



Brussels, 23 September 2014.

UPDATE AND REPORTS

Inter-sessional developments

(Item IV (a) on the Agenda)

Introduction

1. This document aims to compile inter-sessional developments which would be of relevance to the PTC, but which have not otherwise been covered under any other PTC agenda item.

Revenue package

2. The first phase of the Revenue Package Action Plan had been completed in 2012, and the Secretariat was now implementing the second phase of the Plan, which had been approved by the Council in 2013.
3. Revenue Package had been changed, making it more accessible to Members in the areas of classification, valuation and origin. The Package also incorporated a diagnostic tool on how to implement the various tools, as well as sections related to post-clearance audit and revenue gap analysis.
4. Regarding classification, as advance classification rulings were provided for in the WTO TFA, progress was required in this respect. In the area of valuation, how best to coordinate with the tax authorities on transfer pricing issues was a major challenge, as was the use of inspection services.
5. An important issue had been raised by the Policy Commission which had remarked that all WCO strategic packages except the Revenue Package had a clear reporting mechanism linked to a specific working group or committee. The Policy Commission had

therefore tasked the Secretariat to prepare a proposal on means of ensuring there was a proper structure in the organization to ensure implementation of the Revenue Package.

6. The Secretariat had recommended the conversion of the WCO Working Group on Commercial Fraud into a Working Group on Revenue Compliance and Fraud which would support the Revenue Package. In practical terms, this required a review of the Terms of Reference of the Working Group on Commercial Fraud, in order to open its membership to all WCO Members (in the current Working Group, participation was restricted to five Members from each WCO Region), and expand its mandate to cover all Revenue Package-related topics.
7. The Policy Commission had reviewed this proposal, and had decided to recommend that the Council approve the proposed structure. It had also instructed the Enforcement Committee to consider the issue of responsibility for non-revenue-related topics currently managed by the Working Group on Commercial Fraud, such as environmental crime and health and safety issues.
8. The Council in June 2014 adopted these proposals.
9. In conclusion, the matters relating to Preferential Rules of Origin, which were originally dealt with under the PTC, will now be under the responsibility of the Working Group on Revenue Compliance and Fraud.

Pre-shipment inspection

10. How to reclaim ownership of core Customs functions that had been outsourced to private sector service providers has been a major challenge for the West and Central Africa Region, where 20 out of 23 Members used inspection services. In addition, the WTO TFA limited the use of inspection services.
11. The Directors General in the Region had adopted a Declaration, known as the Niamey Declaration, on this subject. The Declaration asked the WCO to conduct a number of activities, and with this in view, in March 2014, the Secretariat had brought together a number of bodies (African Development Bank, African Union, IMF, West African Economic and Monetary Union, World Bank, WTO) to establish a common policy position on inspection services and discuss how the international community could support Customs administrations and countries that wished to exit these contracts.
12. Some of the policy positions arrived at by these bodies, include the following points:
 - contracting out to the private sector core functions that were integral to Customs should not be viewed as a long-term solution, but rather as a short-term measure suitable for post-conflict situations, for example;
 - where these contracts were being negotiated, the Customs administration should participate in the negotiations;
 - such contracts should include very clear provisions on the transfer of know-how and technology to the Customs administration, and should include clear performance measures;
 - Customs administrations should take ownership of their Customs reform and should have a plan of how to take over responsibility for the work being done by inspection

companies, with the relevant international bodies and agencies working together more effectively to support countries that were serious about exiting inspection company agreements.

13. In addition, the Secretariat had been working on the ground with individual countries that wished to exit contracts. Thus, the Secretariat was working with Niger Customs and the Cotecna inspection company to prepare a contract exit plan for Niger, and was working with Benin Customs on a similar project. The aim was to package the knowledge and experience gained and make it available to other administrations that had resolved to take back ownership of the core Customs functions.

Compliance and Enforcement Package

14. The Compliance and Enforcement Package (CEP), adopted by the Council in June 2013, was designed to embrace the full range of compliance and enforcement-related WCO instruments and programmes, and aimed to address high-risk areas. Under this concept, the instruments and programmes were grouped into four main categories: Tools, Technology and infrastructure, Partnerships, and Projects and operations.
15. A draft Action Plan for financial year 2014/2015, to implement and further develop the CEP, had been endorsed by the Enforcement Committee in March and by the Council in June 2014. The Action Plan consisted of 20 actions that would contribute to the accomplishment of the objectives of the CEP.

Combating illegal wildlife trade - Council Declaration

16. The Policy Commission and Council in June 2014 adopted a draft Declaration on the Illegal Wildlife Trade which would demonstrate the global Customs community's commitment to combating this crime effectively. In addition, the Council urged Members to strive to achieve tangible results in this area.
 17. The Declaration is publicly available on the WCO web site:
<http://www.wcoomd.org/en/about-us/legal-instruments/~media/BC96FE063BF848AD83E3ADB56B0A79BE.ashx>
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