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MINUTES OF THE 117TH/118TH SESSIONS
OF THE CUSTOMS CO-OPERATION COUNCIL
(Brussels, 23 - 25 June 2011)

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MINUTES

1. The 117th/118th Sessions of the Council were held at WCO Headquarters in Brussels from 23 to 25 June 2011. The list of participants is reproduced at Annex I.
2. The SECRETARY GENERAL announced that Janet Napolitano, US DHS Secretary, and Algirdas Šemeta, EU Commissioner for Taxation and Customs Union, Audit and Anti-Fraud, would address the Council.
3. Both these speakers had been very supportive of the work being carried out by the WCO to secure and facilitate global trade - including securing the global supply chain - during the recent difficult economic times and as nations endeavoured to embark on recovery through increased trade.
 - **Keynote address by Janet Napolitano, Secretary of United States Department of Homeland Security (US DHS)**
4. SECRETARY NAPOLITANO began by emphasizing the importance of collaboratively working together to strengthen the global supply chain, that being critical to national and international security and economic prosperity which themselves were inter-related and interdependent.
5. Multilateral organizations such as the WCO, as well as the International Maritime Organization (IMO) and the International Civil Aviation Organization (ICAO), played a critical role in strengthening the system and making it more secure, efficient and resilient to disruptions.
6. Secretary Napolitano then reviewed the progress achieved in recent months. In the United States, the relevant agencies of the Department of Homeland Security (US Customs and Border Protection (US CBP), Immigration and Customs Enforcement (ICE), the Transportation Security Administration (TSA) and the US Coast Guard) had focused their unified efforts on :
 - Strengthening the work underway within the relevant international organizations (WCO, ICAO and the IMO) to enhance the security, efficiency and resilience of the global supply chain;
 - Encouraging the building of even stronger ties and closer coordination between these Organizations to ensure a seamless and efficient approach across land, sea and air; and
 - Pursuing bilateral partnerships to increase implementation of global best practices, guidelines and standards.
7. At bilateral level, Secretary Napolitano said that she had discussed this issue with a number of the United States' key trading partners, including the European Union, and this had resulted in declarations of intent to collaborate more closely to secure the global supply chain.
8. Important progress had also been made by working multilaterally through Organizations such as the WCO, ICAO and the IMO leading to : the implementation of the WCO-led "Project Global Shield" to prevent the illegal diversion of precursor

chemicals that could be used to manufacture improvised explosive devices; improved capacity to target suspect shipments in the air cargo mode, through updated risk assessments; and the development of global guidelines for more accurate and timely information in the maritime domain.

9. A common understanding of risk between Customs authorities and transportation security officials would not only enhance business efficiencies, but would also ensure that attention was focused on those shipments that warranted additional scrutiny, while expediting the movement of lawful goods.

10. Though these accomplishments had strengthened the global supply chain and helped achieve the shared goals of increased security, efficiency and resilience, more still needed to be done and Secretary Napolitano went on to identify seven broad areas where initiatives should be pursued. In each area, the objective was to develop global standards that were relevant to all modes of transport within the global supply chain, and that accommodated the needs and interests of all stakeholders, including government entities and the private sector.

11. The seven areas were :

(1) Identifying and responding to evolving threats and risks

The global community must work collaboratively to develop a common understanding of risks to the supply chain and develop common approaches to address those risks.

(2) Timely and accurate advance information across all transportation modes

Develop global guidelines for the elements of air cargo information collection, the provision of which was critical to protect both passengers and aircraft.

(3) Streamlining “trusted trader” programmes

Develop global guidelines for trusted, or “known”, trader programmes that incorporate the needs of both Customs and transportation security officials; and re-double national efforts to mutually recognize each other’s programmes.

(4) Stemming the flow of illicit shipments of dangerous materials

Build on international institutions, like Project (Programme) Global Shield, to stem the flow of illicit shipments of dangerous materials.

(5) Securing and facilitating air cargo and global mail

Support the efforts of the WCO, ICAO and the Universal Postal Union (UPU) to strengthen the global mail supply chain.

(6) Building resilience throughout the global supply chain

Support efforts within the WCO to strengthen global guidelines to enable the global supply chain system to quickly resume critical operations and trade activities in the face of disruptive events.

(7) Exploring and deploying new technologies

Expand efforts to employ modern technology, the goal being to identify technologies that meet internationally recognized standards, and that better match the possible threats.

12. Secretary Napolitano emphasized that every nation connected to the global supply chain faced rapidly evolving threats. The persistent desire of terrorist and criminal groups to try and perfect their tactics and techniques should motivate all parties to act with urgency and purpose.
13. In conclusion, she called on the international community to work through the WCO, ICAO and the IMO to collaborate even more closely, to develop new security measures, and to advance global guidelines and standards for all modes of transport, considering the needs of all government authorities, as well as the private sector partners.
14. Acting together, the shared goals would be met, the considerable progress achieved would be built upon, and the security, resilience and efficiency of the global supply chain would be strengthened.
15. The address delivered by Secretary Napolitano is reproduced in full at Annex II to these Minutes.
16. The SECRETARY GENERAL thanked Secretary Napolitano for having shared the United States' experience and provided details of its programmes. He also welcomed her recognition of the critical role of the WCO, her re-affirmation of her commitment to continue working with the WCO as part of a multilateral approach, and her support for continued cooperation with other international organizations. Whilst recognizing the achievements made to date, the Secretary General acknowledged that, with Secretary Napolitano's seven initiatives, there was still more to accomplish.

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- **Keynote address by Algirdas Šemeta, EU Commissioner for Taxation and Customs Union, Audit and Anti-Fraud**

17. EU COMMISSIONER ALGIRDAS ŠEMETA welcomed the United States' commitment to fully engage in multilateral Customs cooperation. The security challenge had to be faced with constant vigilance and determination, but without allowing terrorist threats to impair freedoms, disrupt international trade and undermine economic and social development. In a globalized world, no country could secure the supply chain in isolation; national supply chain security policies had to be supported by enhanced international cooperation to achieve policy coherence, establish compatibility of national systems and reduce costs.
18. By its very nature, the European Union and its 27 Member States had proved that this could be done. They endeavoured to protect the supply chain by carrying out security and safety risk analysis, allowing for faster and better targeted Customs controls; relevant security data were now being sent before goods arrived on the EU Customs territory.
19. Mr. Šemeta said that the WCO provided the tools to achieve global, multilateral policy coherence in this respect. These tools had been developed based on multilayered risk management. Regrettably, the 100 % scanning legislation had directed too much attention away from their effective implementation. The speech that Secretary Napolitano had just delivered opened new opportunities for a positive and ambitious agenda in the WCO. Mr. Šemeta urged Members to embrace this opportunity, discuss the suggested policies and together work out the practical tools for implementation.
20. He added that inter-agency coordination was crucial in this respect, not only at home, between Customs, transport and other law enforcement authorities, but also between the WCO and other international organizations. The work of multilateral institutions was also crucial for the development of efficient bilateral cooperation between WCO Members. In recent years, the EU had been developing Customs cooperation with trading partners in different parts of the world. Today, together with Secretary Napolitano, the way had been opened for a new chapter in transatlantic cooperation. Risk information would be improved, and air cargo security strengthened; the flow of illicit and dangerous materials should be stemmed. They would ensure that their trade partnership programmes were connected, streamlined and mutually recognized. New technologies were available for them to explore and employ, and together they would build a resilient system and promote capacity building across the globe.
21. Mr. Šemeta concluded that these were ambitious objectives, in which the WCO had a central role to play. It could count on the European Union to fully support this effort.
22. The text of Mr. Šemeta's address is reproduced in full at Annex III to these Minutes.
23. The SECRETARY GENERAL thanked Commissioner Šemeta for the very encouraging words. He welcomed the news that the United States and the EU had reached agreement on transatlantic cooperation which set a very good example for closer international cooperation. At the same time, both Secretary Napolitano and Commissioner Šemeta had emphasized that much remained to be accomplished in the future.

24. These inspiring speeches would set the scene for the current Council Sessions.



OPENING OF THE SESSIONS

25. At the beginning of the Sessions, the SECRETARY GENERAL explained that Mr. Martyn Dunne (New Zealand), elected Chairperson of the Council for 2010/2011, had resigned as New Zealand's Head of Customs in April 2011 in order to take up the post of High Commissioner to Australia. On behalf of the WCO, the Secretary General wished Mr. Dunne all the very best in his new functions.
26. After consultations between the six Vice-Chairpersons of the Council it had been agreed that Mr. Zouhair Chorfi (Morocco), Vice-Chairperson for the North of Africa, Near and Middle East region, would act as Chairperson for the June 2011 Policy Commission and Council Sessions. The willingness of Mr. Chorfi to accept this important role was highly appreciated.
27. Mr. CHORFI thanked the Vice-Chairs and the Organization for the honour and the trust they had placed in him. He would do his utmost to ensure the smooth and efficient running of the Council Sessions.
28. He referred to the fact that, by chance, the North of Africa, Near and Middle East region was chairing the Council Sessions at a time when the countries of that region were to the fore on the world stage and the peoples of a number of countries were seeking to write a new page in their history.
29. There was a push for greater democracy and improved governance in all sectors, including the public sector and hence Customs which was being called upon to meet new challenges in areas such as consumer protection, supply chain security and increased cooperation between the different authorities. This required Customs to step up its efforts to contribute to greater national economic growth which would, in turn, lead to more employment. This would entail a multitude of measures ranging from the simplification and dematerialization of procedures to the introduction of Single Window and green channels, as well as the combating of corruption and the creation of an environment for healthy competition through the combating of smuggling and counterfeit goods. In this context, there was a need for Customs to be bolder and to show greater initiative in order to reinforce its important economic role and to take up and build on best international practice. This would require the support of the WCO and all partners in the form of capacity building.
30. The Chairperson then welcomed the participants and declared the proceedings open. The Council began by observing a moment's silence in memory of Customs officers all over the world who had lost their lives during the previous year.

1. ADOPTION OF THE AGENDA

31. The Agenda set out in Doc. SC0106 was adopted unchanged.

2. APPROVAL OF THE MINUTES OF THE 115TH/116TH SESSIONS OF THE COUNCIL

32. The Minutes of the 115th/116th Sessions of the Council, contained in Doc. SC0105, were approved.

3. REPORT BY THE SECRETARY GENERAL

33. The SECRETARY GENERAL began by providing a progress report on his three top priorities, namely governance, capacity building and research, in addition to briefing the Council on other WCO activities and the outcomes of the recent Policy Commission session.
34. With regard to membership, he welcomed Guinea-Bissau as the 177th WCO Member and noted that only two Members currently had inactive status. Following Angola's recent accession to the HS Convention it now had 139 Contracting Parties. The Revised Kyoto Convention had 5 new Contracting Parties (Belarus, Romania, Russian Federation, Saudi Arabia and Ukraine), bringing the total to 76. The Istanbul Convention had 3 new additions (Brazil, Saudi Arabia and United Arab Emirates), totalling 61 Contracting Parties. 54 Members had now accepted the Amendment to the CCC Convention.
35. Regarding the staffing of the Secretariat, he thanked those Members which had provided the Secretariat with Technical Attachés as they helped to increase the output of the WCO. He also expressed his gratitude to those countries which had sent Attachés to regional bodies, and thanked Japan for funding the Career Development Programme. He encouraged Members to benefit from this initiative.
36. Turning to financial and budgetary issues, the Secretary General reported a healthy financial situation as a result of strict financial management towards a balanced budget, leading to a small surplus in 2010/2011. The austerity budget would be continued for 2011/2012, with 0 % increase in expenditure and Members' contributions. He thanked all those Members that had made voluntary contributions, in particular Korea for its new contribution to the Customs Cooperation Fund (CCF); Angola for its new contribution to the Language Fund, supplemented by the North of Africa, Near and Middle East region and Saudi Arabia (Arabic language assistance), and the Russian Federation (Russian language assistance). The WCO intended to contact regional development banks to request potential contributions to the Language Fund. Finally, he referred to the independent study being carried out, under the supervision of the Finance Committee, on the financial implications of possible solutions and scenarios relating to the WCO publications policy.

37. With regard to transparency and communication, the Secretary General said that his key outreach activities to Members included the distribution of monthly Management Committee Reports by e-mail and online, and translation of key documents and e-learning tools into several languages. He then underlined the importance of communication with Members and welcomed their feedback on WCO activities. The Secretary General then advised that he had attended the following regional meetings in 2010/2011 :
- In Saudi Arabia on 9 October 2010 for the North of Africa, Near and Middle East region;
 - In the Democratic Republic of the Congo from 9 to 10 March 2011 for the West and Central Africa region;
 - In Luxembourg from 29 to 30 March 2011 for the Europe region;
 - In Mauritius from 19 to 20 May 2011 for the East and Southern Africa region; and
 - In the Dominican Republic from 30 May to 1 June 2011 for the Americas/Caribbean region.
38. The Secretary General then highlighted his extensive interaction with policy-makers through ministerial meetings (African Union, G8, IMF), Memoranda of Understanding (ACP Secretariat, ECOWAS, OCHA, IATA) as well as meetings with heads of intergovernmental organizations (WTO, WIPO, UNODC, INTERPOL, ICAO, UPU, UNDP, CITES, WADA and CIAT) and various high-level conferences such as the World Economic Forum. In the course of the year, senior management had also met with national policy-makers including 1 President, 6 Prime Ministers and 40 Ministers, and had engaged in constructive dialogue with the US Congress.
39. Regarding outreach to the Private Sector, he drew attention to the many events organized by the WCO such as the World Customs Forum (Istanbul), the Technology and Innovation Forum (Cairo), and the IT Conference (Seattle). These events were a means for Customs, business representatives and service providers to engage one another on common issues. In this connection, the ICC and the WCO would sign a refreshed Memorandum of Understanding directly after the Council Sessions to enhance relations between Customs and business.
40. On the subject of Capacity Building (CB), he favoured a corporate and needs-driven approach that included CB programmes, developing various compendiums and tools (Risk Management, AEO, Single Window, updated Time Release Study, etc.), organizing forums to share experience, communicating with Members to know their needs and priorities, and developing a collaborative network (donors, development banks, regional economic communities). He also emphasized the need for feedback from Members in order to align WCO CB activities with their needs.
41. The two CB Committee meetings that had been held had been a great success, with the Second Session focusing on prioritization (further CB development and delivery, experts' availability at regional level, the move towards a knowledge-based approach, development and improvement of tools, etc.). He also underscored the importance of Regional Training Centres, of which there were currently 22 in total with another due shortly in Nigeria. He also mentioned the new Regional Office for Capacity Building (ROCB) in Azerbaijan for the Europe region.

42. With respect to engagement with donors, he underlined the importance of the role played by the World Bank and various regional development banks in the implementation of WCO tools and capacity building initiatives, while welcoming more involvement from national donors.
43. Turning to research and knowledge promotion, the Secretary General mentioned the many WCO research activities undertaken by the Secretariat's Research and Strategies Unit. These included an updated AEO Compendium, the preparation of Globally Networked Customs (GNC) and Coordinated Border Management (CBM) case studies, the development of knowledge-based tools such as the "Club de la Réforme" and preparations to produce the first WCO annual report. He also mentioned other important knowledge promotion tools such as CLiKC, IPM, the PICARD Programme (Universities) and the upcoming Knowledge Academy for Customs and Trade.
44. He highlighted various WCO activities including strengthened cooperation with other international organizations, especially in the area of air cargo security. Customs was well placed to enhance security on air cargo and the WCO had convened meetings with the US Secretary for Homeland Security and the Secretary General of ICAO to discuss the way forward.
45. He then mentioned the many trade facilitation tools that the WCO had developed to support the SAFE Framework of Standards, and spoke of enhanced functions for the Customs Enforcement Network (CEN), thanking Members and the Regional Intelligence Liaison Offices (RILOs) for maintaining and updating the database. Commenting on the growing use of CENcomm as a secure and multi-purpose communication tool in Customs enforcement operations, he said that it was available in several languages and had played an important role in Operations such as AIRCOP, GAPIN, Global Shield and ATHENA 2.
46. The Secretary General underscored the importance of GNC, the first building block in the Customs in the 21st Century strategic document. He outlined the two-track approach for enforcement data using CEN applications (nCEN and lcomm) and commercial data (systematic exchange of Customs data). Regarding the systemized approach to the business model, he emphasized that it was not a system but rather a set of standards, protocols and guidelines. In the case of GNC, Utility Blocks were being developed to cover core business areas such as AEO and commercial fraud; he suggested that pilot projects were a means to support this systemized approach.
47. On IPR issues, the Secretary General noted the success of IPM (Interface Public-Members) as a tool to facilitate cooperation between Customs and right holders, enabling officials to more easily identify counterfeit goods. He commented on the many enforcement operations targeting counterfeit goods such as TIGRE and FRED 60 which had been carried out using CENcomm. He also underlined the WCO's extensive IPR capacity building activities for Members, to enable them to successfully combat illicit trade which often had serious health and safety consequences for consumers.
48. Speaking of the importance of the 2012 version of the Harmonized System (HS), he was pleased to announce the completion of the Explanatory Notes which would be published in January 2012. He also highlighted the six HS 2012 training workshops that had been organized by the WCO. In addition, he mentioned the latest developments relating to the Revenue Package, such as the origin online database

and comparative study, as well as the study visits on valuation and case studies on post clearance audit that were underway.

49. The Secretary General then drew attention to several upcoming WCO events : the Open Day for Trade (27 - 28 June) and the Knowledge Academy for Customs and Trade (28 June - 8 July) at WCO Headquarters; the PICARD Conference in Geneva (14 - 16 September); the Joint International Forum in Moscow (19 - 20 October); the World Customs Forum (24 - 25 November) in China; and the Excise Tax Mini Summit (2 - 3 July 2012) at WCO Headquarters.
50. Towards the end of his report, the Secretary General summarized the outcomes and decisions from the Policy Commission meeting which had taken place earlier in the week and which would be taken up later in the Sessions.
51. Finally, the Secretary General said that the new Strategic Plan would be linked to the Customs in the 21st Century strategy, and that work in this regard was continuing at the Secretariat. He reiterated the Organization's sound finances, praised the active participation by WCO Members, noted the Organization's raised profile in the international arena, and stressed the WCO's corporate and demand-driven approach. It was clear that the WCO continued to be relevant, indispensable and connected to its Members.
52. During the discussion which followed, all delegates who took the floor congratulated the Secretary General on his comprehensive report on WCO activities. His leadership of the Secretariat, which had brought many achievements, was also praised by several delegates.
53. The Delegates of FINLAND, JAPAN, MOROCCO and YEMEN praised the WCO's enhanced collaboration with other international organizations, acknowledging that the WCO had raised its profile and that of Customs in the international arena.
54. Regarding the Strategic Plan, the Delegate of SWEDEN welcomed the fact that the goals were now linked to output. On the same topic, the Delegate of FINLAND noted the strong emphasis on strategic goals but suggested that the wording should be more political and ambitious, and include the role of Customs in economic growth.
55. The Delegate of Finland then praised the available WCO tools to ensure international trade and foster economic development, whilst highlighting the WCO's strong potential to raise its profile in security policies. He was also pleased to announce Finland's new contribution of 4 million euro over three years to WCO capacity building initiatives to modernize Customs administrations in the East and Southern Africa region, particularly in the fields of management development, CEN, CBM and the strengthening of the ROCB.
56. The Delegate of JAPAN appreciated the many efforts by the Secretary General on his top priorities and the many instruments that had been developed, such as the Single Window and Risk Management Compendiums and the revised Time Release Study Guidelines. Noting the progress on the trade facilitation negotiations, he encouraged all WCO Members to help conclude these negotiations. He also drew attention to Japan's support of the Asia Cargo Highway (ASEAN connectivity programme for trade facilitation), noting the support from the WCO, the Japan International Cooperation Agency and the Asian Development Bank on this endeavour.

57. The Delegate of the UNITED STATES highlighted the need to ensure that Members share their knowledge gained and put it into practice. He announced an offer of funding to the WCO for the development of an off-the-shelf targeting tool to be added to nCEN, to enable Members to robustly implement the Risk Management Compendium and better target high-risk cargo, be this for combating fraud or for matters of national security. He underscored risk management and targeting as key areas in which to share knowledge and resources in times of austerity, and thanked Australia for its support regarding this initiative at the Policy Commission.
58. The Delegates of FRANCE, MALAYSIA, NEW ZEALAND, SWEDEN and UGANDA warmly welcomed the United States' proposal for funding for a new risk management targeting tool.
59. The Delegate of UGANDA, speaking also as Vice-Chair for the East and Southern Africa region, praised the WCO's many achievements, in particular in respect of capacity building. He stressed the importance of focusing on the protection of society, trade facilitation and revenue collection, which should be tackled in tandem. He then thanked Finland for its support to the East and Southern Africa ROCB and border management, noting that good progress had been made. Finally, he underlined the role of leadership when embracing change management.
60. The Delegate of ARGENTINA expressed her gratitude to the WCO for its support and assistance in combating counterfeit goods and for providing key WCO documents in Spanish.
61. The Delegates of YEMEN and CHINA welcomed the WCO's monitoring of natural, social and economic developments, and its efforts to facilitate natural disaster relief given the vital assistance and expertise the WCO could provide in such situations.
62. The Delegate of YEMEN reported a 5 % drop in Yemen Customs' revenue in the light of its circumstances and thanked Jordan, Egypt and Saudi Arabia for their assistance in the area of revenue collection. He also welcomed any assistance the WCO could provide to help Members address such problems.
63. The Delegate of SWEDEN emphasized that the WCO was the ideal platform to meet new challenges in the Customs community, in the light of the austerity measures taken by most Customs administrations. He underlined the need to ensure international standards were adopted in order to obtain the results sought and echoed Brazil's proposals at the previous Policy Commission session for more transparency and good governance.
64. The Delegates of SWEDEN and NEW ZEALAND pledged their support for the United States' potential targeting tool project, and encouraged Members to guide the Secretariat in developing this future tool.
65. The Delegate of MALAYSIA, whilst acknowledging the difficulty in inspecting all cargo, emphasized his country's commitment and support for risk management and the crucial role it played in cargo inspection. He also thanked the United States for its Container Security, Megaport and capacity building initiatives.
66. The Delegate of SINGAPORE recognized the opportune timing of the WTO Director-General's address to the Council which he felt would encourage efforts to reach an agreement on trade facilitation, while noting the wide gap that still existed between some WTO Members with regard to this issue. In this connection, he urged

all Members to send their Customs experts to WTO negotiation meetings to achieve a speedier, business-friendly and high-quality trade facilitation agreement.

67. The Delegate of GHANA commended the prudent financial management of the WCO and expressed his appreciation that the UNODC-WCO Container Control Programme (CCP) had chosen Ghana as a pilot centre. He expressed his full commitment to the project. The CCP had yielded positive results and Ghana considered it as a shining example of how law enforcement cooperation could help to secure the global supply chain. He urged other countries to join this initiative.
68. The Delegate of CHINA thanked the Secretary General for his efforts in global supply chain security and CBM and for fostering cooperation in administering global trade. While recognizing the WCO as a Member information exchange platform, he felt that Members and the Secretariat should ensure that resources were allocated to the increasing workload and that the focus should be on international and domestic priorities.
69. The Delegate of NEW ZEALAND commended the WCO's output despite the increasing demands placed on it. He also encouraged and thanked countries that provided additional financial and human resources to the WCO, thus helping to reduce the work burden.
70. The Delegate of JORDAN outlined his country's recently created trade facilitation programmes, as well as the new technology adopted in risk management and data collection to facilitate trade. He thanked the Secretary General for his assistance in these areas. Jordanian Customs was currently negotiating with UNCTAD to become a transit centre and welcomed WCO backing on the matter. Finally, he expressed the hope that the Jordanian Customs' training centre would receive WCO accreditation.
71. The Delegate of KOREA stressed that capacity building was crucial in Customs modernization and Korea therefore pledged to maintain or increase its USD 1 million contribution to capacity building initiatives. Korea Customs pledged to send AEO experts to Fiji and to provide consultation services for technical assistance on AEO for Members needing such assistance. Over the next year, several seminars and the WCO international conference on AEO to be hosted by Korea would assist the effective implementation of AEO. He also pledged funding for the WCO Fellowship Programme for Spanish speakers.
72. The Delegate of BENIN thanked the WCO for its help on Customs reforms which were progressing well and fully backed by the new Director General of Beninese Customs. He also greatly appreciated Japan's contributions to other countries via the WCO. Finally, he thanked the WCO for its help in Operation FRED 60 and asked for support on governance, risk management and risk analysis.
73. The Delegate of MOROCCO welcomed donor countries to help modernize her country's Customs Administration as well as other administrations in need of modernization.
74. The Delegate of TURKEY praised the WCO regarding its policies to facilitate trade and its efforts that paved the way for regional cooperation. He also underscored the importance of GNC and its tools, such as the Data Model, Advanced Passenger and Cargo Information and the Risk Assessment Guide, to fully connect Customs. He encouraged the involvement of the private sector to achieve greater synergies in this

area and thanked the WCO for its support in respect of the Silk Road Initiative which had recently been revitalized by Turkish Customs to facilitate trade in the region.

75. The Delegate of BRAZIL thanked the Secretariat and those countries that contributed to the Language Fund for making Portuguese interpretation possible at the Council Sessions. He stressed the need to control air freight and both air and maritime logistics more effectively. He also highlighted Brazil's border complexities with ten neighbouring countries and welcomed more work on land border standards as well as more assistance for those countries with border management difficulties, to foster economic development.
76. The Delegate of BURKINA FASO highlighted the basic problem of revenue collection, revenue being needed to combat counterfeiting and commercial fraud. He thanked Japan for its contribution to regional training and welcomed contributions from other countries.
77. The Delegate of FRANCE invited the WCO to consider a wider range of risks such as those posed by health, environment and tax, while underlining the private sector as a key information provider in this respect. He also underscored the need to have similar tools within the various international organizations to achieve synergies and harmonization.
78. The Delegate of GUATEMALA thanked Korea for contributing to WCO capacity building and the Fellowship Programme for Spanish speakers, emphasizing the importance of this for the Americas region.
79. The Delegate of SUDAN highlighted the support his country received from the WCO in implementing modernization reforms, before drawing attention to Sudan's latest challenges relating to its new border and neighbour. It would welcome WCO support in this connection.
80. The Delegate of the RUSSIAN FEDERATION announced a Forum on Customs and Business : International and Regional Aspects of Cooperation, to be held in Moscow; this year, the Forum would be organized by the Russian Customs Service and the WCO. In accordance with long-established tradition this annual event, due to take place on 19 and 20 October 2011, would consist of two major blocks - an international exhibition and an international conference. The Forum, which had been running since 2000, was attended by the Heads of international organizations and integration associations, by representatives of Russian Federal Ministries and Agencies, by heads of foreign Customs administrations and by many representatives of the business community. The event enjoyed a very high international profile, and participants in recent years had included members of the WCO's senior management team.
81. The Forum, held at the centrally located and extremely well-appointed Moscow ExpoCentre, provided an ideal opportunity for Customs/business networking, and for exploring options for interaction between Customs and business aimed at enhancing Customs administrations' efforts to modernize their technology. It attracted considerable interest from the business community, with the number of exhibitors increasing steadily year by year. Exhibitors included, in addition to a number of Customs administrations, businesses engaged in the provision of various services related to Customs activities, software development and the production of Customs inspection and control equipment, as well as couriers and transport and logistics companies. In conclusion, the Delegate of the Russian Federation said that the

Russian Federal Customs Service looked forward to welcoming WCO Members to the Forum.

82. The Observer for the INTERNATIONAL CHAMBER OF COMMERCE (ICC) appreciated the Secretary General's diplomatic work and welcomed the collaboration on Customs and trade matters that existed between the WCO, the business community and the ICC.
83. The Observer for the UNITED NATIONS OFFICE ON DRUGS AND CRIME (UNODC) expressed his thanks to the WCO for its cooperation on the Container Control Programme. He also thanked those Members which provided experts for training purposes and congratulated the 12 countries with operational units which were putting inter-agency cooperation into practice. Finally, he announced that more countries had expressed their interest in joining the Programme.
84. The SECRETARY GENERAL responded to the comments and questions raised, thanking all speakers for their kind words and feedback on his report. He praised the staff of the Secretariat for their hard work and insisted that all the achievements highlighted would not have been possible without Member support and cooperation.
85. He also expressed his gratitude to the international organizations he had worked with in the course of this year, and warmly welcomed and gratefully accepted the contributions proposed by Finland (regional infrastructure, CBM, nCEN), the United States (targeting tool and risk management) and Korea (Fellowship Programme for Spanish speakers and AEO implementation assistance).
86. He noted Jordan's proposal that its training centre be WCO accredited, and agreed with Turkey that GNC was a vital tool for the Customs community. Regarding the comments by the Observer for the ICC on the Customs-Business partnership, he referred to the many meetings that he had held with the private sector during his missions as a means to find common ground and strengthen Customs-Trade relations.
87. Finally, the Secretary General emphasized that effective and efficient Customs was only possible if the necessary standards were implemented and the available tools used. In this regard, he called on all Members to advance towards modernization together with the WCO and its stakeholders.
88. The Council took note and thanked the Secretary General for his written and oral reports.

- **Keynote address by Raymond Benjamin, Secretary General and CEO, International Civil Aviation Organization (ICAO)**

89. The CHAIRPERSON introduced Mr. Raymond Benjamin, who had been Secretary General of ICAO since 2009 and had spent 30 years in civil aviation.
90. Mr. BENJAMIN said that addressing the Council gave him the opportunity to reinforce the importance of increased collaboration between the WCO and ICAO in order to significantly strengthen security and protect global trade - a common objective of both Organizations.
91. The October 2010 incident in which authorities had thwarted a plot to sabotage aircraft by means of explosives hidden inside computer printer cartridges underscored the urgency of reinforcing air cargo security measures. This was not an easy task, given the complexities of the global air cargo system. The solution was end-to-end security of the global supply chain, with ICAO and its Members, the WCO, the International Maritime Organization, the Universal Postal Union and industry partners all having a role to play.
92. ICAO, for its part, had adopted a Declaration on Aviation Security and further strengthened its Standards and Recommended Practices; it would be urging its Members to develop ways of identifying and implementing appropriate methods to screen high-risk cargo. ICAO had been working with the WCO to identify potential synergies in their respective security programmes in order to streamline processes that otherwise might inhibit the efficient and timely flow of goods.
93. The time-tested methodology of “risk targeting” used by the WCO could potentially be extended to include aviation security. Another possibility was mutual recognition of the Organizations’ respective “trusted trader” schemes. These already overlapped at certain points in the air cargo supply chain. Greater coordination could strengthen security, increase efficiency and reduce costs for regulators and trade.
94. Whilst it was at the national level that changes could and should be made, the overall effectiveness of measures required global harmonization. The growing collaboration between the WCO and ICAO could be a model for achieving that in the Organizations’ efforts to tackle threats to the health and growth of global trade.
95. As a demonstration of that collaboration, Mr. Benjamin and WCO Secretary General Kunio Mikuriya signed a Memorandum of Understanding (MOU) calling for increased cooperation on air cargo security world-wide, and on other issues of significance to transportation and trade.
96. The text of Mr. Benjamin’s address is reproduced in full at Annex IV to these Minutes.

- **Keynote address by Dan Brutto, President, UPS International**

97. The CHAIRPERSON introduced Mr. Dan Brutto, who was responsible for all UPS international package, freight forwarding and logistics businesses, as well as its international parcels services.
98. Mr. BRUTTO began by pointing out that many of his comments would be consistent with those of the previous speaker. He referred back to discussions at the World Economic Forum in Davos, where the importance of transparency and trade facilitation through Customs had been a key topic.
99. He acknowledged that his company had recently suffered a breach of security, as had one of the other integrators. The industry was working closely on security issues with governments around the world, bearing in mind that it was better to tackle security whilst things were stable, rather than in the storm of crisis. A scheduled review by the United Kingdom (UK) Department of Transport had revealed some areas of concern in UPS screening which meant that some of its UK facilities had been taken off line while the issues were dealt with.
100. A core part of UPS business was maintaining the processes, systems and procedures it had put in place to protect its 400,000 employees, the parcels carried on behalf of customers, and the equipment used in the industry. The goods moved represented some 2 % of the world's GDP, making security a big concern. Working closely with intergovernmental organizations had been key in enabling new security requirements to be integrated without disturbing the free flow of traffic.
101. UPS and the other three integrators touched every part of the supply chain. One of their drivers picked up the parcel, they were involved at every intermodal change as the parcel moved through the chain, and another of their drivers finally delivered it. They had complete custody of the supply chain.
102. Mr. Brutto said that in today's environment it was impossible to take security and Customs separately, and he had four key principles for Customs to consider. Firstly tiered, risk-based screening was the best way to secure the supply chain, with requests for advance data elements being limited to those that had genuine security value. Secondly, global standards for Customs security had to be consistent, as countries developing separate systems served only to slow down supply chains. Thirdly, mutual recognition was critical, but today it existed in name only. Fourthly, it would be appropriate to give recognition to companies which, because of the commercial importance of supply chain security for their business, exceeded the statutory requirements.
103. In terms of the adoption of a risk-based approach, a "one size fits all" methodology did not work. The air cargo industry had different models, and security programmes would need to match those differences. A tailored approach was more effective as it recognized the various operational realities. Intelligence sharing with governments was vital, and should be done through a single point of contact with each of the main industry partners. Communication and information were other tools required in order to gain an understanding of the changing threats to the supply chain.
104. In conclusion, Mr. Brutto said that, when it came to securing the international supply chain and balancing the needs of commerce, there was no final destination. The journey was ongoing, with private industry, the WCO and governments continuing to work together to keep trade flowing freely.

105. The text of Mr. Brutto's address is reproduced in full at Annex V to these Minutes.
106. The Observer for the INTERNATIONAL MARITIME ORGANIZATION (IMO) welcomed the remarks made by the previous speakers on the need for cooperation in the implementation of security measures across all modes of transport. While there were significant differences between the vulnerabilities of different modes of transport, there were also significant areas of common ground. The IMO recognized the value of the ICAO Annex 17 provisions concerning regulated agents in air cargo security, the basis premise of which were enshrined in the SAFE Framework of Standards. The IMO was working closely with the WCO on container security in particular, and the relevant IMO Committees had agreed that the WCO had primacy over supply chain security, with the IMO's role being limited to aspects related to ships and port facilities. However, those Committees had stressed the utmost importance of communication and cooperation, at the national and local levels, between ships, port authorities, Customs and other competent authorities. The IMO fully supported the harmonization of systems-based controls across all means of transportation, based on sound risk management principles and aimed at facilitating global transport.
107. The Observer for the IMO said that, currently, one of the greatest threats to the maritime element of the supply chain was piracy and armed robbery against ships, particularly off the coast of Somalia. A number of flag States were considering the use of privately contracted armed security personnel on board their ships, although this was by no means endorsed by the IMO. This raised some very complex legal issues, and in this connection he took the opportunity to seek the advice of WCO Members, through their representatives to the IMO Facilitation Committee at its next meeting in September 2011, on their legal and procedural provisions for the embarkation and disembarkation of firearms and security equipment on their territories.
108. The Delegate of FRANCE agreed with previous speakers that there were different security frameworks in existence, including that of the UPU (Universal Postal Union), which was important even though it had not been specifically mentioned in the course of the discussions. At the national level, various administrations were endeavouring to comply with international standards in respect of security. In order to achieve the best possible level of security at the least possible cost to the economic operators, it was very important that full agreement be reached between the relevant international organizations on common standards regarding the data required, and who would be responsible for providing it.
109. Mr. BRUTTO was then asked for his views on the provision to Customs of information and support regarding risks such as illicit drugs which, while not related to security per se, were equally important to the health and safety of communities. He responded that, as an integrator, UPS certainly sought to provide Customs with as much information as possible, through risk-based software, to facilitate the interdiction of illicit drugs, counterfeit goods and other illicit cargos. In his view, the aim should be to find the most effective means of keep licit trade flowing whilst apprehending wrong-doers, by concentrating on those shipments that posed a genuine risk.
110. Responding to the point raised by the Delegate of France, Mr. BENJAMIN said that he agreed on the importance of genuine cooperation between civil aviation authorities and Customs, and he and the WCO Secretary General were working closely together to reach agreement on a set of common standards. He remarked that, while it was easy to work together with a real sense of urgency in the aftermath of a major incident, there was a tendency to revert to previous patterns over time. With that risk in mind, he expressed his firm, long-term commitment to achieving a common set of

standards, and was confident that he could rely on the same commitment from the WCO.

111. The SECRETARY GENERAL expressed his appreciation to Mr. Benjamin and Mr. Brutto for their excellent speeches, which highlighted the high level of co-operation between industry stakeholders and the WCO. As Mr. Benjamin had indicated, ICAO and the WCO were working together to review their respective standards, and he paid tribute to Mr. Benjamin for his excellent leadership in this respect. Progress had been made, and he was confident that this would continue, given both parties' commitment to take concrete measures to enhance air cargo security.
112. The Secretary General also agreed with Mr. Brutto that the common challenge was how to enhance security without hindering the flow of goods or placing undue burdens on business. He believed that the partnership approach adopted by the WCO in this respect was bearing fruit, and stressed the importance of dialogue between the various players, both internationally and at the national level.
- **Keynote address by Pascal Lamy, Director-General of the World Trade Organization**
113. WTO DIRECTOR-GENERAL PASCAL LAMY pointed out that the WCO played an important role in the activities of the WTO in terms of trade-facilitation-related work as well as the ongoing Doha Development Agenda negotiations (Doha Round), including the WCO contribution to the WTO Trade Facilitation (TF) Needs Assessment Programme.
114. He updated the Council on the current status of the Doha Round, emphasizing that the negotiations regarding 80 % of the content had reached a level of maturity which would allow for conclusion within a relatively short period of time, whereas progress had stalled in the area of market access for industrial products. He also touched on the current consultation among WTO Members regarding the possible adoption of a smaller package by the end of this year. One of the potential elements to be included in the package was TF, and WCO support was considered crucial for the successful and timely implementation of a new WTO TF Agreement.
115. Mr. Lamy stressed the importance of TF for reducing the cost of trading and for boosting trade, and referred to a research example on the costs and delays associated with the clearance of goods in Singapore, in Sub-Saharan Africa and in some other developing countries. In terms of assistance, he referred to the discussions which would take place at the Third Global Aid for Trade Review on 18 and 19 July in Geneva, which the WCO Secretary General was due to attend.
116. He encouraged the Brussels-based Customs Attachés to consider how they could better support their respective countries in the WTO TF work, as their technical knowledge was important in terms of providing assistance during the negotiations as well as for the implementation of the future TF Agreement.
117. Mr. Lamy then spoke of another key area of cooperation between the WTO and the WCO, represented by the Harmonized System (HS), Customs valuation and rules of origin. He highlighted the important role of the HS for scheduling concessions on goods and for delineating product coverage in some WTO Agreements such as the Agreement on Agriculture and the Information Technology Agreement. Stressing the significant work done by the WCO on the establishment of the database of preferential

rules of origin, he expressed his wish to link this WCO database to the WTO's Non-Tariff Measures database in order to simplify the task of exporters in this field. He also referred to possible further cooperation in the area of measuring trade flows in value added instead of gross numbers, recognizing that trade flows were computed by attributing the commercial value of a product to the last country of origin. In this context he invited Members to visit the WTO Web site "Made in the World".

118. Finally, he said that the WTO valued its partnership with the WCO and expressed his willingness to continue to seek better ways to enhance the relationship.
119. The text of Mr. Lamy's address is reproduced in full at Annex VI to these Minutes.
120. During the subsequent discussion, many delegations thanked Director-General Lamy for his presentation and for the opportunity to raise questions.
121. The Delegate of TOGO thanked Mr. Lamy for highlighting the important role of the developing and least developed countries in the Doha Round. He drew attention in particular to the fact that the activities of Pre-Shipment Inspection (PSI) companies overlapped with Customs work; PSI may have been useful in the past, but now it was more of a bottleneck in developing countries.
122. The Delegate of BRAZIL touched on the distinction made by the WCO between technical assistance and capacity building, saying that technical assistance was focused more on providing a resource for capacity building, whereas capacity building was focused on the real efforts of national administrations in terms of taking ownership and developing political will, and managing organizational changes. In this context, he asked what role the WTO would expect the WCO to play in terms of assistance with the implementation of the future TF package. He also wondered to what extent the "Made in the World" concept concerning the international flow of goods would impact on the Customs valuation issue.
123. The Delegate of BENIN echoed the remarks made by the Delegate of Togo regarding the issue of PSI, emphasizing that delays at the border were caused by PSI agencies rather than Customs.
124. The Delegate of JAPAN pointed out that the successful outcome of the TF negotiations would be beneficial to both developing and developed countries; it was indeed a win-win scenario, which would contribute to growth in the global economy. He also stressed that TF should be included in the December package and confirmed that his country was committed to continuing to contribute to the negotiations with a view to their successful early conclusion.
125. The Delegate of CHINA said that China Customs had been heavily involved in the TF negotiations; indeed, two important proposals for the TF negotiations - on risk management and post clearance audit - had been made by China Customs. She also stressed that most of the outcomes of the TF negotiations would impact on Customs, and proposed that the WCO Secretariat's Research and Strategies Unit be tasked with researching the possible implications of the future TF Agreement.
126. The Delegate of FRANCE noted that Customs administrations were confronted with different challenges, such as security, environment and health issues. He also pointed to the lack of a transparent instrument for the classification of non-tariff measures and proposed a joint discussion between the WTO and WCO to develop an instrument to measure trade flow in order to respond to the current challenges.

127. The Delegate of JORDAN drew attention to difficulties regarding the abuse of certificates of origin, which often caused long delays at the border. He also stressed that delays were often caused by other governmental agencies (OGA) rather than by Customs, and asked how the WTO distinguished between Customs and OGA procedures in this respect.
128. The Delegate of the EUROPEAN UNION said that the EU fully supported, and participated in, the negotiations on the TF Agreement. He stressed the importance of strengthening WCO involvement in the preparation of the WTO rules, acknowledging that the implementation of such rules was often carried out by Customs. Finally, he encouraged the WTO to take an even more active role in supporting Customs modernization worldwide.
129. The Delegate of GUINEA highlighted the fact that the high cost of transportation and delays with clearance were closely related to the lack of capability and capacity in developing countries. Many countries in Sub-Saharan Africa needed to modernize and reform their Customs administrations, which required the necessary political will. For the latter purpose, the WTO and the WCO should make use of their influence on political leaders, because otherwise these countries would have problems implementing the new TF Agreement.
130. The Observer for the GLOBAL EXPRESS ASSOCIATION (GEA) thanked the Secretary General for his outreach efforts which gave the Council an opportunity to listen to keynote speakers from governments, businesses and other international organizations such as the WTO. He agreed with previous speakers that the conclusion of the TF Agreement would lead to a win-win-win situation and expressed his Association's support for a swift conclusion to the TF negotiations.
131. The Observer for the WORLD BANK emphasized that the World Bank had been supporting the TF negotiation process and would continue to do so. He also explained that the World Bank was launching a project to assess the opportunities, difficulties and challenges which developing countries might face in the implementation phases.
132. The Delegate of UGANDA observed that there appeared to be a consensus among WCO Members where the TF negotiations were concerned, whereas in Geneva there were differences of opinion about these issues; thus, some measures being discussed as part of the TF negotiations were in fact already covered by the WCO's Revised Kyoto Convention, but WTO Members nevertheless expressed divergent positions about them. He stressed that it was important that more Members involve their Customs agencies in the TF negotiation process. Finally, he pointed out that the WCO's HS Convention was updated as part of a five-year review cycle in order to keep pace with developments in international trade, whereas the WTO Customs Valuation Agreement had never been updated. He suggested developing a provision under which the contents of the WTO Valuation Agreement would also be reviewed regularly.
133. The CHAIRPERSON expressed his concerns regarding the conclusion of so many bilateral agreements pending the long-awaited conclusion of the WTO negotiations, remarking that these agreements were causing an imbalance in international trade.
134. Mr. LAMY thanked delegates and observers for their observations and questions. Replying in turn to the various points raised, he began by recalling that the issue of PSI was included in the scope of the TF negotiations. Obviously, simplified trade procedures might have a financial impact on the beneficiaries of the existing system,

and were thus being met with some resistance. He explained that the idea of “Made in the World” (international flow of goods) had nothing to do with the Customs Valuation Agreement, but was an attempt to change the parameters for measuring international trade volumes, where TF was sometimes opposed for political and economic reasons, such as its impact on employment and labour issues.

135. He also stressed that the TF negotiations were not “one-way” negotiations where the developed countries imposed rules on the developing countries; they should lead to a win-win situation.
136. Mr. Lamy acknowledged that Customs had been confronted with several new challenges, such as environmental and social protection, which impacted international trade. He stressed, however, that the standards required to address these issues should be developed by the relevant international organizations and bodies, as the WTO had no responsibility as regards these matters.
137. Turning to the matter of the abuse of certificates of origin, he said that the WTO was in the business of legal trade not illegal trade, and that the simplification of procedures was the right approach, as loopholes were often enabled by complicated processes. As for the delays caused by OGA processes, he reminded the Council that the TF negotiation was addressing this through the discussions on Single Window. Many WTO Members were insisting that the development of a Single Window should be an obligation, while others asserted that it should be “best effort” only.
138. Referring to his experience of the relationship between Trade and Customs officials when he had been EU Trade Commissioner, he said he would try to strengthen relations between the WTO and the WCO as much as possible. He underlined the importance of awareness-raising activities where the negotiation process was concerned.
139. Finally, in reply to the concerns raised regarding the multiplicity of bilateral agreements, Mr. Lamy referred to an article being published by the World Bank and the annual WTO World Trade Report. He expressed his view that the bilateral system had not become more important than the multilateral system; the volume of international trade under preferential arrangements was relatively limited.
140. The SECRETARY GENERAL expressed his sincere appreciation to Mr. Lamy, emphasizing that he shared his views on the importance of trade facilitation, which was regarded as being of great systemic value not only to WCO Members but also to business; this was why the WCO had been developing so many tools which would support TF. He also noted that while the WTO addressed legal trade only, the WCO also had to deal with enforcement and compliance matters. As a result, the WCO had developed the Risk Management Compendium which would also support the WTO’s efforts. With regard to Single Window, he said that many WCO Members were now implementing a national Single Window, and the WCO had therefore developed the Single Window Compendium to assist in this regard. Also, regarding delays in the clearance of goods at the border, the WCO had updated the Time Release Study Guide as a performance measurement tool for identifying bottlenecks in international transactions.
141. The Secretary General added that the WCO was striving to make the HS an even more up-to-date tool, in order to address new challenges and opportunities for Customs. The HS had been essentially a classification tool for tariff and revenue, whereas the 2012 version of the HS also included some components related to food

security. He also stressed that origin fraud was a huge problem for Customs and noted that, in addition to the updating of the WCO origin database, the WCO was going to develop guidelines on the verification process for origin certificates and on post clearance audit processes, based on Members' best practice.

142. Regarding research matters, he reminded the Council of the "*Preliminary study on the impact of the WTO Doha Development Agenda Negotiations on Customs*", released in 2009. He recognized the importance of updating this study in the light of developments with the Doha Round. He acknowledged that the "Made in the World" initiative was interesting with a view to understanding global trade supply chains; this was an area where the WCO Research Unit would be happy to collaborate with the WTO.
143. Finally, the Secretary General remarked that the WTO had been developing trade rules, while the WCO had tools to implement such rules. He also emphasized the importance of the dialogue between the WTO and the WCO, which was a communication between the guardians of trade policy and the guardians of its proper implementation.

4. POLICY MATTERS

144. The CHAIRPERSON invited participants to consult the Reports of the Policy Commission's 64th and 65th Sessions (Docs. SP0355 and SP0377), which had taken place in December 2010 and June 2011 respectively. Although the 64th Session had been concerned primarily with matters which were examined again at the 65th Session, there were three decisions taken at that session that required the endorsement of the Council. Thus, the Council was invited to :
- approve the amended Terms of Reference for the SAFE Working Group, it being noted that the amendment related to the election of the Working Group's Customs Chairperson;
 - take note of the Communiqué on air cargo security which the Policy Commission had issued on behalf of the international Customs community; and
 - adopt the Policy Commission's recommendation that the Chairperson of the Audit Committee be granted Observer status on the Policy Commission and instruct the Secretariat to amend the Policy Commission's Terms of Reference accordingly.
145. The Council agreed.
146. With the assistance of the Secretary General, the senior management of the Secretariat and the Chairpersons of certain WCO bodies, the CHAIRPERSON then presented to the Council item-by-item the key outcomes of the 65th Session of the Policy Commission as reported in Doc. SP0377, and in an Executive Summary of that document which had been distributed to delegations.

(a) Security and facilitation of trade

147. The DIRECTOR, COMPLIANCE AND FACILITATION, said that the Policy Commission had taken note of the Report of the Eighth Meeting of the SAFE Working Group. The Policy Commission had also approved the amendments to the SAFE Framework of Standards and recommended their adoption by the Council. This was very important in terms of enabling the WCO to take appropriate measures to secure and facilitate global trade, based on a relevant and up-to-date SAFE Framework of Standards.
148. The importance of the measures promoted in the SAFE Framework had been highlighted during the Policy Commission's discussions. Increasing threats and increasing globalization meant that the timely availability of advance data for risk management was indispensable in today's world. Also, because supply chains had to be managed and secured in their entirety, the structured and more widespread exchange of relevant information, both Customs-to-Customs and Business-to-Customs, but also involving other agencies, was key for the efficiency and effectiveness of the measures laid down in SAFE. Therefore the standards, protocols and guidelines developed in the context of Globally Networked Customs would be useful tools for the implementation of SAFE.
149. The Director added that the Policy Commission had also discussed the importance of Authorized Economic Operators (AEO) and close cooperation with reliable traders; it had endorsed the Guidelines on Mutual Recognition Arrangements/Agreements (MRAs) and recommended their inclusion in the SAFE package. This was a very important step in terms of assisting Members with the development and negotiation of MRAs. The Policy Commission had taken note of the updates to the AEO Compendium. Some Members were struggling with the development of systems that enabled their risk management systems to automatically recognize the AEOs of their partner countries, and the development of a standardized package of guidance for these exchanges would help to prevent other Members from having to go through the same difficulties.
150. He said that discussions had confirmed the need for prioritization as regards the future work on the SAFE Review, and it had been agreed that for the coming year the focus would be on Coordinated Border Management, trade recovery and a definition of high risk cargo.
151. Finally, the Policy Commission was asking the Council for a "fast-track mandate" to adopt amendments to the SAFE provisions on advance cargo time limits at the Policy Commission session in December 2011. The aim was to swiftly develop an appropriate solution regarding import and export time limits so as to effectively address the security challenges posed by air cargo movements in particular. Many Members were currently discussing potential amendments to the timelines foreseen in their national legislation, and in order to keep national measures in tune with SAFE, the necessary amendments to SAFE would need to be adopted prior to the Council's June 2012 Sessions.
152. The CHAIRPERSON then invited the Secretary General to report on work done in the related area of air cargo security.
153. The SECRETARY GENERAL said that the work done and the work yet to be accomplished with regard to air cargo security had been described earlier in the sessions by United States Secretary of Homeland Security, Ms. Janet Napolitano. He

merely wished to add that WCO Members, and representatives of ICAO, IATA, the UPU, transport agencies and the private sector, had been invited to attend the first meeting of the WCO Expert Group established for this purpose. The Expert Group had identified various areas for examination in terms of the definition and mitigation of risk, and had acknowledged that the key issue was how to receive, in a timely manner, high-quality, advance electronic information about air cargo. Therefore, as its first priority the Group was seeking to establish a common understanding, and if possible common guidelines, on the questions of what kind of information was needed, when, how and from whom it could be obtained, and how it could be used. The Group had already circulated an initial questionnaire aimed at eliciting information on this subject.

154. The second priority area which the Expert Group had identified related to the commonalities and divergences between the WCO's AEO standards and ICAO's Regulated Agent/Known Consignor standards. These global standards, developed by the WCO on the one hand and ICAO on the other, needed to be realigned to the extent possible, and with this aim in view the Expert Group had prepared a comparison between the two sets of standards.
155. The Secretary General concluded by remarking that the Expert Group had made good progress in a short time, and should be encouraged to continue moving forward.
156. The Delegate of CANADA highlighted the important contribution of the Private Sector Consultative Group (PSCG), as evidenced by the PSCG Chairperson's report to the Policy Commission. Several Members had already mentioned the importance of the private sector's contribution in terms of shaping the work and priorities of Customs, particularly with regard to risk management. He suggested that further increasing the dynamic interaction between the Policy Commission and the PSCG would be a means of securing an even richer level of advice for the Council.
157. The Delegate of JAPAN welcomed the work done by the SAFE Working Group, including in particular the completion of the AEO mutual recognition guidelines. He announced that Japan Customs had developed and implemented AEO programmes covering the entire supply chain, and had signed MRAs with New Zealand, the United States, the European Union, Canada and Korea. It would sign an MRA with Singapore during the current Council Sessions. He added that Japan had contributed to the development of the MRA Guidelines, and was willing to continue to share its experiences in this area with other WCO Members.
158. The Observer for the GLOBAL EXPRESS ASSOCIATION (GEA) thanked the WCO for maintaining an open dialogue with industry partners, thus ensuring that measures discussed and adopted by the Council met the needs of the business community. GEA urged the Customs and security community at large to find security measures in consultation with trade, transport and industry that were reasonable, effective, multilayered and risk-based, and to view aviation security in particular in its narrow sense, rather than adopting a definition of security that was excessively broad-based. The risks faced in the aviation sector were sometimes life-threatening and it was these risks, rather than risks to revenue for example, that should be tackled first. Thus, when defining data and timelines, the different types of risk should be addressed appropriately, and separately.
159. He referred to the critical importance of adopting globally coordinated and harmonized measures, as well as tailored solutions that addressed the different business needs. The aviation industry was not homogeneous - there were very different business models in place, with general cargo, express cargo and postal

consignments operating quite differently; security models needed to take this into account.

160. Finally, he had noted that the Policy Commission was requesting a fast-track mandate so that new provisions on advance cargo time limits could be adopted in December 2011. At the same time, in her address to the Council the United States Secretary of Homeland Security had referred to various pilot projects that were currently running to test measures with the private sector aimed at finding the right balance of information items and timelines for security purposes. He hoped that the adoption of a fast-track procedure would nevertheless allow sufficient time for the outcomes of these pilot projects to be taken into account in the discussions.
161. The Delegate of the UNITED KINGDOM said that his Administration supported the work of the SAFE Working Group, and he took up the suggestion made by the Delegate of Canada concerning interaction with the PSCG. The Policy Commission had heard an excellent presentation by the Group's Chairperson, Ms. Carol West, and many participants would have liked to have more time to explore in greater depth some of the issues she had raised. Therefore he suggested that at its next session, it might be helpful if the Policy Commission could hold in-depth sessions, perhaps in small working groups, on specific issues such as trade facilitation and measures to strengthen security.
162. The Delegate of BRAZIL expressed his support for the United Kingdom's proposal, adding that the fast-track adoption of the SAFE amendments on advance cargo time limits, which would have to be finalized at the next Policy Commission session, could usefully be dealt with in small working groups at that session.
163. The Delegate of SINGAPORE expressed his appreciation to Japanese Customs for the very smooth conclusion of the MRA between Japan and Singapore. The fact that this had been achieved despite the terrible events which had taken place in Japan in March 2011 showed the very strong commitment of Japanese Customs to international collaboration. With bilateral trade between the two countries totalling US\$ 40 billion in 2010, he believed that the signing and operationalization of this MRA should help to strengthen security and trade facilitation in the region.
164. The SECRETARY GENERAL thanked Canada, the United Kingdom and Brazil for their useful suggestions, adding that he would consult with the Chairperson on how best to bring those suggestions into effect at the December 2011 Policy Commission session. He also assured the Observer for GEA that at that session, care would be taken to ensure that the experiences gained from current pilot projects were taken into account in the discussions on advance cargo time limits.
165. In the light of these discussions and the Policy Commission's recommendations, the Council :
- took note of the summary report of the Eighth Meeting of the SAFE Working Group;
 - adopted the proposed amendments to the SAFE Framework of Standards;
 - agreed to the inclusion of the proposed Mutual Recognition Arrangements/Agreements Guidelines in the SAFE package;

- took note of the updates to the Authorized Economic Operator (AEO) Compendium;
- took note of the work undertaken by the Air Cargo Expert Group and instructed the Group to continue its work;
- agreed to grant the Policy Commission a fast-track mandate to adopt amendments to the SAFE provisions on advance cargo time limits in December 2011.

(b) Project Global Shield

166. The DIRECTOR, COMPLIANCE AND FACILITATION, said that Global Shield was a WCO initiative to monitor 14 chemicals used to illegally manufacture improvised explosive devices (IEDs). Three hundred Customs and Police experts from 78 WCO Members, together with international organizations such as Interpol and the UNODC as well as the Regional Intelligence Liaison Offices (RILOs), were taking considerable steps towards achieving the goals agreed upon in the Project's operational plan. To date, over 32 tonnes of chemicals had been seized world-wide, and 13 arrests made.
167. The Director was pleased to report to the Council that the Policy Commission had approved the decision made at the Enforcement Committee's 30th Session to extend the operational phase of Project Global Shield from the initial six months to a longer-term operation, and therefore to rename Project Global Shield as Programme Global Shield. The Policy Commission had also encouraged more Members to participate in this important initiative. A debriefing session and follow-up seminar would be organized at WCO Headquarters when the intelligence assessment and report of the first phase became available later in the year.
168. The Delegate of the UNITED STATES commended the Secretariat for the strategic leadership it had provided in facilitating Project Global Shield. A core responsibility of Customs administrations was to safeguard their citizens and secure their borders against the transnational criminal organizations that threatened the national security and prosperity of their countries. By keeping bomb-making material out of the hands of terrorists and criminal organizations through Global Shield, Customs administrations were indeed doing this. In March 2010, the United States had proposed this initiative to counter the growing threat posed by the illicit cross-border trafficking of precursor chemicals used to manufacture IEDs.
169. The United States fully recognized the importance of building capacity and competency in this realm in order to more effectively prevent criminal organizations from exploiting the global supply chain to illicitly acquire precursors used to make home-made bombs. In October 2010 it had provided US\$ 300,000 to the Secretariat to facilitate a one-week training and capacity building seminar attended by 86 Members, in furtherance of Global Shield, and it welcomed the Secretariat's decision to conduct a follow-up seminar early in 2012. Once again, the United States would explore the possibility of providing funding for such an event. It also encouraged the Secretariat to consider developing topical e-learning and other online training tools that could be made available to all Members at no cost, and would be glad to assist in this endeavour.
170. The Delegate of the United States added that the initial results of this unprecedented global initiative, measured in terms of seizures and arrests, had been remarkable. Even more significant were the immeasurable number of innocent lives

saved around the world as a result of this collective effort. The United States ardently supported the extension of this Project into a long-term Programme and strongly encouraged all Members to participate robustly in this most important endeavour.

171. The Delegate of PAKISTAN expressed his appreciation of the WCO, the UNODC and the countries that had supported Global Shield and enabled it to achieve so much success in so short a time. He supported the continuation of this Project, which had helped his Administration to develop the necessary expertise to tackle this problem and be cognizant of the many challenges it posed to Members' collective security. However, he suggested the formation of a core working group or committee which would include countries afflicted directly by these chemical precursors, so that their capacity could be enhanced quickly, thus helping them to deal more robustly with an issue which was of serious concern to all Members.
172. The Delegate of AFGHANISTAN thanked the WCO, the UNODC and the United States Government for providing facilities for the Global Shield Programme. His feelings about the significance of Global Shield had been well expressed by the Delegate of the United States. Home-made explosives had been used in Afghanistan in the past and were still being used now, killing thousands of innocent civilians there. In an endeavour to find a solution to this problem, the President of Afghanistan had issued a decree which introduced a total ban on the importation into Afghanistan of ammonium nitrate, a precursor previously used as a chemical fertilizer, and it was hoped that neighbouring countries would ensure that this chemical was not exported to Afghanistan. Afghanistan itself was not a producer of ammonium nitrate, so if it was not smuggled into the country, not a trace of it would be available to bomb-makers there.
173. He added that the United States Department of Homeland Security had given support to Afghanistan so that it could be represented at the present Council Sessions and at the seminar on Project Global Shield. It had also supported Afghanistan by providing ammonium nitrate identifier kits which Afghanistan's national police, army and Customs officers had been trained to use for the detection of this chemical at border crossing points. He thanked the international community for its financial and technical support, which would continue to be needed in the future.
174. The Delegate of CHINA said that Customs played a vital role in the important task of bringing security to the global supply chain and to the community at large. The WCO had initiated a series of joint projects in this regard, including Project Global Shield, but China Customs had encountered some difficulties when trying to join in with these global efforts. The capabilities and functions of Customs differed from one country to another, because national situations were different, and in this regard China Customs wished to make certain proposals aimed at encouraging more Members to participate in joint actions initiated by the WCO.
175. China Customs' first proposal was that when formulating a joint action, the WCO should try to make the action plans more adaptable to the capabilities of Customs administrations and also to their resources, which were often limited. Secondly, some of the WCO's joint actions were in fact joint actions with other international organizations, which could not be implemented by Customs alone. This meant that at the national level, Customs had to discuss these actions with other border agencies in an attempt to secure their participation. China Customs had found that the relevant border agencies sometimes did not show the same enthusiasm for their part of the joint action, especially when it came to using their own, limited resources. Therefore measures should be taken to facilitate the participation of other national agencies, so

that the combined effort required for the success of these joint actions could be achieved not only internationally between the relevant organizations, but also at the national level between the relevant border agencies.

176. The Delegate of the EUROPEAN UNION acknowledged the results of Project Global Shield and thanked the WCO for this important security initiative, which the European Union strongly supported. The European Union also fully supported the extension of the operational phase into a long-term Programme. This would enhance cooperation between Customs and police administrations and other agencies in combating illicit trafficking in chemicals used to manufacture explosives. The European Union also encouraged the WCO to give consideration to the proposals made by the Delegate of China.
177. The Delegate of FRANCE said that French Customs acknowledged the importance of initiatives of this kind; it had not participated in Global Shield to date, but hoped to do so in the near future. The traceability of precursors, whether used in the manufacture of explosive devices or in the manufacture of drugs, for example, was an extremely important aspect of the Customs' role. He agreed with the Delegate of China that improvements were needed, particularly where the methodology of joint actions was concerned, in order to enhance cooperation with other agencies at the border in order to arrive at joint efforts which were coherent, comprehensive and above all cost-effective. The leadership of the WCO needed to work closely with other international organizations towards this end.
178. The Delegate of INDIA commended the work done under Project Global Shield in the context of the current international and national scenarios, but drew attention to the fact that some countries whose economies were agriculture-based depended heavily on the importation of ammonium nitrate and urea for use as fertilizers. Where checks on dual-use products of such importance were involved, countries which were heavily dependent on agriculture found themselves in a difficult position.
179. The Delegate of JORDAN emphasized the importance of security and facilitation, as well as the fact that they were closely interlinked. Jordan had a special programme for monitoring dual-use chemicals, which brought together all the different authorities that were competent in this area. He thanked the United States which had helped Jordanian Customs to train its staff to monitor these products more closely. All aspects of supply chain security were relevant to an operation like Project Global Shield and were related, including for example electronic connections with airlines and with the postal and express consignment operators, as well as the signing of MRAs and cooperative arrangements for the authentication of documents.
180. The DIRECTOR, COMPLIANCE AND FACILITATION, thanked delegations for their support for Programme Global Shield. He agreed that fighting terrorism was a shared responsibility both internationally and nationally, in which all relevant international organizations and national agencies should be involved. The Secretariat had taken note of the points raised by the Delegate of China and other speakers. In particular, the differing capabilities and resources of Members would be taken into account for the implementation of the next phase of the Programme, and efforts would be made to enhance cooperation with the relevant international organizations. Finally, the Compliance and Facilitation Directorate would work closely with the Capacity Building Directorate to see how much capacity building assistance could be provided in this area.

181. In the light of these discussions and the Policy Commission's recommendations, the Council :

- took note of the strategic approach and achievements of Project Global Shield;
- approved the decision to extend the operational phase of Project Global Shield from six months to a longer-term initiative, entailing a change from "Project Global Shield" to "Programme Global Shield"; and
- encouraged more Members to participate in this initiative in the light of the results achieved.

(c) Globally Networked Customs

182. The CHAIRPERSON OF THE AD HOC WORKING GROUP ON GLOBALLY NETWORKED CUSTOMS (GNC), Mr. Noël Colpin (Belgium), said that at its session earlier in the week, the Policy Commission had held productive discussions about, inter alia, the reasons why GNC should undoubtedly be a priority for all Customs administrations. He thanked all those who had joined in this ambitious project, i.e., all the members of the Expert Groups and their Chairpersons, all the members of the Ad Hoc Working Group, the Private Sector Consultative Group, the Secretary General and the Compliance and Facilitation Directorate.

183. A tremendous amount had already been accomplished in the five Subject Expert Groups, namely Business Process Modeling (BPM), IT, Legal, Capacity Building and Governance, with most of the work so far having been done by the BPM and IT Groups. The BPM Expert Group had come up with the concept of "Utility Blocks", where the WCO's existing standards were brought together to form information exchange clusters around a specific area of Customs activity such as AEO, commercial fraud, supply chain security or valuation, for example.

184. All of these Utility Blocks would form a library of GNC international standards for the exchange of commercial or enforcement data, with Members free to select whichever Utility Blocks they wished to use. It was impossible to overstate the importance of these Utility Blocks, as using them would mean that all the prerequisites for the global exchange of information (e.g., what data to exchange, what rules to comply with, which entities would be involved) would be in place.

185. Mr. Colpin went on to say that once the international standards were in place, attention would switch to setting up the IT system. The IT Group had proposed a neutral, secure and open architecture. The Members' choice of IT model would depend primarily on their financial situations. However, one thing was certain : the IT concept for GNC would be based on interoperability, not on a large central computer or huge databases. Each Member would be able to choose the IT option that suited it best. The GNC IT system could start out as a distributed system between a limited number of countries, with each country paying its own costs. The system could develop towards small, and then larger, regional hubs. Eventually, the IT solutions for GNC would include cloud computing.

186. There was still a great deal to be done prior to the final report on the feasibility study in June 2012. Most of the work would now fall on the Legal, Capacity Building and Governance Groups. First, however, the BPM group would further develop the Utility Blocks for certain Customs functions - probably AEO and commercial fraud. The Group would carry out the preparatory work for this by drawing up a template which

would then be presented to the relevant WCO committees, which would be asked to validate and flesh out the templates as part of their normal meeting work.

187. The IT Group would develop the possible GNC implementation scenarios in greater detail, while the Legal Group would develop standardized models for bilateral and multilateral GNC agreements. Rules governing information exchange and security would also be drawn up. The Capacity Building Group would develop a strategy indicating how developing countries could be involved right from the start, and to this end it would be looking at the availability of funding.
188. The Governance Group would develop a GNC financing model on the basis of a cost-benefit analysis of an initial GNC pilot project. Implementing such a pilot at this stage was of great importance in order to demonstrate, for the final report, the added value of using GNC standards on the ground. Also, the Governance Group would be able to extrapolate the cost-benefits from the pilot to other Members and other Utility Blocks at a later stage in the roll-out of GNC. The pilot would constitute the first roll-out scenario following the approval of the feasibility study in 2012.
189. Mr. Colpin concluded his presentation by expressing his full agreement with two proposals made by the Policy Commission regarding the operation of the GNC project, namely that the Ad Hoc Group and the Expert Groups should be open to all Members, recognized international organizations and the private sector, and that high-level participation in the meetings of the Ad Hoc Group should be encouraged (a number of Directors General were already attending these meetings). He added that another important aspect to consider now was how to promote GNC to Customs services, trade, other public services and policy-makers; therefore he would welcome suggestions on how to promote GNC world-wide and place it on the political agenda at the national and international levels.
190. During the interventions which followed, many speakers paid tribute to Mr. Colpin for his vision, and for what the Ad Hoc Group had been able to accomplish under his leadership.
191. The Delegate of SOUTH AFRICA said that GNC was one of the most important initiatives ever undertaken by the WCO. It provided hope on a number of levels and held great promise for international trade. The private sector would benefit because Customs administrations would be able to communicate with each other electronically and in advance to ensure that legitimate trade was not hindered unnecessarily. At the same time, a collective Customs approach would make it possible to combat illicit trade activities through cooperation and information exchange. South Africa supported a gradual implementation approach, expanding from the bilateral, to the regional, to the multilateral level over time. It also supported the gradual inclusion of different parties in the supply chain, starting with Customs-to-Customs exchanges and later involving other important players such as business and other government agencies. South Africa also supported early engagement with the private sector, which could provide useful inputs into the development of the GNC concept through the various Expert Groups.
192. Lastly, it was essential that the vast majority of WCO Members be able to implement this ambitious initiative, and therefore capacity building was of the utmost importance. In fact, the GNC concept highlighted the importance of capacity building, because strong leadership and institutions, a good relationship with trade, the necessary infrastructure and implementation of key WCO instruments were all prerequisites for a country to be a meaningful participant in the global network.

Preparatory work should be undertaken in the Capacity Building Group now, to ensure that GNC would be widely implemented once a model had been developed and agreed upon. There would have to be a very strong working relationship and good coordination between the Expert Group and other WCO bodies, particularly the Capacity Building Committee, to ensure alignment of efforts.

193. The Delegate of INDIA welcomed the Interim Feasibility Study on GNC, and highlighted certain beneficial aspects of GNC, which in India's view should bring about a paradigm shift in Customs-to-Customs collaboration. He envisioned GNC as a vehicle whose wheels were the IT, Legal, Governance and Capacity Building elements, with Business Process Modeling at the steering wheel, driving the vehicle forward. GNC was about operationalization and adding value to current initiatives such as SAFE, AEO, CEN, etc., through global standards and partnerships and collaboration with other Customs administrations. The Utility Block concept offered stakeholders the option of choosing in which area(s) they wished to engage with GNC.
194. He added that GNC would need an agreed branding and marketing strategy. He also pointed out that GNC was perceived to be beneficial to both Customs and trade; he commended the Ad Hoc Group's engagement with the private sector, noting that the priorities identified by the private sector would make GNC fundamentally strong. What was needed now was proof of concept by way of pilot projects. Finally, he urged the Council to accept the Policy Commission's recommendations with regard to GNC.
195. The Delegate of TOGO agreed with the points raised by previous speakers regarding this visionary project. Togo had participated in all of the GNC work from the outset; the task was not easy, and at first the concept had been difficult to grasp, but now everyone involved had a much clearer view of what GNC could be. He asked all Members to support this project and adopt the Policy Commission's recommendations so that the work could progress in the key area, i.e. the Utility Blocks. He was confident that all Members, from every region, would find something to suit their needs in the Utility Blocks. For the developing countries in particular, GNC offered an opportunity to have timely access to the information needed for clearance procedures. In order to ensure that all Members were comfortable with the GNC concept, as part of its future work the Ad Hoc Group should start looking at the types of regulations that would be needed to support the GNC environment.
196. The Delegate of GEORGIA also expressed strong support for the GNC concept, which covered all aspects of Customs-related procedures and would be a very effective tool for both trade facilitation and security. The Georgian Customs Administration also supported the Policy Commission's recommendations regarding GNC and was ready to participate in the Ad Hoc Working Group.
197. The Delegate of ITALY said that GNC was a strategic and visionary concept which he believed was fundamental for the future of Customs, and the project had now reached a stage where he was confident it would come to fruition.
198. The Delegate of JORDAN said that his Administration had taken part in several of the Ad Hoc Working Group meetings and had its own experts working on the concept at the national level. He believed that GNC was of crucial importance for Customs in terms of defending its interests, but also constituted an interesting initiative for all the parties involved. He believed that there were a number of challenges to be addressed in relation to GNC, including for example the need for consistency between the systems used by different administrations at the regional and national levels, issues relating to the confidentiality and specificity of the data exchanged, and how to verify

the accuracy of such data. Issues relating to competencies and terms of reference would also need to be addressed, along with the question of how to ensure that all those engaged in GNC were truly committed to it.

199. He suggested that the future work on GNC be split between six sub-groups, one for each WCO region, so that the work could progress at the regional level with each group focusing on one specific aspect. The WCO would supervise and centralize the work.
200. The Delegate of BENIN said he agreed with many of the points raised by the Delegate of Jordan, particularly with regard to regionalization and security. He believed that in order to avoid the same problems as had been encountered with existing WCO tools, it was important that account be taken of the differences between the various WCO regions in respect of their regulations and information systems. It was also important that the Utility Blocks be fully harmonized with existing instruments, so that Members would not be forced to apply different provisions at the same time. In order to ensure that the specific situations of all Members were taken into account in the finished product, it was vital that all Members be invited to participate in the work, and that they take up that invitation.
201. The Delegate of CHINA said that the importance of the GNC concept was demonstrated by the fact that it was the first building block in the Customs in the 21st Century document. China Customs was involved in the work of the Ad Hoc Working Group, and wished to express its support for the interim report delivered by the Group's Chairperson. Inter-dependency was a feature of the modern world, and this meant that GNC was perfectly suited to current needs. This was not a project that could be achieved instantly, and for that reason a phased-in approach might be beneficial. In the current, initial stage it might be useful to lower the ambitions slightly so as not to scare Members away from this excellent project. In this connection, the Delegate of China echoed the call for capacity building sent out by the Delegates of South Africa and India.
202. She added that, without the active involvement of all Members, GNC would not be a truly global network. GNC was probably the first project of its kind in the history of Customs, so before any attempt was made to construct the actual network it would seem useful to conduct pilot projects to test some of the ideas and working mechanisms. The Smart and Secure Trade Lanes (SSTL) project currently being implemented between China and the European Union might serve as such a pilot. Also, China Customs proposed that the Ad Hoc Working Group encourage Members to start their own pilot projects so that more experience could be accumulated in the WCO's efforts to explore this excellent initiative.
203. The CHAIRPERSON OF THE AD HOC WORKING GROUP ON GLOBALLY NETWORKED CUSTOMS (GNC) thanked his colleagues for their congratulations and words of encouragement, stressing that he was merely leading a team effort to which many people were contributing.

204. In the light of these discussions and the Policy Commission's recommendations, the Council :

- took note of the interim report on the Feasibility Study;
- decided that the restriction on membership of the Ad Hoc Working Group would be lifted, and that the private sector and recognized international organizations would be allowed to have access to the Ad Hoc Working Group and the Subject Expert Groups, especially the Business Process Model and IT groups;
- endorsed the way forward regarding the work on Globally Networked Customs and noted that the full Feasibility Study would be ready for presentation to the Policy Commission and Council in June 2012;
- encouraged active and high-level involvement in the Ad Hoc Working Group on Globally Networked Customs, whose activities were clearly of great interest to the membership.

(d) Report of Audit Committee

205. The CHAIRPERSON OF THE AUDIT COMMITTEE, Ms. Josephine Feehily (Ireland), said that in financial year 2010/2011 the Audit Committee had conducted three audits, two of which had been satisfactory (including one internal audit on compliance matters which had been particularly satisfactory). The third audit had concerned the key role of the Audit Committee, which was to oversee the steering of the Organization's Strategic Plan. This audit had not been particularly satisfactory, as the company of external auditors which had conducted it had made many criticisms of the steering of the Plan.

206. Another task undertaken by the Audit Committee during the year had been to look at its own procedures and processes, and as a result the Committee had made a number of operational recommendations to the Policy Commission. Firstly, it had been noted that the Audit Committee Chairperson was not able to appear before the Policy Commission. In this connection, Ms. Feehily was grateful that the Commission had invited her to attend its recent session as an observer, and if the Council agreed this would become a permanent arrangement which would be specified in the Policy Commission's Terms of Reference. The Audit Committee had also recommended that its Terms of Reference be replaced by an Audit Charter, which was best practice in relation to internal auditing, and Ms. Feehily was pleased to report that the Policy Commission had approved this recommendation.

207. Another recommendation of the Audit Committee had been that its size be increased. Although the current level of one Audit Committee member per region was probably sufficient, during the year it had become apparent that due to problems of distance, cost and travel disruption it was not always possible to ensure that there were enough members present at Audit Committee meetings to adequately represent the views of such a large Organization. She was very grateful that the Policy Commission had agreed to recommend an increase to two members per region, and she encouraged the Council to adopt this recommendation. The Audit Committee had also asked the Policy Commission to explore the addition of an external member to enhance the independence of the Audit Committee. The intention was that the Secretary General, in consultation with the Audit Committee Chairperson, would approach international organizations located in Brussels about the possibility of their

supplying a member for the Audit Committee. Progress on this matter would be reported to the Policy Commission in December 2011.

208. Finally, Ms. Feehily returned to the subject of the audit concerning the steering of the WCO's Strategic Plan. Essentially, this external audit had found that the processes with regard to the monitoring of the Plan, measuring performance, resource allocation and prioritization were weak, but because the Secretary General had already announced that he would be preparing a new Strategic Plan, the Audit Committee had decided there was no point in continuing to audit the steering of the current Plan. Therefore, the Committee had recommended that the Secretariat regard the audit findings as advice for the preparation of the new Plan.

209. The Audit Committee had also asked Ms. Feehily to draw the attention of the Policy Commission and the Council to the difficulties faced by the Secretariat because new tasks continued to be added to its list without any discussion of costs, prioritization or resource allocation. For this reason, the Audit Committee believed that when the new Strategic Plan was discussed, it should be recognized that if there were too many priorities, then nothing was a priority. Attention should also be given to building a resource allocation model which would provide the basis for a proper discussion about prioritization and allow performance to be measured in a more holistic way, focused on outcomes rather than on activities and transactions.

210. The Council adopted the Audit Report reproduced in Doc. SP0364, and agreed that :

- the Audit Committee Terms of Reference would be replaced by an Audit Charter;
- the number of regional delegates to the Audit Committee would be increased from one to two per region;
- the possibility of future participation by external representatives in the WCO Audit Committee would be considered.

(e) Amendment of Council Decision No. XXXIII - Settlement of Disputes

211. The HEAD OF ADMINISTRATION AND PERSONNEL said that, by virtue of the Convention establishing a Customs Co-operation Council, the WCO enjoyed immunity from legal process. In order to provide for the settlement of disputes, an arbitration clause had been adopted in 1954 as Council Decision No. XXXIII. The Secretariat had recently decided to review the contents of this Decision in the light of recent experience, and while the fundamental principles of the arbitration clause remained sound, it had been deemed necessary to flesh out the details. The proposed new text addressed the issue of the competence of the Secretariat of the Permanent Court of Arbitration in The Hague to settle disputes, introduced some principles in relation to time limits, reinforced the requirement that the Tribunal be impartial and established means of ensuring this, and finally sought to provide greater financial predictability regarding the costs payable by the parties to a dispute.

212. The proposed new text had been endorsed by the Finance Committee and the Policy Commission, and therefore the Council was now being asked to adopt the draft new Decision and rescind the old one.

213. The Council rescinded Decision No. XXXIII of November 1954 and adopted the Decision concerning the Settlement of Disputes which is reproduced at Annex VII hereto.

(f) WCO trade facilitation activities

214. At the invitation of the CHAIRPERSON, and in the light of the Policy Commission's recommendations, the Council :

- took note of the progress of the Permanent Technical Committee's work to develop the Single Window Compendium and update the Time Release Study Guide, and of the other instruments and tools described in Doc. SP0366;
- authorized the publication of the Time Release Study Guide once it had been finalized by the Permanent Technical Committee at its October 2011 sessions;
- reconfirmed the WCO's pledge to pursue its trade facilitation work, which was an important aspect of Customs activity; this work would continue in accord with, but independently of, the progress made with the WTO negotiations.

(g) Revised Kyoto Convention

215. At the invitation of the CHAIRPERSON, and in the light of the Policy Commission's recommendations, the Council :

- took note of the current situation regarding the Revised Kyoto Convention (RKC), which now had 76 Contracting Parties;
- urged Members which were not RKC Contracting Parties to take the necessary measures to conclude their examination of the RKC with a view to acceding as soon as possible;
- invited Members to provide precise information on progress made in their accession process. Assistance might, if necessary, be requested of the Secretariat in order to advance with the accession process;
- encouraged the Contracting Parties to accept more of the Specific Annexes and/or Chapters therein.

(h) WTO trade facilitation negotiations

216. In the light of the Policy Commission's recommendations, and bearing in mind the information provided by WTO Director-General Pascal Lamy in his address to the Council and in response to questions posed to him by delegates, the Council :

- took note of the pace of the work on trade facilitation as part of the Round of negotiations at the WTO;
- invited Members to maintain regular contact with their Ministry responsible for WTO issues and with trade negotiators to follow up on any developments in Geneva in order to prepare for further progress in the WTO trade facilitation negotiations;

- urged Members to participate to the maximum extent possible in the WTO trade facilitation negotiating process.

(i) Role of Customs in natural disaster relief

217. The DEPUTY SECRETARY GENERAL said that natural disasters occurred frequently, and there were clear indications that they were growing increasingly common. Customs had a key role to play in this respect, especially with regard to the clearance of relief consignments. Therefore, it made a huge difference when Customs was fully prepared and worked effectively and efficiently by taking the lead and cooperating with other agencies through coordinated border management. In June 2010, the Council had created an Ad Hoc Working Group for Natural Disaster Relief, tasked with delivering a clear strategy and practical measures to help Customs react more effectively, efficiently, speedily and appropriately in the event of a natural disaster.
218. He explained that the Ad Hoc Working Group, comprised of Members from all six WCO regions, had held three meetings during which it had received very important inputs from international organizations such as the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) and the International Federation of Red Cross and Red Crescent Societies (IFRC), as well as from the private sector. The Revised Kyoto Convention Management Committee had also provided recommendations on this topic.
219. The Ad Hoc Working Group had drawn up a draft Resolution on the Role of Customs in Natural Disaster Relief, which identified specific tasks for the Members and for the Secretariat in order to enhance the role of Customs in natural disaster relief. The draft Resolution had been adopted by the Permanent Technical Committee in March 2011, and had subsequently been presented to the Policy Commission for consideration. During the discussions in the Policy Commission, all the delegates who took the floor had welcomed the WCO's efforts in this respect and expressed their support for the adoption of the draft Resolution subject to certain amendments proposed by the United Arab Emirates, namely the deletion of two paragraphs.
220. The Delegate of the UNITED ARAB EMIRATES (UAE) said that the draft Resolution was a very important initiative, particularly in the light of recent events. He thanked the Secretariat for the work it had done to expedite the completion of the draft Resolution, and thanked the Members which had supported the UAE's proposals for the amendment of the text at the recent Policy Commission session.
221. The Delegate of NEW ZEALAND congratulated the Ad Hoc Working Group on the preparation of the draft Resolution, which New Zealand strongly supported. The measures it contained were very relevant to the experience of New Zealand Customs, which had had first-hand experience of dealing with disaster relief following a series of earthquakes in the city of Christchurch. The most important point to note was that with search and rescue teams starting to arrive from all over the world, sometimes with plane-loads of equipment, within 48 hours of a disaster, it was essential that Customs administrations be ready to respond immediately in order to avoid impeding the international relief effort.
222. Beyond that, there were two specific issues which New Zealand Customs had found to be of particular importance. The first was that in the event of a natural disaster, it was probable that Customs officers in that location would be among those affected. Organizationally, therefore, it was important to have a plan in place for

providing back-up and support. In Christchurch, New Zealand Customs had had to bring in Customs officers from other parts of the country, on a rotating basis, so that the work of clearing urgent consignments could continue while the local officers attended to their personal affairs.

223. Aside from its responsibilities at the border, which of course were of critical importance in the aftermath of a disaster, Customs also had a community support role to play. In New Zealand's case, for example, local wine-growers in the affected area had found it difficult to pay excise duties because of temporary cash-flow problems, and New Zealand Customs had sought ways to ease the excise duty burden on them in order to prevent businesses which were otherwise sound from going bankrupt because they were temporarily unable to meet their payments.

224. The Council adopted the Resolution of the Customs Co-operation Council on the Role of Customs in Natural Disaster Relief which is reproduced at Annex VIII hereto.

(j) Strategic Plan for the years 2011/2012 to 2013/2014

225. The DEPUTY SECRETARY GENERAL said that the new Strategic Plan which the Secretariat had proposed to the Policy Commission was the outcome of an extensive, multi-step process which had begun with a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis of the WCO's work, conducted by the Management Team. During the process of revising the Strategic Plan, account had also been taken of discussions held at recent Finance Committee and Audit Committee meetings, and of inputs from various Member administrations, as well as benchmarking against the Strategic Plans of other international organizations such as the WTO, Interpol, the IMO and several UN bodies.

226. He explained the main differences between earlier versions of the Strategic Plan and this latest version, which included : revised Mission, Vision and Value statements to better reflect the objectives of the WCO; a shift from a function-based structure organized by Directorate or Sub-Directorate to a structure based on the strategic goals of the WCO; clear links to the Customs in the 21st Century document and the pertinent building blocks thereof; and the inclusion of high-level performance indicators as a means of better monitoring and controlling the Organization's activities.

227. The Deputy Secretary General added that in addition to the performance indicators, monitoring, reporting and controlling mechanisms would include the Secretary General's reports to the Policy Commission and the Council, the meetings and reports of the various WCO technical bodies, and the Secretary General's management tools which included the Management Committee and the Project Inventory. Under the Audit Committee Charter, the Audit Committee would also play a key role in ensuring the governance of WCO activities.

228. He indicated that, at the Policy Commission's recent session, several delegates had welcomed the new structure as a significant improvement over recent Strategic Plans, particularly with regard to the shift from function-based to goal-based activities and the inclusion of high-level performance indicators. Delegates had also indicated that having qualitative as well as quantitative performance measurements would better assist in the good governance of the WCO, and that the prioritization of projects and activities should be part of future strategic planning activities. Also, the Chairperson of the Audit Committee had explained that the Committee strongly recommended that the Strategic Plan activities be aligned, in due course, with a budget for each of the activities.

229. The Delegate of NORWAY said that the main purpose of any Strategic Plan was to provide strategic direction and chart the way ahead. There was certainly a place for specific and concrete goals in one-year action plans, but they should not appear in the Strategic Plan itself. In fact the Customs in the 21st Century document could perhaps serve as the WCO's Strategic Plan, and the Plan now before the Council could be replaced by one-year action plans containing specific goals and aims. Also, he believed that a Strategic Plan did not need to be revised every year or even every two years.
230. He then turned to the specific matter of the revised Mission Statement, which he found to be somewhat vague. He would prefer a Mission Statement which was a little shorter and more direct, such as for example "The WCO protects society, facilitates trade and secures welfare", or "The WCO assists Customs administrations in protecting society, facilitating trade and securing welfare". He requested that the Secretary General and the incoming WCO Chairperson look at these suggested Mission Statements and the planning model proposed by Norway, and that these be considered at a future Policy Commission session.
231. The Delegate of INDIA congratulated the Secretary General and his team on a detailed, balanced and practical Strategic Plan. The proposed new structure, based on the strategic goals of the Organization rather than on function-based considerations, would definitely result in greater efficiency and would help to identify the key deliverables and the results achieved. He therefore recommended its adoption in the form presented by the Secretariat, it being noted that some of the issues and concerns put forward by delegates could perhaps be addressed in the implementation of the Plan.
232. The CHAIRPERSON commended the Secretariat for the new goal-based approach and the incorporation of performance indicators, but wished to express his personal view that the economic aspect of Customs' mission was not sufficiently highlighted in the Mission Statement. Customs played an essential role in the important task of creating the right conditions for sustainable economic growth, and he hoped that this aspect could be factored in at some time in the future.
233. The Delegate of IRELAND, in her capacity as Chairperson of the Audit Committee, said that the Committee regarded the proposed new Strategic Plan as an improvement, and believed that it would make it easier for the Committee to audit the steering of the Plan although this would depend on the measurement systems put in place underneath it. The Plan was a high-level document, as it was supposed to be, and the Audit Committee would look at the modalities put in place for measuring performance and progress and, in particular, for the allocation of resources.
234. The Delegate of Ireland said that it was her personal view that the Mission Statement was weak and did not encompass the richness of the work done by the WCO. The Organization did not merely assist Customs administrations, it also played a role in leading and influencing not only Customs administrations, but also opinion shapers such as the WTO and G20. This aspect should be incorporated either now or, as the Delegate of Norway had proposed, when the Mission Statement was being amended.
235. The Council adopted the revised WCO Strategic Plan as proposed and asked the Secretariat to take account of the points raised during the discussion. The Strategic Plan is reproduced at Annex IX hereto.

(k) G8 initiative to combat transatlantic cocaine trafficking

236. The DEPUTY SECRETARY GENERAL said that the WCO had given priority to the fight against trafficking in drugs and chemical precursors and against money laundering and corruption, thus responding to the concerns of its 177 Members and of its partners. This commitment was reflected through the programmes the Organization had developed and implemented on its own initiative or in cooperation with its partners, such as Project AIRCOP and the Container Control Programme. In recognition of this commitment, the WCO had been invited by G8 to participate in the Working Groups which drafted a Political Declaration and Action Plan to combat transatlantic cocaine trafficking, to be approved by the G8 Heads of State and Government. The WCO had also been invited to participate in the Ministerial Meeting held in Paris in May 2011, during which the Political Declaration and the Action Plan were adopted. Finally, during the G8 Summit held in Deauville later that month, the G8 Heads of State and Government had approved the Political Declaration and the Action Plan.
237. The Deputy Secretary General said that it was important to highlight the fact that both documents specifically mentioned the WCO as a key player for combating the smuggling of drugs in general and cocaine in particular. He added that, at its recent session, the Policy Commission had welcomed the excellent initiatives taken by the Secretariat to combat drug trafficking and related crimes.
238. The Delegate of JORDAN proposed that the WCO provide support with the electronic exchange of data in the area of container control, which was of particular importance to his country. This would be of great assistance in terms of strengthening global supply chain security.
239. The Council :
- took note of the Political Declaration by the Ministers, the Commissioner of the European Union in charge of internal affairs and the Heads of international and regional organizations, on their commitment to curb the transatlantic trafficking of cocaine;
 - took note, in line with the Political Declaration, of the adoption of an Action Plan aimed at strengthening transatlantic cooperation in the fight against drug trafficking, in particular the trafficking of cocaine;
 - took note of the participation by the Deputy Secretary General in the G8 Ministerial Meeting in Paris, on 10 May 2011;
 - encouraged the membership as a whole to continue playing an active role in Project AIRCOP, the Container Control Programme and initiatives undertaken as part of the G8 Action Plan.

(I) Status of WCO regional entities

240. The HEAD OF ADMINISTRATION AND PERSONNEL recalled that the WCO now had 11 Regional Intelligence Liaison Offices (RILOs), 22 Regional Training Centres (RTCs) and 5 Regional Offices for Capacity Building (ROCBs), with another soon to be opened. These regional entities had been created by the regions to carry out work for the regions, and their roles were clearly defined in existing WCO documents. However, certain practical issues had arisen as the ROCBs, in particular, started to go about their work. Specifically, a lack of clarity and certainty surrounding their legal status made it difficult for the ROCBs to enter into contractual arrangements and conduct their day-to-day business. Staffing issues had also arisen, particularly regarding the issuing of visas to ROCB staff members and their families in some countries.
241. The Secretariat was suggesting that where the operation of the various regional entities was concerned, their mission was clearly to implement the operational strategy defined by the WCO, but regional variations had to be taken into account when addressing such matters as the legal identity of these entities, as well as their budgets and how they were managed. The Head of Administration and Personnel said that the Policy Commission had agreed that the Secretariat should develop a regional approach, based on the content of the working document it had prepared on this subject (Doc. SP0372), comments made by delegates during the discussion, and any other points raised during forthcoming consultations with Members on this topic; this new document setting out the regional approach would be presented to the Policy Commission for discussion in June 2012.
242. In the meantime, however, there was a specific issue relating to the regional entities which needed to be addressed now, namely the status of Technical Attachés (TAs). TAs were made available to the Organization for a given period of time, during which they remained officials of their administration of origin and were entirely financed by the latter. In 1985, the Council had decided that TAs seconded to WCO Headquarters in Brussels would be afforded the same privileges and immunities as were granted to WCO officials by virtue of Article VI of the Annex to the Convention establishing a Customs Co-operation Council. The Secretariat was now proposing that, where either the Member hosting the entity or the Member providing the Technical Attaché so wished, this status would also be conferred upon TAs based in the regions. This would give rise to certain administrative necessities, notably the signing of agreements or exchanges of letters.
243. The Head of Administration and Personnel concluded by indicating that the proposals he had outlined to the Council had been endorsed by the Policy Commission.
244. In the light of these explanations, the Council :
- instructed the Secretariat to carry out a study of the status of the regional entities, in consultation with interested Members and taking into account points raised by delegates in the Policy Commission. The study would be presented to the Policy Commission in June 2012;

- approved the following four measures relating to the making available of Technical Attachés, where such an option is exercised :
 1. Confirmation that the 1985 Decision by the Council (Doc. 32.651, paragraph 25) granting Technical Attachés the same privileges and immunities as those granted to WCO officials by virtue of Article VI of the Annex to the Convention concerns all Technical Attachés whether or not assigned to the WCO Headquarters.
 2. Acceptance of the legal position whereby Technical Attachés working within the regional entities are made available to the WCO which assigns them to the regional entity or the host Administration, as appropriate.
 3. When Technical Attachés are to be made available to the WCO, an agreement must be signed, or letters exchanged, between the WCO and the Administration of origin, stipulating the status and working conditions applicable.
 4. When the WCO assigns a Technical Attaché to a regional entity, an agreement must be signed, or letters exchanged, between the WCO and the regional entity or host Administration, stipulating the status and working conditions applicable.

(m) Risk management

245. The DIRECTOR, COMPLIANCE AND FACILITATION, said that the Policy Commission had taken note of the successful completion of the 2010/2011 Risk Management Action Plan, as detailed in working Doc. SP0374. The Action Plan had included the hosting of a risk management panel and forum in the context of the previous year's Council Sessions, as well as six regional workshops to aid the development of the Risk Management Compendium, a workshop to select capable risk management experts and a study on Risk Assessment/Targeting Centres.
246. The development of the updated Risk Management Compendium, which the Director had delivered to the Council during the current Sessions, was a very important part of the Action Plan. The Compendium was a living document that would be updated continually to reflect the latest developments in risk management and Members' best practice. In this connection, the Enforcement Committee had already tasked the Global Information and Intelligence Strategy (GIIS) Project Group with the development of new risk indicators and manuals in relation to passengers, the pre-arrival phase of land cargo, postal/express consignments and exports; these would be available for inclusion in the Compendium at the 2012 Council Sessions.
247. During its discussions, the Policy Commission had noted the importance of risk management and the need for risk management products to become truly operational practices and processes that enabled the facilitation and security of trade. The Commission had also encouraged Members to release risk management experts to assist with capacity building and technical assistance missions.
248. The Delegate of INDIA congratulated the WCO Secretariat and its relevant Committees on the successful completion of the Risk Management Action Plan and in particular for producing a very comprehensive Risk Management Compendium. It was important that risk management systems be dynamic as the risk parameters kept changing with changing times, so the Compendium would also assist Members that

already had risk management systems in place but were modernizing them. He added that there was a need for research into risk computation methods and risk forecasting techniques. Finally, he said that India had acquired some experience and expertise in the development and implementation of risk management systems, and would be willing to share that experience and make resource persons available, if requested.

249. The Delegate of YEMEN asked whether, now that the 2010/2011 Action Plan had been successfully completed, discussions would take place on the implementation of further risk management initiatives.

250. The DIRECTOR, COMPLIANCE AND FACILITATION, confirmed that work would continue in the important area of risk management, with the emphasis on converting risk management products into actual operations and processes.

251. The Council :

- took note of the successful completion of the 2010/2011 Risk Management Action Plan;
- took note of the WCO Risk Management Compendium which had already been endorsed by the relevant technical Committees;
- supported the release of capable risk management experts to help with the WCO's risk-management-related capacity building and technical assistance missions; and
- took note of the findings of the research on Risk Assessment/Targeting Centres.

(n) Revenue Package

252. The DEPUTY SECRETARY GENERAL said that revenue collection was a key role of Customs administrations, particularly in developing countries where Customs revenue represented a very significant proportion of total national revenue. As a consequence of the financial crisis, in 2009 the Council had adopted a Resolution mandating the Secretariat to enhance Members' effectiveness in the field of revenue collection. The result had been a three-phase strategy. In the first phase, all instruments and tools related to revenue collection had been brought together to form the Revenue Package. The second phase had consisted of six regional seminars to promote the Revenue Package and obtain feedback on Members' needs and priorities. In the third phase, an Action Plan had been drawn up, based on the priorities and needs identified, and presented to the Policy Commission in December 2010, where it had received widespread approval.

253. The Deputy Secretary General then described the three pillars on which the Action Plan was based. The first pillar was valuation, where the objective was to support Members' efforts to implement best practices in the area of valuation control. Study visits were being organized for this purpose, and he thanked India, Ecuador, Malawi and the many other administrations that had agreed to host such visits. The second pillar related to rules of origin, and here again various measures were being taken to help Members verify the origin of goods, particularly in the context of new free trade agreements. Specifically, a new module had been incorporated in the WCO's comparative study on preferential rules of origin, dealing with the control and verification of origin under free trade agreements. More than 120 administrations had participated in the survey on which this new module was based.

254. The third pillar was concerned with improving the availability, knowledge and use of existing tools and instruments concerning revenue collection, and in this connection an updated version of the Revenue Package had very recently been placed on the Members' Web site.
255. The Deputy Secretary General concluded by indicating that, at the recent Policy Commission session, several delegates had expressed their support for the Revenue Package Action Plan, indicating that revenue collection remained a priority and the WCO's work in this area should continue. The Secretariat would give the Policy Commission another report on the implementation of the Revenue Package Action Plan in December 2011.
256. The Delegate of INDIA said that the development of the Revenue Package was recognition of the concerns of Customs administrations, especially in the developing countries where there was great reliance on Customs revenue. He congratulated the WCO on the implementation of the Revenue Package Action Plan, and thanked the team led by the Deputy Secretary General who had visited India in March 2011 in connection with the development of the valuation aspects of the Plan. India had shared its expertise on valuation methodologies and risk management techniques with a number of African countries, and was willing to be associated with the WCO on capacity building measures related to revenue collection in general, and valuation issues in particular.
257. The Delegate of JORDAN highlighted the importance of revenue collection, adding that in this connection it was essential to apply free trade agreements correctly; origin and valuation control were particularly significant in this respect. Also, the assistance of other Members was essential when checking the veracity of origin declarations.
258. The Delegate of ITALY said that undervaluation was a very serious problem for the revenue of States and for legitimate trade, and it was important to give Members the tools to combat it. Where valuation was concerned the rules applicable were clear, but the problem was how to ascertain whether or not the information shown on the invoice was correct.
259. The Delegate of UGANDA acknowledged the good work done by the Secretariat with regard to the three pillars of the Revenue Package, including assistance rendered to Members in the East and Southern Africa region. He expressed gratitude for the support received from India, which had willingly shared with many other Members, free of charge, its valuation database and risk management tools. He also thanked Italy for assisting other Members by sharing with them its experience of underinvoicing.
260. The Delegate of BENIN thanked the Secretariat for the Revenue Package, which addressed the various problems facing Members in their respective regions, including the informal sector and underinvoicing. He requested that the time limits for the delivery of the Revenue Package tools be respected so that administrations could make use of these tools as soon as possible, and also that their implementation be backed up by the exchange of information between Member administrations.
261. In the light of these discussions and the Policy Commission's recommendations, the Council took note of the ongoing work on the Revenue Package Action Plan and encouraged the Secretariat to continue with this work, of which developing-country Members had high expectations.

(o) WCO Publications Policy

262. The HEAD OF ADMINISTRATION AND PERSONNEL recalled that, in December 2010, the Policy Commission had concluded that despite significant efforts, the work to review the WCO Publications Policy had not resulted in a financially viable solution, and therefore an independent study should be carried out on the subject. Following a tender process in which the Finance Committee Chairperson and Vice-Chairperson had been involved, a company called Eurogroup Consulting had been selected to carry out the study, which was now underway. The study would be completed and reported in full to the Policy Commission in December 2011, with a preliminary report to the Finance Committee at its November 2011 session.
263. The Council took note.

(p) Request by Kosovo* Customs

264. The SECRETARY GENERAL said that, in February 2011, the WCO Secretariat had received a request from Kosovo regarding Kosovo Customs' involvement in WCO events. The request was to obtain technical assistance from the WCO, as well as access to WCO publications and certain activities such as meetings, training and seminars. The Secretariat had recently received a letter from the Mission of the Republic of Serbia to the European Union, enclosing a non-paper setting out Serbia's position on this matter, namely that the request should not be taken into consideration by the WCO before the end of the ongoing negotiation process and dialogue between Belgrade and Priština.
265. The Secretary General explained that, given the sensitive nature of this matter, he had invited the Policy Commission to examine the request from Kosovo, also taking the non-paper from Serbia into consideration, and to provide him with guidance on how to proceed and how to respond to the request from Kosovo.
266. The discussions on this subject at the Policy Commission session had revealed a divergence of views, and therefore the Chairperson had proposed that the Policy Commission simply take note of the opinions expressed and refer the matter to the Council, where the membership as a whole would have the opportunity to discuss it.
267. The Delegate of SERBIA pointed out that Kosovo and Metohija was an autonomous province of the Republic of Serbia, under United Nations administration in accordance with UN Security Council Resolution 1244 (1999). She said that Serbia had issued a non-paper reflecting its position on Kosovo Customs' request, which had been made available to all Members of the WCO. Serbia wished to point out that Kosovo Customs' written request had gone beyond the framework of Resolution 1244, bearing in mind that it gave no reference to the United Nations Mission in Kosovo. Serbia also underlined that Kosovo Customs' request had been submitted in February, which was before the launching of the dialogue between Belgrade and Priština in March. The ongoing dialogue, facilitated by the European Union (EU), included Customs issues. Opening a discussion on Customs in a new forum, the WCO, meant going outside the framework of this process and could jeopardize the accomplishments achieved so far. Another round of discussions was about to take place and Serbia was very much looking forward to maintaining a positive atmosphere around this dialogue.

*Under United Nations Security Council Resolution 1244.

268. The request for technical assistance at this moment could not be considered as simply technical. It could rather be seen as a political initiative to be used for further requesting membership in the WCO, which was clearly indicated as an intention in the written request. Serbia believed that opening a discussion regarding this would politicize the work of the Organization and bring unnecessary polarization among WCO Members. The Delegate added that Kosovo was not a Member of the United Nations. Only 76 out of 192 Members of the United Nations had recognized Kosovo.
269. Serbia also wished to point out that Kosovo Customs was not deprived of technical assistance. On the contrary, Serbia was aware of the technical assistance received in previous years, through EU programmes and from individual administrations. This was why Serbia believed that this was not a technical question, but rather a political one. Serbia kindly asked Members to take its position into consideration and not open a discussion on this request before the end of the aforementioned negotiation process. It therefore suggested that the matter be revisited at a later stage.
270. The Delegate of ALBANIA said that her delegation would like to support the Republic of Kosovo's request to the WCO for technical assistance. She said that Kosovo had been functioning as an independent Customs territory since 1999. Furthermore, Kosovo had been recognized as such by the EU Commission through Regulation No. 750 in 2005, amended in 2007. Kosovo had also been recognized as an independent country by all immediate neighbouring countries with the exception of Serbia. In the statistical data format created to collect data on the foreign trade of the European Union as well as among Member States of the European Union, Kosovo was identified with its unique statistical code XK.
271. There had been discussion regarding the fact that Customs issues were included in the agenda of the ongoing dialogue between Belgrade and Priština, but this was a bilateral dialogue between two independent countries and, as such, it could not serve as an argument for impeding the offering of technical assistance to the Republic of Kosovo. The Delegate of Albania repeated that Kosovo's Customs authority had been recognized by all Member States of the European Union, including those which had not recognized the Republic of Kosovo yet.
272. She said that such a legitimate request from the Republic of Kosovo, with a practical and everyday effect on the functioning of the Customs authority of Kosovo, could not be treated as political, but as a genuine interest in fulfilling international standards and reinsuring the rule of law in all directions. Account should also be taken of what the WCO had already granted to other countries in a similar condition to Kosovo. She added that the independence of the Republic of Kosovo was a fact, a reality, which was already recognized by 40 % of the Members of the United Nations. Its independence, as ruled on by the International Court of Justice, did not violate any international law including Security Council Resolution 1244 (1999), and such reality had once and forever changed the bitter realities of the region into an atmosphere of peace and cooperation between neighbouring countries and beyond.
273. Albania, as an immediate neighbouring country of the Republic of Kosovo, as well as a partner in trade between the two countries, would strongly encourage the acceptance of the request of the Republic of Kosovo for technical assistance from the WCO, in a spirit of cooperation and understanding.
274. The Delegate of the RUSSIAN FEDERATION proposed that the Council support the position put forward by Serbian Customs on this issue. As the Russian Federation

had indicated at the Policy Commission session, not all WCO Members had recognized the independence of Kosovo from the Republic of Serbia. It would be premature for the Council to debate this issue now, although opinions could be expressed in an informal discussion. The Delegation of the Russian Federation considered that the examination of Kosovo's request for technical assistance should be postponed until the outcome of the dialogue between Belgrade and Priština was known.

275. The Delegate of CYPRUS said that this was a complex and highly political issue. The request by Kosovo, even for technical assistance, constituted a political initiative. Any positive decision taken by the Council would have political consequences. There were also legal aspects to this matter, and United Nations Security Council Resolution 1244 had to be taken into consideration, as did the provisions of the Convention itself. Given the nature of the issue, and the fact that there was an ongoing dialogue between Priština and Belgrade which in fact included Customs matters, Cyprus suggested that the request by Kosovo be examined at a later stage.
276. The Delegate of the UNITED STATES said that the United States strongly supported Kosovo's request for WCO assistance to strengthen Kosovo Customs' operations and management. The WCO was uniquely placed to provide important technical assistance that would help Kosovo Customs facilitate trade and bolster enforcement capabilities in a region where criminal networks took advantage of porous borders. Reference was often made to the importance of the WCO being relevant as an organization; the United States could think of no surer way to maintain that relevance than by supporting emerging Customs administrations when they rightly requested access to WCO materials and standards.
277. The United States wished to remind the Council that this was a technical request - specifically, for access to WCO capacity building materials. The United States' action to support Kosovo Customs did not in any way confer a judgment about the status of Kosovo. The United States joined others in noting that, in 1999, the European Union had recognized Kosovo as a separate Customs territory. It hoped that the Council would welcome and support Kosovo's efforts to strengthen its law enforcement and bring its border and Customs management in line with global and EU standards, and not deny access to the expertise it had to offer on these important subjects.
278. The Delegate of the United States recalled that when US Secretary of Homeland Security Napolitano had spoken to the Council earlier in the week, she had emphasized that any weak point in the global supply chain had the potential to affect the entire supply chain. The United States strongly urged the Council to take that point into consideration and support Kosovo Customs' request for access to WCO capacity building materials and technical assistance as an urgent part of integrating Kosovo into the global economy.
279. He said that the United States had noted that Serbia, in its non-paper, had raised concerns about how this request for assistance might affect the ongoing EU-facilitated dialogue between Serbia and Kosovo. The dialogue in Brussels was explicitly not about status issues - which the United States considered a closed matter - but was instead focused on technical, practical issues to improve the lives of people in the region - an objective very much in harmony with Kosovo's request for technical assistance from the WCO. This dialogue was not in any way calling into question the fact that Kosovo was, and would remain, a separate Customs area under the management of Kosovo Customs. This was all the more reason why the Council should support Kosovo's timely request. Support from the WCO to improve the technical capacity of Kosovo Customs in no way diminished or prejudiced the ongoing

dialogue; rather, WCO assistance could help leverage the gains from a successful outcome and contribute to the overarching goals of the dialogue of improving the quality of life for the people in Kosovo and Serbia.

280. He added that the United States noted that Serbia had put forward its view that under UN Security Council Resolution (UNSCR) 1244, Kosovo was not a State. The United States believed that this argument was a distraction, and that the WCO should focus on technical matters rather than such legal and political issues, but would point out that the International Court of Justice - in its July 2010 opinion on a question that Serbia had framed and lobbied the UN General Assembly to refer - did not subscribe to Serbia's views on UNSCR 1244 and had flatly rejected Serbia's argument that Kosovo's declaration of independence violated international law or UNSCR 1244. Seventy-six countries around the world had recognized Kosovo and over one hundred had supported its membership in the World Bank and IMF.

281. Finally, the Delegate of the United States urged the Council to focus on the technical matter at hand, set aside unhelpful distractions and endorse the WCO's engagement with Kosovo Customs in providing the requested access to materials and limited technical assistance without further delay or postponement of the issue.

282. The Delegate of CHINA suggested that, as Serbia and Kosovo were now in the process of negotiation, this issue should be taken up after they had settled their concerns between them.

283. The Delegate of GEORGIA said that Georgia's position was that this request could not be taken into consideration by the Council since, according to UNSCR 1244, Kosovo was a province of the Republic of Serbia and, under these circumstances, the principal criteria for considering such a request were not met.

284. The CHAIRPERSON said that, as there was clearly no consensus on this issue, it would be difficult for the Council to take a position. At his proposal, the Council took note of the interventions made by delegations and agreed that this matter would be taken up again by the Policy Commission in December 2011.

285. The Delegate of BRAZIL said that Brazil acknowledged the difficulties inherent in reaching a decision on such a difficult issue, but also noted that no Customs administration should be prevented from receiving technical assistance and capacity building. In view of the lack of consensus, he agreed with postponing further consideration of the matter until the next Policy Commission session, but encouraged Members that were interested in supporting Kosovo to look at the possibility of providing capacity building and technical assistance bilaterally, where possible using WCO standards and material.

286. The Council agreed.

(q) Palestine's involvement in the WCO

287. The CHAIRPERSON said that, at the recent Policy Commission session, the Vice-Chairperson for the North of Africa, Near and Middle East region had reiterated a previous request that Observer status be granted to Palestinian Customs. The latter was already benefiting from the Al Siyadeh capacity building programme which included assistance from the WCO and various donors. Palestinian Customs also attended training seminars at the regional level.

288. The Council took note.

(r) **Composition of the Policy Commission**

289. The SECRETARY GENERAL said that, at its December 2008 session, the Policy Commission had decided upon a two-year trial period for the expansion of the composition of the Policy Commission, with one additional seat being allocated to each region. That trial period was now coming to an end. At the 2009 Council Sessions, the Council had decided that at the end of the two-year trial period, the situation would be reviewed to ascertain whether the new composition was functioning satisfactorily. With this in mind, the Secretary General had consulted the six Vice-Chairpersons and it appeared that this new arrangement of one additional seat per region was indeed working well. In anticipation of the continuation of this arrangement, all six regions had nominated an additional Policy Commission member for the coming year.

290. After some discussion on this matter at the recent Policy Commission session, the Commission had accepted a proposal by the Chairperson that the current arrangement would continue for one more year, during which a working group composed of representatives of all six regions would put forward a proposal on this subject for presentation to the Policy Commission and the Council in June 2012.

291. The Council adopted this proposal.

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292. The Council approved as a whole the Reports on the Policy Commission's 64th and 65th Sessions.

5. TECHNICAL MATTERS

(a) Tariff and Trade Affairs

(i) Rules of Origin

293. The DEPUTY SECRETARY GENERAL introduced the Chairperson of the Technical Committee on Rules of Origin, Mr. Liu Ping (China), and thanked him for the work conducted by the Technical Committee.
294. The Deputy Secretary General then briefed the Council on the work accomplished by the Technical Committee.
295. Regarding the harmonization of the Non-Preferential Rules of Origin, the WTO Committee on Rules of Origin in Geneva had continued its work with a view to resolving technical issues and had held two formal sessions, in October 2010 and April 2011.
296. The Deputy Secretary General focused on the progress of the work undertaken in relation to the Action Plan on Preferential Origin, adopted by the Council in June 2007. The Database of Preferential Trade Agreements had been published in March 2010 and was a useful tool for Members which could access it free of charge. Contact points had been established in all six WCO regions to assist the Secretariat with the update of the Database.
297. The Comparative Study on Preferential Trade Agreements had been published on the WCO Public Web site in December 2010. The Secretariat had chosen a modular approach to present the Study, which was grouped into different topics and agreements. The first part of the Comparative Study was an academic comparison between NAFTA and European Union rules of origin. The Secretariat would incorporate new modules, while keeping it user-friendly and publicly available.
298. The Deputy Secretary General then introduced a new module of the Comparative Study which analysed new trends within verification and control. This module would be available shortly on the WCO Public Web site. The next step would be drafting of guidelines on best practices in the verification and control of proofs of origin.
299. Finally, with regard to technical assistance to Members, the Deputy Secretary General highlighted a seminar for ACP countries focusing on the preferential rules of origin in Economic Partnership Agreements.
300. The CHAIRPERSON of the Technical Committee emphasized that the Technical Committee remained active and responsive to the concerns of the Members and other stakeholders, and cited as an example the workshop on topical issues held in cooperation with the ICC. He mentioned the participation of the Deputy Secretary General and himself in the Seventh World Chambers Congress in Mexico in June 2011 as an example of the collaboration between Customs and trade on an international level.
301. He then presented the Guidelines on Binding Origin Information, better known as "advance rulings" within the area of origin. The Guidelines were based on the WTO Agreement on Rules of Origin and had been discussed for three years in the Technical Committee. The Council was invited to endorse the Guidelines as they constituted a useful tool for Members which did not have a system of Binding Origin Information in

place, were in the process of establishing such a system or were consolidating their administration and legislation.

302. He noted that the WTO and APEC were also developing guidelines on advance rulings and stressed that the WCO should not lag behind in this respect but should take the lead. The Guidelines currently being presented were the only ones which focused solely on rules of origin.

303. The Delegate of JORDAN thanked the Technical Committee for its work and expressed a need for the Technical Committee to meet twice a year to deal with these very important issues. He also highlighted the emerging use of electronic certificates of origin which should be supported by the WCO.

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

- took note of the ongoing efforts in the negotiations for the harmonization of the Non-Preferential Rules of Origin;
- took note of the publication of the Database of Preferential Agreements and their Rules of Origin;
- took note of the publication of the Comparative Study on Preferential Rules of Origin;
- endorsed the final version of the Technical Guidelines on Binding Origin Information.

(ii) Valuation

305. The DEPUTY SECRETARY GENERAL thanked the Chairperson, Mr. Guzman Mañes, for his leadership of the Technical Committee on Customs Valuation over the past year. He highlighted two complex technical questions currently being examined by the Technical Committee : (1) establishing guidelines regarding the inclusion of royalty and licence fees in the Customs value, where paid to a party other than the seller of the goods; and (2) the relationship between transfer pricing and Customs valuation. New technical questions had been received from the Customs Administrations of Belarus and Singapore which the Technical Committee was now addressing.

306. The Technical Committee was currently reviewing its processes and procedures in order to better serve its Members and deal more effectively and in a timelier manner with technical questions. It had also been informed about developments of the Revenue Package, and the Chairperson of the Technical Committee had participated in recent Secretariat study visits to India and Ecuador, undertaken in connection with the Revenue Package.

307. The CHAIRPERSON of the Technical Committee provided further technical details on the work of the Committee and sought the Council's approval of the three instruments adopted by the Technical Committee at the 31st and 32nd Sessions, namely Commentary 23.1 (Examination of the expression "circumstances surrounding the sale" under Article 1.2 (a) in relation to the use of transfer pricing studies), Commentary 24.1 (Determination of the Value of an Assist under Article 8.1 (b) of the Agreement) and Commentary 25.1 (Third Party Royalties and Licence Fees - General Commentary).

The Council was also invited to approve the Reports of the 30th and 31st Sessions and take note of the draft Report of the 32nd Session.

308. Opening the discussion, the Delegate of ITALY underlined the need for further work and effective capacity building to address the problems of undervaluation, which had been identified in the context of the Revenue Package. He referred to the complexities of Customs valuation in modern international trade and its association with money laundering and organized crime. Solutions should include improvements to risk management and post-clearance audit systems and greater use of intelligence.
309. The Delegate of JORDAN also spoke about the need for enhanced capacity building and information exchange mechanisms in the field of valuation control, taking into account the difficulties of controlling cash-based transactions and non-electronic accounting systems.
310. The Delegate of BENIN highlighted the particular challenges raised regarding the involvement of preshipment inspection companies in the verification of Customs values and sought assistance from the WCO to empower Customs administrations in this regard.
311. The Delegate of INDIA referred to the work initiated by the Secretariat in respect of the coordination of Customs valuation and transfer pricing since 2006 and commended the Technical Committee on finalizing Commentary 23.1, which should be an important stepping stone towards resolving this issue.
312. The CHAIRPERSON of the Council gave his support to the notion that the WCO should prioritize the issue of valuation and increase efforts to provide capacity building in this important area, particularly for developing countries where revenue collection was vital.
313. Following these interventions, and at the invitation of the CHAIRPERSON, the Council :
- approved Commentaries 23.1, 24.1 and 25.1;
 - approved the Reports of the 30th and 31st Sessions of the Technical Committee on Customs Valuation;
 - took note of the draft Report of the 32nd Session of the Technical Committee on Customs Valuation; and
 - took note of the Valuation-related developments in the written and oral Reports of the Chairperson of the Technical Committee.

(iii) Nomenclature and Classification

314. In his presentation, the DEPUTY SECRETARY GENERAL reported that, in accordance with the objectives of the WCO Strategic Plan, the Harmonized System (HS) Committee had held its 46th Session from 13 to 23 September 2010 and its 47th Session from 7 to 15 March 2011.
315. He informed the Council that the HS Committee had taken 104 classification decisions at its 46th Session and 147 classification decisions at its 47th Session. Following the 46th Session, three classification decisions had been subject to reservation.
316. He also informed the Council that, with the accession of Angola in April 2011, the total number of Contracting Parties to the HS Convention had increased to 139, and more than 200 administrations were applying the HS as the basis for their Customs tariffs and for the collection of international trade statistics, as well as for a variety of other applications.
317. The Deputy Secretary General reported that the Review Sub-Committee, the Scientific Sub-Committee and the Working Party had continued their support to the HS Committee in order to achieve the uniform interpretation and application, updating and promotion of the HS.
318. Concerning the preparations for the implementation of HS 2012, the Deputy Secretary General informed the Council that the work on publication of the 2012 Edition of the HS Explanatory Notes would be completed shortly and the new version of the Compendium of Classification Opinions would be published early next year. In line with the WCO Strategic Plan, the Secretariat had already completed six regional seminars and workshops to assist WCO Members with the implementation of the 2012 amendments to the HS.
319. With regard to the matters requiring the approval of the Council, the CHAIRPERSON of the HS Committee, Ms. R. Mäntymaa, said that at the 46th and 47th Sessions, the Secretariat and certain administrations had informed the Committee about a few editorial errors and technical inconsistencies found in the Recommendation concerning the amendment of the Nomenclature for entry into force on 1 January 2012.
320. The Committee had agreed that, under the procedure of Article 16 of the HS Convention, these amendments, following the approval by the WCO Council at its June 2011 Sessions, would not be legally binding on the Contracting Parties until 1 January 2017. Nevertheless, under the Corrigendum procedure (Article 8), the Contracting Parties would be free to apply the suggested amendments as from 1 January 2012 to reflect the situation as from that date.
321. The Committee had further agreed that the Article 16 amendments consequential on the above-mentioned Corrigendum amendments would be included in the Council Recommendation together with other amendments which would be approved under the Fifth Review Cycle.
322. The Committee was inviting the Council to adopt the corrigendum amendments to the HS.

323. The Chairperson of the HS Committee also reported that, following the acceptance by HS Contracting Parties of the amendments to the HS Nomenclature recommended by the Council in its Recommendation of 26 June 2009, the HS Committee had finalized the revision of six draft Council Recommendations, at its 47th Session.
324. One of these draft Council Recommendations, on the use of standard units of quantity to facilitate the collection, comparison and analysis of international statistics based on the Harmonized System, had been completely revised. Consequently, when the draft Recommendation was adopted, the Council Recommendation of 1 July 2006 would be revoked.
325. With respect to the other draft Council Recommendations, the amendments concerned the revision of the subheadings to be inserted in national statistical nomenclatures.
326. The Recommendations, once approved, would be applicable as from 1 January 2012.
327. The Council was being invited to adopt the six draft Recommendations at its present Sessions.
328. Following the decisions taken by the HS Committee at its 46th Session, three reservations had been entered by HS Contracting Parties vis-à-vis the classification of certain products. No reservations had been received following the decisions taken at the 47th Session.
329. These three reservations were being submitted to the Council for decision in accordance with the provisions of Article 8.2 of the HS Convention.
330. With regard to the reservations entered following the 46th Session of the HS Committee, the following Contracting Parties requested, in accordance with Article 8.3 of the HS Convention, that the classification decisions specified below be referred back to the Committee for re-examination :
- The RUSSIAN FEDERATION : classification of “the product containing more than 99.2 % sodium sulphate” in heading 28.33 (subheading 2833.11), by application of General Interpretative Rules 1 and 6;
 - The RUSSIAN FEDERATION : classification of “the product containing more than 98.5 % sodium sulphate” in heading 28.33 (subheading 2833.11), by application of General Interpretative Rules 1 and 6;
 - EGYPT : classification of “certain types of monitors referred to as 23.1-inch Maritime Multi Display (MMD) Model JH 23T14 MMD” in heading 85.28 (subheading 8528.51), by application of General Interpretative Rules 1 and 6.
331. In response to a question asked by the Delegate of BENIN as to whether the Members which had not yet implemented the 2007 version of the HS needed to implement the 2007 version first and then the 2012 version, or could implement the 2012 version directly, the CHAIRPERSON of the HS Committee explained that it was not necessary to implement HS 2007 before implementing HS 2012, but that both options were available.

332. In this connection, the Delegate of SENEGAL clarified that Benin was a member of a Customs Union which by the end of this year would establish the Union's tariff on the basis of the 2012 version of the HS. He therefore invited Benin to follow the version to be implemented by the Customs Union.
333. The Delegate of AFGHANISTAN informed the Council that his Administration had implemented the 2007 version of the HS.
334. The Delegate of TURKEY pointed out that the classification of sodium sulphate products had been an item on the Agenda of the HS Committee twelve times in eight years. He believed that the HS Committee would acknowledge that the matter had been examined thoroughly and to the full extent over the eight years. The Scientific Sub-Committee had examined the matter in detail, and accordingly the HS Committee had made its definite decision a number of times and there was no ambiguity regarding the classification. He invited the Russian Federation to re-evaluate its reservation and he expressed concern that this might be wrongly interpreted as an attempt to block the decisions of the Committee which was the internal dispute settlement body set up by the HS Convention. He also invited all other HS Contracting Parties to consider the possible impasse in respect of the classification dispute process in the framework of the WCO.
335. The CHAIRPERSON of the Council invited the Russian Federation to take note of the remarks by the Delegate of Turkey.
336. Following these interventions and at the invitation of the CHAIRPERSON, the Council :
- adopted certain Corrigendum amendments to the HS following the Council Recommendation of 26 June 2009 concerning the amendment of the HS Nomenclature;
 - adopted the following six Council Recommendations as amended consequential upon the Council Recommendation of 26 June 2009 concerning the amendment of the HS Nomenclature :
 - Recommendation of the Customs Co-operation Council on the insertion in national statistical nomenclatures of subheadings to facilitate the collection and comparison of data on the international movement of substances controlled by virtue of amendments to the Montreal Protocol on substances that deplete the ozone layer (20 June 1995);
 - Recommendation of the Customs Co-operation Council on the insertion in national statistical nomenclatures of subheadings to facilitate the collection and comparison of data on the international movement of substances controlled by virtue of amendments to the Montreal Protocol on substances that deplete the ozone layer (1 July 2006);
 - Recommendation of the Customs Co-operation Council on the insertion in national statistical nomenclatures of subheadings for substances controlled under the Convention on the Prohibition of the development, production, stockpiling and use of Chemical Weapons and on their destruction (18 June 1996) (amended 25 June 1999 and 1 July 2006);

- Recommendation of the Customs Co-operation Council on the insertion in national statistical nomenclatures of subheadings for substances controlled under the Convention on the Prohibition of the development, production, stockpiling and use of Chemical Weapons and on their destruction (26 June 2009);
- Recommendation of the Customs Co-operation Council on the use of standard units of quantity to facilitate the collection, comparison and analysis of international statistics based on the Harmonized System (1 July 2006); and
- Recommendation of the Customs Co-operation Council on the insertion in national statistical nomenclatures of subheadings to facilitate the monitoring and control of specific products specified in the protocol concerning firearms covered by the UN Convention Against Transnational Organized Crime (29 June 2002);
- referred the questions of the classification of following products back to the Harmonized System Committee for re-examination :
 - “the product containing more than 99.2 % sodium sulphate” in heading 28.33 (subheading 2833.11) (requested by the Russian Federation);
 - “the product containing more than 98.5 % sodium sulphate” in heading 28.33 (subheading 2833.11) (requested by the Russian Federation);
 - “certain types of monitors referred to as 23.1-inch Maritime Multi Display (MMD) Model JH 23T14 MMD” in heading 85.28 (subheading 8528.51) (requested by Egypt);
- approved the Reports of the 46th and 47th Sessions of the Harmonized System Committee; and
- took note of the various other HS-related developments which had taken place since the previous Council Sessions.

(b) Compliance and Facilitation**Introduction**

337. The DIRECTOR, COMPLIANCE AND FACILITATION, introduced the work which had been done by his Directorate and by the Committees it served, namely the Enforcement Committee and the Permanent Technical Committee. He said that these were his first Council Sessions as Director of the Compliance and Facilitation Directorate, and he thanked the delegates for their support and trust. He stated that Customs compliance and trade facilitation were two key areas in the work of a modern Customs administration.
338. The Director drew attention to the three main strategic goals of the Directorate, which could be translated into three key working programmes. The first programme was related to enhancing the security and facilitation of the international trade supply chain. The second programme concerned the promotion, development and maintenance of the various trade facilitation instruments and tools that the Directorate managed. The third programme dealt with the development, implementation and application of compliance and enforcement-related initiatives.
339. He said that the Directorate supported the Committees in setting global policies and strategies in the area of Customs compliance and procedures. It assisted WCO Members and Committees with the development of global instruments and tools, some of which were legally binding whilst others were non-binding "good practices" for modern Customs administrations. The Compliance and Facilitation Directorate worked in close cooperation with the Capacity Building Directorate to provide technical expertise for the delivery of assistance on the ground. Meetings, seminars and symposiums were organized by the Directorate to enable pertinent Customs compliance and facilitation-related issues, as well as good practices, to be discussed between Members and with representatives of the private sector.
340. The Directorate regularly contributed to international and regional events organized by WCO Members and by relevant partners, in order to share information and knowledge. In this connection, the Director outlined the Directorate's long-term strategic partnerships with other international organizations to promote the interests of the Customs community and of individual WCO Members. The Directorate organized conferences, managed programmes, conducted capacity building missions and workshops, organized training measures and facilitated operational activities. It also continued to support the Members by developing and maintaining WCO tools and instruments.
341. The Director reported that 39 Committee meetings had been organized during 2010/2011. The main topics were risk management, air cargo security, SAFE Framework of Standards, Customs Enforcement Network (CEN), national CEN (nCEN), Revised Kyoto Convention (RKC), Time Release Study (TRS), Globally Networked Customs (GNC), disaster relief, commercial fraud, Intellectual Property Rights (IPR), environment issues, the WCO Data Model and information management. The main outcomes of the Committees' work were the Risk Management Compendium, the revision of the SAFE Framework of Standards, the Single Window Compendium, the revised Time Release Study, the interim report on Globally Networked Customs, the WCO Resolution on the role of Customs in natural disaster relief, several new accessions to the Revised Kyoto Convention, the expansion of the UNODC-WCO Container Control Programme and the European Union-funded Project AIRCOP.

342. He hoped that these WCO tools would facilitate the day-to-day work and operations of the Members, in a context where Customs administrations were expected to accomplish more work than ever before.
343. The Director then referred to a number of significant events which had been organized and conducted by the Compliance and Facilitation Directorate, including the Information and Communications Technology Conference in Seattle (United States), the WCO Technology and Innovation Forum in Cairo (Egypt), the World Customs Forum 2010 in Istanbul (Turkey) and a conference on detector dogs held at WCO Headquarters in Brussels.
344. The Director drew attention to several operations which had been facilitated and supported by the WCO, namely Operations COCAIR, focusing on cocaine trafficking, MAX 55, combating Intellectual Property Rights infringements, and GAPIN, focusing on the protection of the environment. He thanked the Members for their assistance and support in the development of the Customs Enforcement Network (CEN), especially with regard to the updating of the new CEN system. The new CEN platform, available in the English, French and Spanish languages, offered additional tools to facilitate the work of its users. Members were invited to provide the Secretariat with comments and suggestions on their experience with the new CEN.
345. He indicated that dialogues with relevant international organizations such as the International Civil Aviation Organization (ICAO) in relation to air cargo security would be furthered. Also, cooperation with stakeholders for projects such as Globally Networked Customs, the SAFE Framework of Standards and the Time Release Study would be strengthened.
346. The Director then referred to the ten building blocks comprising the Customs in the 21st Century document, and pointed out that the Directorate's work covered the strategies and goals of almost all the building blocks.
347. Finally, he turned his attention to the future work of the Compliance and Facilitation Directorate. At its most recent session the Enforcement Committee had requested the development of new risk indicators and manuals on passengers, the pre-arrival phase of land cargo, postal/express consignments and exports. These would be incorporated in the Risk Management Compendium and made available for the June 2012 Council Sessions. The GNC feasibility study would also be completed in 2012.
348. He added that because Customs administrations would need to play a key role in the implementation of the new G8 initiative on cocaine smuggling, the WCO would provide support to Members in this respect.
349. The Global IPR Forum would represent a substantial part of the Directorate's work programme for the following year. Preparations for this major event had already started, and Members would be kept informed. Also the annual WCO technology conferences would continue to take place, with the Information and Communications Technology Conference (ICT) being held in Estonia in 2012. Technology-related matters would be dealt with in conjunction with the 20th Anniversary of the Customs Services of the Russian Federation in Moscow.
350. The Director said that, in addition to the aforementioned conferences, the WCO would organize a number of mini summits focusing on specific subjects. These would

include a mini summit on excise and a summit on the fight against drugs, the latter to take place in early 2012.

351. Finally, he stressed the importance of the UNODC-WCO Container Control Programme, which would be expanded to include additional countries.

352. Before passing the floor to the Chairpersons of the Permanent Technical Committee and the Enforcement Committee, the Director thanked them for their excellent work and leadership.

(i) Compliance/Enforcement

353. The CHAIRPERSON of the Enforcement Committee, Mr. Uri Bruck (Israel), drew delegates' attention to the draft Report of the 30th Session of the Enforcement Committee (Doc. EC0284), as well as to his own written report which had been circulated in advance of the Council Sessions.

354. He indicated that the 30th Session of the Enforcement Committee had taken place from 21 to 25 March 2011 at WCO Headquarters. It had started as a closed session from 21 to 23 March, with the last two days being open to business representatives. The meeting time had included a joint session with the Permanent Technical Committee (PTC), held on 24 March.

355. He said that a new way of working had been agreed upon for the Enforcement Committee session; seven main themes had been identified, and each of them had been introduced by a keynote speaker, followed by discussions, conclusions and recommendations. In the course of its deliberations, the Committee had given directions to the five enforcement bodies that reported to it, namely the Electronic Crime Experts Group (ECEG), the Working Group on Commercial Fraud, the Global Information and Intelligence Strategy (GIIS) Project Group, the Regional Intelligence Liaison Offices (RILOs) and the CEN Management Team (CENMaT).

356. The Enforcement Committee had also endorsed three enforcement guides, namely Volume 2 of the Risk Management Compendium, the Customs Enforcement Guide on Transshipment Fraud and the Customs Enforcement Guide on Drawback Fraud.

357. The Chairperson of the Enforcement Committee added that nine operations and projects were supported by the Enforcement Committee, with Project Global Shield being the most important of these. In this connection, he mentioned that the Committee strongly supported the idea of developing Project Global Shield into a longer-term initiative, which entailed changing it into a programme.

358. The Enforcement Committee had supported the idea of organizing four mini summits, i.e., a conference dealing with canine issues, probably to be held in January 2013, a meeting focusing on the fight against drugs, to be held in January 2012, a mini summit on excise, and a mini summit on the topic of environmental issues.

359. The Chairperson of the Enforcement Committee then turned his attention to the joint session held with the PTC, at which a keynote address had been delivered by Mr. John Pistole, Head of the United States Transportation Security Administration (TSA). Cross-cutting issues discussed during the joint session had included air cargo

security, the SAFE Framework of Standards, risk management, Globally Networked Customs, coordinated border management and technology.

360. Finally, he thanked the Director, Compliance and Facilitation, and all those involved in the work of preparing the meetings, before passing the floor to the Chairperson of the PTC, Ms. Kameswari Subramanian.

(ii) Facilitation/Procedures

361. The CHAIRPERSON of the Permanent Technical Committee (PTC), Ms. K. Subramanian (India), presented her report and informed the Council that the 189th/190th Sessions and the 191st/192nd Sessions of the PTC had been held, respectively, from 19 to 21 October 2010 and from 22 to 25 March 2011. The second meeting of the PTC had comprised a joint session with the Enforcement Committee on 24 March 2011 in order to discuss cross-cutting issues.
362. She began by recalling that the Policy Commission and the Council had assigned a significant number of tasks to the PTC last year and she stressed that the latter had fully met the undertakings set. A large number of subjects covered by the PTC had been addressed by the Policy Commission earlier in the week and the Council had already taken a number of decisions in that connection, particularly with regard to the role of Customs in natural disaster relief, WTO trade facilitation, the Time Release Study (TRS) and risk management. Consequently, her report would focus only on issues which had not been discussed under other Agenda items.
363. With regard to the PTC's operation, she explained that the Committee had adopted a pragmatic approach by making its Autumn sessions more informal with the inclusion of break-out sessions, and keeping its Spring sessions more formal with the finalization and adoption of instruments. This approach was built upon a high level of participation by Members and Observers and had therefore enabled the PTC to achieve excellent results this year. She continued by informing the Council that the PTC had addressed a number of specific topics during its meetings, such as the Revised Kyoto Convention (RKC), the TRS or transit, in order to offer Members a useful exchange of experiences.
364. The Chairperson then presented several other matters covered by the PTC during its sessions. Firstly, the Revised Kyoto Convention Management Committee (RKC/MC) had updated the RKC Guidelines by incorporating national practices covering a range of Customs procedures, it had also been instructed to compile good practices on clearance procedures and other facilitation measures applied to natural disaster humanitarian assistance, as Guidelines to Chapter 5 of Specific Annex J.
365. She informed the Council that the PTC had approved the design and content of the CUSITM/CUSRSP messages as tools developed jointly by the UPU and the WCO and had agreed that they should be called "WCO-UPU Customs-Post Electronic Messages".
366. The PTC had agreed that the Information Management Sub-Committee (IMSC) had an important role to play in the WCO Committee structure and, in this respect, it had approved the Secretariat's proposal that it would bring to the notice of the IMSC and the Data Model Project Team (DMPT) all issues concerning information management arising out of deliberations in other WCO Committees and Working Groups.

367. The PTC had noted the progress made by the Secretariat in relation to the work on dematerialization of supporting documents and had welcomed the proposed survey on the subject. It had also noted the substantial progress made with the Compendium on "How to Build a Single Window Environment".
368. At the conclusion of its meeting, the PTC had unanimously re-elected Ms. Subramanian (India) as Chairperson of the PTC and elected Mr. François Abouzi (Togo) as Vice-Chairperson of the PTC for 2011/2012.

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369. The Delegate of the UNITED STATES recalled that each of the first ten years of the current millennium had seen unexpected global events; none of them had been foreseen, however each had had a direct impact on Customs administrations. This year in Davos, world leaders attending the World Economic Forum had discussed emerging security threats and how the world had to be more resilient to and mitigate these unforeseen and evolving challenges. Secretary Napolitano had echoed this same theme in her address to the Council and had noted the importance of multilateral collaboration and cooperation to proactively address the ever-changing threats to the global supply chain. The United States also believed it was timely that the world Customs community similarly seek a strategic response to mitigate emerging global threats and build resilience into global Customs operations. Now more than ever before, a proactive way forward had to be sought to respond to the constantly evolving trends and techniques used by transnational criminal organizations in the 21st Century.
370. To be better prepared to face these challenges, the United States wished to propose the creation of a new WCO working group or similar body to enable the global Customs community to identify, discuss and devise multilateral responses to emerging enforcement threats. In parallel, the United States acknowledged that it might be timely to reassess the relevance of existing bodies that reported to the Enforcement Committee to ensure that resources were being prioritized effectively and efficiently in this regard.
371. At this time, the United States was not seeking formal endorsement of this proposal by this body but merely support for its concept. As a possible way forward, the United States was willing to work with the WCO Secretariat and interested Members in the creation of draft Terms of Reference and a detailed business case document for consideration at next year's Enforcement Committee meeting. This would give ample time for Members to fully consider all aspects of this proposal, provide feedback and comments, and discuss whether such an entity was in line with the strategic framework of the WCO and therefore worth pursuing.
372. The Observer for the WORLD BANK greatly appreciated the ongoing efforts by the WCO Committees and Secretariat to make high-quality instruments and programmes available. The donor community and development agencies needed instruments of such quality, given that they served as benchmarks and good practices to be implemented, as well as objectives to be achieved in the context of projects. He also underscored the importance of the fact that the WCO's tools and instruments were developed by the Members, which consequently had sound knowledge of them.

373. He then pointed out that there was a growing demand for assistance in relation to the Single Window and risk management and that, in this connection, the World Bank especially welcomed the new Compendiums. The World Bank had also been involved in the TRS review work and it would henceforth use this Guide as a reference instrument. In this regard, particular attention would be paid to the role played by other governmental agencies in the Customs clearance process as well as the interaction between Customs and these other bodies.
374. The Delegate of PAKISTAN supported the United States' proposal for the establishment of a new working group with a view to managing emerging global threats. This group should focus solely on questions with a global dimension posing a serious threat to all. This would provide significant assistance in identifying the common factors of these issues and examining their many facets in an effective, efficient and holistic manner.
375. The Delegate of ESTONIA informed the Council that the next WCO ICT Conference would take place in Tallinn (Estonia) in early June 2012. The key theme of this meeting would be "How can ICT transform our core business?"; however, it would also address issues such as electronic signatures, digital identification and secure exchange of data. He invited all the WCO's Members to participate actively in the 2012 Conference.
376. With regard to the international supply chain, the Delegate of AFGHANISTAN also supported the United States' proposal to set up a working group in order to address all the current threats comprehensively, based on enhanced international co-operation.
377. Confronted with an environment in which threats developed rapidly, the Delegate of NEW ZEALAND said that his country attached great importance to the issue of emerging threats. As a result, New Zealand was in the process of reviewing its intelligence capabilities in order to develop a more strategic approach to these threats. His country was also setting up a new border management system in which risk management would be more focused on emerging rather than current or past threats. Within this framework, New Zealand supported the United States' proposal and was willing to assist in developing draft Terms of Reference for this group.
378. The Observer for the ASIAN DEVELOPMENT BANK (ADB) congratulated the WCO on its efforts to enhance its instruments in order to meet the growing challenges facing Customs, particularly in areas related to the Single Window, risk management and the TRS. In conjunction with the WCO, the ADB was going to implement the TRS at the main border posts in Central and Southeast Asia. Over the past decade, the ADB had also financed five loans which used the WCO standards as a benchmark for Customs practices and regulations. In addition, 15 technical assistance projects had also been supported by the WCO over the same period, either through technical assistance or by co-organizing or actively participating in the projects. Furthermore, WCO staff had participated, as resource persons, in 47 conferences, seminars or workshops organized by the ADB. The ADB had also issued two publications with the assistance of the WCO, and a further publication was under development. He recalled that, last year, the ADB had signed a Memorandum of Understanding with the WCO in Tashkent and that, alongside Japan, the ADB supported trade facilitation in Asia. Finally, the ADB would continue to provide comprehensive support to developing countries, from the perspective of both infrastructures and regional programmes encompassing trade facilitation and based on updated WCO instruments.

379. At the invitation of the CHAIRPERSON, the Council :
- approved the Report of the 29th Session of the Enforcement Committee;
 - took note of the draft Report of the Enforcement Committee's 30th Session, which would be submitted to that Committee for final approval at its next session;
 - took note of the various enforcement-related developments mentioned in the written report of the Chairperson of the Enforcement Committee.
380. At the invitation of the CHAIRPERSON, the Council also :
- approved the Report of the 189th/190th Sessions of the PTC;
 - approved the Report of the 191st/192nd Sessions of the PTC;
 - took note of the various PTC-related developments mentioned in the written report of the PTC Chairperson, in particular the progress of the work done at the PTC to develop the Single Window Compendium and to update the Time Release Study Guide.

(c) Capacity Building

381. The DIRECTOR, CAPACITY BUILDING, referred to the adoption of the Capacity Building Strategy in 2003 and the creation of the Capacity Building Directorate in 2005, that had culminated in the establishment of the Capacity Building Committee (CBC) in 2009. The CBC had met for its First Session in September 2010 and again in May 2011. He invited the Chairperson of the CBC to provide an overview of the outcomes of the Second Session of the CBC, held in May 2011.
382. Mr. Hubert DUCHESNEAU (Canada), standing in for the Chairperson of the CBC, reported on the main conclusions of the Second Session. He highlighted the high-level participation in that Session, reflecting the high priority of issues related to capacity building and Customs reform and modernization. The participation in the Committee by all Directorates of the Secretariat, representatives of the private sector and academic representatives had confirmed the widely recognized role of the WCO in Customs capacity building matters.
383. Mr. Duchesneau explained that the Second Session of the CBC had combined discussions on strategic aspects of organizational development, panel discussions on practical implementation, and breakout sessions that had produced recommendations for the capacity building agenda to move forward and focus on concrete results.
384. A keynote video address by Mr. Pravin Gordhan, Minister of Finance of South Africa, had reinforced the need to focus on the "3Ps" that had emerged during the Committee's First Session, namely : People, Partnerships and Political will. Minister Gordhan had stressed the importance of political and administrative will to achieve sustainable organizational development, the role of leaders to make it happen, and the need for partnerships with the private sector and other stakeholders.
385. The Committee had reiterated the importance of performance measurement and capacity building programme evaluation as a way to convince partners and policy-makers to continue to support Customs reform and modernization.

386. Mr. Duchesneau concluded that the Committee's Second Session had built on the success of the First Session, that it had re-emphasized the importance of the "3Ps", and had served to establish the goals for the coming years. The Second Session had clearly illustrated the value of bringing together a group of professionals to work on common objectives.
387. The DIRECTOR, CAPACITY BUILDING, then reported on the accomplishments and the work to be conducted in the future in respect to Customs capacity building. He highlighted the key messages that had emerged from the Committee's Second Session, including the importance of well-functioning Customs administrations in the protection of society's interests, and the need to devise effective strategies and plans to guide Customs reform and modernization. Customs capacity building had to take a broad approach in building sustainable organizational capacity by strengthening strategic and technical capability to better prepare administrations to meet the challenges of the future.
388. The Director informed delegates that the Capacity Building Directorate currently had a staff contingent of 26, including 5 Technical Officers, 11 Attachés and 4 Professional Associates (interns). For the 2010/2011 period, the Secretariat had received more than 400 requests for support, of which 240 had been selected for implementation, based on available resources. To deliver this support, to date the WCO could count on 318 accredited experts in a number of specialized areas.
389. He reminded the Council that the Columbus Programme, the main WCO capacity building delivery programme, was supported by work in other areas such as leadership and management development, donor coordination, and partnerships with academia. As key guiding principles of the Capacity Building programme, the Director emphasized the need to remain responsive to Members' needs, to consider the environment and to use the Customs in the 21st Century vision as a blueprint for administrations and capacity building.
390. Since the launch of the Columbus Programme, the many diagnostic missions conducted had given a sense of the key challenges that administrations faced; the C21 document and the needs identified had informed the development of a Capacity Building Strategic Roadmap that had been presented to the Policy Commission. It had been agreed that the Roadmap would be updated as needed, and complemented with a corresponding action plan that would guide the delivery of capacity building support to focus efforts where the most promising results could be achieved.
391. The Director then referred to the WCO Diagnostic Framework as the heart of the work of the Columbus Programme, indicating that the Framework would be refreshed and updated to reflect more recent developments in Customs such as risk management. Despite the efforts needed to update the tools, he reminded delegates that Customs Capacity Building was about delivering support to the Members to achieve sustainable concrete results.
392. Turning to the "3Ps" discussed throughout the CBC, the Director recalled that People were fundamental to achieving results and organizational development. With the financial support of the World Bank, the Directorate expected to launch a project in Sub-Saharan Africa to contribute to leadership and management development. Moreover, with the support of interested Members, academia and the private sector, the WCO would also develop a framework of principles and practices for Customs career paths and training.

393. On Political will and commitment, the Director emphasized that these were indispensable for capacity building and Customs reform and modernization. During the Second Session of the CBC, debate had focused on how Customs leaders could secure political will through close collaboration with their partners. The Committee had tasked the Capacity Building Directorate to update the orientation package for policy-makers. Recognizing that showing results could assist in securing political will, the Director indicated that work would be carried out by a virtual working group to develop a new chapter of the Capacity Building Compendium on performance measurement.
394. On the issues related to Phase 3 of the Columbus Programme, the Committee had endorsed the proposed step-by-step methodology, and based on the positive experiences in conducting a pilot mission in Mongolia, the Committee had tasked the Secretariat with conducting at least one more mission over the next period.
395. Turning to Partnerships, the Director expressed his commitment to building new, and strengthening existing partnerships to further enhance the WCO capacity to support capacity building. He thanked all the Member administrations that had provided experts and financial support to the WCO capacity building programmes.
396. With respect to partnerships with the donor community, he indicated that based on a working meeting organized with donors in the Americas/Caribbean region, efforts would be made to organize similar events in other regions. With a view to securing support from donors and policy-makers, work was continuing to support Members in the development of business cases.
397. On the issue of donor coordination and engagement, the Director said that the Secretariat would be working with several Members and the donor community on the pilot implementation in the Americas region of the Project Map database. He provided highlights of the functionality of the new database, as a valuable source of information on ongoing and planned projects, as well as needs expressed for external assistance by Customs administrations.
398. With regard to the need to access quality experts to support the capacity building programmes, the Director indicated that as a result of the CBC's recommendation, priority would be given to the accreditation of experts needed as part of Phase 2, with a particular focus on Technical and Operational Advisors. He also referred to the new Web-based application containing an Accredited Customs Experts (ACE) database.
399. Regarding tripartite agreements between the WCO and two Members in the provision of capacity building support, the Director announced that 11 such agreements had been signed thus far, including 2 signed during the past week.
400. The Director announced that the next PICARD Conference would be held in Geneva from 14 to 16 September 2011. He invited Members to participate in this important event that contributed to academic research on Customs development, including coordinated border management, performance measurement, economic security and poverty reduction, and integrity.
401. The Director informed the Council that the sixth Regional Office for Capacity Building (ROCB) - for the Europe region - would be opened shortly in Azerbaijan, and would contribute to the regionalization approach for this region. The ROCBs and Regional Training Centres (RTCs) had met after the Second Session of the CBC, to

discuss their respective roles and the many challenges they faced to support capacity building in their region.

402. In conclusion, the Director expressed satisfaction with the collaboration between the Members and other partners in the area of Customs capacity building, and expressed hope for the future of Customs capacity building, moving forward. There was a need to consolidate what had been accomplished so far, to build on past successes and to sustain efforts to continue to deliver sustainable and tangible results.

403. Moving on to report the outcomes of the recent session of the Integrity Sub-Committee (ISC), the Director explained that this had been the Tenth Anniversary of the ISC, and more than 140 delegates had participated in the meeting chaired by Norway. He provided highlights of the ISC meeting, recalling that four key messages had emerged, as follows :

- (1) Trust in public institutions, including Customs administrations, was a must.
- (2) There was a need to communicate effectively with stakeholders on what we do to fight corruption.
- (3) There was a need to consider integrity when re-engineering Customs processes in a modernization context.
- (4) Partnership between Customs and the private sector was key to tackling the important challenges in their respective areas of responsibility.

404. The Director gave a brief outline of the ISC agenda, referring to the panel session on the theme “How can the business community and Customs work together to promote integrity”; the lessons learnt on integrity pilot projects; the Model Code of Ethics and Conduct that had been approved by the ISC; and the revision process of the Integrity Development Guide for which ten Members had already expressed their commitment to contribute. He also indicated that the fourth issue of the Integrity Newsletter had been published recently. Finally, he referred to other themes discussed during the 10th Session of the ISC, such as lifestyle audits, the GAPIN project and socio-economic dynamics to improve integrity.

405. The CHAIRPERSON of the ISC, Mr. Roy SKÅRSLETTE (Norway), thanked the Secretariat and the Members for their support. He said that the WCO should feel privileged to have a dedicated Sub-Committee dealing exclusively with integrity and which allowed interaction with the private sector. The Organization had come a long way since the first ISC meeting in April 2001. In the early 1990s, corruption had rarely been mentioned even if it was there. It had taken courage to put the fight against corruption on the agenda, adding that the WCO was a global leader in this area. The WCO had the tools, the experience and the expertise to assist its Members. He invited the Council to take note of the work done and to approve the revised Model Code of Ethics and Conduct and urged that Members and partners develop sound anti-corruption and integrity measures.

406. The CHAIRPERSON thanked the Director, Capacity Building, and the Chairperson of the ISC for their reports and presentations and invited delegates to comment on issues related to Capacity Building and Integrity.

407. Several delegates thanked the Secretariat for the work achieved during the two Committees and declared that their administrations supported the work done by the

WCO Secretariat in the field of capacity building. Many congratulated the Secretariat on the leadership and progress in the various issues related to capacity building.

408. The Delegate of AZERBAIJAN looked forward to the opening of the new ROCB for Europe and announced an international conference to be organized in Baku on drug trafficking in October 2011. The WCO Secretary General and other high-level officials would be attending. He also said that a charity event would be organized with a view to collecting funds to help drug treatment centres. He invited all Members to take part in this event. He then showed a short video on the new ROCB facilities.
409. The Delegate of SWEDEN expressed satisfaction with the Project Map Database and encouraged the WCO to extend its implementation to other regions. He announced that his Administration would continue to support the Secretariat through funding since capacity building had to remain a top priority for the Organization. He encouraged other administrations to further engage in this programme.
410. The Delegate of ARGENTINA emphasized the need for political will as an essential prerequisite and indicated that her Administration was going to implement the CLiKC platform over the course of the next year.
411. The Delegate of JORDAN reaffirmed the need to continue to support capacity building and integrity development, as a way to contribute to the socio-economic development of the country.
412. The Delegate of JAPAN said that Japan would continue to support the WCO Secretariat through the Customs Co-operation Fund to the extent of 3 million euro during the next financial year. Japan proposed that capacity building activities be measured using a results-based approach and objective post-programme evaluation. The Capacity Building Committee had agreed to develop a catalogue of best practices in performance management and he looked forward to working with the Secretariat in this respect.
413. The Delegate of NORWAY thanked the Secretariat for a comprehensive report which reflected the work conducted. He referred to the “3Ps” and highlighted the increasing need for expertise and funding, and announced that his country would make a considerable donation to support capacity building initiatives and invited other countries to do the same.
414. The Delegate of GHANA referred to capacity building assistance received from the WCO so far, and expressed the need for direct knowledge transfer between administrations given the tremendous potential that South-South cooperation could yield. He reaffirmed support for the signature of tripartite agreements, such as the one his Administration had signed earlier in the Sessions, as a way to better define the partnership and secure sustainable support.
415. The Delegate of SWAZILAND said that his country had recently merged Customs with other revenue agencies to create a Revenue Service, and that from these changes had emerged new requirements to develop skills and focus on capacity building in order to deliver on its mandate. He expressed gratitude for cooperation with the South African Revenue Service and the World Bank, and also referred to a tripartite agreement signed with Sweden and the WCO to work on critical areas of development.
416. The Delegate of CHINA referred to the “3Ps” and indicated that political will was definitely needed in order to include other agencies in the Customs reform and

modernization process. She suggested that the Secretariat develop an outreach approach to involve policy-makers and other border agencies in order to achieve modernization results.

417. The Delegate of FINLAND reaffirmed his Administration's support to focus on organizational development, as well as leadership and management development. He reported that Finland had recently made a donation of 4 million euro to support capacity building for 22 countries in Sub-Saharan Africa. The project would focus on leadership and management development, as well as other strategic matters related to Customs development. A Finnish officer would be managing the project from the ROCB in Kenya. He concluded by thanking the Kenyan Administration for its ongoing support of the ROCB in the East and Southern Africa region.
418. The Observer for the WORLD BANK expressed the Bank's commitment to continue to support capacity building. He expressed support for Japan's position on performance measurement and indicated that the World Bank would be willing to contribute to these efforts. It would also be looking at ways to lend support to the implementation of the Project Map Database.
419. The Observer for the INTERNATIONAL NETWORK OF CUSTOMS UNIVERSITIES (INCU) expressed his satisfaction with the cooperation between the WCO and academia, highlighting the progress made over the last five years in identifying standards for the Customs profession, the establishment of university programmes, developing a Customs journal, and research in general.
420. The Delegate of the UNITED ARAB EMIRATES reaffirmed the importance of experts and expressed his support for the ACE database, as well as identifying more experts in specialized areas of Customs work.
421. The DIRECTOR, CAPACITY BUILDING, thanked Members for their positive feedback which indicated that capacity building continued to be a priority for the Council. He expressed satisfaction for the support to focus on delivery and to continue to improve the results-based management approach. He went on to provide assurance that the Secretariat would continue to encourage South-South cooperation and would find ways to involve other border agencies as part of capacity building efforts.
422. The CHAIRPERSON concluded from these deliberations that the Council :
- took note of the Reports of the First and Second Sessions of the Capacity Building Committee, as well as of the Tenth Session of the Integrity Sub-Committee;
 - took note of the progress made in the area of capacity building in respect of resource management, the development of new or existing tools and instruments, regionalization, training, integrity and research; and
 - encouraged Members to continue to support the efforts of the WCO in the area of capacity building and integrity development.

6. BUDGETARY AND FINANCIAL MATTERS

423. The CHAIRPERSON OF THE FINANCE COMMITTEE, Mr. Thomas Schoeneck (Germany), began his presentation by welcoming the numerous initiatives and actions being implemented by the Secretariat on behalf of the Organization in order to heighten the WCO's profile still further. In particular, he noted the high level of keynote speakers having addressed the Council this year and the fact that, over the past five to ten years, the WCO had developed a political dimension; the WCO was now well known in international trade circles outside the purely Customs sphere.
424. The Finance Committee had held its 90th Session from 4 to 7 April 2011. The Chairperson of the Finance Committee suggested that delegates consult his written report and the Report of the Finance Committee, adding that he would highlight a few issues of special interest and inform the Council of the decisions it was invited to take.
425. Turning to the day-to-day activities carried out within the Secretariat, the Chairperson of the Finance Committee stressed that the Secretariat was tasked with a full programme of work which it often had to complete with very limited resources. A comparison of the WCO budget (close to 15 million euro) and the budgets of the International Civil Aviation Organization (approximately 63 million euro) and the World Trade Organization (approximately 163 million euro) highlighted a substantial difference in funding levels. This difference was also visible in terms of the low number of budgeted posts at the WCO, which had to be funded out of the Organization's own resources, in comparison with the number of staff actually required to carry out the work requested by the Council. When setting the 40 Technical Officer posts financed by the Organization against the 30 Technical Attaché posts financed by Member administrations (10 in 2003), he estimated that close to 40 % of the Secretariat's work was now being performed by externally financed staff. Although he felt that such "in kind" contributions demonstrated Members' strong commitment to the Organization, reliance on such contributions should also be considered a resource-based risk.
426. Against this background, the Secretariat's proposal to the Finance Committee not to increase the level of the general operating expenses for the coming financial year had been welcomed. After lengthy and difficult discussions, a 0 % increase in Members' statutory contributions for the same year had been recommended. The Secretariat had initially proposed a 1.5 % increase in contributions. However, the recommendation to the Council for a 0 % increase should not be seen as a long-term budget freeze, but rather as a decision for the forthcoming year only, given that the Finance Committee had felt that slight increases in Members' contributions might be necessary over the coming years to finance the Organization's activities. The Organization should hold discussions, at the appropriate political level, on how to determine how much Members would be willing to contribute from now on.
427. At the same time, the Chairperson of the Finance Committee expressed the view that further thought should be given to prioritization of work as there was not likely to be a significant increase in WCO resources in the future. He also informed the Council that at the Finance Committee's next session, scheduled for November 2011, the Committee would consider the role it could play in terms of the prioritization process. The Finance Committee would also suggest appropriate measures to make savings in budget expenditure.
428. He then referred to the seven main areas of concern which had been discussed by the Finance Committee. These related to the financial audit, the WCO Publications Policy, the financial results for 2009/2010 and 2010/2011, the financial forecast

for 2011/2012, voluntary financial contributions to the WCO, the WCO's Terminal Allowance (TA) scheme, and proposals concerning some essential changes to the WCO Financial Rules.

429. In respect of the audit for financial year 2009/2010, the Auditor had provided certification of the accounts without reservation, reflecting the fact that the financial statements faithfully portrayed the assets, the financial situation and results of the WCO in line with the accounting standards applicable, as set out in the Financial Rules. The Auditor had made extremely positive comments regarding the responsiveness and willingness of the Secretariat to implement recommendations. Based on the Auditor's certification, it was recommended that the Council acquit the Secretary General of his financial responsibilities for financial year 2009/2010.
430. In accordance with the instructions received from the Policy Commission in December 2010, the Secretariat had awarded a contract to an external consultant who was now tasked with conducting a study on the WCO Publications Policy. The Chairperson of the Finance Committee confirmed that the consultant had received all the relevant documents, including the contract between the WCO and GMD and any amendments thereto, and that there had already been a meeting between the consultant, the Secretariat, GMD and the Chairperson of the Finance Committee. The preliminary draft of the consultant's study would be discussed at the Finance Committee's next session in November 2011.
431. With reference to the financial results for the previous and current financial years, the Chairperson of the Finance Committee said that the Secretariat had managed its budget very carefully. Financial year 2009/2010 had closed with a surplus of 323,420.04 euro, brought about mainly by the application of the lapse factor and two vacancies at Director level. A more substantial surplus was expected for financial year 2010/2011, due largely to an extraordinary gain in the investment portfolio (approximately 820,000 euro) in Spring 2011. This amount would essentially be used to cover the Organization's TA obligations.
432. The application of the lapse factor as a means of controlling the budget would need to be maintained in order to work continuously towards systematically closing the gap between income and expenditure. As a result, the lapse factor was a crucial element of the financial forecast for 2011/2012, given the tight budget with a 0 % increase in income and expenditure. The Chairperson of the Finance Committee also drew attention to the new scale of contributions which had been made available to the Council. He underscored the fact that any financial impact stemming from a future decision on the WCO Publications Policy could not yet be estimated.
433. He then reported on a very positive development in relation to the WCO's Customs Co-operation Fund (CCF), with the total level of donations standing at approximately 10 million euro for the period from July 2009 to December 2010. The Secretariat's annual report to the Finance Committee on the use of these voluntary contributions now delivered even higher levels of transparency.
434. He explained that some years ago, coverage of the WCO's TA obligations had exposed a significant financial risk to the WCO. At the time, the Council had decided on significant reductions in the funding level which were now producing positive results. The Finance Committee had noted a report by an external consultant who had confirmed that, on the basis of an annual minimal return of 4.2 % on the TA portfolio, the measures taken were sufficient to cover the WCO's TA obligations for the next few years. A follow-up study would be carried out in five years' time, at the latest.

435. The Chairperson of the Finance Committee rounded off his presentation by explaining that the Finance Committee recommended increasing to 60,000 euro the threshold applied to tendering procedures for procurement, in order to bring WCO tendering procedures into line with standard practice in Belgium.
436. He concluded by stating that the Finance Committee had performed its supervisory and monitoring role during financial year 2010/2011 and had helped the Secretariat to maintain financial stability and regain a sound financial footing for its various operations.
437. In conclusion, the Council :
- approved the proposal that the budget surplus for financial year 2009/2010 (323,420.04 euro) be absorbed and that the accumulated result on 30 June 2010 be established as 6,384,835.28 euro;
 - acquitted the Secretary General of his financial responsibilities for financial year 2009/2010;
 - adopted the Secretariat proposal for a 0 % increase in the general operating expenses for 2011/2012;
 - adopted the Decision concerning the budgetary and financial provisions for 2011/2012 reproduced at Annex X hereto (Decision No. 329), including the scale of Members' contributions for financial year 2011/2012 which had been circulated during the Sessions;
 - adopted the Staffing Table for 2011/2012 showing the budgeted posts including the number of Technical Attachés, as agreed;
 - approved the proposed capital expenditure of 495,000 euro for financial year 2011/2012;
 - approved the adoption of a new Annex 6 to the WCO Financial Rules;
 - approved the updated WCO Staff Manual;
 - took note of the Audit Report on the accounts for financial year 2009/2010 and the recommendations contained therein;
 - approved as a whole the Report on the Finance Committee's 90th Session, i.e. Doc. SF0294.

7. NOMINATION AND ELECTIONS

a) Nomination of a Director, Tariff and Trade Affairs

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

Mr. Giuseppe FAVALE (Italy)
Mr. Jørn HINDSDAL (Denmark).

439. After indicative voting had taken place, Mr. Giuseppe FAVALE was nominated by acclamation for appointment as Director, Tariff and Trade Affairs, for a five-year term of office to begin on 1 January 2012.

440. Mr. FAVALE thanked the Members for their support and said that he would do his utmost to serve the world Customs community.

b) Elections

441. It was proposed that Ms. Josephine FEEHILY (Ireland) be elected Chairperson of the Council for 2011/2012.

442. The Council approved the above proposal by acclamation.

443. Ms. FEEHILY expressed her gratitude for the confidence placed in her and in the Irish Customs Administration. She looked forward to chairing the Council.

444. The CHAIRPERSON then announced that following consultations between the Members in the various regions, it was proposed that the Delegates of Guatemala, Mauritius, Morocco, Nigeria, Norway and Thailand be elected Vice-Chairs for 2011/2012. In the case of Morocco, this required a derogation from Rule 8 of the Council's Rules of Procedure since Morocco had already served as Vice-Chair for more than two consecutive terms.

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

446. 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, Bahrain, Canada, Croatia, Democratic Republic of the Congo, Finland, Germany, Hong Kong (China), Japan, Kenya, Liberia, Mexico, Portugal, Russian Federation, Saudi Arabia, South Africa, Spain and the United States. It was noted that they would serve alongside a number of delegates elected to the Policy Commission one year previously, namely France, India, Korea (Republic of), Singapore and the United Kingdom.

447. Following consultations between the Members in the various regions, it was proposed that the following be elected to serve on the Finance Committee for 2011/2012 : Azerbaijan, China, European Union, Gambia, Germany, Italy, Japan, Mongolia, Netherlands, Panama, Paraguay, Saudi Arabia, Spain, Switzerland, Uganda, United Kingdom and the United States.

448. It was proposed that Mr. T. Schoeneck (Germany) be re-elected Chairperson of the Finance Committee for 2011/2012, and that Mr. B. O'Hearn (United States) be re-elected Vice-Chairperson for that period.

449. Following consultations between the Members in the various regions, it was proposed that the following Members be elected to serve on the Audit Committee : Australia, Ecuador, Gabon, Ireland, Jordan, Lesotho, Luxembourg, Malaysia, Tanzania, Togo, Tunisia and Uruguay.
450. It was proposed that Ecuador serve as Audit Committee Chairperson in 2011/2012. The Vice-Chairperson would be determined at the Audit Committee's next meeting.
451. All these proposals were approved by acclamation.

8. OTHER BUSINESS

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

452. The CHAIRPERSON recalled that each year, at the Council Sessions, the "Yolanda Benitez" trophy was awarded to an administration which had shown particular commitment to combating counterfeiting and piracy.
453. After thanking all the Customs administrations that had entered for the prize, the SECRETARY GENERAL announced that this year, in addition to the Yolanda Benitez trophy itself, a special prize was also being awarded.
454. The special prize went to South Africa (SARS) for its work and commitment to combating counterfeiting and piracy. It had established a Customs Border Control Unit that was in charge of border control, including the combating of counterfeiting and piracy. SARS also conducted IPR training in partnership with relevant brand holders in order to empower its officers.
455. In connection with the 2010 Football World Cup, SARS had mounted "Operation Goals 2010" aimed at fighting the illicit importation of FIFA-branded products. FIFA itself had recognized the fundamental contribution and the efforts made by SARS in making that Operation a success. In the current year, SARS had organized a follow-up "Operation Goals 2011".
456. During 2010, SARS had seized more than 15 million pieces of counterfeit goods and had significantly contributed to the WCO CEN system by uploading information on a total of 400 seizures.
457. South Africa had also shown its commitment in the IPR field by chairing the WCO Counterfeiting and Piracy (CAP) Group.
458. The winner of this year's competition, and the recipient of the Yolanda Benitez trophy, was the Argentine Customs Administration for its outstanding commitment to combating counterfeiting and piracy.
459. A specialized division in charge of combating counterfeiting and piracy had been established at Customs Headquarters, and an effective policy aimed at increasing border protection and preventing IPR infringements had been mounted. The value of IPR-infringing goods seized by Customs had increased from USD 2.7 million in 2006 to USD 122 million in 2010 when there had been 489 interventions in the field of IPR protection, involving the seizure of 1.8 million pieces of counterfeit goods.

460. Argentina was currently very much involved in the Interface Public-Members (IPM) pilot project. Indeed, IPM had recently been integrated into the national Customs intranet for testing.

461. Finally, Argentina regularly organized national IPR training and operational seminars, as well as international events on this important topic.

462. The Delegate of ARGENTINA said that this award was an honour and a source of pride for Argentine Customs and would also spur the Administration on as it continued to combat counterfeiting and IPR infringements. She thanked the WCO Secretariat for the support and assistance provided for all the IPR activities undertaken by her Administration. The success was also attributable to the changes and reforms that had been made to the Customs organization in Argentina since 2006, as well as the regulations introduced in specific strategic areas, and in particular the introduction of the system of Alerts. The delegate also thanked the Regional Office for Capacity Building and the countries of the region which had taken part in the two international seminars in Argentina on combating counterfeiting and piracy. Finally, she paid tribute to the Customs officers of Argentina for their commitment and assimilation of the knowledge and skills necessary to be successful in meeting this Customs challenge of the 21st Century.

(b) Signing of Memoranda of Understanding and other Agreements

(i) Regional Training Centre

463. The Delegate of NIGERIA signed a Memorandum of Understanding (MOU) for the establishment of a WCO Regional Training Centre (RTC) in Abuja. He said that the signing represented a further endorsement of the WCO's regional approach to capacity building and cooperation between the WCO and the West and Central Africa region. He stated Nigeria's commitment to make the Centre available for the collective use of the region, and to reach out and work with the other RTCs in the region. In line with the spirit of the MOU, the Centre's facilities would be open to the WCO and its Members, as well as to other parties willing to collaborate in collective efforts to pursue knowledge as a catalyst for Customs excellence.

(ii) Memoranda of Understanding with other international organizations

464. The SECRETARY GENERAL signed an MOU with Mr. Raymond Benjamin, the Secretary General of the INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO). This MOU constituted a formalized basis for the enhanced co-operation between the two Organizations. The keynote address by Mr. Benjamin on collaboration between ICAO and the WCO is summarized in paragraphs 90 to 94 above.

465. The Secretary General also signed an MOU between the WCO and the WORLD ANTI-DOPING AGENCY (WADA) as a follow-up to his visit to WADA Headquarters earlier in 2011. The MOU was intended to establish a framework of co-operation between the two parties, thus facilitating the exchange of information and expertise with a view to the prevention and suppression of doping and trafficking in doping substances.

466. The DIRECTOR GENERAL of WADA thanked the WCO for the opportunity to sign this very important document which would help in the fight against doping in sport and would enable WADA and the WCO to share information in a lawful and appropriate way. He looked forward to the two Organizations working together in the future.

(iii) Grant Agreement with Korea Customs Service

467. The SECRETARY GENERAL signed a Grant Agreement with the Korea Customs Service for the establishment of a Korean Customs Cooperation Fund. Under the Agreement, the Korea Customs Service provided the WCO with a grant to support capacity building activities, such as training for Customs officials from developing countries, seminars, workshops and forums.

(iv) Mutual Recognition of Authorized Economic Operators

468. During the Sessions, bilateral Mutual Recognition Agreements regarding Authorized Economic Operators (AEOs) were signed between Japan and Singapore, and between Korea and New Zealand.

(v) European Union-China Joint Understanding on Smart and Secure Trade Lanes, Phase 2

469. The Joint Understanding on Phase 2 of the Smart and Secure Trade Lanes (SSTL) between the European Union (EU) and China was signed by the representatives of Belgium, France, Germany, Italy, the Netherlands and the United Kingdom as well as the EU Director General of Taxation and Customs Union and the Vice-Minister of China Customs.

470. The EU DIRECTOR GENERAL OF TAXATION AND CUSTOMS UNION welcomed the opportunity to launch Phase 2 of the EU-China SSTL Pilot Project.

471. He pointed out that the SSTL Pilot Project was placed within the SAFE Framework of Standards developed by the WCO. The WCO also provided assistance on the IT side and was an active observer of the Pilot Project. It was symbolic to sign the Joint Understanding at the WCO which played such an essential role in promoting international efforts to secure the global supply chain.

472. Today, two major trading partners, the EU and China were launching the extension of the SSTL Pilot Project. That Pilot Project had been developed to test the Customs-to-Customs pillar of the SAFE Framework of Standards, the objective being to strengthen end-to-end supply chain security based on multi-layered risk management. Controls performed at export which were based on joint risk rules made it possible to better target dangerous traffic at the beginning of the supply chain. Thus, it was possible to identify safe consignments and bring trade facilitation benefits to legitimate trade.

473. Phase 1 of the SSTL Pilot Project had been very successful in developing understanding, trust and cooperation between the participating Customs administrations. Common operating procedures, minimum control standards and risk criteria had been successfully developed. The SAFE Framework of Standards had thus been tested in a realistic operational environment, which had involved the shipment of over 5,000 containers. This practical experience was highly valuable for the future improvement of the Framework.

474. The EU Director General said that the extension of the Pilot Project was an ambitious undertaking with the number of participating ports increasing from three to nine. In the EU, the ports of Antwerp, Genoa, Hamburg and Le Havre joined Felixstowe and Rotterdam. In China, Chongqing and Shanghai joined Shenzhen. The thematic scope of Phase 2 was also broadened.

475. Finally, he emphasized that this was an important project for the EU and China, and also for the WCO. The SSTL experience would not only be important for the further development of the SAFE Framework of Standards, but also for the work currently being undertaken for Globally Networked Customs. The new project phase was being launched to achieve concrete results in securing the supply chain and also to contribute to joint efforts in IPR enforcement and in the control of potentially hazardous traffic.
476. The VICE-MINISTER OF CHINA CUSTOMS thanked the WCO and the Secretary General for the possibility to launch Phase 2 of the EU-China SSTL Pilot Project during the Council Sessions. This was one of the first intercontinental pilot projects aimed at implementing the SAFE Framework of Standards and it had received strong support from the WCO during Phase 1. He looked forward to the continuation of that support in Phase 2.
477. In recent years, China and EU Customs had been involved in various cooperative projects, including the SSTL which had achieved a sustainable outcome in promoting trade security and facilitation. The Vice-Minister was convinced that the second stage of the Project, with nine participating ports, would further test the modern concepts of SAFE.
478. He emphasized that China and EU Customs were developing a long-term and strategic cooperative relationship aimed at securing and facilitating the trade supply chain. In this way, the vision of maintaining a prosperous and healthy economy and trade would eventually be realized.

(c) WCO photographic competition

479. Thirty-nine Member administrations had submitted entries for the photographic competition, the theme for which was “Customs in the 21st Century”. All Heads of Delegation had been invited to vote for their favourite photograph, and 97 votes had been cast.
480. The SECRETARY GENERAL announced that the winning entry was the Algerian Administration’s photograph entitled “In the desert, the next shift arrives”. The picture paid tribute to Customs officers based in the south of Algeria who fought against smuggling. It also honoured the memory of all Customs officers who had been killed in the line of duty fighting this crime.

(d) General

481. In the course of the Sessions, the SECRETARY GENERAL accompanied by the CHAIRPERSON and the VICE-CHAIRS planted a tree in the garden of the Headquarters building as a tribute and lasting memorial to all those Customs officers who had lost their life in the performance of their duties.

**9. DATE AND PLACE OF NEXT SESSIONS AND
CALENDAR OF MEETINGS FOR 2011/2012**

482. The 119th/120th Sessions of the Council would be held in Brussels from 28 to 30 June 2012, preceded by the 67th Session of the Policy Commission from 25 to 27 June 2012. The 66th Session would take place in Abuja (Nigeria) in early December 2011 at the kind invitation of the Nigerian Customs Administration.
483. Subject to a number of amendments to the draft that had been circulated, the Council approved the Calendar of meetings for 2011/2012, which is reproduced at Annex XII hereto.

CLOSURE OF THE SESSIONS

484. The SECRETARY GENERAL thanked delegates for their active participation and interaction during what had been very full Council Sessions.
485. He then expressed his particular gratitude and appreciation to Mr. CHORFI for his efficient and effective chairing of the current Council Sessions, all conducted in a relaxed manner and with a good sense of humour.
486. He thanked the Vice-Chairpersons for their assistance over the year and for being a valuable source of advice and feedback from the membership as a whole. He paid particular tribute to the two Vice-Chairs who had completed their terms of office and were now stepping down, namely the Delegates of Luxembourg and Uganda.
487. Although LUXEMBOURG was one of the smallest Members size-wise, it had just completed two successful years as Vice-Chair for the WCO's largest and perhaps most complex and challenging region, Europe, with its 51 Members. A particular achievement of Luxembourg had been leading the negotiations and preparing the way for the ROCB which would open in Baku (Azerbaijan) in October 2011. He thanked Director General Alain Bellot and his team for their constant support.
488. Turning to UGANDA, the Secretary General said that, over its two years as Vice-Chair for the East and Southern Africa Region, Uganda had always been a source of good and wise advice, firstly from Peter Malinga, who was now working with COMESA, and at the current session from Richard Kamajugo, the new Commissioner for Ugandan Customs.
489. He thanked both these Vice-Chairs for the work they had accomplished and the assistance they had given both to the Secretary General and to the membership as a whole during their term of office.

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490. Finally, the CHAIRPERSON expressed his appreciation for the high level of discussion and the work accomplished during the Sessions. He thanked all delegations and the Secretariat for their cooperation and assistance and he declared closed the 117th/118th Sessions of the Council.

Z. CHORFI,
Acting Chairperson.

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