



139/140th Council Sessions,
Progress Report on the implementation of the Strategic Plan,

WCO Secretary General, Dr. Kunio Mikuriya,
23 June 2022, Brussels, Belgium

Slide 1

1. I would like to join the President of the Council in extending a warm welcome to the delegates to the 139th and 140th sessions of the Council.
2. In this regard, I am very grateful for your active participation in the regional meetings, under the guidance of the Vice-Presidents, who have been very helpful in the preparation of these sessions.
3. A lot of important work has been carried out during the intersessional period, thanks to the commitment and involvement of all regions.

Slide 2

1. When we look at the current trade situation and judging by the trade, investment and data transmission figures, we can say that globalization continues.
2. Since mid-1990's, the emergence of global value chains has reshaped trade, creating new opportunities in many areas and increasing the volume of trade as intermediate products moved across borders as part of the internationally distributed manufacturing processes.
3. We see that this trend continues with a focus on regional integration and the WCO has supported this development by working with regional integration bodies, including the Secretariat of the African Continental Free Trade Area and for Central American Economic Integration. We also work with the Caribbean and Central Asia regions.
4. However, we have also observed fragmentation in recent times, following the intensive trade disputes among major economies since 2016 and then came the COVID-19 pandemic and lockdown, causing supply chain disruptions and a fall in global trade.
5. The shortage of medical and food supplies as well as export restrictions revealed the vulnerability of existing supply chains and resulted in talk of reshoring, nearshoring or friend-shoring, as another aspect of supply chain resilience or realignment.

6. Finally, the war in Ukraine has also dealt a severe blow to the global economy, which is still recovering from the impacts of the pandemic and has raised the threat of global food and energy crises, thereby also accelerating inflationary effects.
7. The WTO Ministerial Conference held last week reached historic agreements on response to food insecurity, pandemic, e-commerce moratorium and fisheries subsidies in spite of geopolitical fault lines.
8. The WCO has similar challenges, but I am convinced that we could also show our relevance in supporting a rule-based trading system during the Policy Commission and Council sessions.

Slide 3

9. The current Strategic Plan, which is coming to an end now, covered the past three financial years and the WCO had to quickly adopt online means to deliver its services to Members where in-person meetings and in-country missions became difficult, if not impossible.
10. Moreover, in addition to the work already defined in our implementation plans, the WCO has identified the COVID-19 Action Plan as the immediate priority and has made every effort to heighten the visibility of Customs at the global level in addressing health issues through initiatives such as STOP II operation, among others.
11. As the written report shows, we are proud of Customs adaptability that enabled us to continue developing tools, organizing operations and providing capacity building support under these challenging circumstances.
12. We are confident that the positive result of the current Strategic Plan will pave the way for its next cycle with continuous improvement.

Slide 4

13. Now, I would like to draw your attention to the items that emerged from the implementation of the Strategic plan.
14. They are often related to digital transformation as prompted by the pandemic and could be part of recovery plans.
15. During the COVID-19 pandemic, digitalization of border procedures advanced and, as a result, Customs has even greater access to data and technological means for improving Customs services and operations.
16. These include providing statistics for evidence-based policy advice and exploring data analytics for innovation.
17. As endorsed by this week's Policy Commission, we have developed the WCO Data Strategy to facilitate data-driven capacity building in Customs administrations.

18. In this regard, we also look forward to welcoming you to the first in-person Technology Conference and Exhibition since 2019 to be held in Maastricht, the Netherlands, from 18 to 20 October. During this conference, we aim to launch the Data Innovation Hub and, as its first step, intend to host a hackathon.
19. Prior to the pandemic, we were already experiencing an exponential increase in e-commerce. The pandemic has led to an unprecedented surge in e-commerce that requires enhanced risk management and sophisticated targeting measures.
20. We are working with the UPU and other business actors, including e-commerce platforms to get quality data to facilitate circulation of low-value consignments and to explore how best to apply AEO programmes to improve compliance.
21. We hope to share Members' practices and identify the way forward to better implement the Framework of Standards of Cross-Border E-Commerce.
22. Another aspect of the pandemic and digitalization is its impact on human resource management.
23. As we look at the new working arrangements and practices during or in a post-lockdown environment, it would be timely to share experiences and challenges to further improve working conditions, resilience and how to retain talent in Customs.

Slide 5

24. In addition to digital transformation, we face the significant challenges of climate change and related environment issues that will have a huge impact on supply chain management, enforcement of international obligations and environmentally focused governmental trade policies.
25. Customs has been fighting the cross-border movement of illegal goods that contribute to climate change and pollution of our planet.
26. We are also mobilizing our trade tools such as the Harmonized System to make trade greener, including conducting a series of symposia, starting in October, to discuss future 'green HS' possibilities, and we also need to reflect on Customs contribution to the circular economy and the Sustainable Development Goals.
27. During the dialogue session with Policy Commission members that took place yesterday, the Private Sector Consultative Group suggested that trade facilitation efforts towards paperless trade would reduce Customs' carbon footprint, while access to quality data in a timely manner would become even more important from this perspective as well.
28. The Green Customs Global Conference next Monday and Tuesday will be an opportunity to hear what our stakeholders expect from Customs and to explore possible responses from the WCO.

29. Similarly, border security remains a major concern for the WCO and the Policy Commission has extensively discussed the role of Customs in fragile conflict-affected borderlands, based on the recent WCO research in Africa and the Middle East.
30. While the research outcomes provided experiences and recommendations from these regions, they are also relevant to other parts of the world. Therefore, we will follow up this important topic by organizing the Global Conference on Fragile Borders in Nigeria early next year to deepen our understanding and come up with further findings and recommendations that would be reported to the relevant WCO bodies for their consideration.
31. All these topics are included in the next cycle of the Strategic Plan, which is the result of a thorough consultation with Members.
32. We hope that this inclusive approach for shaping the Plan will result in Members' increased participation and commitment to the WCO and its activities.

Slide 6

33. The Council Chair raised the important question of the future sustainability of the WCO funding that will ensure the successful implementation of the Strategic Plan, while making the linkage to the exchange of data.
34. We can confirm that our current funding structure is sound and is similar to other comparable international organizations as affirmed through our continued benchmarking exercise.
35. I would like to take this opportunity to express my sincere appreciation to donor Members who provide funding and technical attaches. Without these contributions, it would be impossible to conduct the wide variety of WCO work that we do.
36. Of course, we ensure that donor funding and technical attaches are well managed to match the needs and priorities contained in the Strategic Plan.
37. As the WCO budget has been efficiently managed, the Finance Committee has estimated that taking into account the new focus areas and the recommendations from the cybersecurity audit requires a small increase in the budget of 2% for next year, while the remaining investment costs will be absorbed by efficiency gains and the redirection of funds.
38. Naturally, the current level of accelerated inflation makes financial planning very challenging. Nevertheless, as always, I will strive to maintain sound financial management with the help of the Finance Committee as we monitor global economic developments in the coming months.

Slide 7

39. As you have seen, there are many important items that require your wisdom for guiding the future of the WCO.

40. I hope that, with your support, we can focus the Council sessions on core Customs issues and celebrate the 70th anniversary of the WCO.

Thank you.
