



PERMANENT TECHNICAL
COMMITTEE

PC0478E1a

215th/216th Sessions

3 – 7 April 2017

Brussels, 12 May 2017.

SUMMARY REPORT

THE 215TH/216TH SESSIONS OF THE PERMANENT TECHNICAL COMMITTEE

Item I – Opening and adoption of the Agenda

(a) Opening speech by Ms. Ana HINOJOSA, Director, Compliance and Facilitation, WCO

1. The Chairperson of the Permanent Technical Committee (PTC), Mr. Rob Van Kuik (Netherlands), opened its 215th/216th Sessions and gave the floor to Ms. Ana Hinojosa, Director of Compliance and Facilitation, WCO, to share her opening remarks.
2. In the context of the gender equality agenda, the Director made a point of mentioning that there were more women in the meeting room than in the past and congratulated Members on this fact.
3. Before moving on to the PTC Agenda, Ms. Hinojosa reminded everyone that the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) had entered into force on 22 February 2017 and that extra efforts were being invested in preparations for implementation in a coherent and harmonized manner. The TFA Working Group was critically engaged in this agenda, although a number of PTC items were of relevance to the TFA, such as Transit, Inward and Outward Processing, Customs Brokers and Single Window. She did, however, invite the PTC to provide guidance on the TFA in general during the update on the last TFA Working Group Meeting which had taken place in March.
4. She stressed that PTC's role did, however, go far beyond the TFA. In line with the decision made by the PTC a few years ago and adopted by the Council, the PTC was expected to be more strategic and to focus not only on technical matters, but also on future-oriented topics. The Secretariat had worked jointly with the Chairperson to produce an Agenda that would meet those requirements.
5. One such example was the Integrated Supply Chain Management (ISCM) topic. Even though the Guidelines had been produced in 2004, the concept was still considered to be

For reasons of economy, documents are printed in limited number. Delegates are kindly asked to bring their copies to meetings and not to request additional copies.

Copyright © 2017 World Customs Organization. All rights reserved. Requests and inquiries concerning translation, reproduction and adaptation rights should be addressed to copyright@wcoomd.org.

forward looking. The PTC would be further exploring it and contributing to the update of the Guidelines to ensure that they were adjusted to the current trading environment and that Members were better equipped to put into practice this concept, which was extremely relevant for facilitation and security of the supply chain.

6. Data analysis was WCO's theme for 2017. Therefore, the PTC would be looking into this topic more closely. Data collection methods and IT solutions as well as the different national approaches in dealing with and using the vast amount of data at its disposal would be analysed through a break-out session.
7. As for the Future of Customs agenda of the PTC, she stressed that it was a good time to reflect on the work carried out so far and to provide guidance on the way forward. Looking into disruptive technologies and strategic foresight were only some suggestions. She nevertheless underlined that she would like to hear from delegates about the areas which the Virtual Working Group should be focusing on from now on. Furthermore, the PTC would be informed about the results of the research that was to be continued on Global Value Chains and to approve the Handbook on Inward and Outward Processing Procedures. She thanked all the Members, some 80 to date, that had responded to the survey on inward and outward processing.
8. The Director placed special focus on Blockchain, as another future-oriented topic. She was pleased that IBM was able to provide the PTC with some insight into how Blockchain worked and how Customs and other border agencies could benefit from this new cutting edge technology and how it can be used for regulatory transactions.
9. She went on to explain that E-Commerce was raising a lot of interest in the Customs and business communities and that the Secretariat wished to respond to this level of interest not only in the E-Commerce Working Group, but also in one of WCO's key technical committees. Therefore, the whole of Day III would be devoted to this topic. She thanked the Co-Leads of the four Working Group sub-groups for helping out in organizing the E-Commerce workshops. She underlined the fact that it was important to ensure that the WCO was developing the right tools to support the tremendous growth in E-Commerce.
10. On the Customs-Tax Cooperation topic, the December 2016 Policy Commission had requested the Secretariat to analyse Members' feedback with regard to issues such as joint databases, joint approaches to risk management, post-clearance audit, etc. and to update the related WCO tools accordingly in order to promote better Customs-Tax cooperation at the national level and provide more specific guidance on the matter. In that context she emphasized that the PTC would be invited to provide guidance on the future work, including a potential detailed study of Members' practices and associated challenges, especially with respect to the matter of exchange of information and joint databases. Members' experiences would be critical in this domain and she encouraged delegates to share their national experience at the meeting.
11. She also mentioned the Glossary of International Customs Terms, to be discussed with a view to keeping it up to date.
12. In conclusion, the PTC:
 - took note of the opening remarks made by Ms. Hinojosa, Director of Compliance and Facilitation.

(b) Adoption of the Draft Agenda and the Summary Document

13. The Chairperson invited the PTC delegates to share any comments or suggest amendments to the Draft Agenda and Summary Document. A presentation, not included in the latest version of the Agenda, would be made by Turkey on the eTIR under Item VIII on Transit. In addition, the United States suggested including a sub-item on Customs' Treatment of Return-Refill Containers under Item XVI on Any Other Business. There were no objections to these suggestions.
14. In conclusion, the PTC:
 - adopted the full Draft Agenda (Doc. PC0463) and Summary Document (Doc. PC0464).

Item II – Integrated Supply Chain Management (ISCM)**(a) Update of the ISCM Guidelines****(b) Panel discussion on the state-of-play and the future of ISCM**

15. The Chairperson introduced this item by stressing that the discussions on the update of the ISCM Guidelines had already been discussed in the PTC two years previously, as well as more recently in the SAFE Working Group, under which the technical work would be carried out. The Netherlands was taking the lead in the dedicated SAFE Mini Group.
16. He referred to Doc. PC0465 and underlined the fact that the business community was increasingly mindful of securing its own supply chains, due to the latest push by consumers for transparency of production chains, especially for bio-products. The business trend of securing the entire supply chain and providing quality assurance for commercial reasons offered a lot of potential for Customs to use and base itself on commercial and other data sources. He further supported this with a number of examples.
17. He then handed over to the panel which was intended to steer discussion around the state of play and the future of ISCM. The Moderator, Mr. Shawn Beddows, Customs Attaché in the Embassy of the United States in Brussels, stressed that the Guidelines had been adopted in 2004 and even though they were still forward-looking, the concept predated a lot of developments which had taken place in the meantime. He explained that the discussion on the update of the ISCM Guidelines was potentially three-fold:
 - (1) Re-examining and enhancing the ISCM concept to include today's realities and opportunities based on lessons learnt through the pilots carried out to date, as well as aligning the ISCM with existing concepts in the SAFE Framework of Standards (FoS) and potentially with other instruments and tools;
 - (2) Further developing practical guidance on how to implement the ISCM concept; and
 - (3) Adding concrete examples from projects carried out over the past decade.
18. Mr. Beddows introduced the speakers on the panel:
 - Mr. Robert Lake, Customs Attaché at the Embassy of New Zealand in Brussels.
 - Mr. Xiangyang Sun, Customs Attaché at the Embassy of China in Brussels.

- Prof. Dr. Albert Veenstra, Scientific Director at the Dutch Institute for Advanced Logistics (Dinalog).
- Mr. Ryan Petersen, CEO of Flexport US.

19. Prof. Dr. Veenstra described developments in global supply chains and emphasized that the Customs function was closely related to the supply chain structure, as the information required by Customs was usually available at supply chain level rather than at transport level, from which the information was most commonly sourced. He also stressed that the challenge for Customs compliance management was the link between local and international regulatory frameworks. The solution for ISCM implementation would be to establish a data pipeline which would make all relevant information available along the supply chain. Some companies already had such a system in place.
20. Mr. Sun explained the two ways in which ISCM could be, and to a certain extent was being already being, implemented in China: 1. Through the project on Smart and Secure Trade Lanes (SSTL) between China and the European Union with the use of pre-arrival information, risk management non-intrusive inspection equipment and Authorized Economic Operators (AEOs); and 2. Through cross-border E-Commerce for which, since the previous year, a new procedure was in place making order, payment and delivery information available for Customs controls. He also explained how the Internet of Things (IoT) could play an important role in ISCM implementation through the use of radio frequency identification (RFID) and Global Positioning System (GPS) technologies, “smart doors”, e-seals etc. He concluded by stressing that, even though it required a lot of time, ISCM was the future direction to be followed. ISCM could be facilitated by the use of information technologies. He concluded by stating that the ISCM Guidelines needed to be updated to remain a living document.
21. Mr. Peterson talked about the need to digitize all documents, tracking all vehicles in real time and creating the data pipeline in parallel to the flow of goods, which would allow the relevant stakeholders to access such data on a need-to-know basis. He talked about the use of technology, how it could support improved compliance, and how structured data and storing all the documents in one place were conducive to audit and control by regulatory agencies. He also supported the ISCM initiative and was prepared to be one of the stakeholders providing the private sector’s perspective on this issue.
22. Mr. Lake began his intervention by stressing that ISCM was not a choice for New Zealand Customs and Government, but rather the way forward for the future. It was necessary to work together with other stakeholders, rather than in silos. He fully supported the need for the update of the ISCM Guidelines. He provided more information on the New Zealand Trade Single Window and explained that legislative changes were critical and could take years. However, things had become easier through delegated legislation. He also mentioned that many of the relevant stakeholders in the supply chain were involved in the update of the legislation. Last year, New Zealand and Australia had signed a Mutual Recognition Agreement (MRA) and were developing a secure trade lane for trusted traders. He concluded by underscoring the fact that his Government was committed to SAFE and ISCM implementation.
23. The topic prompted lively discussions. There was general agreement that the ISCM Guidelines needed to be updated, bearing in mind the many developments which had taken place in the 13 years since their adoption. For example, the Guidelines had been developed based on the B2B model, whereas there was huge growth in B2C trade under E-Commerce. Therefore, the update needed to be done in conjunction with the ongoing work in the Working Group on E-Commerce, for example. Other international organizations also needed

to be involved in this process to ensure a coherent approach. In addition, governments needed to make use of what business was already doing in terms of managing the supply chain.

24. An Observer explained that the Guidelines were based on the B2B model built on trust between the parties, while in the B2C model, the business might not know the consumer. It might therefore be difficult to implement ISCM using the B2C E-Commerce model.
25. A Member drew attention to the Unique Consignment Reference (UCR) as a tool for tracking a consignment throughout the supply chain, and as one of the critical elements of ISCM. Even though both a Recommendation and Guidelines regarding UCR were available, even after 13 years the UCR had still not reached an acceptable level of implementation. The benefits of using the Customs Reference Number (CRN) over the UCR were presented, including the fact that the CRN was issued by Customs, as in the example of the SSTL project and for the movement of goods between the EU and China. Another Member stressed that the UCR was very complex and that a toned-down concept could be possibly be considered. Another Member felt that the order number could be used instead of the UCR. However, a number of Observers felt that the tracking numbers for consignments used in the express industry could be used for the same purpose, especially since the UCR was very complex.
26. Another Observer mentioned that the exchange of data between the private sector and the Customs needed to be a two-way street, especially on authorized traders.
27. A Member drew attention to the need to provide more support to developing countries in implementing ISCM.
28. In conclusion, the PTC:
 - took note of the panel on ISCM and the comprehensive discussion that followed;
 - agreed to move forward with the update of the ISCM Guidelines, under a dedicated SAFE Mini Group, taking into consideration all the comments shared by PTC delegates as well as the support offered by the different stakeholders;
 - took note of the Chairperson's invitation to take part in the SAFE Mini Group; and
 - took note of all the comments provided on the standardization and the use of the UCR.

Item III – Updates and reports

- (a) Intersessional developments**
- (b) Performance measurement – results of the WCO survey**
- (c) Report from the 1st Meeting of the Technical Experts' Group on Non-Intrusive Inspection Equipment (21-22 September 2016)**
- (d) Report from the 16th SAFE Working Group (26-28 October 2016)**
- (e) Report from the 71st Meeting of the Information Management Sub-Committee (3-4 November 2016)**
- (f) Executive Summary from the 16th Meeting of the Administrative Committee of the Istanbul Convention and the 13th Meeting of the Contracting Parties to the ATA Convention (14-15 November 2016)**

- (g) Report from the 15th Meeting of the RKC Management Committee (16-17 November 2016)**
- (h) Report from the 10th Meeting of the WCO/IATA/ICAO API-PNR Contact Committee (21-22 November 2016)**
- (i) Report from the 36th Meeting of the WCO/UPU Contact Committee (23-24 November 2016)**
- (j) Report from the 13th Meeting of the Counterfeiting and Piracy (CAP) Group (28-30 November 2016)**
- (k) Report from the 76th Meeting of the Policy Commission (5-7 December 2016)**
- (l) Report from the 11th Meeting of the Technical Experts' Group on Air Cargo Security (22-23 February 2017)**
- (m) Report from the 16th Meeting of the Administrative Committee for the Customs Convention on Containers, 1972 (27-28 February 2017)**
- (n) Report from the 7th Meeting of the WCO Working Group on the WTO Trade Facilitation Agreement (6-7 March 2017)**

29. All reports by WCO working bodies relevant to the PTC or by the Secretariat had been grouped under 'A' items which did not require much discussion.

30. Bearing in mind the relevance of the recent entry into force of the WTO Trade Facilitation Agreement (TFA), the Secretariat provided an oral report from the 7th Meeting of the WCO Working Group on the WTO TFA (TFAWG). The Executive Summary from this meeting was now available on the WCO Members' web site, at the following link: <http://www.wcoomd.org/en/meetings/procedures-and-facilitation/wto-atf-working-group/7.aspx>.

31. An oral report was also provided on the outcomes of the 11th Meeting of the Technical Experts' Group on Air Cargo Security (TEGACS). The report from this meeting would be made available on the Members' web site.

32. Mr. Hardeep Batra, First Secretary to the Embassy of India, took the floor in his capacity as Chairperson to present the outcomes of the 13th Meeting of the Counterfeit and Piracy (CAP) Group. After the report, the floor was opened for discussion and support was expressed for the CAP's ongoing work and expansion of its areas of the work under its Terms of Reference. An Observer called for more multi-stakeholder discussion in the CAP Group and this was echoed by another Observer, who reiterated the need to include the logistics industry as well. The suggestion of broadening the stakeholder group was welcomed by the Chairperson of the CAP Group. The Director of the Compliance and Facilitation Directorate underlined the importance of enforcement action against counterfeits on the new platforms and proposed that counterfeits be included in the WCO Working Group on E-Commerce.

33. The PTC was invited to take note of the reports from meetings and on the updates on intersessional developments and on performance measurement, including the results of the WCO survey. The PTC was also invited to adopt the Report from the 71st Meeting of the Information Management Sub-Committee (IMSC), the Report from the 10th Meeting of the WCO/IATA/ICAO API-PNR Contact Committee and the Report from the 36th Meeting of the WCO/UPU Contact Committee.

34. In conclusion, the PTC:

- took note of the oral reports from the 7th Meeting of the WCO Working Group on the TFAWG, the 11th Meeting of the TEGACS and the 13th Meeting of the CAP Group;
- took note of the discussion held regarding the future scope of the CAP Group;
- took note of the reports from the meetings, and the updates on intersessional developments and on performance measurement, including the results of the WCO survey; and
- adopted the reports from the 71st Meeting of the IMSC, the 10th Meeting of the WCO/IATA/ICAO API-PNR Contact Committee and the 36th Meeting of the WCO/UPU Contact Committee.

Item IV – Data Analysis – WCO theme of 2017

(a) Results of the Secretariat’s research on Big Data and how it can support risk management capabilities

(b) Break-out session on data analysis

35. The Secretariat (Research Unit) presented the outcome of the research on the Implications of Big Data for Customs –39th WCO Research Paper – in the context of data analysis and risk management. The presenter expressed his appreciation for the information shared by five Member administrations (Canada; Hong Kong, China; New Zealand; United Kingdom; and United States) on their practices concerning Big Data, which had formed the basis of the entire presentation for this session. The presenter discussed the features, either common or respective, of Big Data initiatives which had been undertaken by certain Members, by using the general terms: basic infrastructure (in data management); active engagement (in human capacity and acquisition of data); and practical use (in data analytics, integrity of data and business processes).
36. The presentation was followed by some questions and comments, including an update by the United States on USCBP’s Trusted Traveler Programs and a concern raised by a Member on who or what had caused the WCO (Members and/or Secretariat) to engage in Big Data.
37. In the context of International Customs Day, the WCO had chosen the theme of Data Analysis for Effective Border Management to encourage the global Customs community to pursue its efforts and activities in this area.
38. The Secretariat then introduced Doc. PC0469, emphasizing the fact that analysing data to enhance the effectiveness of border management was of paramount importance to Customs administrations.
39. The different WCO working bodies that met during the year had already discussed the topic, including the SAFE Working Group which had agreed to develop resource guidance on how data analytics could be used to enhance implementation of the SAFE FoS and the Authorized Economic Operator (AEO) programme.

40. The PTC was tasked with discussing data analysis and its different aspects, namely: 1. objectives; 2. data collection; and 3. IT solutions and to provide relevant recommendations. To that end, a break-out session was organized, with two groups discussing these objectives.
41. Regarding **objectives**, Group 1 concluded that data analysis was relevant in terms of identifying certain trading patterns and designing new policies for governments. It helped identify high-risk economic operators and improve selectivity, and therefore increased trade facilitation. It was additionally relevant for selecting economic operators for post-clearance audit activities. However, data needed to be shared and not requested, as that implied costs and was resource consuming. As an example, Australia mentioned the Border Intelligence Fusion Centre which brought together nine agencies working together to identify what were “normal” transactions, and which ones represented deviations. Group 2 identified risk analysis as one of the main objectives of data analysis, mainly for the purpose of confirming known trends and identifying unknown trends. This was extremely relevant for the purpose of facilitating trade.
42. Regarding **data collection**, Group 1 mentioned the many sources used for data collection such as Customs declarations, other border agencies, transporters, Customs brokers, shipping lines, information on companies from other countries, etc. However, data quality was a major issue, bearing in mind that data was often incomplete, Harmonized System (HS) codes were incorrect, etc. This type of data was not usable. Collection of data from the private sector was more extensively discussed. One Member mentioned introducing mandatory provision of data by the private sector. An Observer said that Customs needed to determine exactly what type of information would be required, as data collection was resource consuming for the private sector and the relevant impact of such collection needed to be clearly identified. Confidentiality of data was also brought up. Open source data was mentioned as being relevant for risk management purposes. Group 2 established a number of important considerations: it was necessary to make sure that the data already available was sufficiently utilized before requesting additional data; an efficient way of collecting and analysing data could be through a centralized function which would require interoperability of systems; data security regulations might hinder Customs from collecting the necessary data (i.e. Passenger Name Records); data integrity issues were key for accurate data analysis, although a balance was needed between data quality and the private sector burden.
43. Group 2 also identified relationships with other governmental agencies (OGAs) and the private sector to be extremely relevant for data analysis. OGAs’ support was especially important and, as an example, cooperation with the taxation authorities was underlined as beneficial for identifying suspicious behaviour by tax payers. In addition, some private sector companies conducted their own risk management which could support Customs controls. Furthermore, a feedback mechanism to the private sector was mentioned as a tool for improving data quality.
44. Regarding **IT solutions**, a Member in Group 1 mentioned that e-vendors were willing to provide information to Customs and that, according to their legislation, they were so required. However, there had to be some incentive for the private sector to do so. Other Members mentioned the existence of some open source tools for data analysis, as well as those that were specifically adapted to Customs requirements. The Information Management Sub-Committee (IMSC) should be tasked with discussing the question of IT solutions in this domain in more detail. Group 2 pointed out that IT solutions could support the extraction of meaningful data and data analysis, but that it could present a huge cost. It was therefore necessary to perform a cost/benefit analysis before introducing an IT solution.

Training was also relevant for proper utilization of IT solutions. It was also important to make a choice on whether the data analysis would be outsourced or insourced.

45. An Observer from the private sector made reference to Article 10.1.1 of the TFA which related to minimizing the incidence and complexity of import, export and transit formalities and decreasing and simplifying import, export and transit documentation. This needed to be kept in mind when collecting data.
46. The Chairperson also raised the issue of data protection which needed to be looked at separately.
47. In conclusion, the PTC:
 - took note of the research carried out by the Secretariat on Big Data;
 - took note of the discussions on data analysis which had been held in the two break-out groups;
 - took note of the recommendations on the objectives, data collection and IT solutions for data analysis stemming from the discussions in the break-out groups.

Item V – Future of Customs

(a) The way forward for the Virtual Working Group on the Future of Customs

48. Almost two years after its establishment under the PTC, the Virtual Working Group on the Future of Customs (VWG FC) was now taking stock of the work undertaken so far and seeking the PTC's guidance on the way forward.
49. The Secretariat presented Doc. PC0470, including the draft Report on the PTC's Future of Customs Agenda and the Virtual Working Group, and the PTC was invited to provide strategic guidance focusing in particular on the future direction of the Group.
50. The Secretariat provided a brief update on the work under the Future of Customs agenda carried out so far under the auspices of the PTC, including: an overview of the progress on implementation of the ten building blocks of the Customs in the 21st Century Strategic Document; papers on a number of relevant topics; a compilation of topics impacting Customs in the future; and in-depth research and PTC discussions on a number of topics (3D printing, drones and Global Value Chains).
51. The Secretariat invited PTC delegates to focus on the future direction and to provide guidance. The document put forward two key proposals: 1. Exploring disruptive technologies (Artificial Intelligence and machine learning, Internet of Things, Biometrics, Robotics, Blockchain, Virtual Reality, etc.); and 2. Exploring how strategic foresight can be used as a means of better addressing the Future of Customs agenda.
52. In his capacity as Moderator of the VWG FC, the Vice-Chairperson of the PTC, Mr. Matome Mathole, underlined strategic foresight as a potential tool for exploring what we want from the future and encouraged Members to share their outlook on the desired direction of the Group.

53. The PTC welcomed the good work carried out to date and the outcomes achieved. A number of Members expressed their interest in taking an active part in the Group in the future.
54. It was suggested that the different technologies be explored further in terms of their concrete benefits and risks, their role in the supply chain and where they could be more effective. It was also suggested that it would be relevant to cooperate on disruptive technologies with private sector experts, bearing in mind their expertise in these areas. Furthermore, the different technologies were very much interlinked, and this needed to be considered throughout the research.
55. The PTC also mentioned that the WCO Environmental Scan and the work of the WCO Research Unit would need to be taken into consideration, especially in terms of looking into emerging trends. Staying abreast of all the latest developments and measuring the success of policies was also suggested.
56. It was felt that the discussion was not only about what the future would bring, but also about the important drivers that required Customs to adjust its objectives and working methods. An analysis of emerging trends was therefore very important to define what Customs would be and would do in the years to come.
57. The combination of ever-increasing global trade driven by the digital world had confirmed the need to look not only at cross-border movements of goods but also at the information on the people concerned in a more holistic manner. A delegate emphasized the relevance of improved coordinated border management and sharing of relevant data on goods and persons.
58. With regard to strategic foresight, it was important for the WCO to be at the centre of early discussions on the Customs agenda.
59. Recent technological developments and trends made even closer coordination among relevant agencies indispensable. This would heighten not only security but also facilitation through more streamlined processes and better informed decision processes. The Big Data concept and its relevance to Customs was indisputable. When it came to Big Data analytics, it was essential that this be considered throughout the entire supply chain. Data analytics should also support policy-makers with respect to measuring and analysing the success of Customs policies.
60. Finally, the Moderator of the Group expressed his appreciation for all the comments from the floor and invited any other interested delegates to join the VWG FC.
61. In conclusion, the PTC:
- took note of the good work and outcomes reached under the Future of Customs agenda and the VWG FC;
 - agreed on the way forward for the VWG FC to focus mainly on two different areas:
 - i. exploring disruptive technologies while focusing on their benefits, risks and role in the supply chain, as well as taking into consideration the interlinkages between them; and
 - ii. exploring strategic foresight as a means of better addressing the Future of Customs agenda.

(b) Research on Global Value Chains (GVCs)

62. The Chairman introduced the topic by recalling that it was important for Customs to support trade in being better connected to Global Value Chains (GVCs). Stressing that alongside measures to improve trade facilitation, other relevant areas such as valuation, rules of origin, security, taxation (or duty drawback) should also be explored further, he invited the Secretariat to present the intersessional work on GVCs.
63. The Secretariat updated the PTC on GVC-related work within the Technical Committee on Customs Valuation and the SAFE Working Group. It also stressed the need to examine the issues from a holistic perspective so that most of the relevant areas (i.e. taxation, valuation, rules of origin, base erosion and profit sharing, trade facilitation, automation, regional integration, and trade agreements) and the expectations of the private sector could be duly considered.
64. It raised the question of whether there should be duties and taxes on cross-border trade of raw materials and intermediate products at different levels under GVCs, and how governments might try to explore ways to further facilitate trade so that micro, small and medium enterprises (MSMEs) benefitted from their input under GVCs.
65. The Secretariat welcomed the contributions to the research by Member administrations, the private sector and academia and concluded by inviting further discussions and input on exploring linkages between Customs and GVCs from the perspective of classification, valuation and rules of origin and, most importantly, on the ongoing debate as to whether and how Customs rules and procedures impacted GVCs.
66. In conclusion, the PTC:
- took note of the Secretariat's research on Global Value Chains and agreed that it would continue its work intersessionally;
 - acknowledged the valuable input by Members and Observers; and
 - took note of the invitation for further contributions to the GVC-related research.

(c) Development of a Handbook on Inward and Outward Processing Procedures

67. At its last sessions, under the discussion on GVCs, the PTC also examined how trade facilitation measures such as inward and outward processing procedures could support better connectedness of economies to GVCs. As a result, the PTC decided to update or develop new guidance on inward and outward processing procedures. Consequently, the Secretariat had carried out a survey based on which a Handbook was developed.
68. The Secretariat firstly thanked the Members for their responses to the survey, provided by 80 countries. Members had responded to questions relating to, among other things, legislation, procedures, IT support and governance. Apart from the survey results, additional information kindly provided by Members had been used for the development of the survey. This included pieces of legislation, authorization forms, guidelines, etc.
69. The Handbook built on the already substantial Revised Kyoto Convention Standards and Guidelines to Specific Annex F (Chapters 1 and 2 on inward and outward processing procedures) and was intended to provide examples of different legislative and procedural models for inward and outward processing, as well as IT and governance solutions used by Members.

70. The Handbook was considered to be a living document to be further updated, especially with Members' case studies. Members were invited to contribute with their national practices, before submission of the Handbook to the Council in July 2017.

71. A Member suggested that the main purpose of the Handbook should be to promote inward and outward processing procedures to economic operators in order to simplify Customs procedures both for them and for Customs offices. In this context, the draft Handbook should be modified to make the main message more visible. There was also a concrete suggestion for the removal of one sentence on page 14¹. The same Member also announced that it might submit additional comments in writing.

72. In conclusion, the PTC:

- approved the draft Handbook on inward and outward processing procedures, subject to improvements suggested by a Member and the potential addition of Member case studies.

Item VI – Single Window

o Update on the Single Window Compendium

73. The Secretariat introduced the WCO Single Window Compendium, emphasizing that since its publication in 2011 it had been recognized as a useful and practical tool for Members who had embarked on a journey of modernization and simplification of Customs procedures, especially with a holistic approach which would lead towards the establishment of a cross-border regulatory Single Window environment.

74. Since its initial first publication, there had been minor updates; however, the current dynamic transformation of the international trade environment, dictated by different factors such as technological advancements and their use in the global supply chain, aspects related to new developments in the international legal environment and best practices in Member administrations, had been some of the core elements underpinning the need to review and update the tool with a more comprehensive approach. Taking into consideration the changing environment and the critical necessity to maintain the relevance of the Compendium as an instrument for Single Window planning and project implementation, the Secretariat had organized a panel discussion during the 66th Meeting of the Information Management Sub-Committee (IMSC), the outcomes of which had served as a basis for further work on the update of the tool.

75. New parts had been added to the Compendium: in Volume 1, a Part on “Data: Ensuring Quality, Security & Privacy,” which focused on multifaceted aspects of data treatment and data exchange; and in Volume 2, three new Parts regarding Public-Private Partnerships, Risk Management in the Single Window Context and Performance Management & Sustainability. Some further suggestions by Members had been incorporated in different Parts. These suggestions related to business processes for E-payments, Tax and Customs Cooperation and Business Process Re-engineering in the Initial Stages of Single Window Implementation.

¹ The following sentence should be removed: “Customs exemptions under the inward processing and other special regimes can erode a country’s duty and tax base and their widespread use can result in abuse, fraud and revenue leakage”.

76. Some further editorial changes have been made to improve the readability of the document and make it more user-friendly. Structural changes had also been made, such as re-naming Chapters as Parts. Each of these Parts focused on a particular area of the Single Window Environment, and enabled experts to deliver capacity building activities such as conducting seminars and workshops. Additionally, each Part would be individually downloadable from the WCO web site.
77. In the discussions that followed, there was an overall appreciation for the work carried out by the Secretariat. A delegate suggested that the update might be an opportunity to think about changing the title of the WCO Single Window Compendium from “How to build a Single Window Environment” to “Building a Single Window Environment” or “Approaches to building a Single Window Environment” to emphasize the point that the Compendium did not try to suggest a specific model of Single Window.
78. A Member suggested that caution should be exercised when implementing a Single Window solution, emphasizing the fact that the success and efficiency of a Single Window system was in a sequential approach to the streamlining of business processes to avoid a situation where a Single Window was implemented on the basis of inefficient processes and procedures.
79. A private sector Observer stressed that the Single Window could have the opposite effect of its purpose, such as more requirements and formalities to be carried out by the trading community. This was why there should be strong policies put in place by standard setting organizations, such as the WCO. A factor that might play a significant role in the success of a Single Window approach was the involvement of the private sector from the beginning of the project, as well as having in place key indicators and performance measurement tools for Single Window systems.
80. Another private sector Observer invited some case studies to be presented on cases where OGAs had been successfully involved in Single Window implementation.
81. The Secretariat took note of all of the comments made and provided a number of examples where OGAs had been involved successfully. Regarding the potential renaming of the Compendium, the Secretariat clarified that the Compendium focused on the cross-border regulatory Single Window whose aim was to have a holistic approach to cross-border regulation and harmonized regulatory functions without proposing any particular model. However, following the suggestion put forward by a Member, the Secretariat would offer the IMSC meeting in May the opportunity to discuss this potential change of title as well.
82. In conclusion, the PTC:
- took note of the discussions relating to the Single Window Compendium and Single Window implementation, including the concerns raised by the private sector;
 - endorsed the updated Single Window Compendium, subject to any further improvements to be made by the IMSC in May 2017.

Item VII - Blockchain

○ **Presentation by IBM**

83. The Chairperson briefly introduced this topic by mentioning that some regulatory authorities in the Netherlands were already exploring the use of Blockchain technology to replace traditional certificates with alternative secure electronic solutions. He then invited experts from IBM to explain the workings of Blockchain and its potential uses in Customs and regulatory environments.
84. Two Representatives from IBM presented several facets of Blockchain by explaining, among other things, three key aspects: concept of the Blockchain technology, including its use going beyond bitcoins; how Blockchain was going to revolutionize the way the global supply chain functioned and how it was going to impact regulatory authorities such as Customs; and suggestions for Customs to prepare for the impending transformation that Blockchain was going to bring about.
85. Drawing a parallel with the Internet revolution in the 20th century, the IBM Representatives noted that this technology was already being used in managing financial transactions and that this could equally be applicable to trade and Customs environments where participants in a transaction needed to exchange information. Through this technology, the same copy of a ledger would instantly be available to all parties at different nodes in a most updated, trusted, secure and immutable manner. It would obviate the need of maintaining separate ledgers by each party as per the current practice
86. Moving on, the Representatives outlined some use cases of Blockchain in a Customs environment that included coordination of the necessary checks and inspections across all government agencies; dematerialization of licences, certificates and permits (e.g., phytosanitary certificate, certificate of origin); AEO and Mutual Recognition (e.g., sharing/validation of information for granting AEO status and exchange of AEO information as part of the mutual recognition process); coordination of controls both within and across borders; collection of Customs duties by third parties (e.g., postal services, express mail services, brokers); dematerialization of transit procedures (e.g. eATA Carnet).
87. They continued by explaining IBM's initiative in this area - Global Trade Digitalization (GTD), using Blockchain technology, and comprising end-to-end digitalization of the supply chain, including logistics, trade finance, and regulatory processes, through smart contracts. Blockchain facilitated data sharing and transparency, without changing governments' role in standard setting and implementation of various regulatory requirements. In their view, Blockchain drastically enhanced risk insights, and optimized the efficiency of logistic operations, both for traders and governments.
88. In conclusion, the IBM Representatives made some suggestions for future consideration, which encompassed the WCO Guidance on the use of Blockchain in accordance with WCO standards, including the WCO Data Model, that could include the following: minimal data retention time, data element formats, list of crucial events and published information (data elements) per event, security level of the Blockchain type, resilience level, which data elements should be stored in the core Blockchain, which data could be 'linked and hashed', and access/identity management.
89. The Secretariat presented some of the exploratory work initiated by the WCO concerning the use of Blockchain in Customs and other border regulatory processes. This essentially involved enhancing understanding of the technology and related developments among

Members through policy dialogue, research, and outreach activities; identifying possible use cases for Customs and other border agencies in improving compliance, trade facilitation, and fraud detection (including curbing illicit trade conducted by misusing Blockchain) and associated adjustments in legal and regulatory frameworks; and discussing the topic in relevant WCO working bodies through engagement with relevant partners, in order to explore opportunities for future work, including possible pilots. It raised a few specific questions, for example the legal validity of smart contracts, the applicability of traditional laws when there was no centralized server, the possibility of making amendments/corrections in the event of inadvertent or bona fide errors in the context of the immutability of Blockchain transactions, and the governance process in a distributed environment.

90. The IBM Representatives responded by stating that at the present time, smart contracts were not legally recognized and thus might not be legally enforceable. The term 'smart contract' had been coined by the world of finance; it was a set of rules that were written down and executed automatically. Their legal enforceability depended on existing regulations in each country. With respect to immutability, it was clarified that once information had been put in the Blockchain, it remained there forever and could not be modified/changed. It could, nevertheless, be supplemented by new business information.
91. On the question of governance, it was underlined that Blockchain technology was decentralized. There was, however, an operator function that set the rules for everyone in the network, along with regulators and government organizations. If the network detected that something untoward was going on, the associated individual participant would be frozen out of the network. If any untoward activity was an accident, the participant would be re-admitted. In contrast, in the case of an attempt to defraud, the operators would work with the relevant authorities to take appropriate action.
92. In a wide-ranging discussion, delegates showed a keen interest in this technology and discussed its various features from a Customs perspective, while seeking more information. They clearly felt that the technology needed to be further explored and fully understood to better respond and/or adopt, where appropriate.
93. A delegate said that the Blockchain was just another name for a technology that could help bring order to the electronic world. It was similar to the Common Object Request Broker Architecture (CORBA) which had been discussed some 20 years back. It ensured authenticity and integrity of the information and allowed information to be obtained from the source. Additionally, in a distributed environment there was no master data, hence no single point of failure. Noting that no technology could potentially eradicate fraud, he suggested that the new technology be explored for positive purposes, such as facilitating legitimate trade and improving compliance.
94. In response to a question as to whether information which was locked in the Blockchain in an immutable manner could be extracted by a non-participating entity for business purposes, it was clarified that based on the permission granted, any entity could access the information. For example, if Customs was given access to the user interface, it could enjoy the same access as any other participant and obtain the information from the outset, including responses to queries, and use and/or audit the information. In addition, the Blockchain platform could be integrated/interfaced with existing Customs systems. For example, supply chain operators using the Blockchain platform could integrate with Customs Single Window systems.

95. Turning to the potential impact of this technology on Customs and related preparedness, including associated requirements in terms of investments, resources and capabilities, it was noted to that there was a need to become familiarized with the technology as a first step, and then to explore whether and for what purposes it could be used together with the identification of minimum data needed for various regulatory processes. In order to access data, a dashboard was needed that could be connected to the Blockchain platform through the application programming interface (API) to pull required data by Customs and other agencies. This could offer unparalleled certainty about the provenance of data and enhanced visibility in the supply chain, for example by accessing the commercial documents from the initial purchase order.
96. Responding to a question by a delegate on the WCO's envisaged approach to Blockchain, the Director of Compliance and Facilitation mentioned that as part of its Digital Customs agenda, the WCO was exploring new and emerging technologies to provide visibility and understanding at all levels. These included some of the initiatives and current developments in the private sector as well as by governments on how Members could best utilize Blockchain and interface with it in close coordination with the relevant stakeholders. It was felt that Blockchain's potential use and impact on Single Window environments and E-Commerce would be interesting areas to explore further. The WCO would continue monitoring related developments on how industry was going to use Blockchain, and accordingly provide guidance to Members who could prepare themselves, depending on their strategic imperatives and priorities.
97. Concerning the use of Blockchain as an alternative payment solution, the IBM Representatives explained that there were various Blockchain-enabled payment solutions (the most well-known being Bitcoin), with their positives and negatives. These solutions were designed to be equivalent to cash - completely decentralized and anonymous monetary exchanges. These features could be easily exploited by criminals to move money around. In this context, understanding these unregulated currencies such as Bitcoin and how they worked was important from a risk management point of view. But at the same time, there were other electronic payment solutions being built on Blockchain that were not completely anonymous. Various banks and money transfer organizations were looking at using Blockchain technology to create electronic payment solutions with a robust regulatory framework, in which the identity of an individual was well established. This entailed several benefits: for example, the Blockchain could facilitate, in a couple of minutes, the negotiation of credit which currently took about 2 or 3 days.
98. In conclusion, the PTC:
- took note of the presentation made by IBM on Blockchain technology and discussed its potential use cases in Customs and other regulatory processes to digitize and improve border management procedures; and
 - took note of the interventions and suggestions made by delegates for future work.

Item VIII – Transit

(a) Transit Guidelines

99. The WCO Secretariat introduced Doc. PC0473 and the draft Transit Guidelines. It was highlighted that more than 100 transit experts from Customs administrations and international/regional organizations had contributed to the development of the draft Transit Guidelines. More Members' practices would be added to the Guidelines after the Meeting.

100. The Secretariat also informed participants about the Global Conference on Transit to be held on 10 and 11 July 2017 in Brussels, at WCO Headquarters. Participants were informed that high-ranking individuals, including Ministers, had confirmed their participation in the Conference.
101. Several delegates expressed their support for the draft Transit Guidelines. A delegate provided several technical comments on the draft that would be sent to the Secretariat.
102. In conclusion, the PTC:
- approved the Transit Guidelines, subject to the improvements put forward by delegates.

(b) Presentation by Turkey on E-TIR

103. Turkey presented its contributions to Digital Customs in the field of transit. Turkey, a transit country due to its geographical location, used both the TIR system and the Common Transit System. Turkey had started electronic TIR (eTIR) pilot projects with Iran and Georgia, in cooperation with the United Nations Economic Commission for Europe (UNECE) and the International Road Transport Union (IRU).
104. The pilot project aimed to check the feasibility of paperless TIR procedures while minimizing costs by using, to the extent possible, existing infrastructures and risk analysis. Turkey mentioned that a new Globally Networked Customs (GNC) Utility Block would be developed based on the pilot projects. A delegate welcomed the presentation because information on the eTIR might be useful for the discussions on the eATA project.
105. In conclusion, the PTC:
- took note of the presentation made by Turkey.

Item IX – Customs-Tax Cooperation

(a) Results of further research on cooperation between Customs and Tax administrations

○ **Presentation by Spain**

(b) Presentation by the Inter-American Development Bank (IADB)

106. The WCO Secretariat presented Doc. PC0474E providing an update on the recent work in the area of Customs-Tax cooperation, and in particular the key outcomes of preliminary research on joint approaches (e.g., joint database, joint audit, joint investigations) by Customs and Tax authorities, and the associated challenges and benefits. It invited delegates to share their experience in order to validate and enrich the work with more successful examples and initiatives.
107. The Representative from the Spanish Tax Agency gave a presentation highlighting the workings of its Customs-Tax Common Database. The overall organization of Spanish Tax Agency, being an integrated revenue authority, was based on specific departments for each type of function (management, control, revenue collection, etc.), with a robust common IT

system. This had helped it to seamlessly access information and improve risk management, thus reducing taxpayers' administrative burden when complying with their tax obligations. The Agency's centralized and integrated information system provided a holistic view of all taxpayers that was accessible to Customs officers throughout the territory via a web-based operational database leveraging Big Data. The data could also be shared with other agencies based on an agreement. The Representative from the Spanish Tax Agency then explained that two main sub-systems were of particular importance to the Customs: operational database for management purposes, namely (BUDAnet) and the business intelligence database for analysis (Ex. ZUJARnet).

108. Turning to the Spanish Tax Agency's data protection mechanism, he said that any information acquired by the Tax and Customs authorities in the course of performing their duty was confidential and could only be used for the fulfilment of their legal responsibilities regarding the enforcement of tax/customs obligations and the application of sanctions. Access to databases by officials, within the framework of their functions, was subject to authorization by their immediate superiors and each access was recorded in the database (user, date and time, data consulted). Officials were required to record the reasons for accessing the data and any undue access to information was punishable.
109. He concluded by highlighting some of the benefits of the common integrated database, including a better coordination of control and anti-fraud efforts; reduction in government revenue collection costs; economies of scale in IT management; more flexibility in allocating budgets and changing internal structures; efficient granting of Customs simplifications and authorizations to trusted operators; effective Customs controls (e.g., efficient risk management, post-release controls, audits, and investigations). For traders, this led to, among other things, a simplification of procedures for payment of taxes and duties and reduced compliance costs.
110. The Representative from the IADB provided the key results of a case study from an economist's perspective on enhancing Customs risk management systems by making use of Tax administration data. He said that in a traditional risk management system (primarily based solely on Customs data and records), there was a greater propensity for new firms, new products, and new trade flows to be targeted for intrusive examinations. However, if Customs used other data sources, they would learn that new exporters or importers might have been established several years ago with a perfectly clean tax and social security record. In this context, he highlighted the aspect that such unintended targeting without any real risk (merely based on either the firm being new or starting to deal with a new country or new product) had led to longer Customs clearance times. This was harmful to trade relationships, particularly those in the early stages of development.
111. During the ensuing discussion, delegates welcomed the results of the preliminary research on the joint approaches by the Customs and Tax authorities and extended their support to pursue the work, including by carrying out more detailed studies to identify the associated challenges and benefits of joint Customs - Tax databases and joint activities.
112. Delegates thanked the presenters for the comprehensive and interesting presentations on enhancing Customs-Tax cooperation, including the use of each other's data through appropriate sharing mechanisms meeting common and individual objectives. Recognizing the symbiotic relationship between Customs and Tax authorities, delegates underscored the need to improve information exchange between Customs and Tax authorities and to ensure the compatibility of IT systems through a common database or interoperable systems.

113. Delegates underlined the fact that with growing international trade and the evolving business environment, greater cooperation between government agencies was becoming increasingly important, especially between Customs and Tax authorities. Some delegates shared their national experience and supported joint approaches in various areas, for example trade facilitation and enforcement spheres such as intellectual property rights (IPR). Such cooperation cut off financial incentives for business fraud by way of heavy penalties. Such joint approaches and cooperation helped governments in terms of greater facilitation of trade, improved compliance with regulatory requirements, ensured more effective revenue collection, and enhanced the ability to detect fraud.
114. Referring to Customs' role in the collection or supervision of indirect taxes on imported goods, a delegate said that the alignment of processes and cooperation between Customs and Tax authorities should be strengthened to allow for more systematic and automated cross-checking of Tax and Customs data at importation. The delegate then mentioned a high-level summit on Customs-Tax cooperation being organized by the EU at the end of April 2017 which would allow for a comprehensive discussion on several areas where improved cooperation between two authorities could lead to better performance, and offered to share more information on the summit at a later stage.
115. A Observer from the private sector raised a concern with regard to the Tax compliance criteria for AEOs and went on to explain that if such criteria were not properly defined, they could mean many things to many people and this could lead to fragmented risk assessment approaches when examining and validating potential AEOs or revalidating AEOs that might not necessarily facilitate trade.
116. A delegate suggested working more closely with counterpart organizations representing Tax authorities, such as the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF) to ascertain areas of interest to Tax authorities. He said that even in integrated revenue authorities, there were challenges with regard to the exchange of information between two authorities due to the nature of information held respectively by them. He also felt that it was high time to examine and evaluate whether the integration of Customs and Tax authorities was a genuine current trend and suggested conducting extensive research on the positives and negatives. In a similar vein, another delegate suggested being more neutral and cautious when assessing the rationale for merging the two authorities. There were also suggestions for expanding the survey to gather more detailed information on two models - integrated revenue authorities and separate authorities- to better understand their respective performance in a given context.
117. Responding to the questions/comments from the floor, the Delegate of Spain said that it was desirable to have precise definitions of non-compliance with Tax and Customs obligations, which would also depend, on a case-by-case basis, on whether or not repeated infringements were significant in the context of AEO status. In the event of serious Tax infringements, AEO status might not be granted as it could also have a potential impact on Customs compliance. In any case, a report would be drawn up to grant or reject the AEO application, with the possibility of appealing against the decision.
118. The Secretariat thanked delegates for their suggestions and contributions, which would be taken into account for future work, and urged them to share related working experiences and good practices. Concerning the suggested survey on revenue authorities, it had noted difficulties in conducting a specific survey given the sensitivities involved. However, the Secretariat would explore the possibility of carrying out case studies with the support of willing Members.

119. The Secretariat also mentioned that in the area of Customs valuation, there had been a strong focus on the topic of transfer pricing in recent years. Acknowledging that Customs and Tax authorities in some Members were already cooperating in this particular area, they were requested to share further related information, including cooperation in training and skill sets as well as joint audits.

120. In conclusion, the PTC:

- took note of the preliminary research on joint approaches/activities between Customs and Tax authorities and provided suggestions on future work in this domain, including a more detailed study of Members' practices;
- suggested that future work could potentially also include working experiences of revenue authorities, in particular the identification and analysis of associated positives and negatives in close cooperation with the OECD and IMF;
- took note of the presentation made by Spain on its experiences and initiatives, in particular the benefits of and issues associated with the common Customs-Tax database; and
- acknowledged the presentation made by the IADB on enhancing Customs risk management systems by making use of other agencies' data, in particular Tax information.

Item X – Glossary of International Customs Terms

o New proposed terms for inclusion in the Glossary

121. The WCO Secretariat presented Doc. PC0475 on the update of the Glossary of International Customs Terms and the two Annexes thereto. Annex I to Doc. PC0475 contained eight terms that, in November 2013, the PTC had considered necessary to refer to the appropriate WCO bodies or Committees, for further review of their technical content. Six of these terms had already been reviewed by the appropriate structure within the Secretariat and by WCO bodies and the result of the review had been presented in Annex I to Doc. PC0475. The other two definitions, i.e. those for Globally Networked Customs (GNC) and h-Time Release Study (TRS), needed further review and guidance by the Members.

122. Annex II to Doc. PC0475 contained 34 terms, 32 of which were terms that the Secretariat proposed for inclusion in the Glossary, and two (2) of which were terms already included in the Glossary, for which a revision of the existing definition was proposed. The PTC was invited to examine the list of terms included in Annex II with a view to approving their inclusion in the Glossary, to suggesting any further terms deemed necessary to update the Glossary and to providing guidance on the way forward to finalize the relevant definitions.

123. A delegate suggested that the updates of the Glossary be done at regular intervals and in consultation with the appropriate bodies within the WCO. The delegate also suggested further amendments to the definition of the One Stop Border Post. Another delegate argued that the word "term" should not be used in the definition of the WTO Valuation Agreement.

124. Delegates made comments on the feasibility of including in the WCO Glossary certain terms listed in Annex II to Doc. PC0475. The inclusion in the Glossary of terms used in the WTO TFA was supported by several Members. With regard to the definition of Electronic Commerce or E-Commerce, delegates felt that further work needed to be done to finalize a definition to be incorporated in the Glossary.

125. Another delegate suggested that the definition of Security as included in the Glossary should be reviewed in view of amending it to take account of the notion currently broadly associated with the term Security.
126. Members were invited to join a Virtual Group to work on the update of the Glossary during the intersession.
127. In conclusion, the PTC:
- approved the terms Coordinated Border Management (CBM), One Stop Border Post, Transaction Value, Unique Consignment Reference Number (UCR) and WCO Data Model with a view to incorporating them in the Glossary, with amendments to the definition of the One Stop Border Post as proposed during the meeting; and
 - decided that the work on the rest of the terms in the Annexes to Doc. PC0475 would be taken forward at the next session of the PTC, based on work to be done during the intersession by volunteers from Member Customs administrations and the Secretariat.

*
* *
E-COMMERCE DAY

Item XI – Update on the work of the sub-groups under the Working Group on E-Commerce (WGEC)

128. Given the current focus of WCO Members and the private sector on this topic, the 215th/216th Sessions of the PTC dedicated a whole day session to E-Commerce (E-Commerce Day) on 5 April 2017.
129. In her opening remarks, the Director provided key reflections on the topic of E-Commerce stemming from the December 2016 Policy Commission. There was recognition that E-Commerce was here to stay and that Customs administrations had concerns about how to address the growing challenges presented by the E-Commerce phenomenon. The Policy Commission appreciated the work being done by the WCO Working Group on E-Commerce (WGEC) and underscored the urgent need to establish global standards/frameworks and best practices. It also called for enhancing data analytics in risk management, in close collaboration with other stakeholders and partner countries, as well as exploring alternate revenue collection models. There was also a strong interest in further progressing the work done by the WCO-UPU Contact Committee, noting rapidly growing E-Commerce through postal channels and bearing in mind the associated need for a fair and level playing field for all operators in the E-Commerce environment.
130. She encouraged PTC delegates to provide their feedback and share issues/concerns, in order to advance and enrich the respective work packages of the four WCGEC Sub-Groups. Based on the work being done, including discussions that would be held at this PTC meeting as well as the work done by other WCO Committees/Groups, an interim report would be presented to the July 2017 Policy Commission and Council Sessions. She then thanked the

WGEC Co-Chairpersons and the Sub-Groups Co-Leads for the incredible work done thus far and their valuable support for these PTC sessions.

131. The WCO Secretariat provided updates on the work carried out since the December 2016 Policy Commission and the future work planned. The WCO had launched an E-Commerce webpage on its website, which was intended to serve as a single reference point for E-Commerce-related information, including the ongoing work of the WGEC. Based on a survey among its Members, the Secretariat recently published a 'Study Report on E-Commerce' which analysed Customs administrations' practices as well as their initiatives relating to the processing of cross-border low-value E-Commerce shipments. Moving on, and as a follow-up to the Study Report, best practices and case studies were being developed in a standardized template which would soon be available on the E-Commerce Web-Corner.
132. In addition, an Experts' Corner had been created on the E-Commerce webpage and would contain the views and perspectives of experts. To begin with, an article written by the WCO Director of Compliance and Facilitation had already been published. This article had brought out some of the underlying issues of E-Commerce from both a Customs and a consumer perspective. PTC delegates were encouraged to visit the E-Commerce webpage and the Experts' Corner and provide information, including articles and suggestions to further populate and enrich the webpage.
133. Furthermore, as part of the communication and promotional strategy, a brochure on E-Commerce outlining the WCO's initiatives and work done thus far had been developed.
134. The Secretariat then informed the delegates about the logistical arrangements, including the allocation of rooms for the workshops and respective timings.

- Introductory Remarks by the Co-Chairpersons of the WGEC

135. Ms. Marianne Rowden, President and CEO of the American Association of Exporters and Importers (AAEI) and the private sector Co-Chairperson, applauded the WCO's efforts in engaging with the private sector in the area of E-Commerce and provided a brief recap of the work being done by the WGEC since its establishment in June 2016. She emphasized the consumer-driven shift in globalization, leading to increasing volumes of small shipments and related challenges and risks. Noting the work being done by other international organizations in this regard, she invited delegates to reach out to other forums at international and national levels to highlight the relevance of the WCO WGEC and its work in addressing some of the key issues related to growing E-Commerce. Any progress on E-Commerce issues, in particular dealing with physical goods, should be aligned and addressed in close consultation with the WCO's standards and the work being done in this respect.
136. Mr. Gerard Rodrigues, from the Australian Border Force and the Customs Co-Chairperson, focused his remarks on the way forward in terms of developing broad principles/frameworks for facilitation of E-Commerce, intervention methodologies, alternate models of revenue collection, and best practices. He said that with the endorsement of the work done thus far and further suggestions that might be provided by the PTC, draft interim recommendations could potentially be developed at the end of this meeting for presentation to the upcoming Sessions of the Policy Commission and the Council. He further underscored the fact that these recommendations/guidelines should contain a consistent and coordinated messaging and should provide tangible solutions in a balanced way for all stakeholders.

- **Report on the work progress by the WGEC Sub-Groups Co-Leads**

137. The Co-Leads of each of the four WGEC Sub-Groups presented a brief outline of what they had done so far as well as their main priorities and concerns in terms of future work, particularly in the area of streamlining Customs and border procedures while addressing government and business concerns.
138. A Co-Lead of Sub-Group I (*Trade Facilitation and Simplification of Procedures*) began by mentioning the work on creating a model to collect best practices by taking into consideration the principles for E-Commerce already identified. Some of these principles touched upon the review of current legislation to support facilitation, data requirements for risk analysis and revenue collection, the e-vendor trusted trader model, and the return/refund process. The Sub-Group was also looking into WCO tools that would require updating and/or that would be impacted as a result of WCO E-Commerce initiatives. She then underlined the need to compile examples of countries wishing to implement an E-Commerce programme and how they were engaging with their stakeholders. She concluded by stating that countries might wish to work with businesses to gather more data on a voluntary basis for data analytics to support effective risk management and facilitate E-Commerce flows.
139. A Co-Lead of Sub-Group II (*Safety and Security*) informed the meeting that although there was a general common understanding of the security aspect, safety concerns often varied from one country to another. To this end, the Sub-Group had recommended making information available on a single access point on Customs administrations' websites in order to educate the new face of trade and raise awareness of product safety threats. It had also suggested improving Customs - Post cooperation as well as communication and coordination with other stakeholders through two-way sharing of information (e.g., to provide feedback to private sector stakeholders who provided advance electronic data to Customs). Finally, he indicated the Sub-Group's interest in developing some key principles and E-Commerce flow-charts with identified risks for enabling Customs to take timely action whilst facilitating legitimate flows by providing a level playing field.
140. The Sub-Group III (*Revenue Collection*) Co-Lead provided a brief recap of the discussions held thus far on the concept of E-Commerce in the context of revenue collection, the varying *de minimis* thresholds, the different interpretations of "low-value" shipments and the positives and negatives of establishing three alternative business models for collecting duties and taxes (e.g., vendor, intermediaries, and consumer-based models). Underlining that there was no perfect model, the Sub-Group suggested that countries should adapt models according to their specificities, reducing any unnecessary compliance burdens on the industry. She reminded delegates that revenue collection was a critical aspect, as it was a difficult task for Customs administrations to know precisely what they should or should not collect in the context of increasing low-value and small shipments. As a way forward, she expected PTC delegates to discuss some of the alternative revenue collection models in greater detail through the workshop and the plenary sessions.
141. A Co-Lead of Sub-Group IV (*Measurement and Analysis*) informed the meeting of the five prioritized areas where work had already begun: measuring E-Commerce flows, stocktaking, E-Commerce business models, Big Data and data analysis, and capacity building. As data was key to risk management and impacted the work being conducted by the other three Sub-Groups, two associated key issues had been highlighted by the Sub-Group : effective data analysis by leveraging Big Data for well-informed decision making, and the privacy and protection of data. Moving on, she noted specific tasks for future work that included, in particular, identifying the low-value threshold for statistical purposes, exploring ways to measure E-Commerce flows beyond the specified *de minimis* threshold, consulting with the

other Sub-Groups on their data needs, identifying ways to capture data or indicators at micro and macro levels and associated tools, undertaking pilots with volunteer stakeholders, and, finally, developing a calendar to deliver key milestones for the work being conducted by the Sub-Group. She concluded by encouraging the delegates to take part in this Sub-Group's activities.

142. Delegates applauded and supported the work done by the WGEC and its four Sub-Groups, noting that the E-Commerce phenomenon was gaining traction and need to be prioritized in Customs' strategic plans.
143. A delegate raised two specific issues - the growing undervaluation of E-Commerce shipments and the misuse of *de minimis* for importing huge quantities, by splitting them into a number of small shipments. He asked for the revenue collection discussions to be focused in a more detailed way, so as to consider how Customs administrations could work more closely with financial institutions (e.g., payment solution providers) and use Post-Clearance Audit (PCA) to ascertain the correct transaction value and for monitoring purposes

Item XII – E-Commerce Workshops

144. During the E-Commerce Day, four thematic workshops relating to different dimensions of E-Commerce had been organized by the Sub-Groups' Co-Leads, together with other partners. Through these workshops, some interesting facets of E-Commerce had been explored in detail and several recommendations made concerning facilitation, risk management, safety and security, revenue collection, and associated capacity building through enhancement partnerships with all E-Commerce stakeholders and augmented public awareness and outreach programmes.

Item XIII – Closing plenary discussion on E-Commerce

145. Following the workshops, the designated rapporteurs from each of the workshops reported back to the plenary, highlighting their respective deliberations and outcomes, including practices and initiatives shared by delegates.
146. The Delegate of the EU reported on the discussions held during the Track I Workshop (*Trade Facilitation and Simplification of Procedures*). She mentioned that advance electronic data was identified as one of the key requirements for enhanced trade facilitation through effective risk management. Such data should be harmonized and could potentially be used/re-used for different purposes. It was noted that a simplified procedure, for example accounting of goods and entry into commercial records for the release of low-risk shipments, could be a valuable solution to facilitate E-Commerce, underlining that such procedures could be made available with certain requirements and authorizations to trusted traders.
147. Other issues discussed included a definition of E-Commerce; return/refund processes and associated best practices of some Members, such as Slovenia (e.g., Customs duties and taxes should only be charged upon the delivery of a shipment), and a need for robust legislative and regulatory frameworks to facilitate cross-border E-Commerce. In addition, the trusted trader model (e.g., Authorized Economic Operators - AEOs) for e-vendors/platforms had been explored as it was not possible for a large number of individuals and small companies to become AEOs, noting the challenges for e-vendors/platforms too in terms of ensuring business partners' (including individuals and small businesses) security and compliance. Recognizing the cross-cutting nature of several issues, she urged more

communication and coordination among the four Sub-Groups. She concluded by inviting delegates to share their legal frameworks and practices.

148. Next, the Delegate of the United States presented the outcomes of the discussions held by the Track II Workshop (*Safety and Security*), informing the meeting about the key guiding principles that had been developed: coordination between all relevant stakeholders; public awareness and outreach; partnerships with stakeholders; sharing of risk information between the government and the private sector; and capacity building (integrated training of frontline officers). Among other things, the workshop suggested leveraging existing security tools/instruments (e.g., the SAFE FoS), harnessing big data for risk management, coordinating and partnering with relevant stakeholders, and enhancing public awareness and outreach activities to address threats to safety and security in the E-Commerce supply chain in order to keep pace with rapidly-evolving safety and security issues.
149. The significance of commitments and partnerships with the private sector had been clearly recognized. Some of the examples given were as follows: e-platforms could prevent the sale of restricted and prohibited goods posing safety and security risks to a country; logistics operators/carriers could also stop the movement/transportation of such goods; and joint inspections together with logistics operators through the use of non-intrusive inspection (NII) equipment could be carried out. In the course of the discussions, a number of collaboration success stories had been identified, and they would be captured more formally in a standardized template and shared with interested parties through the WCO webpage. In terms of the next steps, he touched upon a few recommendations, such as carrying out measurement and analysis of negative socio-economic impacts of illicit trade; developing mobile applications which could alert consumers as to whether goods were permitted to be imported in a country; and setting up web alerts when the value of goods crossed the *de minimis* threshold for a possible payment of duties and taxes.
150. The Representatives from the ICC then provided an overview of the discussions held at the Track III Workshop (*Revenue Collection*). He mentioned that *de minimis* was considered a sensitive issue which varied from one country to another based on respective policy considerations, and underscored that it should not be looked at as a subsidiary measure for tax exemption purposes. The workshop also held a more granular level of discussion on different models for revenue collection, focusing more on the intermediaries and e-vendors' models. In this context, the revenue collection model soon to be implemented by Australia (based on vendor collection) had been discussed.
151. Furthermore, he said that the workshop had explored various facets of data requirements for revenue collection, for example who had the best data (e.g., e-vendors/platforms); who should be held accountable for data submission; possible means of ensuring the quality of data; and how to make best use of data through data analytics.
152. Finally, the Delegate of China reported on the deliberations of the Track IV Workshop (*Data Analysis and Risk Management*). Concerning data collection and its analysis in the E-Commerce environment, experts from Customs and the private sector (Alibaba) reflected on issues relating to what data was available; at which point in time it should be provided; and who should provide data. It was noted that data should preferably be submitted by economic operators (e.g., e-vendors, logistics operators, or any other authorized agent) prior to arrival and, if possible, even prior to loading (for security risk assessment). Customs should also consider, where possible, providing feedback on the outcomes to these economic operators, thus strengthening the risk management process through shared understanding.

153. She went on to mention that non-intrusive inspection (NII) equipment also provided a very valuable source of data that could be used for data analysis, together with historical seizure database and other data sources. Cooperation with all stakeholders and appropriate legal frameworks (including data access and privacy safeguards) for data analysis were some other issues discussed by the participants in this workshop. It had been suggested that, based on data analysis and risk indicators shared by Customs, economic operators could potentially carry out the first layer of risk analysis, which could provide a sound basis for further risk analysis by Customs and other agencies.
154. In the discussion that followed, delegates provided a number of valuable suggestions from policy, business process, and operational perspectives to further enhance the WCO E-Commerce Work Programme with tangible and practical deliverables for providing a concerted and effective response to this growing channel of trade.
155. A delegate stressed the need for a level playing field when submitting information to Customs in respect of E-Commerce items. He then shared his country's experience when the government had blocked illicit websites. This practice could potentially be adopted in the E-Commerce environment to stop serious offenders and illicit trade via E-Commerce.
156. Appreciating the good quality of discussions, another delegate said that the key for moving forward was to share more information between governments and the private sector. He emphasized that logistics operators (e.g., express operators) could also block repeated offenders if relevant information was shared in a timely manner. This would also lead to better collaboration to keep the supply chain safe and secure.
157. Noting that the work conducted by the WCO was focused on the cross-border movement of physical goods, a delegate stressed the potential need to explore the impact of revenue collection on digital trade or products transmitted electronically which, according to her, was another growing area of concern.

- Conclusions

158. Returning to the topic of E-Commerce on the last day of the PTC, the WCO Director of Compliance and Facilitation acknowledged the work carried out through the PTC sessions, noting that the workshops conducted on E-Commerce Day [5 April, 2017] and the meetings organized by the WGEC Sub-Groups Co-leads [6 April, 2017] had laid down a solid foundation for the tasks ahead regarding E-Commerce. She pointed out that the elements and principles developed by each of the four Sub-Groups were consolidated by the Secretariat together with Co-Chairpersons in the form of draft interim Recommendations on Cross-Border E-Commerce. This initial draft document would be further developed taking into account the feedback and suggestions of the PTC, before presenting to the July 2017 Policy Commission and Council.
159. The Customs Co-Chairperson of the WGEC, provided a brief overview of the draft interim recommendations, which had been aggregated into the following broad categories: Advance Electronic Data, Risk Management and Intervention; Simplified Procedures and Immediate Release; Revenue Collection; Partnership; Public Awareness and Outreach; and Legislation. He then invited delegates to consider and provide their feedback and further suggestions to enhance these draft interim recommendations.

160. The PTC agreed 'in principle' with the draft interim recommendations on cross-border E-Commerce, noting they were an initial draft, and provided additional suggestions to further develop them. The draft interim recommendations are reproduced in Annex II to this Report. Delegates may still provide further suggestions/input to the Secretariat.
161. In this context, a delegate mentioned the work done by the OECD Task Force on Digital Economy with regard to revenue collection that might be useful for the E-Commerce area. He also emphasized the importance of increasing public awareness regarding E-Commerce and related safety and security issues. Another delegate suggested working closely with the WTO, which had its own E-Commerce Work Programme, to leverage synergies and develop a common framework/guidelines which could be followed by Members.
162. A delegate highlighted the need to update the WCO Immediate Release Guidelines, in particular the concept of security as outlined in the scope of the Terms of Reference (ToR) of the WGEC, raising the question of whether they should cover only low-value and small consignments or all consignments. Another delegate suggested considering the work done with the UPU, including its security standards (S58 and S59), as well as providing more clarity on the trusted trader concept in the E-Commerce environment.
163. The WCO Director then highlighted the importance of 'socializing' the work done in the area of E-Commerce by the WCO, its Members and partner stakeholders. Public awareness was crucial to avoid divergent tracks. She noted the need to educate other government agencies as there were a number of forums with various approaches on this topic, and the WCO and Customs needed to make sure that they were not making policies that would have an impact on Customs processes.
164. To conclude, the Chairperson thanked the WGEC Co-Chairs, the Co-Leads and the Rapporteurs for their leadership and hard work, and complimented the delegates on their commitment, enthusiasm and willingness to make valuable contributions through 'E-Commerce Day'.
165. In conclusion (to Items XI to XIII on the Agenda), the PTC:
- acknowledged the update by the four WGEC Sub-Groups on the work done by them, as well as the way forward as presented;
 - took note of the discussions together with related key outcomes/suggestions held at four workshops on specific E-Commerce themes;
 - considered the draft interim Recommendation on Cross-Border E-Commerce as a good starting point and provided suggestions to further develop it; and
 - encouraged delegates to share their professional experiences, best practices and new initiatives/pilots in the area of cross-border E-Commerce.

*

* *

Item XIV – Customs brokers

(a) Outline of the draft Guidelines on Customs Brokers

(b) Presentation by Mexico

166. The Chairperson introduced the item by recognizing the role of Customs brokers in the international supply chain.
167. The Secretariat presented Doc. PC0477E, explaining the background and the WCO's work on the Customs brokers topic that included the publication of 'WCO Study Report on Customs Brokers'. Building upon the Study Report on Customs brokers and Members' experiences, and following the discussions and suggestions by the October 2016 PTC and the December 2016 Policy Commission, the Secretariat had initiated a project to develop Guidelines on Customs Brokers with a view to provide further guidance on the 'optional' use of brokers', brokers' compliance management and related processes, and capacity building in terms of education and professional development. The Guidelines were expected to assist Members in the accession to, and implementation of, the relevant provisions of the Revised Kyoto Convention (RKC) and the WTO Agreement on Trade Facilitation (TFA).
168. The Secretariat then guided the delegates through the draft outline of the envisaged Guidelines and invited them to provide suggestions concerning the potential content and to share related resource materials and working experiences towards the development of the Guidelines.
169. One of the Delegates of Mexico presented his country's experience on the use of brokers, highlighting the process of migration from mandatory to optional use of Customs brokers - known as direct Customs clearance - by certain authorized companies or operators in some sectors, based on the value and number of operations. It involved legislative changes that had come into effect in May 2016. Mexican Customs considered brokers as strategic partners who were jointly and severally responsible for all liabilities and compliance requirements, together with traders.
170. He continued by mentioning that under the new direct Customs clearance procedure, a legal representative was not an intermediary but a person working within the company or the operator authorized to act on its behalf. In terms of benefits, this procedure provided more options to traders and led to enhanced compliance, reduced costs, and the ability to perform Customs clearance at all ports (whereas brokers were allowed to act at specified ports only). He concluded by mentioning the awareness and outreach activities conducted by Mexican Customs through several channels, such as trade forums, websites, social media, and radio.
171. Delegates congratulated Mexico on its successful implementation of the 'optional' use of the Customs brokers' regime and the new associated procedure, before seeking some clarification.
172. Responding to some of the questions/comments by delegates, the Delegate of Mexico noted that when carrying out these changes, Customs brokers and other interest groups had been extensively consulted, and value propositions to all parties had been explained in terms of enhanced business opportunities and enhanced compliance. In conclusion, he said that the scheme was working well and more companies were opting for the new procedure of moving from mandatory use of Customs brokers.

173. In the discussion that followed, delegates expressed their appreciation of, and support for, the work undertaken by the WCO Secretariat in this area, including the proposed Guidelines. They acknowledged the challenges associated with such work, particularly when Members had a wide range of policy frameworks concerning the use of Customs brokers - from mandatory use with a set of licensing requirements, to optional use and, in some cases, no licensing/regulatory requirements - based on their national imperatives.
174. Noting that the draft outline was a good basis for developing Guidelines, delegates provided suggestions to enrich it. These suggestions included the addition of Item d. 'Broker Importer Vetting' under Section V and the requirement of Customs Broker Automated Systems that interfaced with government systems.
175. Regarding the above suggestions, the Delegate of the United States shared her country's experience with regard to standardization of the information that a broker could request from an importer who was mandated to provide it, in order to verify the importer's identity. This standardization would contribute to greater transparency and supply chain security. Furthermore, based on their national experience in implementing a Single Window, she noted that Customs brokers were deeply involved in, and dependent upon, the automated systems that drove efficiency, speed, accuracy, standardization and compliance such as their Automated Commercial System and, now, Automated Commercial Environment. Therefore, the requirement for a robust Customs Broker Automated System that interfaced with government systems was a critical element in the overall clearance process, especially in the Single Window environment.
176. Regarding the issue of 'Broker Importer Vetting', while one delegate expressed concern and asked for more information (including the nature of the vetting) from traders, another delegate supported it and explained that this process involved two-way exchange/communication which helped in carrying out background checks of traders, thus improving compliance management benefiting both parties.
177. It was suggested that the resources and good practices already available in Customs administrations and in the private sector, including brokers associations, be leveraged for the development of Guidelines. Some delegates (United States, New Zealand, India, and IFCBA) volunteered to share such resources, including their national legislation and practices, as well as to support the work intersessionally.
178. Recognizing that brokers were valued partners in the international supply chain, a delegate said that the broker industry needed to change and adapt to the rapidly evolving trading environment and associated commercial and regulatory requirements, in order to provide enhanced value-added service to customers.
179. Some delegates also shared their national practices. For example, one Member had introduced mandatory training of clearing agents/brokers on a regular basis to refresh and update their knowledge with the latest Customs laws and procedures.
180. A delegate suggested clarify the different terminology used in different instruments and tools (e.g., third parties, clearing agents, Customs brokers) with a view to harmonizing it to the extent possible. The Secretariat clarified that the WCO "Glossary of International Customs Terms" provided a comprehensive and all-inclusive definition of the term 'Customs clearing agent'. However, if there was a need for further explanation, this definition could potentially be updated. To that end, delegates were invited to submit any suggestions to the Secretariat in writing.

181. In conclusion, the PTC :

- discussed the draft outline of the proposed Guidelines on Customs Brokers and approved it, subject to the suggestions provided by delegates; and
- encouraged delegates to share relevant resource material and noted the willingness of interested delegates to support the intersessional work.

Item XV – Elections

○ **Election of the Chairperson and Vice-Chairperson**

182. The Deputy Director, Mr. Luc De Blicq, conducted the election procedure for the Chairperson and the Vice-Chairperson of the PTC during financial year 2017/2018. The United States submitted a proposal for the re-election of Mr. Rob Van Kuik (Netherlands) as Chairperson of the PTC, which was supported by Georgia, France, Sweden and Benin. Australia subsequently submitted a proposal for the re-election of Mr. Matome Mathole as Vice-Chairperson, which was supported by India, Georgia, Benin and Democratic Republic of the Congo. Both proposals were welcomed by many Members, who expressed their appreciation for the active roles played by both parties in the PTC, forming a 'winning combination'.

183. Both the representatives accepted the proposals and confirmed their willingness to continue to serve, respectively, as Chairperson/Vice-Chairperson of the PTC for the following financial year.

184. In conclusion, the PTC:

- re-elected Mr. Rob Van Kuik (Netherlands) as the Chairperson and Mr. Matome Mathole (South Africa) as the Vice-Chairperson of the PTC for financial year 2017/2018.

Item XVI – Any other business

(a) Highlights of the discussions at the 16th Meeting of the RKC Management Committee and the 17th Meeting of the Administrative Committee of the Istanbul Convention/14th Meeting of the Contracting Parties to the ATA/Istanbul Conventions

185. The Chairperson invited the Chairs of the Revised Kyoto Convention Management Committee (RKC MC) and the Administrative Committee of the ATA/Istanbul Convention to share highlights of the discussions at the 16th Meeting of the RKC MC and the 17th Meeting of the Administrative Committee of the Istanbul Convention/14th Meeting of the Contracting Parties to the ATA/Istanbul Convention.

186. Mrs. Thi Khanh Nguyen HONG, Chairperson of the RKC MC, and Mrs. Ozlem SOYSANLI, Chairperson of the Committee of Contracting Parties to the ATA/Istanbul Convention, shared highlights of the discussions at the respective Committee meetings with the PTC. The respective meeting reports are available on the WCO Members' website.

187. In conclusion, the PTC:

- took note of the highlights of the discussions at the 16th Meeting of the RKC Management Committee and the 17th Meeting of the Istanbul Convention/14th Meeting of the Contracting Parties to the ATA/Istanbul Conventions.

(b) Customs' treatment of Return-Refill Containers

188. The WCO Secretariat informed delegates that Customs' treatment of return-refill containers had been discussed on 28 February 2017 during the 16th Meeting of the Administrative Committee for the Customs Convention on Containers, 1972 (Container Convention), under Agenda Item VIII. *Concerns of the private sector*. The International Chamber of Commerce (ICC) had given a presentation entitled "Business recommendations to facilitate the use of return-refill container systems in cross-border trade", which was available on the WCO website.
189. The ICC had highlighted the fact that Customs administrations had different and often disparate compliance requirements for return-refill containers. The ICC had further stressed that many of the challenges discussed in the presentation would be addressed by proper implementation of and compliance with the Container Convention and the Convention on Temporary Admission (Istanbul Convention). Insofar as return-refill containers were less than one cubic meter, the ICC had recalled the provisions of the Protocol of Signature of the Container Convention which stated that the one-cubic-metre limitation of the internal volume did not imply the application of more restrictive regulations to containers of a smaller volume.
190. The ICC had encouraged Customs administrations to ensure that their procedures adhered to the Container Convention and the Istanbul Convention and had called upon the WCO to develop guidance in this matter, in close cooperation with the private sector.
191. During the meeting of the Administrative Committee for the Container Convention, the Delegate of the United States had supported the idea of discussing the ICC's concerns within the Committee and had volunteered to lead a virtual group for the development of WCO guidance on the Customs' treatment of return-refill containers.
192. The Administrative Committee for the Container Convention had concluded by agreeing to put forward a proposal to set up a virtual group to discuss the concerns of the private sector. The PTC was informed that the Secretariat would soon send invitations to all WCO Members and relevant private sector actors to join such a virtual group.
193. The Delegate of the United States further informed the PTC that India, Japan, the ICC and the Global Express Association (GEA) had already volunteered to be part of the virtual group for the development of guidance on the Customs' treatment of return-refill containers.
194. In conclusion, the PTC:
- took note of the information presented and invited interested Members to join the Virtual Group to progress the work in the area of Customs' treatment of return-refill containers.

(c) Proposals for Agenda items for the next PTC meeting

195. The Chairperson invited delegates to suggest Agenda item(s) for the next PTC meeting. Since no item was proposed by delegates for the next PTC meeting, the Chairperson invited delegates to advise the Secretariat during the intersession if they wanted any issue to be discussed at the next PTC meeting.

196. In conclusion, the PTC:

- agreed that interested delegates could communicate suggested Agenda items to the Secretariat for consideration and discussion at the next PTC meeting.

(d) Upcoming events

197. The Secretariat provided an update of the relevant WCO meetings and events in the next financial year:

- meetings of WCO working bodies: Technical Experts Group on NII (3 – 5 May 2017), Data Model Project Team (15 – 17 May 2017), Information Management Sub-Committee (18 – 19 May 2017); and
- WCO events: WCO IT Conference (7 – 9 June 2017, Tbilisi, Georgia), WCO Knowledge Academy for Customs and Trade (19 – 23 June 2017, Brussels), Global Transit Conference (10 – 11 July 2017, Brussels) and the 4th AEO Global Conference (14 – 16 March 2018, Kampala, Uganda).

198. The Delegate of Georgia took the floor and invited delegates to attend the WCO 2017 IT Conference in Tbilisi, before presenting a promotional video clip on the Conference.

199. In conclusion, the PTC:

- took note of the upcoming WCO meetings and events.

Item XVII – Closing

200. The Deputy Director thanked all the delegates for their interactive engagement throughout the meeting and, in particular, appreciated the presentations made by the delegates and experts from different international organizations and the private sector. He highlighted the main issues discussed and outcomes achieved in the meeting and invited delegates to continue the engagement in intersessional work and future PTC meetings.

201. The Chairperson thanked the WCO Secretariat for the hard work and the delegates for their active participation in the meeting. He invited the delegates to the next PTC Sessions to be held in the autumn 2017. The Chairperson then closed the meeting.

*
* *
*

Preliminary Draft Interim Recommendations on Cross-Border E-Commerce:

Advance Electronic Data, Risk Management, and Intervention

- ✓ Provide for the submission of advance electronic data (pre-arrival/pre-loading²) from shippers, e-vendors/platforms, intermediaries (e.g., express services, postal operators, payment service providers) preferably through a single point of submission which meets the following criteria
 - » “Pushed” to Customs systems in a timely manner
 - » Identify new data sources and provide quality data
 - » Harmonized and standardized data sets consistent with WCO Immediate Release Guidelines
 - » Reuse of data for various regulatory purposes
 - » Use of Big Data - Data Analytics
 - » Data storage and retention that meets privacy and security requirements
- ✓ Develop a joint risk management system, as a whole of government approach, for more effective targeting, for example through automated systems and targeting/fusion centers based on algorithms for risk analysis of shipments bearing in mind key risk factors and criteria, while maintaining an opportunity to intervene in order to identify any shipment for inspection.
- ✓ Share information and risk profiles (where appropriate) between Customs and private sector stakeholders for e-vendors/platforms and express/postal operators to identify and prevent the shipment of illicit goods (including repeated offenders) by as well as blocking of websites selling illicit goods by internet service providers (ISPs); this will provide additional and first layer of risk analysis and intervention.
- ✓ Automate risk assessment and targeting processes where practicable and as soon as data is available prior to arrival
- ✓ Develop mechanisms for identifying websites/e-platforms who sell illicit goods, for example drugs, IPR infringed goods, and other goods of concern.
- ✓ Promote the use of advance cargo information, screening methodologies such as NII technology, SAFE Framework of Standards and ICAO Annex 17 of the Chicago Convention to provide sufficient methods for mitigating risk in air transportation and international mail.
- ✓ Encourage e-vendors/platforms and logistics operators to carry out robust due diligence and identity management in terms of knowing your customer (KYC) and leverage the already existing mechanisms.
- ✓ Establish KYC requirements for Customs clearance purposes, for example the production of a national identification number.

² For security risk analysis

Simplified Procedures and Immediate Release

- ✓ Implement WCO Immediate Release Guidelines by providing respective simplified clearance procedures with minimum data requirements, based on the categorization of shipments into four categories and associated intervention methodologies.
- ✓ Provide for consolidated deferred payment of duties and taxes on a periodic basis, subject to specified requirements including financial security.
- ✓ Provide for the possibility to refuse and return goods at the first point of delivery, without payment of duties and taxes, to provide for expedited returns.
- ✓ Release, on arrival, all low-risk shipments ideally through a single window.
- ✓ Facilitate returns and refunds by reconciling the inbound with outbound shipment using tracking numbers.
- ✓ Minimize requests for hard copy documentation unless all other sources of data are exhausted or unavailable. Documentation to be provided as soft copy
- ✓ Ensure a level playing field for all logistics operators in terms of the advance data requirements, the item level reporting requirements, the de minimis levels, the issuance of various authorizations (e.g., authorizations for acting as a declarant, trusted trader (AEO), the collection of duties and taxes and deferred payment), whilst recognizing the specificities of different business models.

Revenue Collection

- ✓ Establish/adjust *de minimis* based on national imperatives, while keeping in view a fundamental principle that the cost of collection should not be more than the revenue collected on low-value consignments and, to the extent possible, that there should be a level playing field for all operators including domestic retailers.
- ✓ Explore alternate models of revenue collection (e.g., vendor collection, intermediary collection, consumer collection) in close cooperation with Tax authorities, bearing in mind respective business models and information flows.

Partnership

- ✓ Establish national/regional/plurilateral cooperation and information sharing mechanisms between and among Customs and other government agencies.
- ✓ Engage with, and strengthen coordination with, all stakeholders at all levels, for example through MoUs with postal operators and express couriers with well-defined roles and responsibilities,
- ✓ Encourage e-vendors/platforms, logistics operators, and other intermediaries to join trusted trader programmes (e.g., AEO) and establish associated processes.
- ✓ Leverage trade associations and WCO regions to help filter and collect best practices;

Public awareness and outreach

- ✓ Educate the new face of the trade about compliance to Customs and other regulatory requirements by sellers and consumers operating through e-commerce through the use of various means, including for example social media, websites, and consumer and business forums.
- ✓ Create more awareness about potential risks relating to safety issues, for example product safety, Intellectual Property Rights (IPR), phytosanitary requirements and standards.
- ✓ Make information available on a single access point on websites and use of social media including existing and emerging threats for an easy access by growing number of individuals/consumers and micro, small and medium enterprises (MSMEs).
- ✓ Provide training and education which integrates the experience of various stakeholders necessary to keep up with the rapidly-evolving safety and security issues within E-Commerce.
- ✓ Improve Customs-Post cooperation to exchange information for the purpose of targeting and facilitation, with a view to achieving a comparable level to other business models.
- ✓ Raise awareness of threats to safety: Administrations and stakeholders should strive to raise awareness on goods presenting a safety issue, by making information available on a single access point on their websites in order to educate on existing threats.

Legislation

- ✓ Review and adjust, as appropriate, current laws, regulations, and procedures to facilitate E-Commerce, whilst ensuring compliance with regulatory requirements.
-