



Brussels, 18 October 2017.

## **UPDATE AND REPORTS**

### **Inter-sessional developments**

#### **(Item VIII. (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 too ls.
4. Following the conclusion of Phase I (2012) and II (2015), the Secretariat had prepared a draft proposal for Phase III of the Revenue Package that was endorsed by the Policy Commission and the Council in July 2016.
5. The Action Plan for Phase III was 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, which include Origin, Post-Clearance Audit, Fragile Borders, Control of Mineral Resources and Customs Laboratories.

6. In the intersession, the WCO continued to develop tools and provide assistance with their implementation. The following provides an update on progress to date on the Action Plan :

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

The distribution of Revenue Package materials is an ongoing process, via various channels such as technical assistance activities and Fellowship Programs. The Secretariat has worked with regional networks to this end. The Revenue Package tools are now available via the Regional Office for Capacity Building (ROCB) Web sites for East and Southern Africa and Asia/Pacific.

From 1 July 2016 until 30 June 2017 about 70 technical assistance missions had been conducted by the Secretariat which have 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**

- **Customs-Tax cooperation**

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

Building upon the Guidelines, and following suggestions made by the Policy Commission at its December 2016 session, further work was conducted with regard to the sharing of information between Customs and Tax authorities through inter-operable systems/databases or common database, as well as joint activities/initiatives (e.g., joint audit, joint risk management). Based on preliminary research conducted by the Secretariat, these issues were discussed by the last Permanent Technical Committee. A separate agenda item of this PTC meeting will deal with Customs-Tax cooperation and will discuss an outline of the Guidance on Customs' role in the collection of indirect taxes.

- **Origin issues**

The WCO is working with relevant stakeholders with a view to developing practical tools, including guidance material, to ensure that the LDCs benefit to the maximum extent possible from the WTO Ministerial Decision on Preferential Rules of Origin for LDCs adopted at the 10th WTO Ministerial Conference, held in Nairobi, Kenya in December 2015.

At the WCO Global Origin Conference, held on 3 and 4 May 2017 in Addis Ababa, Ethiopia, a session was dedicated to analyzing the challenges, progress and future actions in relation to the implementation of the WTO Nairobi Decision. At the Conference, the WCO Secretary General launched the WCO Origin Compendium, which compiles all information regarding origin published by the WCO in different instruments, in order to facilitate immediate access to the knowledge on origin-related topics. The Compendium was developed to promote the awareness and application of existing instruments on origin developed by the WCO. This new deliverable has been added to Part 1 of the Action Plan.

- **Post-clearance audit (PCA)**

Implementation Guidance on PCA was endorsed by the Enforcement Committee in March 2016 and is available via the Members' Web site. Additionally, "How to audit" typology, developed to help field auditors identify good audit techniques, including practical cases, was endorsed by the Enforcement Committee in March 2017 and has been published via the Members' Web site. 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. The revised version will incorporate recent developments relating to PCA, such as the WTO Trade Facilitation Agreement (TFA) which entered into force in February 2017.

- **Fragile borders**

The aim of this research initiative is to support Customs administrations in enhancing their role in fragile borderlands affected by violent crisis 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. A policy paper on the role of Customs in fragile borderlands was presented at the Capacity Building Committee in March 2017.

- **Control of mineral resources**

A survey has been conducted on Customs' needs and available means for the control of mineral resources being exported and imported. The survey consisted of seven questions, divided into four categories : (1) the list of mineral resources imported/exported; (2) legal instruments or control measures; (3) the role of Customs administrations and national institutions in the area of the export of mineral resources; and (4) institutions for analysis of mineral resources.

As of 21 February 2017, 43 Members had submitted their responses to the survey. Among them, three WCO Members (Estonia, Iceland and Palestine) stated that they had no mineral resources being imported or exported. Consequently, the results of this survey are based on 40 responses. The survey is available on the Members' Web site at this link: [http://www.wcoomd.org/en/topics/research/activities-and-programmes/research\\_series.aspx](http://www.wcoomd.org/en/topics/research/activities-and-programmes/research_series.aspx).

From 17 to 19 May 2017, a Workshop on the Protection of Mineral Resources by Customs Administrations was conducted in Lusaka, Zambia. Similarly, workshops are planned (subject to the availability of funds) in the second half of 2017 in the Americas region and in the Asia/Pacific region.

- **Customs laboratories**

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 fulfill their obligations in relation to "Test procedures" provided for in Article 5.3 of the WTO TFA.

The WCO will organize the first accreditation workshop for chemist experts in the Harmonized System. The pool of accredited chemist experts is expected to be useful for

enhancing the technical expertise of Customs laboratory personnel and for promoting cooperation between Customs laboratories.

### **Economic Competitiveness Package**

7. 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.
8. At its 213th/214th 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 Customs Brokers, Guidelines on Special Customs Zones, and on reviewing the Time Release Study Guide. These tools will be discussed under separate agenda items of this PTC meeting.
9. The WCO has enhanced its cooperation and coordination with other international organizations under the ECP Action Plan. For instance, to support the economic development of landlocked developing countries, the WCO cooperated with UN-OHRLLS (United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States) to organize a High-Level Meeting for the Euro-Asia Region on Improving Cooperation on Transit, Trade Facilitation and the 2030 Agenda for Sustainable Development; the High-Level Meeting was held in Hanoi, Vietnam, from 7 to 9 March 2017.
10. At the SAFE Working Group in March 2017, the WCO organized a panel discussion on the third pillar of the SAFE Framework (Customs-to-Other Government Agencies and Inter-Government Agencies), with participation of the Universal Postal Union (UPU), the International Road Transport Union (IRU), the International Transport Forum - Organisation for Economic Cooperation and Development (ITF-OECD) and the International Maritime Organization (IMO). The SAFE Working Group encouraged continued collaboration with those international organizations and other stakeholders in terms of enhancing security and facilitation of the international supply chain.

### **Compliance and Enforcement Package**

11. A new draft Action Plan for 2017/2018 for the Compliance and Enforcement Package (CEP) was prepared by the Secretariat and examined by Members at the 36th Session of the EC in March 2017. The Committee endorsed the Action Plan, taking account of the various comments and suggestions made. Following the EC session, a revised draft Action Plan for 2017/2018 was developed and endorsed by the Policy Commission and Council. It can be accessed via the Agenda of the 77th Policy Commission session ([http://www.wcoomd.org/~media/meeting-documents/policy-commission/77/SP\\_Action\\_Plan\\_CEP\\_77](http://www.wcoomd.org/~media/meeting-documents/policy-commission/77/SP_Action_Plan_CEP_77)).

12. The Secretariat continues assisting CEP Action Plan comprising 4 components – Tools, Networks and Technology, Partnerships, Operations (Projects and Operational Activities). These components have been designed to support the application of modern compliance and enforcement techniques. These 4 components is ongoing developed and promoted continually.
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