



Brussels, 16 March 2018.

UPDATE AND REPORTS

Inter-sessional developments

(Item II. (a) on the Agenda)

Introduction & Background

1. The Committee is invited to take note of developments primarily under the WCO packages since the last PTC sessions and to consider their potential influence on the PTC's future work. Thus, this document aims to compile such developments that would be relevant to the PTC, but are not otherwise covered under other PTC agenda items of this meeting.
2. Considering that reports from the Capacity Building Committee and the Integrity Sub-Committee have been included under this agenda item, information on the Organizational Development Package has not been included in this document. .

Revenue Package

3. The Revenue Package, developed in response to Members' concerns over declining revenue returns in the context of the global financial crisis of 2008 and falling duty rates, has the following high-level aim :

To help Members improve the efficiency and effectiveness of revenue collection, in compliance with rules, standards and guidelines laid down in relevant international agreements, conventions and supporting tools and instruments.

4. Phases I and II were concluded in 2012 and 2015 respectively. Under each Phase, a number of new tools were developed to assist Members in fair and efficient revenue collection. These tools are available via the Members' Web site at this link :
<http://www.wcoomd.org/en/topics/key-issues/revenue-package/latest-updates-policy.aspx>.

5. Members are invited to contact the Secretariat if they require any assistance in relation to applying the Revenue Package tools.
6. The Policy Commission endorsed the Action Plan for Phase III of the Revenue Package at its 75th Session. The Council subsequently approved the Action Plan in July 2016. At its 76th and 77th Sessions, the Policy Commission took note of the activities regarding the implementation of the Phase III Action Plan.
7. The Action Plan for Phase III is divided into two parts : Part 1 - Assisting Members in effective use of Revenue Package tools developed under Phases I and II, and Part 2 - Development of new materials and initiatives. The following provides an update on progress on the Action Plan since the last session :

Part 1 - Assisting Members in effective use of Revenue Package tools developed under Phases I and II

8. Part 1 is designed to assist Members in implementation of the materials developed under Phases I and II in order to strengthen their capacity to identify and collect the revenue legally due on imported goods.
9. The distribution and cascading of Revenue Package materials is an ongoing process, via various channels such as technical assistance activities, WCO programs and Regional Web sites.
10. Regarding translations into other languages, Bahrain Customs has kindly provided Arabic translations of all Revenue Package materials. The ROCB Europe is currently planning further Russian translations of documents, in addition to those already provided, and COMALEP will translate selected Revenue Package documents into Spanish.
11. From 1 July 2017 until 31 October 2017, 16 technical assistance missions had been conducted by the Secretariat which had included content on general or specific aspects of the Revenue Package (including classification, origin, valuation and post-clearance audit).

Part 2 - Development of new materials and initiatives

I. Customs-Tax cooperation

12. The finalized version of the Guidelines for Strengthening Cooperation and the Exchange of Information between Customs and Tax Authorities at the National Level has been published on the WCO Web site¹.
13. At its 77th Session, the Policy Commission discussed the topic of Customs-Tax cooperation and examined additional cooperation opportunities between the two authorities in terms of the exchange of information and joint approaches towards revenue collection, risk management, audit, and financial crimes.
14. In addition, the Policy Commission discussed a concept paper on Customs' role in the collection of indirect taxes and tasked the Permanent Technical Committee (PTC) to

¹ <http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/guidelines-on-customs-tax-cooperation.aspx>.

develop guidance in this area. At its October 2017 sessions, the PTC discussed and approved the structure and potential content of the envisaged guidance and established a group of interested Members and stakeholders to further develop it, by leveraging existing resource materials and good practices in this domain.

II. Origin issues

Guidelines on Certification of Origin

15. The Guidelines on Origin Certification were endorsed and published in July 2014. They will be further developed to include Members' national practices on origin certification, including on self-certification.

III. Post-clearance audit (PCA)

16. As reported for the 77th Session of PC, work has commenced on updating the WCO Guidelines on PCA (published under Phase I of the Revenue Package) with the launch of an ad hoc Expert Group in April 2017.
17. The Expert Group has conducted two workshops and discussed what sections should be revised. The revised version will incorporate recent developments relating to PCA, such as the WTO Trade Facilitation Agreement which entered into force in February 2017.

IV. Fragile borders

18. The aim of this research initiative is to support Customs administrations in enhancing their role in fragile borderlands affected by violent crises, and to implement regional security initiatives. Customs administrations are important actors in crisis resolution through the economic perspective they can provide on security issues. In particular, the violent crises studied by this research project erupt in areas where the border economy is crucial for society and there is a need for a fair and efficient revenue collection.
19. After eight field studies conducted in the period 2015-2017 (in borderlands in Mali, Chad, Tunisia, Sudan, Jordan, Nigeria, Libya and the Central African Republic), the WCO Research Unit issued an analytical report on the role of Customs in fragile borderlands, endorsed by the Directors General of Cameroon, Niger, Nigeria, Chad and the Central African Republic participating in the Security by Collaboration Project++ (SPC++), a regional security initiative to address the Boko Haram crisis.
20. The question of fair taxation emerged in many fieldworks. The lack of capacity of the Fiscal State in levying taxes in a fair way, combined with the corruption of civil servants, gives birth to local elites' monopolies on the border economy and social grievances as a reaction.
21. As a follow-up, two workshops have been organized, in Saudi Arabia for the North of Africa, Near and Middle East region and in Tunisia to gather together several administrations concerned by border insecurity in order to raise awareness on the potential uses of geospatial data for intelligence and analysis. A research paper comparing the situations of Customs in different countries has been published by the International Center for Tax and Development.

V. Control of mineral resources

22. The WCO participated in the second workshop on Customs detection technologies held in Tartu, Estonia, from 10 to 12 October 2017, organized by the CLEN-CDTPG (Customs Laboratories European Network & Customs Detection Technologies Project Group). During the workshop there was a specific session devoted to the problem of analysis and detection technologies relating to ores. This activity will help Customs administrations to improve the accuracy and effectiveness of Customs laboratories to control the content of minerals in ores.

VI. Customs laboratories

23. This activity will help Customs administrations to improve the accuracy and effectiveness of Customs laboratory analysis work by enhanced regional cooperation and will also strengthen the capacity of Customs administrations to fulfil their obligations in relation to "Test procedures" provided for in Article 5.3 of the WTO Trade Facilitation Agreement.
24. In July 2017, a new WCO Regional Customs Laboratory was established in Mexico pursuant to a Memorandum of Understanding between the WCO and the Ministry of Finance and Public Credit of the United Mexican States.
25. In October 2017, the WCO organized the first accreditation workshop for chemist experts in Customs laboratory matters. The pool of accredited chemist experts is expected to be useful for enhancing the technical expertise and capacity building capability of Customs laboratory personnel and for promoting cooperation and networking between Customs laboratories.

Economic Competitiveness Package

26. The Economic Competitiveness Package (ECP) is designed to support the first pillar of the WCO Strategic Plan (Promote security and facilitation of trade, including simplification and harmonization of Customs procedures). It is comprised of existing WCO tools and instruments, which contribute to the enhancement of economic competitiveness by promoting facilitation, while ensuring security of supply chains.
27. At its 213th/214th PTC Sessions, held from 11 to 14 October 2016, the PTC discussed the draft ECP Action Plan for Phase III running from January 2017 to December 2018. At the Policy Commission held in December 2016, the Policy Commission took note of the progress made with the implementation of the Economic Competitiveness Package (ECP) Action Plans and endorsed the ECP Action Plan for Phase III. Progress has been achieved in developing the tools envisaged under the ECP Action Plan for Phase III such as the Transit Guidelines and the Handbook on Inward and Outward Processing Procedures. Further work is underway in developing the Guidelines on Special Customs Zones, and the Time Release Study Guide was reviewed. These tools will be discussed under separate agenda items of this PTC meeting.
28. The main areas of progress with the ECP Action Plan for Phase III, that commenced in January 2017. The ECP Action Plan includes actions related to the effective implementation of the WTO TFA, Digital Customs and E-commerce.

(1) Develop and promote conventions, guidelines, standards and tools

29. The Global Transit Conference was held on 10 and 11 July 2017 at WCO Headquarters. The Conference was attended by over 200 delegates from more than 80 countries, including heads of Customs administrations, representatives of international organizations, development partners, the private sector and academia.
30. The first day of the Conference witnessed the launch of a new WCO tool - the Transit Guidelines - which contains 150 guiding principles and a variety of practical experiences of implementing efficient transit regimes. The next steps include the organization of a series of regional workshops with a view to promoting the Transit Guidelines and collecting best practices of their implementation. Future plans also include the issuing, in a separate publication, of a compilation of national and regional best practices in the area of transit, and organizing a second Global Transit Conference in 2020.
31. The TFAWG endorsed a Survey Tool at its October 2017 meeting that was developed as part of the WCO TFA Implementation Guidance. It enables Members to submit national practices that can be included in the Guidance in a simple fashion.
32. At its October 2017 sessions, the PTC also discussed Special Customs Zones. They shared their national experiences and challenges with regard to Special Customs Zones and welcomed the initiative to hold workshops on the topic. The workshops are intended to explore the benefits of Special Customs Zones in general and more specifically for Customs, the associated risks, not only in the area of Customs but also other policy areas, including various other taxes, and the Customs procedures in place to service these zones. India volunteered to host a workshop for the WCO Asia/Pacific region that would address the need for updating existing instruments and tools or developing new guidance material.
33. At their joint session in October 2017, the PTC and the TFAWG had a first glimpse of the new WCO Time Release Study (TRS) Guide. Without changing the core TRS methodology, the Guide has undergone a comprehensive review in terms of content and structure to reflect new developments. One of the new features is an additional Phase (Phase-IV) in the TRS methodology, known as “monitoring and evaluation phase”.
34. The SAFE Working Group, at its October 2017 meeting, discussed draft Guidance on the use of data analytics for enhanced implementation of the SAFE Framework of Standards and the AEO program. In addition, the Working Group approved some other newly developed tools, for example the MRA Strategy Guide, the MRA Implementation Guidance and the Advance Cargo Information(ACI) Implementation Guidance.

(2) Cooperation and coordination with other international/regional bodies

35. Discussions were also launched at the October 2017 PTC sessions on Customs-Railway cooperation which is becoming more and more relevant due to the growing portion of goods in international trade being transported by rail. Smooth cross-border railway operations, using efficient Customs transit systems, are essential for effective trade facilitation. The item was introduced by a panel session which brought together a number of intergovernmental and private sector railway organizations (the Intergovernmental Organization for International Carriage by Rail(OTIF), the Organization for Cooperation between Railways (OSJD) and the Community of European Railway and Infrastructure Companies (CER)) and Customs(Georgia).

36. This initial discussion opened up new avenues for cooperation which will be further addressed. Moreover, during the WCO Global Transit Conference in July 2017, the WCO signed a Memorandum of Understanding with OTIF which is the first formal arrangement on cooperation between the WCO and a railway organization. OTIF covers primarily Western and Eastern Europe, as well as countries in the Middle East.

Compliance and Enforcement Package

37. The Compliance and Enforcement Package (CEP) was developed and subsequently endorsed at the 32nd Session of the Enforcement Committee. It was adopted at the 121st/122nd Sessions of the Council in June 2013. The CEP contains all of the different types of WCO instruments and programmes which currently exist and which aim to address Customs enforcement high-risk areas. The toolkit is composed of four main components: tools, networks and technology, partnerships, and operations. These components have been designed to support the application of modern compliance and enforcement techniques.
38. The development of an Action Plan for the CEP was also agreed by the Enforcement Committee and Council as a vehicle to implement and further develop the CEP. The CEP Action Plan is to be reviewed on a yearly basis by the Enforcement Committee, and subsequently presented to the Policy Commission and Council for endorsement.
39. To date three action plans for the financial years 2014/2015, 2015/2016 and 2016/2017 were endorsed by the relevant sessions of the Policy Commission and Council. All the activities listed have been fully implemented and detailed reports have been provided to the Policy Commission and Council.
40. A new draft Action Plan for 2017/2018 was prepared by the Secretariat and examined by Members at the 36th Session of the Enforcement Committee in March 2017. The Committee endorsed the Action Plan, taking account of the various comments and suggestions made. Following the Enforcement Committee session, a revised draft Action Plan for 2017/2018 was presented and endorsed by the Policy Commission and Council in July 2017.
41. The CEP Action Plan for 2017/2018 stipulates tangible actions which will contribute to the accomplishment of the CEP goals. It indicates deadlines where appropriate and shows the bodies responsible for the implementation of specific actions. Twenty-nine actions were included, divided into the four main components consistent with the CEP toolkit. An additional cluster of detailed operational activities and projects was also added.
42. An interim progress report containing activities implemented to date was presented to the Policy Commission in December 2017 (Doc. SP0618E1). An updated progress report on the completion/implementation of the aforementioned activities is contained in Annex I. Some of the activities are still underway and are expected to be completed by June 2018. A final report will be presented to the Policy Commission and Council in June 2018.
43. The CEP Action Plan is to be reviewed on a yearly basis by the Enforcement Committee, and subsequently presented to Policy Commission and Council. In this connection, a new draft Action Plan for 2018/2019 can be accessed via Annex of Agenda

of the 37th EC session in March 2018 at the link: http://www.wcoomd.org/-/media/meeting-documents/enforcement-committee/37/ec0488e_html.htm?lang=en.

Private Sector Consultative Group (PSCG)

44. The Private Sector Consultative Group (PSCG) had been established in 2005 and nine years later, in 2014, the Terms of Reference had been revised to make the Group more functional. After three years operating under the revised Terms of Reference, the PSCG had proposed a small number of amendments to make the Group more representative in terms of regional and sectoral involvement and hence to provide a broader perspective on cooperation with Customs as seen from the private sector standpoint. The principal change proposed was to increase the size of the PSCG from 21 to 27 members.
45. It would be useful to have the views and input of the PSCG in the context of the discussions on prioritization of the Organizations work. That would be a constructive way to increase the PSCG's sense of responsibility and ownership.
46. The Policy Commission endorsed the revised Terms of Reference for the Private Sector Consultative Group on December 2017. Information about TOR for PSCG can be accessed at Annex VII to the following link: <http://www.wcoomd.org/-/media/meeting-documents/policy-commission/78/sp0630e.pdf?lang=en>.

Role of Customs in natural disaster relief

47. The Customs Administrations of a number of disaster prone countries and the WCO Secretariat participated in this year's Humanitarian Networks and Partnerships Week (HNPW), which was held from 5 to 9 February 2018 in Geneva, Switzerland and organized by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), with the collaboration of the United Kingdom's Department for International Development (DFID).
48. A Working Group meeting on Customs and humanitarian relief and an Expert meeting on accelerating the importation of humanitarian relief were among the Customs related events during HNPW 2018. Like at previous editions of the HNPW, the WCO presented its instruments, tools and initiatives in the area of natural disaster relief and the attending Customs administrations, humanitarian actors and private sector representatives discussed the challenges faced in disaster relief operations and the potential solutions.
49. Information about the C-RED (Customs for Relief of Epidemic Diseases) project funded by the Dutch Ministry of Foreign Affairs and implemented by the WCO was also provided to a wide range of stakeholders attending the HNPW. The project implementation is progressing steadily with the procurement of personal protective equipment finalized under Component 1 and one sub-regional workshop and six national support missions to four beneficiary countries successfully completed under Component 2 of the project at the time of drafting of the present document. Information about the project can be accessed at the following link: <http://www.wcoomd.org/en/topics/facilitation/activities-and-programmes/natural-disaster/wco-c-red-project.aspx>.