



Brussels, 7 March 2017.

GLOSSARY OF INTERNATIONAL CUSTOMS TERMS

(Item X on the Agenda)

I. Background

1. The Glossary of International Customs Terms is a WCO tool that was developed in 1958 and has been regularly updated since then. The purpose of the Glossary is to capture, in a single document, definitions of certain Customs terms in order to establish a common Customs terminology, intended not only to facilitate the work of the Council, but also to assist Members and non-Members, international organizations and trade circles to develop a uniform approach to Customs issues and ensure use of the same terminology. The regular update of the Glossary is within the purview of the Permanent Technical Committee (PTC).
2. In the period October 2010 - November 2013, the PTC examined and reviewed the 2003 version of the Glossary in order to update and align it with the developments that had taken place in the Customs and international trade environment and had resulted in the adoption of several instruments, including the SAFE Framework of Standards, the Customs in the 21st Century strategic document, the Single Window Compendium, the WCO Data Model Version 3, to mention but a few. At the final stage, this work was supported by a Virtual Group, which was set up by the PTC in March 2013.
3. The review done between October 2010 and November 2013 resulted in two updates of the Glossary – an update of October 2011 through which 7 (seven) terms were incorporated in the Glossary and the most recent update of November 2013 that added to the Glossary 9 (nine) new terms. The latest version of the Glossary is uploaded on the WCO Public Web-site at <http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/glossary-of-international-customs-terms.aspx>.
4. In addition to adopting the definitions of 9 terms, in November 2013 the PTC agreed with the proposal by the Virtual Group to refer to the appropriate WCO bodies and/or Committees, for further review of their technical content, the following terms: Coordinated Border Management (CBM), Globally Networked Customs (GNC), One-stop border Post, Transaction Value, Time Release Study (TRS), Unique Consignment Reference Number (UCR), WCO Data Model, and Valuation Agreement.

II. Update of the Glossary

5. The update of the Glossary has been included in the PTC Work Programmes 2013-2016 and 2016-2019. With a view to achieving progress on this task the Secretariat has taken steps as outlined hereunder.
6. In line with the relevant PTC decision of November 2013, the draft definitions of the Customs terms listed in paragraph 4 above were submitted to the appropriate structure within the Secretariat and to WCO bodies and most of them have been reviewed accordingly. The list set out at Annex I hereto indicates the terms which have been reviewed since November 2013 together with a definition and a note concerning the review process. The list also shows the definitions that are still under review, namely the definitions of Globally Networked Customs (GNC) and Time Release Study (TRS).
7. Furthermore, the Secretariat reviewed a number of WCO instruments and tools, as well the World Trade Organization Agreement on Trade Facilitation, with the aim of identifying terms that have not been incorporated in the Glossary, but their inclusion might be necessary in view of recent developments in the Customs and international trade environment that make these terms more and more widespread. This review resulted in the compilation of a list of terms, which is appended at Annex II hereto.
8. The above-referred review of instruments and tools included a review of the Glossary itself and the identification of a couple of definitions that need to be updated, i.e. the definitions of seals and of the SAFE Frameworks of Standards. The draft updated definitions were incorporated in Annex II.

III. Action required

9. The PTC is invited to
 - examine the reviewed terms included in Annex I hereto, namely Coordinated Border Management (CBM), One Stop Border Post, Transaction Value, Unique Consignment Reference Number (UCR), WCO Data Model, and WTO Valuation Agreement, with a view to incorporating them in the Glossary;
 - provide guidance with regard to the definition of Globally Networked Customs (GNC);
 - examine the list of terms proposed to be included in the Glossary, as set out at Annex II and provide guidance on the way forward;
 - suggest any further terms deemed necessary to update the Glossary.

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List of reviewed terms and definitions

Term	Draft Definition as discussed in November 2013	Reference as quoted in November 2013 (Doc. PC0343E1)	Reviewed draft definition	Remarks
Coordinated Border Management (CBM)	<p>CBM entails coordination and cooperation among all the relevant authorities and agencies involved in border security and regulatory requirements that apply to passengers, goods and conveyances that are moved across borders.</p> <p>Note 1. Coordinated Border Management (CBM) is dealt with in the Customs in the 21st Century (C21) document.</p>	<p>Extracted from the C21 document.</p>	<p>Coordinated Border Management (CBM) refers to a coordinated approach by border control agencies, both domestic and international, in the context of seeking greater efficiencies over managing trade and travel flows, while maintaining a balance with compliance requirements.</p>	<p>The source of the definition is the WCO Coordinated Border Management Compendium.</p> <p>The responsible body for the definition of CBM is the PTC.</p>
Globally Networked Customs (GNC)	<p>An inclusive, interconnected Customs-to-Customs information-sharing system to support and improve the functioning of the international trading system, national economic performance, and the protection of society and fiscal management. (*)</p> <p>(*) This GNC definition was adopted at the 1st Meeting of the Ad Hoc Group on GNC. (Doc FG0004E1a).</p>	<p>Review in progress</p>	<p>N/A</p>	<p>Members' guidance on the definition is needed.</p>
One Stop Border Post	<p>A type of Coordinated Border Management (CBM) between the Customs administrations and other border agencies of two neighbouring countries in which controls are jointly performed, necessitating only "one stop" for border crossings.</p>	<p>The One-stop border Post concept is not defined in any WCO instrument. This definition has been proposed by the WCO Research and Strategies Unit.</p>	<p>A border crossing point where travellers, goods, and means of transport stop once to undertake exit formalities from one country and entry formalities into the other.</p>	<p>Reviewed by the WCO Procedures and Facilitation Sub-directorate.</p>

Term	Draft Definition as discussed in November 2013	Reference as quoted in November 2013 (Doc. PC0343E1)	Reviewed draft definition	Remarks
Time Release Study (TRS)	A method to measure the time required for the release and/or the clearance of goods to improve the performance of border procedures.	Reviewed by the Secretariat on the basis of the TRS Guide. This definition does not form part of any WCO instrument.	N/A	The TRS Guide is undergoing a review and update. A definition of TRS will be proposed after the completion of the review of the TRS Guide.
Transaction Value	This is the most common basis for the Customs value. It is based on the price actually paid or payable for the goods when sold for export to the country of importation adjusted in accordance with the provisions of Article 8 of the Valuation Agreement. Note Refer to Articles 1 and 8 of the Valuation Agreement for the conditions applicable for determination of the transaction value.	Based on the WTO Uruguay Round Legal Texts. This definition does not form part of any WCO instrument.	This is the prime method for determining the Customs value as defined in the WTO Valuation Agreement. It is based on the price actually paid or payable for the goods when sold for export to the country of importation (Article 1 of the WTO Valuation Agreement), adjusted in accordance with the provisions of Article 8 of the WTO Valuation Agreement.	Reviewed by the WCO Tariff and Trade Affairs Directorate.
Unique Consignment Reference Number (UCR)	A non-significant code used as an access key to uniquely identify transactions between the seller and the buyer involved in international trade.	Reviewed by the Secretariat on the basis of the UCR Recommendation. This definition does not form part of any WCO instrument.	The Unique Consignment Reference (UCR) is a reference number for Customs use and may be required to be reported to Customs at any point during a Customs procedure.	Reviewed by the WCO Procedures and Facilitation Sub-directorate on the basis of WCO Guidelines on UCR.
WCO Data Model	A framework of standardized and harmonized sets of data and standard electronic messages for the departure, transit, arrival and clearance of goods as well as conveyance reporting in international cross-border trade.	Reviewed by the Secretariat on the basis of the WCO Data Model. This definition does not form part of any WCO instrument.	A compilation of clearly structured, harmonized, standardized and reusable sets of data definitions and electronic messages to meet operational and legal requirements of cross-border regulatory agencies, including Customs, which are responsible for border management.	Reviewed by the Data Model Project Team (DMPT).

Term	Draft Definition as discussed in November 2013	Reference as quoted in November 2013 (Doc. PC0343E1)	Reviewed draft definition	Remarks
WTO Valuation Agreement	The expression commonly used to refer to the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, which lays down the general principles and procedures for an international system of valuation for imported goods subject to ad valorem duties.	Based on the WTO Uruguay Round Legal Texts. This definition does not form part of any WCO instrument.	The term commonly used to refer to the <i>Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994</i> , which sets out the methodology and requirements for determining the Customs value for imported goods subject to ad valorem duties.	Reviewed by the WCO Tariff and Trade Affairs Directorate.

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List of terms proposed by the WCO Secretariat for inclusion in the Glossary of International Customs Terms

Proposed term	Draft definition	Remarks
Advance ruling	<p>A written decision provided by Customs administrations or other relevant authorities to the applicant prior to the importation of a good covered by the application that sets forth the treatment that the Member shall provide to the good at the time of importation.</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. Advance rulings are dealt with in Article 3 of the WTO Agreement on Trade Facilitation. 2. Advance rulings are provided for under the revised Kyoto Convention standard on “binding rulings” (General Annex/Standard 9.9). Some Customs administrations may refer to advance rulings as “preliminary decisions;” “binding tariff information” or “binding origin information.” 	<p>The source of the draft definition is the Analysis of Section I of the TFA.</p> <p>The draft definition needs further review.</p>
Authorized Operator		A definition needs to be developed.
Checking the Goods declaration	<p>The action taken by the Customs to satisfy themselves that the Goods declaration is correctly made out and that the supporting documents required fulfil the prescribed conditions. (*)</p> <p>(*) General Annex, Chapter 2 of the revised Kyoto Convention</p>	The source of the definition is the Revised Kyoto Convention.
Comprehensive guarantee for transit	Customs guarantee covering multiple transit transactions through predefined customs territory/territories	The source of the draft definition is the draft WCO Transit Guidelines.
Customs broker	<p>An intermediary between traders and Customs in Customs clearance process.</p> <p>Note:</p> <p>See the definitions of Customs Clearing Agent and Third Party.</p>	The source of the draft definition is the WCO Study Report on Customs Brokers.
Customs formalities prior to the lodgement of the Goods declaration	<p>All the operations to be carried out by the person concerned and by the Customs from the time goods are introduced into the Customs territory until goods are placed under a Customs procedure. (*)</p> <p>(*) Specific Annex A, Chapter 1 of the revised Kyoto Convention.</p>	The source of the definition is the Revised Kyoto Convention.

Proposed term	Draft definition	Remarks
Customs territory	The territory in which the Customs law of a Contracting Party applies.(*) (*) General Annex, Chapter 2 of the revised Kyoto Convention.	The source of the definition is the Revised Kyoto Convention. The wording might need to be adjusted for the purposes of the Glossary.
Customs valuation	A Customs procedure applied to determine the customs value of imported goods. If the rate of duty is ad valorem, the customs value is essential to determine the duty to be paid on an imported good.	The draft definition needs further review.
De minimis		A definition needs to be developed.
Discharge of guarantee		A definition needs to be developed.
Dual use items	Products and technologies normally used for civilian purposes but which may have military applications and/or can contribute to the proliferation of Weapons of Mass Destruction.	Reviewed by the WCO Compliance Sub-directorate.
Electronic commerce	The production, advertising, sale and distribution of products via telecommunications networks.	The source of the draft definition is the WTO glossary.
Electronic payment		A definition needs to be developed.
Enquiry Points	An official or office in a WTO member government designated to deal with enquiries from other WTO members and the public on a subject such as technical barriers to trade or sanitary/phytosanitary measures. <i>Notes</i> 1. Enquiry points are dealt with in Article 1.3 of the WTO Agreement on Trade Facilitation. 2. The Guidelines to Chapter 9 of the General Annex of the revised Kyoto Convention provide sufficient guidance on enquiry points/offices. The Guidelines to Chapter 7 of the General Annex of the revised Kyoto Convention also include guidance on how to set up a Help Desk (which is equivalent to an enquiry point) and its components.	The source of the draft definition is the WTO glossary.
Expedited shipments		A definition needs to be developed.

Proposed term	Draft definition	Remarks
Global Value Chain (GVC)	The concept of a value chain is used to describe the full range of activities that firms and workers do to bring a product (good or service) from its conception to its end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer. Specifically, when activities must be coordinated across multiple firms and geographic spaces, the term global value chain (GVC) is used.	The draft definition needs further review.
Guarantee waiver	Conditional revocation of the requirement to furnish the customs transit guarantee for the economic operators fulfilling the specific requirements.	The draft definition needs further review.
Guarantor	A natural or legal person who guarantees to pay for Customs debt of the economic operator in case he or she fails to fulfill his/her obligations to Customs.	The draft definition needs further review.
Individual guarantee for transit	Customs guarantee furnished for only one transit transaction in predefined customs territory/territories.	The source of the draft definition is the draft WCO Transit Guidelines.
International guarantee	The customs guarantee legally applicable in several customs territories and that is legally binding by international agreements or conventions.	The draft definition needs further review.
Mutual Recognition Agreement		A definition needs to be developed.
National guarantee	The customs guarantee legally applicable only within one country according to national legislation of that country.	The draft definition needs further review.
Omission	The failure to act or give a decision required of the Customs by Customs law within a reasonable time on a matter duly submitted to them. (*) (*) General Annex, Chapter 2 of the revised Kyoto Convention	The source of the definition is the Revised Kyoto Convention.
Outward processing	Customs procedure under which goods which are in free circulation in a Customs territory may be temporarily exported for manufacturing, processing or repair abroad and then re-imported with total or partial exemption from import duties and taxes. (*) (*) Specific Annex F, Chapter 2 of the revised Kyoto Convention.	The source of the definition is the Revised Kyoto Convention.
Perishable goods	Goods that rapidly decay due to their natural characteristics, in particular in the absence of appropriate storage conditions.	The source of the draft definition is the Analysis of Section I of the TFA.

Proposed term	Draft definition	Remarks
Pre-arrival processing		A definition needs to be developed.
Preshipment inspections	<p>The practice of employing specialized private companies (or “independent entities”) to check shipment details, essentially price, quantity and quality, of goods ordered overseas.</p> <p>Notes:</p> <p>1. Preshipment inspections are dealt with in the WTO Agreement on Preshipment Inspection and in Article 10.5 of the WTO Agreement on Trade Facilitation. Under Article 1.3 of the Preshipment Inspection Agreement, preshipment inspection activities are defined as follows: “Preshipment inspection activities are all activities relating to the verification of the quality, the quantity, the price, including currency exchange rate and financial terms, and/or the customs classification of goods to be exported to the territory of the user Member.”</p>	The source of the draft definition is the WTO.
Principal (holder) of transit procedure	A natural or legal person on whose behalf the transit declaration is made or a natural or legal person to whom the rights and obligations in respect of transit procedure was transferred.	The draft definition needs further review.
Regional guarantee	The customs guarantee legally applicable within the customs territory of several countries and that is legally binding by any regional agreement between respective countries.	The draft definition needs further review.
Rejected goods		A definition needs to be developed.
SAFE Frameworks of Standards	The expression commonly used to refer to the WCO SAFE Framework of Standards to secure and facilitate global trade, adopted by the Customs Co-operation Council in 2005.	The proposed amendments to the existing definitions are in strike through mode.

Proposed term	Draft definition	Remarks
Seal	<p>A piece of metal or other material used to join together two ends of a fastening in a secure manner. (*) <u>More sophisticated seals, including electronic ones, are being developed.</u></p> <p>(*) Council Recommendation concerning Customs sealing systems in connection with the international transport of goods, 1968.</p>	<p>The existing definition is supplemented by a second sentence (underlined).</p> <p>A definition of electronic seal can be developed for inclusion in the Glossary. A draft definition is provided below:</p> <p>“Electronic seal” means customs seal equipped with the mechanism for on-line tracking of the transport means where the electronic seal is affixed.</p>
Trade Hub	<p>Information web portal that represents a government-wide effort to provide regulatory information from a trader’s perspective, and may include procedural information, tariff and non-tariff restrictions, commodity classification, valuation and the determination of landed costs.</p>	<p>The source of the draft definition is the Analysis of Section I of the TFA.</p> <p>The draft definition needs further review.</p>
Transfer pricing	<p>A concept on Customs Valuation that refers to the determination of transfer prices for transactions between related parties.</p>	<p>The draft definition needs further review.</p>