - “Emergency Kit for motor vehicles” in heading 90.26 (subheading 9026.20);
 - “Sterilizer Formaldehyde Formomat PL 349-2” in heading 84.79 (subheading 8479.89);

- “Dissolved gas analysis (DGA) monitors” in heading 90.27 (subheading 9027.20);
- approved the Reports of the 62nd and 63rd Sessions of the Harmonized System Committee; and
- took note of the various other HS-related developments which had taken place since the June 2018 Council Session.

(c) Compliance and Facilitation

285. The DIRECTOR, COMPLIANCE AND FACILITATION, summarized the work which had been carried out by her Directorate and the Committees it served, namely the Enforcement Committee (EC) and the Permanent Technical Committee (PTC) during the financial year 2018/2019. She began by providing a brief overview of the activities conducted over the past financial year, including the organization of 35 official meetings, in addition to other virtual and ad-hoc meetings. She also mentioned the Secretariat’s participation in a large number of technical-level meetings and working groups with other international organizations, with the objective of raising Customs’ profile and ensuring that the interests of the WCO and Customs were well represented and taken into consideration. The Directorate had also conducted accreditation workshops on various topics such as risk management, Time Release Study, post clearance audit, wildlife trafficking, drugs targeting, transit and the WCO Data Model, just to name a few. The Director expressed her gratitude to the countries that had nominated experts for the accreditation process in the different fields of Customs expertise.

286. She informed the Council that the Chairperson of the EC, Ms. Abigail Bradshaw (Australia), could not be present due to other parallel commitments. The Director then provided a detailed overview of the main outcomes of the 38th Session of the EC, explaining that work had continued to focus on the main high-risk areas which had all been captured under the Compliance and Enforcement Package (CEP) and that future activities had been included in the new draft CEP Action Plan for 2019/2020 which had been endorsed at the end of the EC session with the adjustments recommended by Members.

287. In mentioning the tools and instruments contained in the CEP, the Director highlighted the Customs Operational Practices for Enforcement and Seizures (COPES), a United States Department of State funded Programme aimed at strengthening Customs prerogatives and expertise in matters relating to the seizures, penalties and detentions to ensure the successful prosecution of criminals in the consequence judicial phase. In that regard, she alluded to the development of the COPES expert cadre, which already counted 25 regional accredited experts, of which 8 were fully accredited. COPES also supported the activities of other WCO Compliance Programmes and Projects, such as the INAMA Project, the Container Control Programme (CCP), the Drugs Programme and the Security Programme. COPES was also developing an e-learning curriculum module to be released in the near future.

288. The Director then referred briefly to the request from Members, expressed during the Policy Commission session, to seek further support in respect of their risk management capabilities. In that regard, she explained that the WCO was working on the development of the Risk Management Diagnostic Tool and the Risk Management Maturity Model, which would serve as self-assessment tools for Members.

289. In the area of Cultural Heritage, it was explained that the Secretariat had finalized the training handbook on Preventing the Illicit Trafficking of Cultural Heritage (PITCH), to be translated into Spanish and Russian by the end of the year. She mentioned the dissemination efforts made in relation to the PITCH Handbook in Western and Central Africa and in Cuba in the framework of the UNODC-WCO CCP.
290. The Director reported that the Security Programme had developed training curricula on the topics of small arms and light weapons and passenger controls, including sessions on returning foreign terrorist fighters, coordinated border management and overall passenger control processing. The Directorate continued to develop intelligence reports through the Information and Intelligence Centre (I2C) and maintained the CENcomm platforms codenamed ARCHEO, GTEN and ENVIRONET. Members were encouraged to share seizure data through CEN.
291. The Global Travel Assessment System (GTAS), a targeting software application available free of charge, focused on the implementation of the United Nations Security Council Resolution 2396 and the requirements to implement Advance Passenger Information and Passenger Name Record systems to enhance passenger controls. The Director noted that GTAS had been widely promoted in Asia by the Asia-Pacific Security Project (APSP) and was also being implemented in other parts of the world. The Director reported that the APSP would end on 30 June 2019 and she thanked the donor, Japan, as well as the Member countries which had benefited from the Project's support for their active participation in the activities organized under its framework.
292. The Director emphasized the work being conducted jointly with the OECD on free zones. She went on to explain that, at the EC session, briefings had been provided on the operations held over the past fiscal year. While Members expressed some operational "fatigue" during the EC, new operations and projects had been endorsed. Finally, she informed the Council of the EC election results, which saw Mr. Debi Dash of India appointed Chairperson for the 39th Session of the EC, with Mr. Jean Herby Nelson of Haiti being elected as Vice-Chair.
293. Opening the discussions, the Delegate of INDONESIA thanked the Director for her report on WCO enforcement and compliance activities, and expressed concern regarding the security situation and the increase in his country of illicit activities related to drug trafficking, CITES, cash couriers, high-value goods and terrorism. He described some of the tools his Administration relied on to tackle these threats, such as the RILO network, the CEN system, international operations and cooperation agreements limited to the exchange of information. Recognizing that cross-border smuggling activities were often conducted by organized criminal groups, he emphasized the importance of joint operations between WCO Members, including joint investigations and post seizure analysis. He suggested that the WCO offer more support to Members in the implementation of PNR systems, especially in relation to the issues surrounding data privacy protection.
294. The Delegate of THAILAND thanked the WCO for having selected his country as host of the regional operation centre of the Asia-Pacific Security Project, and reiterated his Administration's commitment to continue supporting all WCO activities.
295. The Delegate of GEORGIA expressed his appreciation for the WCO activities presented by the Director. He thanked the WCO for the assistance provided under the UNODC-WCO CCP which had been successfully running in his country since 2012. Georgia now had two container control units and also an air cargo unit in Tbilisi. He

noted the importance of the CCP in creating a network of enforcement officers from different countries to ensure cooperation, and suggested that the methodology used to bring countries closer in the framework of the CCP should be expanded to other regions and neighbouring WCO Member countries in furtherance of Customs objectives and missions.

296. The Delegate of BENIN thanked the WCO for its efforts in mobilizing the necessary funds to organize the capacity building activities and workshops held in his country, such as the COPES workshop on safety and security. He explained that Benin faced a threat posed by the illicit trade in counterfeit medicine. He then referred to the discussions held at the last EC session on the changes to the Terms of Reference for the Counterfeiting and Piracy (CAP) Group and suggested that this question be addressed by a WCO working group.
297. The Delegate of ISRAEL expressed support for the enforcement and compliance work conducted over the past year as well as the planned activities.
298. The DIRECTOR, COMPLIANCE AND FACILITATION, thanked delegates for their comments and feedback. She explained that the question of amendments to the CAP Group Terms of Reference would first be addressed at the next CAP meeting and then submitted to the Permanent Technical Committee in October 2019.
299. To supplement his written report to the Council, the CHAIRPERSON OF THE PERMANENT TECHNICAL COMMITTEE, Mr. Ian Saunders (United States) presented some highlights from the 221st/222nd and 223rd/224th Sessions of the PTC, held in November 2018 and March 2019 respectively. The PTC had performed the tasks of overseeing products emerging from technical bodies within the WCO and exploring emerging issues that had relevance to the Customs community. In this context, the PTC had been able to accomplish the goals of adding value to the work of the various subordinate working bodies and of examining matters of a more strategic nature. He then touched upon some of the topics that the PTC had examined over the past year.
300. In the context of overseeing ongoing work, the PTC had discussed and approved the Action Plan for Phase IV of the Economic Competitiveness Package (ECP) that had been then endorsed by the Policy Commission in December 2018 and was being implemented as of January 2019. In March 2019, the PTC had held a joint session with the WCO Working Group on the WTO Trade Facilitation Agreement (TFAWG), during which points of shared interest had been examined, such as the Time Release Study, coordinated border management and the availability of trade-related information. The PTC had advanced the discussions on e-commerce and had submitted to the Policy Commission a number of documents to consider for endorsement as the first set of technical supplements to the WCO Framework of Standards on Cross-Border E-Commerce. The PTC had discussed and submitted for endorsement by the Council the amended Terms of Reference for the WCO/IATA/ICAO API-PNR Contact Committee.
301. With regard to forward-looking topics and points of particular interest to the WCO membership, the PTC had continued the discussions on disruptive technologies and had submitted the Study Report on Disruptive Technologies for endorsement by the Council. The PTC had examined issues of particular relevance to the Customs administrations of Small Island Economies and had deliberated on the nexus of Customs and the UN Sustainable Development Goals. The PTC had also delved into data analytics and the WCO's theme of the year - SMART borders for seamless Trade, Travel and Transport.

302. The Committee had benefited from presentations by WCO Members, as well as speakers from other international organizations, who had brought expertise and practical experience, as well as a diversity of views that had enriched the PTC discussions. The PTC sessions had witnessed robust participation by delegates and Mr. Saunders expressed his appreciation to the Members, whose active and consistent engagement in the PTC had contributed to the success achieved by the Committee and had made the results of the PTC work genuinely reflective of Members' interests. He also thanked the WCO Secretariat for working creatively to enable the PTC to have meaningful and far-reaching discussions during its sessions.

303. The Council was informed that, in March 2019, the PTC had held elections for a Chairperson and Vice-Chairperson. Mr. Ian Saunders had been re-elected as the Chairperson of the PTC and Ms. Gordana Vidanović had been re-elected as the Vice-Chairperson of the Committee.

304. In conclusion, with regard to Enforcement matters, the Council :

- approved the Report of the 37th Session of the Enforcement Committee;
- took note of the draft Report of the 38th Session of the Enforcement Committee, which will be submitted to that Committee for final approval at its next session; and
- acknowledged the various compliance and enforcement-related developments outlined in the written report of the Chairperson of the Enforcement Committee.

305. With regard to Facilitation matters, the Council :

- approved the Report of the 221st/222nd Sessions of the PTC;
- approved the Report of the 223rd/224th Sessions of the PTC, including the Joint Session with the 11th Meeting of the WCO Working Group on the WTO Trade Facilitation Agreement (TFAWG);
- endorsed the WCO Study Report on Disruptive Technologies;
- endorsed the amended Terms of Reference of the WCO/IATA/ICAO API/PNR Contact Committee; and
- took note of the various PTC-related developments mentioned in the written report of the PTC Chairperson.

7. WORKING GROUP ON ACCESSIONS - PROGRESS REPORT

306. The Delegate of BRAZIL, Mr. F. Vivas, who had chaired the First Meeting of the Working Group on Accessions, held on 11 and 12 April 2019, read out the Report on that meeting as follows :

“Following the discussions in the Council Sessions of 2017-2018 and invitation of the Chairman of the Council, the Working Group on Accessions gathered for its first meeting on the 11-12th of April, 2019, in the headquarters of the World Customs Organization.

The following delegations attended the meeting: Angola, Brazil, China, India, Nigeria, Russian Federation, Saudi Arabia, United Kingdom and United States. The Brazilian delegate was randomly drawn amongst the present delegations as the Chairperson of said meeting.

The members of the Working Group had before them the Terms of Reference agreed upon during the Council Sessions in 2018.

The delegations discussed organizational aspects of the Working Group and initiated constructive dialogue on the scope of the meeting, taking fully into account the decisions of the Council, as established by the Terms of Reference for the Working Group.

The delegations acknowledged the importance of the meeting and that the Working Group constitutes an appropriate forum to discuss the issue of accession to the WCO.

The Working Group Members recognized that the Council's work was unusually disrupted by discussions in 2017 and 2018 on the issue of accession to the WCO, which led to the creation of this Working Group.

The delegations demonstrated a willingness to continue meeting with the objective of further advancing discussions on the issue of accession to the WCO, based on examples and taking fully into account WCO Members' concerns.”

307. The Delegate of SERBIA agreed with the Delegate of Brazil that the Working Group on Accessions was the right place to discuss the issue of the accession of so-called Kosovo and future accessions in line with the decisions of the Council. His delegation agreed on the need to resolve the disputed issue of Kosovo, and leave behind the politicization of the Council Sessions. At the same time, he indicated that in line with what had been said previously, for his delegation it was not clear why the flag of Kosovo could still be seen in the meeting room, with persons sitting behind it. The Working Group had been launched to resolve the disputed issue, and pending the resolution and clarification of that issue, Serbia could see no legal grounds for those persons to be in the room.

308. The Delegate of the RUSSIAN FEDERATION, who indicated that she was speaking on behalf of the Russian Federation and not in her country's capacity as Vice-Chair, recalled that it had not been easy for the Council to decide to establish the Working Group. In 2017 and 2018, the work of the WCO had actually faced a stalemate because of the issue of Kosovo, which had nothing to do with Customs cooperation. Kosovo's attempt to join the WCO had in fact led to a paralysis in the Organization's work, and this was why the Working Group had been established, as noted in the Minutes of the previous Council Sessions and in the report which the

Council had just heard. One of the main tasks of the Working Group was to clarify the situation regarding this issue; the conclusions of the Working Group would help the Council to determine the status of this entity in the Organization, as well as the procedure for joining the Organization in general.

309. She added that Russia highly appreciated the Chairperson's efforts to solve the situation and avoid politicizing the work of the Council. The Chairperson had assumed huge responsibility vis-à-vis the establishment of the Working Group, and Russia had supported his proposal in this regard, taking into account his signals that Kosovo would not take part in the Council's work before the Working Group had come to its conclusion. Unfortunately, persons seated behind the Kosovo nameplate had been given the floor, and this was a violation of the Rules of Procedure of the Council, as many other delegates had pointed out at the previous Sessions. This situation did not allow a constructive atmosphere to be created in the Organization. For the second day in succession the Council had been working in a normal way, discussing the Customs agenda, but she feared that any departure from the compromise on which the creation of the Working Group was based could provoke yet another crisis in the WCO's activities, which would negatively affect the Organization and its authority. She said a document setting out the ideas and position of the Russian Federation regarding the work of the Working Group would be handed to the Secretariat, and she requested that it be added to the Minutes.
310. The Delegate of the SYRIAN ARAB REPUBLIC said that his delegation fully supported the statement made by the Delegate of Serbia; the presence of one particular delegation, when there had been no prior agreement on this, was not acceptable, and he invited the Council to look again at what had been said at its 2012 and 2017 Sessions.
311. The Delegate of SPAIN expressed agreement with previous speakers, noting that Spain did not recognize the territory of Kosovo on an international level, and as had been indicated at previous Council Sessions, her Administration rejected the participation of Kosovo in the WCO's work. Given the importance it assigned to the work of the Organization and the progress made on technical matters during the Sessions, Spain felt there was a need to respect the compromise that had been arrived at in the Working Group. These discussions should be held within the Working Group on Accessions, and Spain continued to support that compromise and would like to find consensus within the Working Group. Meanwhile, Spain's written comments would be submitted to the Secretariat. The Delegate reiterated Spain's position that it did not accept the membership of the said delegation, nor its presence in the meeting room. However, it did recognize the important work that was being done within the Working Group, and supported its continuation.
312. The Delegate of CHINA echoed the points raised by previous speakers. China did not accept the membership of Kosovo in the WCO, so it recommended that all the work on this issue should be done in the Working Group. Also, China could not accept the presence of Kosovo in the Council meeting room. A solution would need to be found in order to deal with this problem pending the results of the Working Group's deliberations.
313. The Delegate of GERMANY said that her country continued to strongly support Kosovo's membership of the WCO and its active participation in the Organization. Its view was that Kosovo's accession to the WCO should not be the subject of the Working Group's discussions, as the accession process had already been completed legally under the exact same procedures as were followed by other countries. As other

delegations had already pointed out, it was important to move forward from politicized discussions and return to the important Customs matters which were of vital interest to Customs Directors General. Therefore, Germany supported the discussions in the Working Group, just as it had supported the creation of the Group.

314. The Delegate of CYPRUS said she agreed with the views expressed by the Delegate of Spain, and wished to draw attention to the national position of Cyprus on this matter, as communicated in its Note verbale to the Depositary dated 16 March 2017. Cyprus considered that the work of the WCO should not be disrupted, and that the Organization should continue with its technical matters. Based on the decisions taken at the Council Sessions of July and December 2017, the Working Group would discuss both future accessions and the accession of Kosovo. Cyprus strongly supported the work of the Working Group and believed that it should continue its discussions while the Council went on with its technical work.
315. The Delegate of CUBA said that his delegation had already made its position clear, and would submit it to the Secretariat in writing also. Cuba was in favour of the creation of the Working Group, and felt that the discussions needed to take place in that forum; the Council should return to its technical work, in the interests of all the Members. He added that the decisions taken by the Council in 2012 and 2017 should be taken into account.
316. The Delegate of ROMANIA expressed her country's full support for the creation and activity of the Working Group, saying it had been understood from the beginning that the Group's terms of reference would be based on the decisions already made by the Council. Romania very much welcomed the Group's first meeting, and fully appreciated the effort and progress made during the discussions in spite of the different views that were present in the Group. Romania was aware that this was just the first meeting, and solutions could not be expected at this stage, but it fully believed that even if the Working Group did not come up with a solution by the time of the next Council Sessions, there would at least be some possible options for how to deal with this sensitive issue in the future.
317. The Delegate of ARGENTINA said that her country supported the work of the Working Group on Accessions, chaired by Brazil, and felt that this was the right forum in which to discuss the matter, thus avoiding future discussions on it within the Council, which was a technical body. Also, Argentina supported those countries that had taken a position against the presence of Kosovo in the Sessions.
318. The Delegate of GEORGIA said that in highlighting the importance of the smooth management of the Organization, the Council should not forget the key legal and sensitive interests of Serbia. All delegations had agreed to move the discussions into the Working Group. The Group's first meeting had taken place and its first Report had been agreed, which was an achievement in itself, but extremely different views still prevailed on the issues. Taking into account the vital interests of the WCO and the need to continue its technical work, Georgia asked whether the Council might consider it feasible to adopt a special Resolution on accession issues, acknowledging the concerns of a number of Members and calling on the Working Group and the Secretariat to intensify their efforts towards the elaboration of the Working Group's Report.
319. The Delegate of BOLIVIA thanked the Working Group for its work and thanked the WCO for its efforts, adding that this matter had been of major concern for Bolivia also. As had been stated in the past, Bolivia's position was that it was not able to

accept the participation of Kosovo in the WCO Council Sessions, and the Working Group on Accessions should come up with recommendations in order to achieve consensus. This should be reflected in the Minutes of the Sessions, particularly given the fact that voting was due to take place on the following day.

320. The Delegate of FRANCE thanked both the Council Chairperson and the Working Group for all the work they had done to make it possible for the Council to look at what was really essential for the Organization, and that was Customs matters. He repeated what France had systematically said, i.e. that the Working Group was about future accessions, and the presence of Kosovo was not a question of that nature. Therefore, he expressed his support for the statement made by the Delegate of Germany.
321. The Delegate of KOSOVO said he truly regretted having to once again make a statement to participants on Kosovo's membership, as had been done on the previous day and at previous Council Sessions. However, he wished to mention that Kosovo had acceded to the Customs Co-operation Council Convention on 25 January 2017, in accordance with Article XVIII of the said Convention, and as a Member of the WCO it would contribute to all common Customs matters. Finally, he said Kosovo considered that the current discussions had no effect on its membership of the WCO.
322. The Delegate of CHILE said he wished to reiterate his country's position, which was that it did not recognize the Member status of Kosovo, and he agreed with the points raised by the Delegates of Serbia, Russia, China, Cyprus, Argentina, Georgia and others. He added that Chile supported the important work being carried out by the Working Group, and believed that the Group should also be examining the question of Kosovo as part of that work.
323. The Delegate of BELGIUM said that he shared the position stated by Germany and France, that Kosovo was a Member of the WCO and the Working Group should only discuss the matter of future accessions. Apart from that, he said he was happy to be attending the Council Sessions to discuss matters of importance that would shape the form of Customs, today and tomorrow. All Directors General belonged to the brotherhood of Customs - they could not work alone, and as they worked they should pledge to keep marching ahead and not turn back. Therefore, he had taken the floor to remind his fellow delegates that the time to engage in the luxury of political debate was over; now was the time to rise from the dark and desolate valley of irrelevant, non-Customs related speeches, to the sunlit path of the Organization's technical Customs work. Now, more than ever, it was time to put the Organization back on track, and despite the difficulties it would face today and tomorrow, he still had a dream that one day the Organization would rise up, and live up to the true meaning of its mission. He had a dream that the WCO would no longer walk along the paths of conflict and hostility, but could instead focus on the work that brought nations together and lead Customs brothers and sisters back to the lovely road that was Customs.
324. The Delegate of ALBANIA feared her words seemed too small when compared with what Belgium's Director General of Customs had just said. Actually, she had hundreds of pages of statements she could read out on this subject, but delegates were not at the Council to open up the same discussion. The issue was closed, Kosovo was a Member; there were a few Members seeking to brainwash delegates, but they would not succeed. She requested that the current discussion on this issue, which had been ongoing for so many years, be brought to a close. The Council Sessions were not the domain of Ministries of Foreign Affairs; this was a Customs environment, and the Council should be moving ahead with other issues.

325. The Delegate of the CZECH REPUBLIC said the position of his country was that Kosovo fulfilled all the conditions for being a Member of the WCO, so the Czech Republic supported the presence of Kosovo in the meeting room. He agreed with the points made by the Delegates of Germany, France and Belgium; the WCO was a purely technical Organization, and the Council should do its best to go back to its technically-oriented work and avoid escalating discussions on policy matters.
326. The Delegate of NIGERIA said the Council was being dragged back into politics, which had already been the problem. Two years on, delegates were still talking about the same thing, and he agreed with the Delegate of Belgium that it was time to draw the curtain on this discussion and go ahead with the technical discussions. The Council was a forum for Heads of Customs to discuss technical matters, and politics should be set aside. This had been the whole point of setting up the Working Group, and the Council should now allow it to do its work and respect the outcomes. Pre-empting the decisions of the Working Group would make a nonsense of the whole process. He therefore asked the Chairperson to bring this discussion to a close, so that the meeting could move on; there was so much to discuss, and so little time available.
327. The Delegate of BRAZIL, who indicated that he was speaking on behalf of Brazil and not in his capacity as Chairperson of the Working Group on Accessions, reiterated Brazil's position on this issue, which was that the issue of the Serbian Province of Kosovo was part of the mandate of the Working Group on Accessions. Therefore, Brazil considered that another meeting of the Working Group should be convened, so that topics which were pending could be discussed fully within the Working Group, thus avoiding the politicization of the Council's proceedings.
328. The Delegate of SWEDEN said she supported the interventions by the Delegates of Germany, France, Belgium and others. Sweden's position was that the Working Group on Accessions had to focus solely on future accessions, and that neither that Working Group nor the Council could remove the membership rights of current full Members in good financial standing.
329. The Delegate of GUATEMALA said that her country recognized the importance of the technical work of the Organization, and of course acknowledged the role played by the Working Group. Therefore, the Guatemalan Administration simply wished to reiterate its position : it did not recognize the membership of Kosovo.
330. The Delegate of the UNITED KINGDOM said that he had been involved in the creation of the Working Group on Accessions, and was privileged to be a member of the Group. He congratulated the Delegate of Brazil on the wonderful job he had done as the first Chair of the Group, with the challenging and difficult task of developing relationships and trust within the Group. Although he could not speak as eloquently as the Director General of Belgian Customs, he did wish to make some remarks along similar lines. Firstly, he recollected that during what had been an extremely constructive discussion, the Working Group had recognized the existence of a range of diverse views, but also an absolute commitment to try to come together for a single common purpose, namely to ensure that the Council did not again get caught up in political discussions and become unable to discuss the business of Customs. In its Report, the Working Group itself acknowledged that it had a very serious responsibility to the Council to begin to tackle the issues, and also referred to its intention to take WCO Members' concerns fully into account. So, he echoed the Delegate of Belgium's plea that this work now be left to the Working Group on Accessions. He invited the

Chairperson to note that the Council looked forward to the next meeting to be arranged for the Group, before closing this Agenda item and moving on with Customs business.

331. The Delegate of ANGOLA shared the view expressed by the Delegate of Brazil regarding the convening of another meeting of the Working Group, and appealed to the Members of the Council not to seek to influence the positions of others, because the issue had been transmitted to the Working Group for discussion, and therefore the Council should wait until the Working Group had completed its discussions. Members should not try to influence the proceedings and the findings of the Working Group; positions expressed in the Council Sessions, collectively or individually, regarding the presence of the Kosovo Delegation in the meeting room, could affect the work of the Working Group, and this could lead to the dismissal of the Group.
332. At the invitation of the Chairperson, the Council took note of the Report of the Working Group on Accessions.

9. OTHER BUSINESS

(a) Accession to WCO instruments

(i) Harmonized System Convention

333. The Delegate of GAMBIA deposited his country's instrument of accession to the Harmonized System Convention, bringing the number of Contracting Parties to 158.

(ii) Revised Kyoto Convention

334. The Delegate of GHANA deposited his country's instrument of accession to the Revised Kyoto Convention, bringing the number of Contracting Parties to 119.

(b) WCO photo competition

335. The SECRETARY GENERAL thanked the 50 administrations that had participated in the 2019 WCO photo competition, the aim of which was to reflect and thus communicate the importance of Customs officers and the impact they were having around the world.

336. The Secretary General announced that the winning entry, as voted for by the Members, was the Finnish Administration's photograph entitled "Rudolf the red-nosed reindeer has nothing to declare".

(c) Upcoming events

337. The Delegate of the UNITED ARAB EMIRATES showed a video and invited Members to attend the WCO Global AEO Conference which would be held in Dubai from 10 to 12 March 2020.
338. The Delegate of INDONESIA showed a video and urged Members to attend the next WCO Technology Conference and Exhibition which would be held in Bali from 3 to 5 June 2020.

339. The Delegate of NORTH MACEDONIA invited Members to attend the 14th PICARD Conference which would be held in Skopje from 22 to 24 October 2019.

340. The Delegate of CHILE invited Members to attend the WCO Global Origin Conference which would be held in Iquique on 19 and 20 November 2019.

(d) WCO Vice-Chairpersons

341. The SECRETARY GENERAL said that the WCO operated on the basis of a regional structure under the six regional Vice-Chairs who had the critical task of coordinating regional needs, priorities and views to ensure a maximum level of engagement and cooperation between Members and the WCO. Two Vice-Chairpersons would complete their term of office this year :

- The Russian Federation (Europe region) : The Secretary General said that under the leadership of Mr. Ruslan Davydov, the Russian Federation had been a very active Vice-Chair during its term of office. It had had the challenging task of coordinating efforts in the largest and one of the most diverse regions of the WCO, always maintaining a high-level of engagement.
- Uganda (East and Southern Africa (ESA) region) : The Secretary General said that Uganda, under the leadership of Mr. Dicksons Kateshumbwa, had been fully engaged to ensure that all 24 Members of the region were taken into account in the work of the WCO. He expressed appreciation for the forward-looking views of the ESA Vice-Chair and his commitment to the interests of his region and the WCO membership as a whole.

342. The Secretary General wished the outgoing Vice-Chairs well and expressed the hope that they would continue to work with the Secretariat, be active in their region and provide good knowledge and leadership transfer to the incoming Vice-Chairs. In this connection, he also conveyed his best wishes to the incoming Vice-Chairs, namely Azerbaijan and Botswana, and looked forward to working with them over the coming year.

(e) Tributes

343. The SECRETARY GENERAL paid tribute to Ms. Ana Hinojosa, the Director of Compliance and Facilitation, who would shortly leave the Secretariat to return to the United States. During her tenure, she had shown inspiring energy and enthusiasm to push forward many topics, particularly e-commerce, and she had also been a strong advocate of diversity in the Secretariat. The Secretary General thanked her for her contribution and hoped that she would continue to be involved with the WCO.

344. The Secretary General also paid tribute to the Executive Officer for Member Relations and Support, Mr. Alan Harrison, who would also shortly leave the Secretariat. The Secretary General said that he had relied considerably on Mr. Harrison's institutional knowledge and advice to take forward the work of the Secretariat. He appreciated Mr. Harrison's professionalism and the way in which he managed the relationship with Members, and expressed the wish that he continue to be part of the global Customs network.

8. BUDGETARY AND FINANCIAL MATTERS

345. The SECRETARY GENERAL began by stating that the recent accessions to the Harmonized System and Revised Kyoto Conventions were examples of the continual growth of the Customs family, which was a positive development.
346. The Council had held very good discussions over the preceding two days and he noted Members' satisfaction with the progress made during the Sessions. The Council was the forum where the WCO could concentrate on core Customs matters and he therefore strongly urged that the unity of the Customs community be maintained.
347. He recalled the debate surrounding the Working Group on Accessions and noted that, while each Member had expressed its political position, all Members had come together in their appreciation of the value of the WCO and the overall desire to maintain the focus on technical discussions, without politicizing the Organization.
348. Important topics such as the budget remained to be discussed, and he warned that, without the approval of the budget, the Organization would have to cease operating.
349. The Secretary General also drew attention to the impending elections and he emphasized the importance of filling the vacant positions to ensure the smooth running of the Organization and to serve Members more effectively. He therefore called for unity and a constructive approach.
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350. The CHAIRPERSON OF THE FINANCE COMMITTEE, Mr. William Williamson (United Kingdom), reported that the Finance Committee had held its 102nd Session from 1 to 4 April 2019. Eighteen of the nineteen members of the Committee had been present and the Audit Committee Chairperson had attended as an observer.
351. The Chairperson of the Finance Committee reported that the accounts for financial year 2017/2018 had been independently audited and that, in the Auditor's opinion, the financial statements faithfully portrayed the assets, financial situation and results of the Organization, with a certified result for the financial year at 30 June 2018. The Auditor had certified a final result in accordance with the balance sheet which stood at 55.1 million euro, while the Profit and Loss account showed a surplus of 97,991.31 euro. The net impact on the reserves of -1,272,575.56 euro (due to spending on Council-approved projects) had been recommended to be absorbed in the accumulated result on 30 June 2017. Thus, the accumulated result on 30 June 2018 was established as being 9,483,071.04 euro.
352. He invited the Council to approve that the net outcome for the financial year 2017/2018 of -1,272,575.56 euro be taken into account and the accumulated result on 30 June 2018 be established as being 9,483,071.04 euro and to acquit the Secretary General of his financial responsibilities related to financial year 2017/2018.
353. Referring to the current year 2018/2019, he said that, at the end of December 2018, 51.62 % of the total general operating expenses (GOE) approved by the Council for 2018/2019 had been spent. The Members' contribution collection

rate had stood at 86.6 % on 15 April 2019. It was forecast that the financial year would close with a balanced budget result.

354. The Finance Committee had discussed and accepted the proposal by the Co-ordinated Organisations' Committee on Remuneration (CCR) for international staff serving under Co-ordinated Organisation rules in Belgium and in other associated Organizations for an increase of 1.9 % in salaries and an increase of 1.39 euro in the expatriated child allowance from 1 January 2019. The kilometric, installation and daily subsistence allowances remained unchanged for 2019. He invited the Council to approve the CCR recommendations on salaries and daily subsistence allowances with effect from 1 January 2019.
355. The Chairperson of the Finance Committee then moved on to the coming financial year, 2019/2020, and explained that discussions held at the Committee's 102nd Session had led to a detailed review of the proposed budget for that year. The Committee had discussed the budget and GOE in relation to each other in order to find a realistic compromise decision with a view to achieving a balanced budget for the next year. For financial year 2019/2020 there had been a Secretariat proposal for a 2.5 % increase in the GOE in order to offset the zero or small increases of recent years, the rate of inflation in Belgium and the additional workload including extra meetings. The Finance Committee had considered three options for a possible increase in Members' contributions : 0 %, 1.5 % and 2.5 %, the latter being the option recommended by the Secretariat as it was in line with the proposed increase in the GOE (2.5 %) to achieve a balanced annual budget.
356. The Chairperson of the Finance Committee recalled that the aim of the Finance Committee was first and foremost to come to an agreement on a balanced budget. For the last two years, this goal had only been achieved by the use of a modest transfer of funds from the unrealized gains of the investment portfolio. As this was not a sustainable approach in the longer term, this practice should be ceased and a balanced budget should be achieved on a sound financial basis. The challenge had been for the Finance Committee to reach a balanced budget and the need for the Secretariat to look at ways to find efficiencies in order to balance the budget without using unrealized gains from the investment portfolio.
357. The Committee had held constructive and lively discussions, during which the Secretariat had provided a number of illustrative examples about the impact of various budget scenarios for the WCO. The Finance Committee had felt that this was very helpful and a practice that could be continued for future meetings. After these discussions the Finance Committee had concluded to propose a 1.5 % increase in GOE and a 1.5 % increase in Members' contributions for 2019/2020. There had been Members that had preferred other options but had agreed not to block any consensus and to go forward with this proposal. The Chairperson of the Finance Committee invited Members to approve the setting of the GOE for 2019/2020 at 17,750,956.91 euro (equivalent to a 1.5 % increase) and to approve the updated scale of Members' contributions as circulated to the Council, which would reflect a 1.5 % increase in the overall contributions. He also invited Members to approve the Staffing Table for 2019/2020.
358. He then reported on the Deputy Secretary General's presentation on the proposed cost allocation for the next financial year, highlighting the direct link to the new Strategic Plan 2019-2022 and its new methodology. A total budget of 41.4 million euro was foreseen for the Implementation Plan 2019/2020, of which 25 % would be allocated to technical assistance and capacity building requested by Members.

The Finance Committee had welcomed the new approach towards the Strategic Plan to enable the Council to look at it from a high-level and strategic perspective, its new process, and its reduction by 65 % of key performance indicators. He invited the Council to approve the high-level costing of the Strategic Plan.

359. The Chairperson of the Finance Committee informed the Council that the spending on capital expenditure during financial year 2018/2019 had been 1,474,000 euro, compared to the budget of 1,509,000 euro approved by the Council in 2018. The Finance Committee had noted the proposal to spend 1,239,500 euro on capital expenditure during financial year 2019/2020, mainly on upgrades to the IT infrastructure including an upgrade of the WCO's Human Resource System, on a new Website, and on the infrastructure of the Headquarters building (including the commissioning of a study on the condition of the roof). He invited Members to approve the proposed capital expenditure of 1,239,500 euro for financial year 2019/2020.
360. He then reported briefly on progress relating to projects financed by the WCO Reserves, in particular the establishment of a WCO Customs Cooperation Fund (CCF/Reserves), the reintegration of the WCO Publications activity, the development of the marketing of e-learning modules (the "WCO Academy"), the pilot project on the use of additional languages, and the review of the Revised Kyoto Convention (RKC).
361. He provided an overview of the five projects which were largely on schedule and remained within the spending margins laid down by the Finance Committee. Since the re-insourcing of the Publications Service in January 2018, positive developments regarding the sales had been recorded. Priorities for the coming years included IT developments (online bookshop, HS database, internal data administration platform), for which a digital project management expert had been recruited in November 2018. The "WCO Academy" Website aimed at proposing WCO e-learning courses to private sector audiences had been launched on 1 May 2018 and had been well received. The pilot project on the use of additional languages had been successful in bringing more Members to participate in meetings. Regarding the review of the RKC, he reported that the call for two Technical Attachés to be provided by Members had been unsuccessful. Two temporary Technical Officers had therefore been recruited for the duration of the project using the Organization's Reserves.
362. With regard to the WCO Customs Cooperation Fund, he highlighted that the sum of expenditure of the last two years and the forecast expenditure for the current financial year had resulted in an unspent amount of approximately 800,000 euro (from the total of 3,000,000 euro allocated). He invited the Council to approve that the use of the remaining WCO/CCF Reserve funds be extended for an additional year.
363. The Finance Committee had continued the discussion from the previous year regarding costs, benefits and potential implications of the WCO moving from the current Belgian Generally Accepted Accounting Principles (GAAP) to the International Public Sector Accounting Standards (IPSAS) system. The Committee had noted that the external Auditor, in his recommendation letter, had advised against a change to the IPSAS reference framework due to the administrative costs of the transition, the significant differences between the financial statements under those standards, and the fact that the IPSAS standards were themselves still under review. The Finance Committee had accepted the offer of one delegate to draft a non-paper on this issue that would provide a thorough assessment of the standards and their impact, including

potential benefits and long-term value to the WCO. The Finance Committee had agreed to re-examine this issue at its next session.

364. The Finance Committee had recommended to the Council the adoption of the proposed amendments to the Staff Manual, the Technical Attachés Manual and the Manual for Short-Term Contractors.
365. The Finance Committee had also agreed to a proposal to amend the Financial Rules, to increase various thresholds, including the ceiling for the implementation of the call for tender procedure from 60,000 euro to 120,000 euro. Furthermore, it had agreed on the introduction of the possibility to convene an advisory forum in exceptional situations, and on the formalization of a reporting mechanism in cases where only one valid bid was received in response to a call for tender. He proposed to the Council the adoption of the amendments to the Financial Rules.
366. Under “Other Business”, the Finance Committee had taken note of the report on progress with the implementation of the Enterprise Resource Planning (ERP) tool.
367. The Chairperson of the Finance Committee concluded his presentation by informing the Council that the next session of the Finance Committee would be held in April 2020. As this was his last presentation to the Council as Chairperson of the Finance Committee, he thanked the Committee and the Secretariat for their cooperation and support during the last five years.
368. The CHAIRPERSON OF THE COUNCIL thanked Mr. Williamson for his presentation and opened the floor for comments.
369. The Delegate of INDIA expressed his gratitude for the fact that the WCO had consistently achieved a balanced budget and congratulated the Finance Committee and its Chairperson on its contribution in that respect. With regard to the proposed 1.5 % increase in Members’ contributions, he expressed the need to balance this with the surplus of the Reserves to benefit smaller countries. He praised the innovative step of including the costings for the Strategic Plan as it enabled the correlation between outlays and outcomes, one of the essential elements of effective budgeting. In this context, Members should focus on the evaluation of the programmes, tools and instruments of the WCO from a cost-benefit standpoint. The relevance, effectiveness and benefit of WCO tools and instruments should be the guiding factor of the Organization’s expenditure management. This would require a robust performance measurement mechanism, based on quantitative and qualitative factors, which would significantly improve the outcomes and accountability and lead to effective resource management at the WCO.
370. The Delegate of SERBIA referred to the annual scale of Members’ contributions which was calculated based on their membership of the UN and OECD. He considered that assigning a contribution to a non-Member of the WCO showed disregard for the rules of the Organization and its documents. He requested that the annual mandatory contribution assigned to a non-Member be deleted from the scale of contributions in order to allow the Organization to function in an orderly manner.
371. The Delegate of the UNITED STATES thanked the Finance Committee and its Chairperson for their leadership in financial matters and expressed support for the strategic goals and mission of the WCO. The activities implemented by the Organization highlighted the important role of Customs, and also advanced administrations’ capabilities by providing them with the necessary tools and skills to

succeed. He stated that his country, as a general principle, did not support continuous annual increases in contributions as fiscal restraint and operating within a budget were essential for any international organization and Customs administration. Organizations should be able to accommodate expanding mandates and new priorities by shifting resources from lower priorities and achieving efficiencies. Prioritization had been a theme stressed by several delegations throughout the meeting, as it was an accentual function in the exercise of fiscal prudence. He thanked the Secretariat for having presented a 0 % growth scenario and hoped that this exercise would be repeated at future meetings of the Finance Committee as this would help Members see what can and cannot be achieved within existing resource constraints. Providing this data would enable a better understanding of the necessary trade-offs when new activities were prioritized. He also encouraged the WCO to consider a transition from the Belgian Accounting Standards to IPSAS for reasons of transparency and good governance, and welcomed the intersessional work that would be undertaken on this subject.

372. The Delegate of the RUSSIAN FEDERATION thanked the Chairperson of the Finance Committee for his report, and expressed his appreciation for the work undertaken to manage the Organization's finances. He welcomed and supported the positive assessment regarding the pilot project on the use of additional languages. He also supported the point made by the Delegate of Serbia regarding the contribution of an entity that he did not consider to be an active Member of the WCO. He reiterated that his country's position, voiced in previous years, remained unchanged. According to the existing rules, in cases where it was not possible to calculate a Member's contribution, the method of calculation should be discussed at the Council, and according to his recollection this had not been the case. In this connection, the scale of contributions which included a contribution by Kosovo could not be supported by the Russian Federation. In addition, he said that he could not support a proposed change to Rule 9 of the Financial Rules which seemed to grant additional powers to the Secretary General in the event of a financial crisis. The proposal seemed premature, as the current Financial Rules had been working effectively and the exclusive right to address issues related to financial crises should remain with the Council to ensure a balance in powers.
373. The Delegate of the SYRIAN ARAB REPUBLIC supported the position of the Russian Federation and Serbia regarding the issue of Members' contributions.
374. The Delegate of CHINA echoed the concerns voiced by the Delegates of Serbia and the Russian Federation with regard to Members' contributions. He proposed to postpone the decision on the contributions of Members not recognized by the UN until the Working Group on Accessions had found a concrete solution.
375. The Delegate of SPAIN agreed with the intervention by Serbia and supported the proposal by China. He expressed the opinion that contributions from Kosovo should not be accepted and any decision concerning this matter should be postponed until the Working Group on Accessions had completed its work.
376. The Delegate of KOSOVO referred to Article XII (d) of the Convention Establishing a Customs Co-operation Council which specified that Members should pay their annual contribution for each financial year when they had become a Member of the WCO. Kosovo was a full Member of the WCO; it had fully paid its contributions for every year and would continue to do so. It was not up to the Council to decide on matters that were regulated by the Convention. He considered the debate on this issue to be obsolete and unnecessary, and that it did not contribute to the work of the Council.

377. The Delegate of CUBA agreed with the interventions by Serbia and Russia, and with China's proposal that the issue should be postponed until the matter of accession had been resolved.
378. The SECRETARY GENERAL referred to Article XVIII of the Convention on the procedure related to the accession of Members which was accomplished once the Belgian Ministry of Foreign Affairs had accepted the deposit of the instrument of accession and had notified the Members and the Secretariat. The WCO had acted according to its legal obligations under the WCO Convention. He encouraged Members to take a pragmatic approach in a constructive manner. The decision on the budget did not affect the political positions which had been extensively expressed by Members and would be recorded in the Minutes. There was no need to politicize this Agenda Item. He called on Members to keep the Organization functioning for the benefit of Members as previously agreed.
379. The CHAIRPERSON OF THE FINANCE COMMITTEE responded to India regarding the use of the Reserves to replace the increase in contributions. There had been exhaustive discussions around this issue in the past. The use of the Reserves to fund operating expenses was not considered a good practice, in neither financial, nor operational terms. With regard to the use of the Reserves, the Finance Committee had agreed with the Council on a specific policy allowing Members to propose a business case based on a project in order to be able to access the Reserves, for an activity that would otherwise not be funded by the GOE.
380. Concerning a proposed amendment to Part (5) of Annex 6 to the Financial Rules regarding obtaining a special authorization from the Secretary General in the case of calls for tender (for purchases over 120,000 euro) where only one valid bid had been submitted, the SECRETARIAT explained that the Finance Committee, in agreement with the Audit Committee, had inserted this clarification into the Financial Rules to make sure that the WCO followed a transparent procedure. Where only one single supplier had bid in a call for tender, the decision about the awarding of the contract had to be taken by the Secretary General. As the Secretary General had been elected by the Council and such situations occurred relatively frequently, the Secretary General should have the possibility to resolve the situation with the proper checks and balances; otherwise WCO operations would slow down.
381. The Delegate of GAMBIA stated that, without contributions, it was difficult for the WCO to run the Organization, and he recalled the benefits of WCO membership. He asked about measures applicable to countries that were not paying their contribution. In addition, highlighting the importance of a robust audit system for the accountability of an organization, he asked for clarification related to the Audit of the WCO.
382. The Delegate of the RUSSIAN FEDERATION clarified the earlier intervention of his delegation which was actually related to the new paragraph (d) of Financial Rule 9 as contained in Annex III to Doc. SF0501 which included the possibility, in an exceptional situation, for the Secretary General to constitute an advisory forum comprising the Chairpersons of the Finance and Audit Committees and other persons. The Russian Federation proposed that, in case of a crisis, including the non-receipt of contributions, the matter should be referred to the Council and that, in addition, the various mechanisms of consultation amongst Members should be considered. Otherwise, there would be an undue burden on the Secretary General to take the

decision at such a critical moment, in particular when the reputation of the Organization was at stake.

383. The Delegate of SERBIA agreed that the Working Group on Accessions was the right place to discuss the disputed issue of a non-Member; however, he reiterated his concerns about the mandatory annual contribution by Kosovo. The conclusion of this disputable issue without consultation of Members would be unacceptable as it would create a precedent and could harm the reputation of the Organization.
384. The CHAIRPERSON concluded that there was no consensus in respect of the financial report. There were two main controversial issues : firstly, the proposed increase in contributions, and secondly the contribution by Kosovo. These issues should be resolved by voting and he proposed to conduct a vote together with the elections. The question about the contributions was decisive for the Organization and it was neither for him nor for the Secretary General to decide. If approved, the implications would be an increase in contributions, if not approved there would be no budget for the next financial year.
385. Asked by the Delegate of AUSTRIA for clarification regarding the subject of the vote, the CHAIRPERSON explained that the vote would be on the report of the Chairperson of the Finance Committee as a whole. The vote could not be split into different parts as the main points were closely linked.
386. Returning to the earlier questions from Gambia regarding, firstly, the non-payment of contributions, the SECRETARIAT clarified that if a Member had not paid its contribution for two years, it was assigned Inactive status which meant that it lost privileges, such as technical assistance, voting in elections, etc. The document on the scale of contributions distributed to the Council contained the list of Inactive Members. Regarding the second, audit-related question, the Secretariat clarified that an annual financial audit was carried out by Wilmet & Cie, an external firm of auditors, which reported to the Finance Committee. In addition, the donor contributions were audited each year by Wilmet & Cie as part of the annual audit of the WCO. Almost all donors were also subject to an independent audit on their expenditure by their own auditors.
387. At this point, the CHAIRPERSON announced that a vote would be taken, in a Heads of Delegation meeting, on whether or not to reject the Finance Committee Report.
388. The question “Do the Members reject the Financial Report as presented by the Chair of the Finance Committee ?” was then put to a vote, to which 36 Members replied “yes”, 129 Members replied “no”, and there were 10 spoiled ballot papers. Consequently, the Finance Committee Report and its recommendations were adopted.
389. The Council therefore :
- approved that the net outcome for the financial year 2017/2018 of -1,272,575.56 euro (surplus of 97,991.31 euro and spending from Reserves of 1,370,566.93 euro) be taken into account and the accumulated result on 30 June 2018 be established as being 9,483,071.04 euro;
 - acquitted the Secretary General of his financial responsibilities for financial year 2017/2018;

- approved general operating expenses of 17,750,956.91 euro for 2019/2020;
- approved a scale of WCO contributions for financial year 2019/2020 with a 1.5 % increase compared to financial year 2018/2019;
- approved the new Staffing Table for 2019/2020 showing the budgeted posts;
- approved the proposed capital expenditure of 1,239,500 euro for financial year 2019/2020;
- approved the high-level costing of the Strategic Plan;
- approved the application of the salary scale for Belgium, with effect from 1 January 2019, which represented a 1.9 % increase in salaries;
- approved the increase in the family-related allowances at 1 January 2019 as recommended;
- took note that the details of expenditure from the WCO budget, voluntary contributions and donor funding were set out in Doc. SF0492 presented to the Finance Committee in April 2019;
- took note that the Finance Committee had discussed the report on the use of WCO Reserves to date, details of which were set out in Doc. SF0493;
- approved that the use of the remaining WCO/CCF Reserve funds be extended for an additional year;
- adopted the proposed amendments to the Staff Manual, the Technical Attachés Manual and the Manual for Short-Term Contractors;
- adopted the proposed amendments to the Financial Rules;
- adopted the Report on the 102nd Session of the Finance Committee; and
- adopted the Decision of the Council, subject to the addition of the scale of contributions for 2019/2020 distributed at these sessions. The Decision is set out at Annex IV to these Minutes.

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390. During the voting process in the Heads of Delegation meeting, the Chairperson relinquished his role. As it did not prove possible for any of the Vice-Chairs to replace the Chairperson and in order to ensure the continuity of the Sessions, the Delegate of Gambia - Mr. Yankuba Darboe - was designated by acclamation to chair the Sessions until the end of the meeting in an acting capacity.

10. NOMINATIONS AND ELECTIONS

(a) Nomination of a Director, Capacity Building

391. It was announced that the candidates for this post were :

- Mr. Mourad ARFAOUI (Tunisia)
- Mr. Chafik ESSALOUH (Morocco)
- Mr. Taeil KANG (Korea)
- Ms. Brendah MUNDIA (Zambia)
- Mr. Bernard ZBINDEN (Switzerland).

392. After indicative voting had taken place, Mr. Taeil Kang (Korea) was nominated by acclamation for appointment as Director, Capacity Building, for a five-year term of office to begin on 1 January 2020.

393. Mr. KANG expressed his appreciation to delegates for their confidence and support in electing him as Director of Capacity Building. He paid tribute to the four other candidates for the passion with which they had campaigned. They were all capable and experienced, and their expertise was a valuable asset for the Organization. As an elected Director, Mr. Kang said that he felt a profound sense of responsibility for the development of the global Customs community and was now looking forward, with Members' understanding and cooperation, to moving ahead with the pledges made. He committed to listen attentively to Members' voices in order to work together to achieve common prosperity. A Korean proverb stated that "work begun is half done" and he firmly believed that if we started building today, then the future we dreamed of would come much closer.

(b) Nomination of a Director, Compliance and Facilitation

394. There were two candidates for the post of Director, Compliance and Facilitation :

- Mr. Pranab Kumar DAS (India)
- Mr. William WILLIAMSON (United Kingdom).

395. After indicative voting had taken place, Mr. Pranab Kumar Das (India) was nominated by acclamation for appointment as Director, Compliance and Facilitation, for a five-year term of office to begin on 1 January 2020.

396. Mr. DAS expressed his sincere gratitude for all the support he had received and for the confidence placed in him. He would do his utmost to live up to Members' expectations. He thanked his fellow candidate, Mr. Williamson, for his gracious and elegant campaign and hoped that they would continue to work together in the future.

(c) **Elections**

397. It was announced that the candidates for the office of Chairperson were :
- Mr. Ruslan DAVYDOV (Russian Federation)
 - Mr. Dicksons KATESHUMBWA (Uganda).
398. After indicative voting had taken place, Mr. Dicksons Kateshumbwa was elected by acclamation as Chairperson of the Council for 2019/2020.
399. Mr. KATESHUMBWA thanked the Council for electing him to the office of Council Chair, for giving him that responsibility and also the opportunity to serve the WCO membership. He did not take that support for granted. He also expressed thanks to his fellow candidate, Mr. Davydov, and pledged that his tenure as Chair would be characterized by inclusive discussions, building of consensus and reaching out to Members to ensure a progressive WCO. He was committed to Customs “business” as reflected in the Strategic Plan, its priorities and goals, recalling that the Organization had started 67 years previously with a purpose and a vision. That purpose could not be destroyed whatever Members’ differences might be.
400. He referred to the unwritten Samurai Code of Japan which maintained that a true warrior had to hold loyalty, courage, veracity, compassion and honour as important above all else. As a Customs warrior, he pledged to be loyal to the Organization, to be courageous in steering the business and, with honour, he would never abandon his post. In closing, he quoted from South African Ubuntu philosophy - “I am what I am because of who we all are”, signifying that whatever our differences, we have to work around the common denominator of Customs business.
401. It was announced that following consultations between the Members in the various regions, it was proposed that the Delegates of Azerbaijan, Bahrain, Botswana, the Dominican Republic, Guinea, and India be elected Vice-Chairs for 2019/2020.
402. The Council agreed to the above proposals which were approved by acclamation.
403. 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 Argentina, Austria, Belarus, Canada, Chile, Democratic Republic of the Congo, European Union, Israel, Japan, Mauritius, Nigeria, Russian Federation, Saudi Arabia, Sweden, United States and Zimbabwe. It was noted that they would serve alongside a number of delegates elected to the Policy Commission one year previously, namely the Delegates of China, Egypt, Islamic Republic of Iran, Italy, Korea (Republic of), Mexico, New Zealand and United Kingdom
404. Following consultations between the Members in the various regions, it was proposed that the following Members be elected to serve on the Finance Committee for 2019/2020 : Antigua and Barbuda, Burundi, Canada, China, European Union, France, Gambia, Germany, Haiti, India, Italy, Japan, Kazakhstan, Korea (Republic of), Luxembourg, Russian Federation, Saudi Arabia, Switzerland and United States.
405. It was proposed that Mr. Peter Hill (Canada) be elected Chairperson of the Finance Committee for 2019/2020 and that Mr. Denton Alhajie Saihou (Gambia) be elected as Vice-Chair.

406. Following consultations between the Members in the various regions, it was proposed that the following Members be elected to serve on the Audit Committee : Armenia, Bangladesh, Cameroon, Comoros, Guatemala, Indonesia, Mexico, Morocco, Netherlands, South Africa, Togo and Tunisia.
407. It was proposed that the Delegate of Bangladesh serve as Audit Committee Chairperson in 2019/2020 and that the Delegate of the Netherlands serve as Vice-Chair for that period.
408. All these proposals were approved by acclamation.

11. DATE AND PLACE OF NEXT SESSIONS AND CALENDAR OF MEETINGS FOR 2019/2020

409. The Delegate of KOREA presented his country's offer to host the Policy Commission's next session in December 2019. Recognizing the importance of the meeting, he said that it would be an honour to welcome the Policy Commission to Korea. The Council agreed that the 82nd Session of the Policy Commission would take place in Korea at the beginning of December 2019.
410. The 135th/136th Sessions of the Council would be held in Brussels from 25 to 27 June 2020, preceded by the 83rd Session of the Policy Commission from 22 to 24 June 2020.
411. Subject to a number of amendments to the draft that had been circulated, the Council approved the Calendar of meetings for 2019/2020, which is reproduced at Annex VI hereto.

CLOSURE OF THE SESSION

412. The SECRETARY GENERAL thanked all the delegates for their active participation during the Sessions in a spirit of cooperation and unity. He expressed his appreciation to the Acting Chairperson, Mr. Yankuba Darboe (Commissioner General of the Gambia Revenue Authority), and also paid tribute to Mr. Enrique Canon for his service as Council Chairperson over the last two years.
413. The ACTING CHAIRPERSON concluded by emphasizing that Members came together every year to share experiences and challenges, and that all delegates belonged to one family, the Customs family. He drew the Sessions to a close by expressing gratitude to all Members for their cooperation and support, and thanked the Secretary General and the Secretariat staff for their hard work.

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