



PERMANENT
TECHNICAL
COMMITTEE

PC0551E1a

223rd/224th Sessions

INCLUDING THE JOINT
SESSION WITH THE 11TH
MEETING OF THE
WORKING GROUP ON
THE WTO TRADE
FACILITATION
AGREEMENT

5-8 March 2019

Brussels, 30 April 2019.

SUMMARY REPORT

**THE 223RD/224TH SESSIONS OF THE PERMANENT TECHNICAL COMMITTEE WITH THE
THE JOINT SESSION OF THE 11TH MEETING OF THE WCO WORKING GROUP ON
THE WTO TRADE FACILITATION AGREEMENT**

<u>Item No.</u>	<u>Agenda Item</u>	<u>Paragraph</u>
	Joint Meeting of the TFAWG and the PTC	
I. Agenda Item V of the TFAWG	Opening address by Deputy Secretary General <i>(For discussion and guidance)</i>	1 - 4
II. Agenda Item VI of the TFAWG	Adoption of the Agenda and the Summary Document <i>(For guidance and decision)</i>	5 - 6

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 © 2019 World Customs Organization. All rights reserved. Requests and inquiries concerning translation, reproduction and adaptation rights should be addressed to copyright@wcoomd.org.

<p>IIla.</p> <p>Agenda Item VIIa of the TFAWG</p>	<p>Break Out Session – Time Release Study <i>(For discussion and guidance)</i> - Presentation(s) of national experience(s)</p>	<p>7 - 19</p>
<p>IIlb.</p> <p>Agenda Item VIIb of the TFAWG</p>	<p>Plenary session (report from the break-out groups) – Time Release Study</p>	
<p>IV.</p> <p>Agenda Item VIII of the TFAWG</p>	<p>Performance Measurement <i>(For information and decision)</i></p>	<p>20 - 39</p>
<p>V.</p> <p>Agenda Item IX of the TFAWG</p>	<p>Coordinated Border Management <i>(To take note and exchange views)</i></p> <ul style="list-style-type: none"> o eCITES - end-to-end regulatory control of international trade in endangered species 	<p>40 - 45</p>
<p>VI.</p> <p>Agenda Item X of the TFAWG</p>	<p>Availability of Trade Information on the Internet (Art. 1.2 TFA) and Enquiry points (Art. 1.3) <i>(To take note and exchange views)</i></p> <ul style="list-style-type: none"> a) Global Trade Helpdesk (GTH), presentation by ITC b) Integrated enquiry points, Member’s experience 	<p>46 - 53</p>
<p>VIII.</p> <p>Agenda Item XII of the TFAWG</p>	<p>Any Other Business</p>	<p>60 - 61</p>
<p>IX.</p> <p>Agenda Item XIII of the TFAWG</p>	<p>Closing</p>	<p>62 - 64</p>
	<p>PTC Meeting</p>	
<p>X.</p>	<p>Update and reports</p> <ul style="list-style-type: none"> 1. “A” items – For Decision <ul style="list-style-type: none"> a) Report from the 75th Meeting of the Information management 	

	<p>Sub-Committee (29-30 October 2018)</p> <ul style="list-style-type: none"> - WCO Data Model Business Guide - Update of the WCO Data Model - Data Maintenance Procedure <p>b) Report from the 38th Meeting of the WCO/UPU Contact Committee (14-16 November 2018)</p> <ul style="list-style-type: none"> - Joint WCO–UPU guidelines on the exchange of electronic advance data (EAD) between Posts and Customs <p>c) Report from the 12th Meeting of the WCO/IATA/ICAO API/PNR Contact Committee (22-23 January 2019)</p> <ul style="list-style-type: none"> - Terms of Reference of the API/PNR Contact Committee <p>j) Report from the 15th Meeting of the WCO Counterfeiting and Piracy (CAP) Group (6-7 December 2018)</p> <ul style="list-style-type: none"> - Terms of Reference of the CAP Group <p>k) Update from the meeting of the Brussels-based Attaches Working Group on Cruise Ships (26 November 2018)</p> <p>2. “A” items – For information</p> <p>a) Inter-sessional developments</p> <p>b) Report from the 20th Meeting of the SAFE Working Group (17-19 October 2018)</p> <p>c) Report from the 10th Meeting of the Agreement on Trade Facilitation Working Group (22-23 October 2018)</p> <p>d) Report from the 19th Meeting of the Revised Kyoto Convention Management Committee (12-13 November 2018)</p> <p>e) Report from the 4th Meeting of the Technical Experts Group on Non-Intrusive Inspection (13-14 December 2018)</p> <p>f) Report from the 80th Session of the Policy Commission (3-5 December 2018)</p> <p>3. “B” items</p> <p>g) Report from the 15th Meeting of the WCO Counterfeiting and Piracy (CAP) Group (6-7 December 2018)</p> <ul style="list-style-type: none"> - Terms of Reference of the CAP Group <p>h) Update from the meeting of the Brussels-based Attaches Working Group on Cruise Ships (26 November 2018)</p>	65 - 83
<p>XI.</p>	<p>Future of Customs <i>(For discussion and decision)</i></p> <ul style="list-style-type: none"> a) Draft Study Report on Disruptive Technologies b) Blockchain: policy and legal considerations, interoperability, standardization and governance model – Round table discussion c) Presentations by Members 	84 - 120

XII.	Data Analytics <i>(For discussion and guidance)</i> a) Data analytics and applied to Customs b) Presentation by Member	121 - 130
XIII.	Geodata for Customs <i>(For discussion and guidance)</i> a) The use of geodata in Customs b) Presentation by Member	
XIV.	WCO Theme of 2019 <i>(For discussion and decision)</i> o SMART borders for seamless Trade, Travel and Transport – Panel discussion	131 - 147
XVI.	Sustainable Development Goals (SDGs) <i>(For discussion and guidance)</i> o How can Trade Facilitation and Customs support SDGs	180 - 194
XVII.	Small Island Economies <i>(To take note and for guidance)</i> o State of play regarding the development of a guidance for Customs administrations of Small Island Economies	195 - 199
XVIII.	Economic Competitiveness Package (ECP) <i>(For discussion and guidance)</i> o Priorities for updating the WCO instruments and tools under the ECP	200 - 206
XIX.	Special Customs Zones <i>(For discussion and decision)</i> a) Results of field studies and workshops on Special Customs Zones b) Development of a study report and WCO guidance material on Special Customs zones c) Presentation by McKinsey & Company	207 - 220
XX.	Customs laboratories and strategic review of the HS <i>(For discussion and guidance)</i>	221 - 237

	<ul style="list-style-type: none"> a) The role of Customs laboratories b) Strategic review of the HS 	
XXI.	<p>Integrity <i>(For discussion and guidance)</i></p> <ul style="list-style-type: none"> a) Customs-business partnership and the Collective Action Concept in combatting corruption b) Presentation by the Maritime Anti-Corruption Network (MACN) 	238 - 253
XXII.	<p>Elections <i>(For decision)</i></p> <ul style="list-style-type: none"> o Elections of the Chairperson and the Vice-Chairperson of the PTC 	254 - 258
XXIII.	<p>Any other business <i>(To take note)</i></p> <ul style="list-style-type: none"> a) Proposals for agenda items for the next PTC meeting b) Upcoming events 	259 - 262
XXIV.	Closing	263 - 265

Item I (Agenda Item V of the TFAWG) – Opening address by Deputy Secretary General

1. The Chairperson of the TFAWG Mr. L Satya Srinivas (India) opened the Joint Session of the 11th Meeting of the TFAWG and the 223rd/224th Sessions of the Permanent Technical Committee (PTC) and introduced the WCO Deputy Secretary General Mr. Ricardo Treviño Chapa for his opening remarks.
2. The Deputy Secretary General welcomed the delegates and described the main particulars of both the agendas of the Joint TFAWG/PTC Session and of the meeting of the PTC proper. He highlighted the importance of the delegates' feedback on a number of topics, including performance measurement and the Time Release Study (at the Joint Session) and the Future of Customs items (at the PTC proper meeting).
3. He also stressed the importance of a number of cross-cutting topics to be discussed, such as the review of the Harmonized System and Integrity. Finally, he invited the delegates to provide their valuable contributions and participate actively in the meeting.
4. In conclusion, the TFAWG and PTC:
 - took note of Deputy Secretary General's opening remarks.

Item II (Agenda Item VI of the TFAWG) – Adoption of the Agenda and the Summary Document

5. The Chairperson of the PTC Mr. Ian Saunders (US) invited the delegates to share any comments or suggest amendments to the Draft Agenda and Summary Document, after introducing some of the latest changes to the Agenda.
6. In conclusion, the TFAWG and PTC:
 - adopted the Draft Agenda (PC0537) and the Summary Document (PC0538).

Item IIIa (Agenda Item VIIa of the TFAWG) - Break Out Session – Time Release Study

Item IIIb (Agenda Item VIIb of the TFAWG) - Plenary session (report from the break-out groups) – Time Release Study

7. The Chairperson gave the floor to the Secretariat to introduce document PT0092. The Secretariat presented the document, highlighting that the Time Release Study (TRS) was known as a strategic tool used by WCO Members to improve the efficiency and effectiveness of Customs, other government agencies (OGAs) and private sector stakeholders in relation to international movements of cargo. In addition, this tool was increasingly being used by WCO Members for strategic planning and proper sequencing of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) measures, in accordance with each Member's National Committee on Trade Facilitation (NCTF).
 8. The Secretariat also indicated that the tool enabled Customs administrations working in close collaboration with OGAs to conduct self-assessment, measure the impact of implementation of specific trade facilitation measures, and provide data-based evidence of progress made. It recalled that, last year, the Permanent Technical Committee (PTC) had approved a new version of the TRS Guide, known as the TRS version 3. That version
- 6.

comprised a number of important features, including an additional monitoring and evaluation phase allowing countries to evaluate the implementation of TRS outcomes from a previous cycle up to the next one.

9. The Secretariat went on to inform the meeting that sharing TRS information, including TRS reports, was very much welcomed by the WCO. In this regard, it underscored that, for the WCO, sharing TRS information was considered very useful for Customs administrations and stakeholders in order to better understand the challenges, lesson learned and innovative solutions employed, especially for those administrations which were either planning to conduct a TRS or were at very early stages of this exercise.
10. In addition, the Secretariat stated that two WCO Members, Sri Lanka and Burkina Faso, had been invited to present their respective national TRS experiences and outcomes to the meeting. After the presentations, the meeting would be divided into two groups to discuss and answer the following questions related to TRS : (1) Going beyond national TRS, what are the key principles and processes for conducting a TRS in international trade corridors with respect to the end-to-end cross-border movement/transit of consignments involving partner countries?; (2) How can TRS data be widely used and promoted as a global tool for measuring WTO TFA implementation and associated challenges?; (3) What could serve as a sustainable mechanism for the periodic sharing of Members' TRS experiences and outcomes with the WCO, to permit a detailed analysis at the sub-regional, regional and global levels?; and (4) What additional instruments, tools or approach could the WCO and its Members use to supplement and enhance TRS activities?
11. The delegate of Sri Lanka, Mr. Achala Chandrasekare, gave a presentation sharing his country's most recent TRS experience. Outlining some of the activities carried out by Sri Lanka Customs in collaboration with the key trade stakeholders, Mr. Chandrasekare noted that the WCO had provided technical support to his country by training a number of officers during a workshop. He then pointed out some of the challenges which his country had faced during the TRS, such as ensuring that no Customs officers would be assigned to the TRS Group if they were due to be transferred in response to the department's transfer policy. That policy was expected to apply to some TRS Group members working for Sri Lanka Customs.
12. Additionally, the delegate listed the key recommendations which had emerged from the TRS findings, including the need to encourage importers to make use of the pre-declaration option, the need to start exploiting unutilized routes for containers, and the need to eliminate redundancy along the clearance process.
13. The delegate of Burkina Faso, Mr. Patrick Yameogo, gave a presentation on his country's TRS experience. During his presentation, he explained the background against which the TRS had been conducted, highlighting that this was the first time that a TRS had been carried out in his country. He indicated that the preparations and other subsequent activities had taken place during 2018 and, that same year, the country had welcomed the first TRS technical assistance mission by the WCO (delivered in the framework of the WCO West African Customs Administrations Modernization (WACAM) Project). The assistance had been delivered in the form of a national workshop bringing together participants from different trade stakeholders, including the private sector and representatives of OGAs involved in cross-border trade.
14. Mr. Yameogo also mentioned that for the purpose of the TRS, a Head of Project had been appointed and a Working Group formed. He told delegates that a TRS Business

Process had been completed, covering the entire flow process of cargo from arrival until physical release. The TRS had revealed a number of bottlenecks, including Customs-related ones such as long delays during the Customs verification process. The need for dematerialization of supporting documents in relation to the flow process of cargo was another of the findings reached during the TRS. Mr. Yameogo also highlighted some of the recommendations put forward in the context of the TRS, including but not limited to the need for the country to introduce a Single Window system. He brought his presentation to a close by thanking the WCO for the support given to his country in order to conduct the TRS.

15. During the ensuing discussion, delegates thanked Sri Lanka and Burkina Faso for sharing their experience in the area of TRS and made comments on the issue of TRS. They also asked questions, including an enquiry about the number of days set aside for the TRS study in both countries. The two presenters replied by indicating the number of days set aside for the study period, stressing that their countries had adhered to the recommendation outlined in the TRS Guide.
16. Following the presentations by Sri Lanka and Burkina Faso and the comments by some delegates, the joint session of the TFAWG and the PTC split into two groups and each group was assigned its own rapporteur. After discussions in the breakout sessions, Mr. Alfa Ibrahim, the rapporteur of one of the groups, shared that group's answers to the four questions with the plenary session.
17. In response to the first question, he said that bilateral relations between countries and certain principles, such as those relating to Authorized Economic Operator (AEO) programmes, performance measurement, coordinated border management (CBM) and exchange of information, could be useful when carrying out a TRS in an international trade corridor involving partner countries. Awareness and political will were also important in this respect. In relation to the second question, he noted that the TFA itself was quite fundamental to address the question. Turning to the third question, Mr. Alfa said that WCO regional meetings as well as the PTC and Policy Commission were ideal mechanisms for WCO Members to share their TRS experiences. Finally, with respect to the fourth question, Mr. Alfa indicated that the TFA, Single Window, CBM and performance management were important instruments, tools and approaches for supplementing and enhancing TRS activities.
18. The position of the other group with respect to the four questions was presented by Mr. Theodorus Hesselink, the group's rapporteur. Mr. Hesselink informed the plenary session that in response to question one, his group regarded TRS as a technical tool and agreed that, before countries conducted a TRS jointly at bilateral, regional or international level it was important to draw up an agreement. He added that countries might first wish to start by conducting a TRS with neighbouring countries. The group also stressed that political will on both sides was important. Referring to question two, Mr. Hesselink said the group was of the opinion that the TFA itself could be utilized in the context of a TRS, with members of the group emphasizing that before a country implemented the TFA measures it should conduct a TRS to set a baseline for comparison once those measures were implemented. With respect to question three, the group suggested that WCO Members share their TRS reports with the WCO Secretariat so that all reports could be amassed and compiled into a single global publication which ought to have even higher visibility than the World Bank "Doing Business" report. Finally, in response to question four, and subject to modifications to the TRS, the group agreed that principles such as Memoranda of Understanding (MoUs) applicable to AEOs could be used and that Free Trade

Agreements (FTAs) could be explored to see if there were standards supporting the rollout of a TRS beyond national borders.

19. In conclusion, the TFAWG and PTC:
- took note of TRS experiences and outcomes shared by Member Customs Administrations; and
 - examined and provided guidance on the questions set out in paragraph 9 of the working document for carrying out future work in the area of TRS that can further support Member Customs Administrations, partner government agencies and private sector stakeholders in terms of enhanced implementation of TFA measures.

Item IV (Agenda Item VIII of the TFAWG) - Performance Measurement

- **WCO Comprehensive performance measurement tools**
- **Collection and analysis of data**
- **Cooperation with World Bank Group (update)**

20. The Deputy Director, Capacity Building, presented document PT0093 reporting the ongoing work in the area of performance measurement. She informed that following the Policy Commission and the Council's guidance, the Secretariat elaborated a concept paper (document SP0660) to identify some options that could be considered for the development of a potential WCO tool for performance measurement and for monitoring the implementation of WCO instruments/ tools.
21. The Deputy Director summarized the discussions at the 80th Session of the Policy Commission, namely on the draft Terms of Reference of the Working Group on Performance Measurement (ToR). She noted that, while broadly agreeing with the draft ToR, the delegates provided some suggestions for further consideration and finalization. The comments have since been compiled and would be submitted to the June 2019 Policy Commission for endorsement.
22. The Deputy Director then moved on to outline that the Business Case for the establishment of the Working Group on Performance Measurement, including the financial and human resource implications, which had been prepared for consideration by the relevant WCO working bodies, before being submitted to the 81st Sessions of the Policy Commission and the Council in June 2019, for approval.
23. The delegates expressed appreciation for the work conducted by the WCO Secretariat and expressed their commitment to actively participate in the work of the new Working Group on Performance Measurement. Several delegates raised their concerns and provided respective proposals.
24. As to the concerns, understanding the importance of performance measurement for accountability of Customs administrations, a delegate expressed that it was necessary to deliberate it efficiently and in a systematic manner within a certain time frame; because human resources in the Secretariat were limited, it should be avoided to increase working groups that had no limitation in duration. With that in mind, the duration of the Working Group on Performance Measurement should be limited, with a possibility of extension or blending into another body, if necessary. He also raised the question on the adequacy of proposed two new full-time staff, since a Technical Officer was already hired last year for the performance measurement topic.

25. A delegate suggested to limit the reference to World Bank Group's (WBG) Doing Business in document PT0093, in order to avoid its influence to WCO's work, as the new Working Group should avoid reference to other organizations which have different aims and targets. He recommended to address the challenges related to the establishment of the new Working Group at the PTC before going to the Policy Commission.
26. A Member informed that they have already developed their own performance measurement system to identify trends in the Customs area, helping to further identify bottlenecks in border-related procedures. A delegate highlighted the importance of avoiding duplication with other performance measurement tools, while another strongly opposed the WCO tool to include a ranking element. He expressed his interest to be part of the new Working Group on Performance Measurement.
27. Recalling that a Memorandum of Understanding (MoU) between the WCO and the IMF on "Collection of Customs Data using the Revenue Administration Fiscal Information Tool (RA-FIT)" had been signed, the delegate of the International Monetary Fund (IMF) stressed that RA-FIT represented a platform for a harmonized approach to the collection of Customs data from WCO Members through the International Survey on Customs Administrations (ISOCA), which would be a good mechanism to collect data for this purposes.
28. Stressing the importance of the financial and human resource implications, several delegates suggested the business case to be presented to the Finance Committee for consideration. A delegate considered it unnecessary to have additional Secretariat staff recruited, as one staff member had already been employed for dealing with the performance measurement topic. He also considered it essential to limit the duration of the new Working Group. Another delegate considered it important to have a clear picture of the scope of work to be conducted by the Working Group with the initial estimated costs, including the costs for rolling out the new tool. One delegate proposed to consider the possibility of outsourcing qualified experts on a contractual basis to support the work of the Working Group.
29. Observing that elaboration of the key performance indicators of all the competences was a challenge, even at national level, a delegate proposed a possible reduction of the areas of Customs competences for the new tool. Lastly, one Member supported the decision to have a comprehensive performance measurement tool that goes beyond the Time Release Study.
30. Thanking the delegates for their valuable contributions, the Deputy Director informed the delegates that the concerns and suggestions raised, will be presented to the 81st Session of the Policy Commission for consideration.
31. Further acknowledging the comments on the Business Case, she informed the delegates that the proposed new Working Group will be mandated to assess the resource implications in relation to the development and management of the WCO performance measurement tool and provide feedback with the estimated costs to the Finance Committee and the Policy Commission.
32. Introducing another topic, the Director, Tariff and Trade Affairs, Mr. Ping Liu reported that the Secretariat had issued a Research Paper on "Doing Business and its Customs-related issues: a Study on the Trading Across Borders indicators", addressing several facets of the "Doing Business" survey in relation to Customs. Referring to the "Doing Business 2019" survey published in November 2018, the Director observed that the World

Bank Group (WBG) had feedback from 111 Customs administrations, signifying a high level of engagement. Additionally, 33 Customs reforms had been captured in WBG's "Trading Across Borders" and some Customs administrations had actually moved up the ranking, as a result of reforms in "Trading Across Borders".

33. Then the Director provided a summary of the discussion in the Policy Commission in December 2018. In a presentation during the Policy Commission, Dr. Rita Ramalho, from the World Bank's Global Indicators Group, explained the "Trading Across Borders" indicators, commented on the concerns to Customs, including the choice of products, the route and mode of transport, what counts as a reform, the use of TRS for DB, as well as source of data used. Welcoming the WCO's efforts in initiating the dialogue with the WBG and the WBG's presentation, Members shared their concerns as well as some suggestions to improve the quality of the survey, including: widening of sample size, grouping of similar economies, publishing underlying survey data, segregating Customs' and other agencies' roles in "Trading Across Borders", inclusion of air mode and transit, and obtaining field validation of survey responses. In conclusion, the Policy Commission agreed to continue the dialogue with the WBG and to ask the Secretariat to clarify Members' needs with regard to the "Doing Business" survey, with a view to seeking enhancement of the survey process.
34. The Director went on to update the follow-up actions after the Policy Commission in December 2018: the Secretariat had sent a letter in December 2018 to invite Members to provide comments with regard to the "Doing Business" survey as well as a letter in January 2019 to invite Members to share with the WBG contact information on potential respondents from the private sector for the Doing Business 2020 survey. Furthermore, he added that being asked by the WBG to distribute the link among WCO Members to encourage their participation in Doing Business 2020, the Secretariat would send a letter to all Members encouraging them to participate in the "Doing Business 2020" survey.
35. To end his presentation, the Director expressed his view that the WCO should continue to actively engage with WBG while developing comprehensive WCO Performance Management tools.
36. Welcoming the update on cooperation with WBG, delegates underlined the importance of providing comments on the methodology of the Doing Business Survey with a view to seeking its enhancement. A delegate expressed the legal concerns on possible confidentiality issues of providing a list of companies as possible respondents to the Doing Business survey to the WBG, similar to that regarding the provision of contact information of his administration to the WBG for the Doing Business Survey 2019. Another delegate enquired whether the comments on methodologies raised by Members would be reflected in the coming Doing Business survey 2020.
37. In response to the concerns about confidentiality, the Director clarified that the WBG had an interest in increasing the sample size and sought to have more respondents to the survey. However, the decision on whether to provide the contact information of potential respondents from the private sector lies with each Member administration as the Secretariat invited them to do so directly to the WBG if they so wish. This was different from the situation where consent from each Member administration had been sought before the Secretariat provided the contact information of Member administrations to the WBG for the Doing Business Survey 2019.
38. Regarding the prospect for acceptance by the WBG of comments on methodologies provided by Members, the Director went on to explain that there are challenges to change

the methodologies of the Doing Business Survey due to the WBG's strong interest in keeping them stable. He did not believe that comments by Customs community on methodologies would already be reflected in Doing Business survey 2020 but hoped that, through continued engagement with the WBG, such comments on methodologies would hopefully be gradually considered in their next periodical review cycle.

39. In conclusion, the TFAWG and PTC:
- took note of document SP0660 on Monitoring/Evaluation of WCO Instruments and Tools;
 - took note of the draft Terms of Reference of the proposed Working Group on Performance Measurement, and offered points for consideration prior to its presentation to the Policy Commission at its June 2019 session for finalization and approval;
 - acknowledged concerns raised pertaining to scope, staffing, duration, and funding;
 - provided feedback on the draft Business Case for establishment of the new Working Group on Performance Measurement, which will be presented to the Policy Commission at its June 2019 session, for review and approval;
 - took note and provided feedback on the oral report regarding the WCO's engagement with the World Bank on the Doing Business Survey; and
 - noted comments by the International Monetary Fund regarding the International Survey of Customs Administrations as a potential support for data collection.

Item V (Agenda Item IX of the TFAWG) - Coordinated Border Management

- **eCITES - end-to-end regulatory control of international trade in endangered species**
40. A representative of the CITES Secretariat gave a presentation on the simplification and automation of the CITES permit processes through the implementation of eCITES. He explained that the vast majority (97%) of the more than 36,000 CITES regulated species are allowed to be commercially traded and that more than 1 million CITES permits are issued per year. On the other hand, the illegal trade in wildlife would be ranked on the fourth place in transnational crime with an estimated volume of 5 – 20 billion USD. Taking these facts into account, he stressed the strong need to fully take advantage of the electronic Customs control systems to strengthen control of CITES trade.
41. Furthermore, the CITES representative emphasized the vision of an end-to-end transparency and control in the CITES supply chain based on eCITES which foresees the stepwise implementation of ePermit (Automated, simplified and transparent processes in Management Authorities), eControl (Electronic information exchange and collaboration with Customs for electronic CITES Risk Management) and eEchange (Electronic exchange of permits between government agencies along the supply chain).
42. Emphasizing the appreciation and strong willingness for further enhanced cooperation between the WCO and the CITES Secretariat, the CITES representative referred to the recommendation of the CITES Standing Committee to the upcoming CITES Conference of Parties to start a work programme on the integration of CITES into paperless Customs clearance processes and risk management procedures and to work with relevant partners, such as WCO, on the development of standards and solutions for electronic permit information exchange and validation as well as on the implementation of efficient risk based procedures for controls in CITES listed species using information technologies and modern trade control procedures.

43. During the discussion of the agenda item, delegates expressed their support for the collaborative work of the WCO and the CITES Secretariat aiming to achieve enhanced electronic information exchange as well as efficient risk management procedures between Customs and CITES authorities.
44. Some delegates shared their experiences and projects with regard to the inclusion of CITES permits in a Single Window environment and in the area of combating illegal trade of CITES listed species through the use of electronic data to enhance risk management procedures. The delegates underscored the need for electronic information exchange between Customs and CITES Management Authorities and expressed their willingness to contribute to the cooperative work of the WCO and the CITES Secretariat.
45. In conclusion, the TFAWG and PTC:
- took note of the CITES Standing Committee's initiative; and
 - provided further guidance on WCO's possible contribution to this work.

Item VI (Agenda Item IX of the TFAWG) - Availability of Trade Information on the Internet (Art. 1.2 TFA) and Enquiry points (Art. 1.3)

c) Global Trade Helpdesk (GTH), presentation by ITC

d) Integrated enquiry points, Member's experience

- **Presentation by Malaysia**
- **Presentation by Rwanda**

46. The Secretariat presented document PT0094, providing a brief overview of Articles 1.2 and 1.3 of WTO TFA. It was underlined that Article 1.2 of the TFA introduces, for the first time, an actual obligation to use information technologies for disseminating trade-related information under the WTO framework. Before the TFA, the only available instrument was a WCO recommendation concerning the use of worldwide websites by Customs Administrations. It was noted that the aim of this trade facilitation measure is for relevant stakeholders to obtain a comprehensive understanding on how to import to, export from, or transit through the territory of the concerned WTO Member. Apart from the aforesaid, Article 1.3 states that each Member shall, within its available resources, establish or maintain one or more enquiry points to answer "reasonable" enquiries of governments, traders, and other interested parties on matters covered under paragraph 1.1 of Article 1 and to provide the required forms and documents referred to in subparagraph 1.1(a) of Article 1.
47. The Secretariat also referred to the WCO instruments and tools (WCO Transparency and Predictability Guidelines, the Guidelines to Chapter 9 of the General Annex of the RKC), which provide sufficient guidance on enquiry points/offices. Use of information technologies clearly adds to the efficiency, effectiveness and economy of this important service.
48. In conclusion the Secretariat updated the TFAWG and PTC on how many WTO Members have notified both measures under A, B and C categories.
49. Based on the request from the Chairperson of the TFAWG, two Members' experiences on the functioning of an Integrated Enquiry Point were presented, with the aim of showing a national example on how the different agencies work together in providing the necessary support on cross-border procedures to stakeholders. Moreover, the

International Trade Centre (ITC) shared detailed information about Global Trade Helpdesk's (GTH) latest achievements.

50. The representative of ITC, started his presentation highlighting that governments do not always have the capacities, nor the resources, to provide detailed and up-to-date information to the private sector, struggling to comply with WTO TFA. In this regard, the ITC has been a lead agency in collecting and disseminating trade-related information, as well as providing easy and free-to-use market analysis tools. The next step will be the creation of a one-stop-shop for micro, small and medium-sized enterprises (MSMEs). Through the GTH policy makers, MSMEs and trade support institutions would be able to make actionable decisions. Ultimately, evolution of this initiative supposed to reach two more stages: "data integration and collection" and "capacity building and dissemination". In conclusion, Mr. Mimouni demonstrated Beta version of the GTH, emphasizing following features:
- website provides information on goods and services for export and import procedures;
 - website contains pre-selected queries based on popular searches in country;
 - user dashboard based on interests;
 - website has links to different sources, tools and databases.
51. The delegate of Malaysia then began her presentation by giving the overview of Malaysian experience as a WTO member and she provided WTO TFA ratification details. She further provided information on three government agencies responsible for establishing enquiry points for trade-related data. The Ministry of International Trade and Industry (MITI) is the focal point in consolidating and streamlining Malaysia's active participation at the WTO. The Ministry of Finance (MOF) introduced the myTRADELINK system, which connects trading communities with the relevant government agencies and businesses involved in global trade and logistics. The Royal Malaysian Customs Department (RMCD) collects revenue and provides trade facilitation through enforcement and compliance with applicable law to spur economic growth, maintain national security and public welfare. She pointed out that RMCD provides the enquiry point contact information via a Customs Call Center (CCC) to assist clients and stakeholders in their enquiries related to Customs matters. There are 30 officers located in CCC that operate every day from Monday to Friday (from 8.30 a.m. to 10.00 p.m.), and Saturdays and Sundays (from 8.30 a.m. to 5.00 p.m.). They are closed on public holidays, whereas emails received would be handled within 2-5 working days. RMCD intends to continue further development of easy access to data on Customs procedures, description of import, export and transit procedures, advance rulings and compliance matters in both Malay and English languages.
52. The delegate of Rwanda dedicated the first part of his presentation to the key priorities of his administration in light of WTO TFA ratification. He mentioned that, due to the continuous reforms, Rwanda had improved its global ranking in Doing Business rating from 41 in 2017 to 29 in 2018. Then, the delegate provided details of Rwanda's Trade Portal initiative, which was developed in line with article 1.2 of the TFA. The objective of this project is to generate and disseminate transparent information on strategic import, export and transit procedures through an on-line Trade Information Portal. Furthermore, this initiative is intended to increase compliance and predictability by making the regulatory requirements available to the public. It was emphasized that their NCTF developed an action plan for the implementation of the Trade Portal. Moreover in this regard, the NCTF requested assistance from UNCTAD in developing the Trade Portal. In conclusion, the delegate shared major benefits of this important service, such as access to trade databases - Customs tariff, non-tariff measures including import and export licenses, trade

related national laws, international and bilateral trade agreements; possibility to send complaints, report incorrect information and propose simplification measures through the system; compliance with the requirements of article 1.2 of the TFA and ability for Customs to monitor the extent to which the measures implemented to facilitate trade actually reduce the regulatory burden faced by firms engaged in, or wishing to trade.

53. In conclusion, the TFAWG and PTC:
- took note of the provided presentations.

Item VIII (Agenda Item XII of the TFAWG) - Any Other Business

54. The Chairperson invited delegates to suggest Agenda item(s) for the next TFAWG meeting. Since there were no suggestions, the Chairperson proposed to Members to provide comments in the following couple of weeks.

55. In conclusion, the TFAWG and PTC:
- took note of the opportunity for Members to provide suggestions for the next meeting agenda in the following couple of weeks.

Item IX (Agenda Item XIII of the PTC) - Closing

56. The Director, Compliance and Facilitation, thanked all the delegates and international organizations for their engagement throughout the meeting. She further underscored extremely valuable contributions provided by participants in the past two days.

57. The Chairperson thanked the WCO Secretariat, the Members and WTO for their valuable inputs during the meeting. In addition, he encouraged the Secretariat to continue working on improving the WCO website.

58. The Chairperson then closed the meeting.

*
* *
*

Item X Update and reports**1. “A” items – For Decision****a) Report from the 75th Meeting of the Information management Sub-Committee (29-30 October 2018)**

- WCO Data Model Business Guide
- Update of the WCO Data Model - Data Maintenance Procedure

b) Report from the 38th Meeting of the WCO/UPU Contact Committee (14-16 November 2018)

- Joint WCO–UPU guidelines on the exchange of electronic advance data (EAD) between Posts and Customs

c) Report from the 12th Meeting of the WCO/IATA/ICAO API/PNR Contact Committee (22-23 January 2019)

- Terms of Reference of the API/PNR Contact Committee

2. “A” items – For information**d) Inter-sessional developments****e) Report from the 20th Meeting of the SAFE Working Group (17-19 October 2018)****f) Report from the 10th Meeting of the Agreement on Trade Facilitation Working Group (22-23 October 2018)****g) Report from the 19th Meeting of the Revised Kyoto Convention Management Committee (12-13 November 2018)****h) Report from the 4th Meeting of the Technical Experts Group on Non-Intrusive Inspection (13-14 December 2018)****i) Report from the 80th Session of the Policy Commission (3-5 December 2018)****3. “B” items****j) Report from the 15th Meeting of the WCO Counterfeiting and Piracy (CAP) Group (6-7 December 2018)**

- Terms of Reference of the CAP Group

k) Update from the meeting of the Brussels-based Attaches Working Group on Cruise Ships (26 November 2018)

59. The Chairperson explained that the update and reports is a standing PTC agenda item which groups together “A”-items, namely reports from different WCO working bodies or from the Secretariat. Some of them require approval (sub-items under part 1.), while the majority are for notetaking (sub-items under part 2.). However, delegates may raise any issue or launch a relevant discussion, if required.

60. He further went on to explain that this time, the update and reports item included a part 3. with a number of “B” items that would require more time for discussion.

61. The Chairperson invited delegates to turn their attention to the Report of the 12th Meeting of the WCO/IATA/ICAO API/PNR Contact Committee that had been held on 22 and 23 January 2019, and in particular to the Terms of Reference (ToR) of the Contact Committee as amended. The Chairperson said that the change to the ToR had been discussed by the PTC at its November 2018 meeting, following a proposal by the Enforcement Committee. The PTC had accepted the amendment to include a Members-

only meeting to be held back-to-back with the API/PNR Contact Committee meeting, but had referred this issue back to the API/PNR Contact Committee for further discussion.

62. The API/PNR Contact Committee had discussed and agreed, in principle, to the amended text. It had also suggested some editorial changes and minor adjustments, pending agreement by the ICAO. The Chairperson went on to say that the ICAO had given its approval for the updated ToR on the Thursday preceding the PTC meeting, with the addition of a short text clarifying the term "Enforcement" in the WCO context.
63. Turning to part 3. of the update and reports item, the Chairperson gave the floor to the Secretariat to provide more information on document PC0540 regarding the ToR of the Counterfeiting and Piracy (CAP) Group under sub-item j.
64. Ms. Hinojosa explained the background and the amendments to the ToR for the CAP Group, proposed by the Secretariat and presented in doc PC0540 and referred to in the Draft Report from the CAP Group meeting (TR0057). She reminded the delegates that the Council had requested that the Secretariat ensures the work is prioritised, that meetings be efficient and demonstrate concrete results. Based on this, she explained that the current ToR for the CAP Group are extremely limiting and do not provide a basis for much of the work that Members are asking for. She explained that during the CAP meeting, Members asked for more time to review the proposed changes. Therefore, in December 2018, the WCO Secretary General sent a letter to all Members requesting their comments to the proposed changes to the ToR, and a number of countries submitted their responses, all of which have been positive and supportive of the proposed changes.
65. One delegation intervened and reminded the PTC that the CAP group did not have a formal discussion on the amendments, as the proposal was presented in a Non-Paper and it was decided to be noted as a discussion topic only. The delegate stressed that the letter distributed by the Secretariat was not based upon any decision from the CAP Group meeting. The delegate also reminded the PTC of the background to the existing ToR and reiterated that there were still grounds for concern that the CAP Group could go beyond the limits of the TRIPS Agreement, if the ToR would become too unrestricted.
66. A number of delegations supported the amendments. In addition to its support, a delegate shared the same concern of the first delegation. Another delegation underlined that there was no need for any specific text in the ToR, as the scope of the CAP Group was set to be within the scope of the TRIPS Agreement and that this should be sufficient.
67. The first delegation was apprehensive of the views of the PTC, but reminded that the language in the current ToR was a compromise reached by the Council and questioned if the process was within the procedures for the WCO.
68. The Chairperson summed up and took note of the document with the proposal and the discussion and suggested to forward the amendments to the ToR to the Policy Commission (PC) for their discussion and decision.
69. Several delegations supported this proposal, underlining that the role of the WCO was to provide guidelines and recommendations.
70. As there was no opposition to the proposal, the Chairperson took note of the support for bringing the proposal forward to the PC and the PTC also took note of the report from the 15th meeting of the CAP Group.

71. Later on, during the PTC meeting (under the AOB item), one delegation took the floor to state that, in the interest of transparency, the Secretariat was requested to consider convening a meeting of interested Members, before the PC, to discuss the reactions to the draft ToR proposed by the Secretariat. The delegation noted that a number of Members submitted, by e-mail, their comments on the draft in question to the Secretariat, but that only the Secretariat had a full appraisal of what these comments were. Members did not have access to these comments, since they were not circulated. He felt that there was, therefore, no proper discussion amongst Members about what each Member counter proposed. He felt that some PTC delegates had doubts about the language proposed by the Secretariat and that it would thus be desirable if Members had an opportunity to meet before the PC in order to seek to find language that could accommodate the concerns expressed not only by these latter delegations, but also other concerns that might have been raised in the comments sent electronically to the Secretariat.
72. This statement was taken note of.
73. In the discussions that continued under the Update and reports item, the Chairperson then turned to the last sub-item k) and gave the word to the Brussels Based Attaché (BBA) Cruise Ships Working Group Chairperson, Mr. Robert Lake, who delivered a presentation on the progress made by the Working Group. The latest meeting of the Working Group was held at the WCO Headquarters on 27 November 2018.
74. The presentation addressed: the importance of the industry and stakeholders to this work; mapped the differences between the cruise and air environments noting that no airlines have 3500 crew and 6000 to 7000 passengers on board; the availability of data from industry; the environmental and tourism impact on the daily life of local people. He provided real life cases on the impact in Venice, London, Paris, Croatia and New Zealand. He also highlighted that port facilities and infrastructure are struggling to deal with the number of people, luggage, immigration, passport checks, etc.; legal frameworks and overlapping jurisdictions; potential fees and levies from industry; and the importance of effective passenger controls.
75. The BBA Cruise Ships Working Group had decided to focus on two main areas: API/PNR for Maritime; and sharing of best practices between Members. The next step for the Cruise Ships Working Group is to discuss the draft policy paper at the Enforcement Committee (EC) and present it to the Policy Commission (PC).
76. Members noted the presentation delivered by New Zealand on the risk of exploitation of cruise ships for trafficking purposes and offered to contribute to the work of the Working Group.
77. In conclusion, the PTC:
- adopted the reports from the 75th Meeting of the IMSC, the 38th Meeting of the WCO/UPU Contact Committee and the 12th Meeting of the API/PNR Contact Committee, including the relevant accompanying documents;
 - took note of the inter-sessional developments and the reports from the WCO Working Bodies of relevance to the PTC;
 - took note of the updated terms of reference of the CAP Group with broad support, but with a recommendation to have the Policy Commission consider the question of their bearing on norm setting; and

- took note and provided guidance on the work of the BBA Working Group on Cruise Ships.

Item XI Future of Customs

- Draft Study Report on Disruptive Technologies**
- Blockchain: policy and legal considerations, interoperability, standardization and governance model – Round table discussion**
- Presentations by Members**

78. The Secretariat introduced document PC0541 and the Draft Study Report on Disruptive Technologies, developed under the Virtual Working Group on the Future of Customs. The first draft was presented to the PTC in April 2018, when the meeting agreed on its objectives and structure; the PTC then agreed to continue exploring the topics and collecting experiences to be included in the next version for the review at the 2019 spring PTC sessions.
79. The Secretariat explained that the Study Report was a collective effort of the Members and Observers, including the Private Sector Consultative Group members, and was finalized under the leadership of the recently appointed Moderator of the Future of Customs Group Mr. Jonathan Page (Canada). The changes to the first draft were explained, including the following additions: Foreword by the Secretary General; Acknowledgments; Executive Summary; a revamped chapter on Artificial Intelligence and Machine Learning; a new chapter on Virtual, Augmented and Mixed Reality; an update of the chapter on Recommendations; a new chapter on Strategy Behind Technology; and finally 18 valuable use cases, for which much appreciation was expressed. The Secretariat also shared some interesting examples of national experiences to provide more flavor to the contents of the Study Report.
80. In the discussion that followed, the delegates expressed a high level of appreciation for the work undertaken and for the quality of the Study Report. Some delegates shared suggestions for further additions in the future, such as exploring the legal and financial aspects when introducing latest technologies. Another delegate suggested providing a national use case before submission of the document to the Council and considering the legal and staff considerations for introducing artificial intelligence. It was suggested that the next step for the Study Report could be connecting the objectives and the means to arrive to desired results, including how to introduce the new technologies to the existing IT systems. It was recognized that the ability to benefit from disruptive technologies will be critical for the success of Customs and border management organizations in the future.
81. The Members shared their experiences with innovation projects and the inclusion of the relevant stakeholders. As the next step, the PTC supported organization of awareness-raising and experience-sharing workshops that could also provide more focus on particular areas such as Artificial Intelligence. The PTC also supported further Customs and Secretariat involvement in relevant research and development projects which involve other stakeholders, including academia and the private sector. Some concrete examples were provided of projects under the EU Horizon 2020 Programme.
82. A delegate indicated that due to its value, the Study Report will be shared with his Administration's staff more broadly, once approved by the Council. The PTC also collectively supported further development of the Study Report and it being a living document, ensuring that new developments be captured in the future. A need was

expressed towards exploring how Customs can ensure the introduction of these technologies and what kind of staff profile and training would be required for a Customs officer of the future.

83. The Secretariat introduced document PC0542, noting some of the key features of blockchain (e.g., distributed ledger, trust, immutability and provenance) that could be leveraged in the international supply chain management, as well as Customs and border regulatory processes. After outlining the potential use cases of blockchain in Customs and border regulatory processes, the Secretariat pointed out that Customs could consider the following ways to exploring blockchain technology: one was to observe the business initiatives and look into the opportunities to interface with their blockchains, and another was to develop Customs own blockchain and explore how the private sector could integrate their supply chains into it. The use of blockchain could potentially help further improve various border processes such as Customs declaration and other regulatory submissions, the exchange of information particularly in a Single Window environment, the implementation of various agreements such as AEO-MRA, free trade agreements, and overall transit process management.
84. The Secretariat noted that the wider data access - much early in the supply chain - in a blockchain environment could potentially improve Customs risk management and overall validation process of the regulatory submissions, resulting in enhanced facilitation and cost reduction. Delegates' attention was then drawn to a number of policy and legal considerations to address various regulatory, operational and technological challenges such as the liability in a distributed technology, identity management, interoperability, data quality and overall governance structure, underlining the importance of interoperability and standardization of data. Going forward, delegates were invited to reflect on the following key aspects:
- i. Use of blockchain in Customs and other border regulatory processes,
 - ii. Interface of Customs systems with, and interoperability of, blockchains, and
 - iii. Standardization of data in blockchain (including pre-shipment data).
85. After introducing the speakers, the Moderator Mr. Luc De Blicq, WCO Deputy Director of Procedures and Facilitation Sub-Directorate, noted various ongoing pilots concerning the use of blockchain and requested the speakers to focus on the practical aspects of the application of blockchain for Customs administrations.

Speakers:

- *Mr. Hunny Lee (Korea Customs Service)*
- *Mr. Stewart Jeacocke (IBM)*
- *Mr. Nicolas Buhmann (Maersk)*
- *Mr. Geoffrey Belboom (DHL)*
- *Mr. Dale Chrystie (Fedex)*

86. This was followed was a very interactive round table dialogue between the Moderator and other speakers based a number of questions put forward by the Moderator, engaging delegates. When sharing their viewpoints on various aspects of blockchain, speakers also responded to several questions raised from the floor.

87. In response to a question concerning blockchain's positioning in Customs digitalization agenda for facilitation and control, Mr. Lee (Korea) highlighted the advantages of blockchain in terms of augmented real-time information sharing, enhanced reliability of information, and simplified work processes. He mentioned that Korean Customs had explored the application of blockchain through three pilot projects: the exchange of e-certificate of origin, Customs Export clearance, and E-Commerce import clearance.
88. With regard to the potential implications (including resource implications) in terms of adapting and enhancing the legacy system and interconnecting and interfacing them with blockchain platforms, he mentioned that Korean Customs was bringing changes through pilot projects such as their e-Customs system: UNI-PASS. Within UNI-PASS every Customs module had been optimized and linked with each other. He added that the implementation of blockchain would entail establishing a legal framework, as well as carrying out necessary changes/modifications in related Customs procedures and the UNI-PASS system. For example, Korean Customs had been collecting information through import and export declarations, but now such information could be accessed through blockchain, potentially obviating the need for such regularity submissions. Similarly, verification/validation of data could be done through the execution of Smart contracts in a blockchain platform.
89. Furthermore, Mr. Lee noted that blockchain could create an environment of trust between participants for business transactions. From the Customs' perspective, reliable data in blockchain was underpinning to improving the risk management and expediting Customs clearance. He reiterated that the relevant legislation had to be amended in order to receive and process shipment data through blockchain. Korean Customs could not fully implement blockchain due to the limitation of the legislation. According to him, the key objective of blockchain should be focused on enhancing data accuracy, process reliability, and efficiency of Customs processes. He recommended initiating pilot projects with limited scope and later extending to the whole supply chain. Finally, Mr. Lee highlighted the importance of cooperation among all stakeholders to unravel the technical and institutional challenges with a view to integrating blockchain into an existing system.
90. Responding to a question regarding the level of readiness of blockchain and the impediments in the large scale adoption of blockchain solutions, Mr. Jeacocke (IBM), informed that certain limited applications were already available that were being used by the private sector and governments. In his view, legislation might be one of the hurdles to the wider adoption of blockchain. He added that data protection legislations like the General Data Privacy Regulation (GDPR) would need to be analyzed and evaluated in the blockchain context in which many stakeholders would be sharing data.
91. Concerning the potential adaptation of legacy ICT systems, he mentioned that some changes would be necessitated in organizations' IT systems based on the organization's level of engagement in a blockchain platform. The involvement in a blockchain could either be limited to the access of data or be more participative using smart contracts; more the involvement in a blockchain platform, better the capability of the organization to run, and get benefitted from, a blockchain node. The interaction of an existing system with a blockchain platform could be done through the use of standard technologies such as application programming interfaces (APIs).
92. After noting the issue of interoperability, he mentioned that there were different aspects of interoperability such as the exchange of data between various systems, the exchange of databases, and the guarantee of data quality in different blockchain platforms.

Therefore, one should be more specific while referring to interoperability. He then highlighted the importance of the hybrid model where the blockchain could be functional in conjunction with an existing IT process and infrastructure.

93. With respect to the difference between Single window and blockchain, he explained that Single Window was focused nationally, whereas blockchain allowed national Single Windows to integrate into a global community. One of the prerequisites for blockchain was that a group of participants wishing to be part of blockchain should come on board. Finally, he suggested framing guidelines, covering different aspects such as the veracity of data that was very important in the context of the exchange of data for mutual recognition of AEO programmes and certificate of origin.
94. With regard to a question on how could blockchain improve regulatory compliance, trade facilitation and overall supply chain efficiency, as well as help move from a transaction-based to an account-based processing, Mr. Buhmann (Maersk) said that blockchain was just a database technology which helped building applications for various business processes. So, blockchain applications could equally be designed for trade facilitation and compliance. Moreover, two important aspects needed to be considered i.e. risk analysis and revenue collection, for shifting from a transaction-based to an account-based processing. In an account-based processing, a holistic view was normally taken, e.g. instead of looking into one container, all of the activities relating to the corresponding import and trader were analyzed. For such a holistic decision making process, the data set had to be expanded in two dimensions : i) time, which included the past data and potentially the future data set, and ii) sources, which included data from other sources (aside from Customs data) such as other governmental agencies data and private sector data.
95. He then referred to the TradeLens platform jointly developed by Maersk and IBM, in which private stakeholders were allowed to exchange data by placing their data into the platform, leading to the optimization of business processes. This platform, being a huge repository of reliable data, could be useful to Customs administrations for risk analysis and revenue collection. He added that blockchain had unique features with respect to the level of data security, such as tamper-resistant and audit trail, which earlier technologies were not able to achieve. In this regards, he then highlighted the example of Bitcoin protocols, which had not been breached thus far.
96. With respect to the privacy issue in blockchain, Mr. Buhmann stated that there was a possibility of incorporating a mechanism to restrict access to data based on the business requirements, even though all the data might be available on blockchain. Furthermore, data could be encrypted and provided to the relevant parties that needed to access the data. Blockchain could enable the sharing of data among Customs administrations in a very secure way and enable them to enhance their capabilities. Customs, being part of the supply chain, could share their data with the private sector, e.g. the information regarding clearance of the container could be sent in an automated way. In an answer to a specific question regarding the status of data once a Customs administration decided to exit a blockchain platform, he said that there was a possibility of building a blockchain to delete the data in such situations, and therefore Customs and other stakeholders had the possibility of moving out of a blockchain, when they decide to do so.
97. Touching upon some practical aspects regarding the application of blockchain, he added that the initial steps would involve the identification of the problem and the resources availability within the Customs administration, and then conducting pilots based on the identified business needs. After noting that a country-specific blockchain solution

might not be scalable beyond that country, he suggested that the WCO should play a lead role in developing globally oriented solutions. The WCO might observe the ongoing pilot projects and could potentially consider providing recommendations based on the outcomes and lessons learned from these pilot projects. Mr. Buhmann then highlighted the issue of standardization of data elements that was one of the basic requirements for the successful implementation of blockchain. In this regard, the WCO data model could be the de facto standard model for Customs administrations.

98. With respect to the potential of blockchain to transform the logistics industry, given the varying interests of the stakeholders and third party intermediaries involved therein, Mr. Chrystie (Fedex) replied that blockchain could be helpful in creating a common language, when there were multiple parties with different data descriptions. He noted the value for adopting blockchain that could enable authentic and reliable transactions creating a secure chain of custody. There was also a need to build an open source and royalty-free standards for interoperability to support Customs' interaction with stakeholders that might be using multiple blockchain platforms.
99. Furthermore, he was of the view that blockchain would definitely change the traditional working processes that would require the alignment/adjustment of the relevant legislation and regulation. Also, every stakeholder had to agree on data that they would be sharing through blockchain. He indicated to monitor the development of blockchain over the next five years and carry out necessary work for interlinking them. Finally, he suggested that the WCO, in coordination with the private sector and other stakeholders, should come up with guidance/recommendations in this regard.
100. Mr. Belboom (DHL) opined that rising from localized developments, blockchain would eventually grow into something bigger over a period of time. Several blockchains, which had been emerging around the world, might eventually be part of a big network of databases. Such blockchain-based platforms could provide access to a real time data in the international supply chain. He too recognized the need for developing standards for seamless interconnectivity between and among various blockchains.
101. He went on to explain that blockchain provided a unique opportunity to build a digital data pipeline along the supply chain in which various stakeholders could exchange, complement and modify data. Blockchain provided the ability to establish the source from where the data was originating and trace back to a node at which the data had been modified or supplemented. The provenance of data in blockchain could potentially help moving from an immediate release to an immediate clearance of a shipment, as data would secure, immutable and accurate. With respect to the steps required for the implementation of blockchain, he mentioned that initially Customs administration should discuss among the stakeholders and come up with a design. The design could then be evaluated through a pilot project that could be scaled-up later on.
102. During the discussion, Mr. Buhmann (Maersk) provided a few concrete examples of blockchain use, such as securing and facilitating trade through blockchain by tracking avocado containers through its journey from Kenya to the Netherland. Traditionally, a large number of documents and other formalities (including paper-based processing and stamping on documents) were required for cross-border movement of goods. Paper-based processing could slow down border clearance processes and in particular affect the speedy release of perishable goods. This system could be replaced by an electronic platform supported by blockchain. In the blockchain environment, documents would be signed electronically. The electronic signature along with the hash value of the document

(e.g., certificate of origin), would be stored in blockchain in an immutable and secure manner.

103. Acknowledging several potential uses of blockchain in Customs and other regulatory border processes, delegates highlighted that one of the critical issues in blockchain was interoperability and connectivity among various blockchain platforms. It was emphasized that these issues should be discussed at the WCO to develop solutions to assist the global Customs community to apply blockchain in a standardized and effective manner. To that end, it was suggested that WCO should establish a vision on blockchain and an associated work programme that could be carried forward through the relevant WCO working bodies such as the Information Management Sub-Committee (IMSC).
104. Under sub-item c) a panel discussion, moderated by Dr. Yao-Hua Tan, professor of Information and Communication Technology at the ICT Group of the Department of Technology, Policy and Management of the Delft University of Technology, brought together speakers from three Members that contributed to the development of the Study Report on Disruptive Technologies, with examples of innovation projects using latest technologies: :
- Mr. Jorge Eduardo de Schoucair Jambeiro Filho, Head of Artificial Intelligence for Customs Systems Department of Federal Revenue of Brazil;
 - Mr. Takahiro Araki, Director for International Cooperation, Customs and Tariff Bureau, Ministry of Finance of Japan; and
 - Mr. Frank Heijmann, Head of Trade Relations and Director of the National Trade Facilitation Committee, Dutch Customs.
105. Mr. Jambeiro Filho presented the outline of the Customs Selection System through Machine Learning (SISAM) and other artificial intelligence initiatives in Brazil's Customs. He started his presentation with a SISAM overview. The system analyzes new import declarations based on the history of inspected import declarations. At first stage, SISAM calculates the probability of about 30 types of errors, then for each field that may be wrong, calculates the probability of each possible correct value. Based on that, the system evaluates consequences for taxes and administrative requirements for each possible value, as well as calculates the return expectation for each possible inspection. As a result, more than 30% of all redirections of import declarations to inspection channels made by Customs officers in Brazil originate from suggestions of this system. So far, SISAM detected following errors: in the HS code, in description of goods, in the country of origin, missing import licenses, etc. Furthermore, the upcoming version of SISAM would be able to detect errors in the declared values, quantities, weights, freight and insurance costs. Following his speech, Mr. Jambeiro Filho provided a few real examples and demonstrated the interface of the system. He also highlighted that SISAM had already received positive peer feedback from users. To sum up, he briefly shared with the PTC other ongoing initiatives in Brazil related to disruptive technologies, such as face recognition system, optical character recognition to detect mismatches between import declarations and auxiliary documents and image recognition.
106. Mr. Araki began his presentation on Japanese efforts to develop image identification and risk assessments with artificial intelligence (AI). It was underscored that the reason behind this innovation was the situation around cargo importation, including postal items. Namely, the amount of import air cargo is increasing due to the surge in E-commerce. Whereas, the number of cases of smuggling and the amount of seizures of illicit drugs remains high level and postal items account for 67% of goods smuggled overall in 2017. Japan encounters the challenge to manage both strict border controls and smooth Customs clearance under limited human resources. In particular, control of international

postal items needs efficiency, as it is processed by Customs officers themselves. In this light, Japanese Customs started the study of image identification and risk assessment with AI aiming to reach more advanced and more efficient Customs controls against the large volume of international postal items. There were three steps taken during the research and development of this project: collection of X-ray images, the learning process for recognizing characteristics of X-ray images and automatic identification and obtaining functionality for recognizing X-ray images with suspicious characteristics, as inspection targets. Furthermore, the presenter showed a few slides on the conducted pilots. In conclusion, Mr. Araki emphasized that Japan Customs expects that more Customs officers will be able to focus on the inspection of cargo by more efficient risk assessment with AI, despite several challenges they are facing, such as improving the accuracy of image identification. After 2020 they are planning to deploy the X-ray equipment with AI to the frontline Customs offices.

107. Mr. Heijmann presented innovation at Dutch Customs from the strategic point of view. As for the vision, he stressed that innovation must contribute to a responsive Customs. This means a Customs organization that can deal with all challenges from a proactive attitude, with resilience and adaptability with more attention for increasing flexibility and innovative power of Customs. In addition, he underscored significance of external collaboration between three major stakeholders: Customs and other enforcers, the academic world and business/private sector. Internally these stakeholders could be a Coordination Group for Innovation led by a chief information officer with support from the Board of Customs, National Targeting Center, Business Support, Regional offices. The innovation channels are about: the cooperation amongst partners, the pace of an innovation, the competences and financing of an innovation. At the end of his presentation, Mr. Heijmann specified following innovation themes, that Customs is facing nowadays – Artificial intelligence, Distributed Ledger Technology, Internet of Things, Data driven Supervision, Robotization, Sensor technology, Social innovation and Physical internet.
108. Following the three presentations, the Moderator addressed the panelists with several questions relating to the strategy required for introduction of latest technologies and innovation in Customs.
109. Responding to specific questions, the panelists agreed that their administrations do not have a large number of experts working in the area of development of latest technologies and it is not really necessary. Furthermore, they advocated that cooperation with the private sector and academia is essential in this process; academia in this regard plays an important role as a neutral party for governments and businesses, taking into account the constant conflict of interests. It was also pointed out that building expertise within administrations is a must for keeping track of the constantly changing technology environment.
110. A delegate suggested to consider involvement of start-up companies to develop further technologies within the Customs framework, as well as to use a combination of AI together and human intelligence to receive continuous feedback. Another delegate highlighted the importance of awareness raising for the successful implementation of disruptive technologies.
111. The PTC expressed a keen interest in the topic of Disruptive Technologies and appreciated the sharing of experiences and best practices among Members on the cooperation between Customs and Academia.

112. Bearing in mind that the workforce development aspect of innovation kept coming up during the discussions under the Future of Customs, the Chairperson raised the question of whether the PTC would like to see the Study Report on Disruptive Technologies be examined by the relevant WCO working body, i.e. the Capacity Building Committee, at its upcoming meeting.
113. In the interventions that followed, the PTC supported the Chairperson's proposal, but also confirmed the relevance of considering training and awareness raising not only around the latest technologies, but also on how trade and business work today and making the appropriate links. In relation to the latter, an Observer suggested to have a discussion at policy level on how Customs should look in the future.
114. In conclusion, the PTC:
- through a roundtable, discussed the use of blockchain in Customs and other regulatory processes, associated challenges, prerequisites, and potential policy, legal, and technical considerations;
 - underscored the need for interoperability of blockchains and standardization of data including interface thereof with customs systems, and suggested the WCO to carry out work in these areas in coordination with other international organizations and relevant stakeholders, with a view to potentially developing guidance/recommendations;
 - discussed the Study Report on Disruptive Technologies, shared suggestions for further improvements and endorsed it before submission to the Policy Commission/Council in June 2019;
 - provided suggestions on aspects of disruptive technologies to be discussed in PTC meetings, the outcomes of which would be incorporated into the Study Report in the future;
 - supported organization of awareness-raising and experience-sharing workshops and suggested opportunities for strong Customs and WCO involvement in Members' research and development projects, explored forward-looking solutions affecting Customs and border management, and involving the private sector and other stakeholders;
 - through a second roundtable, discussed several practical experiences related to the implementation of specific technologies and the factors that affect organizations' adoption of innovations;
 - identified specific suggestions for future work, including an exploration of legal aspects, exploration of cost and financial considerations related to the adoption of innovative technology, and the convening of workshops around specific technologies (e.g., artificial intelligence and machine learning). In addition, the Committee considered the importance of workforce development in relation to the implementation of technology, and suggested that this be a topic considered by the WCO Capacity Building Committee consistent with its remit to address organizational development concerns.

Item XII Data Analytics

- a) Data analytics and applied to Customs**
- b) Presentation by Member**

Item XIII Geodata for Customs

- a) The use of geodata in Customs**

b) Presentation by Member

115. Items XII and XIII were taken together. The Secretariat introduced applications of data analytics and geodata for Customs; e.g. automated targeting by machine learning and border surveillance intelligence from satellite images. Furthermore, it presented its plans for data expert workshops and regional seminars as well as the WCO cloud computing server for data analytics, which aims to establish a community of Customs data experts and support Members' use of data analytics in their administrations.
116. The Secretariat also shared Korea Customs' practice to train Customs officers to be equipped with data analytics skills, quoting KCS' suggestion that; if Customs officials with "Domain Knowledge" in Customs administration are properly trained to obtain data analytics skills, they outperform IT experts who have little knowledge in Customs; data science should be a part of Customs culture.
117. Delft University of Technology introduced a preliminary result of the EU research project "PROFILE", which aims to develop modern data analytics and to leverage big data for Customs risk management. Professor Tan, Scientific Coordinator of PROFILE, presented an application of data analytics to support Customs valuation by comparing prices on import declarations with the respective average prices of the goods in E-Commerce web sites. The essence of the application is, for a given import product, to automatically search thousands of prices of the same goods on E-Commerce web sites and calculate the average market price. He informed that the data analytics will be piloted for real-time search of prices available in web sites and be refined for higher accuracy for targeting.
118. China Customs presented an intelligent image analysis system, which applied Artificial Intelligence (AI) technology to analysing scanning machine images. The application aims to automatically identify prohibited and restricted goods as well as taxable goods from scanned images. Given the explosive increase in the volume of E-Commerce goods, China Customs suggested that the combination of scanning technology and AI technology is an inevitable trend in the Customs intelligence and surveillance area.
119. Many delegates expressed high interest in the presented practices of data analytics and support for the Secretariat's progress and plan to promote data analytics in Customs.
120. A delegate explained that his administration used the Automatic Identification System (AIS), for control of maritime vessels. He expressed his administration's view that because such aspect had not yet been discussed sufficiently in the WCO, a relevant discussion at the Enforcement Committee would be useful.
121. Several delegates shared their experiences and lessons learnt after establishing data analytics projects such as automated targeting system with data mining and x-ray image identification with AI.
122. Some delegates asked the Secretariat to lead the initiatives of data analytics in a more strategic and harmonised way, and consider the lack of financial resources for the use of cutting-edge technologies in developing countries.
123. In response to the comments and questions from delegates, the Secretariat emphasized that the potential of data analytics is open to all Members regardless of their financial resources, as all Members have big data, and there are many open source tools for data analytics.

124. In conclusion, the PTC:

- shared practical experience with data analytics and geodata;
- took note of the progress of the Secretariat in the area of data analytics and geodata;
- provided feedback and recommendations for future work on data analytics; and
- took note of the presentation on the project Profile and the data analytics work undertaken by China Customs.

Item XIV WCO Theme of 2019

○ **SMART borders for seamless Trade, Travel and Transport – Panel discussion**

125. The Secretariat presented PC0545, expounding the concept of SMART Borders, Customs' role therein, and associated policy and operational considerations. Noting the strategic imperatives for seamless trade, travel and transport in the era of the ever-growing cross-border movement of goods and people and the increasing complexities of global value chains, the Secretariat noted the key drivers and opportunities for Customs administrations in their pursuit of facilitating and securing trade and travel, by simplifying, standardizing and harmonizing border procedures.

126. Mr. Motohiro Fujimitsu (Japan), Moderator, briefly introduced the panel speakers and invited them to provide their thoughts on opportunities and associated requirements for the enhancements of systems, processes and institutional capabilities for creating and enhancing SMART borders and share related initiatives.

Panelists:

- Mr. Guido Boffi (Italy)
- Mr. Giovanni Gijssels (Deloitte)
- Mr. Ronaldo Salles Feltrin Correa (Brazil)

127. Mr. Boffi (Italy) began by sharing his Administration's working experiences and initiatives in the area of SMART borders, highlighting some of the key aspects such as pre-arrival information, paperless Customs clearance, simplified procedures, and Single Window, supported by the Internet of Things (IoT) and Artificial Intelligence (AI). In his view, the underpinning components were the mapping of processes, data integration and harmonization across all platforms, and developing new processes. He then provided detailed information about the Italian AEO Programme, explaining its features, membership that was evenly spread across various economic operators in the international supply chain, and associated benefits.

128. After recognising the necessity of collaboration with other cross-border regulatory agencies in order to overcome the difficulties of border clearance processes involving a number of certifications, he described the development process of the Italian Single Window project that entailed, among other things, issuance of all certificates, licenses and authorizations by all agencies through a single platform coordinated and monitored through a Committee headed by the Director General of Customs. In terms of the next steps for SMART borders, he outlined some of their recent initiatives and pilots such as sea freight Customs clearance pilot project, direct delivery to an inland terminal by

integrating logistics platform of state railways and highways with Customs, and RFID sealing.

129. Next, Mr. Gijssels (Deloitte) touched upon various emerging technologies such as AI, the IoT, and robotics, and their application in the improvement of Customs business processes, noting that these technologies would work only when necessary requirements and frameworks had been put in place. For example, setting up a blockchain would not help you if there was not an agreed framework for communication and sharing of information among all stakeholders. Likewise, blockchain could not possibly help with the classification of goods, if the supplier had wrongly classified them. He then elucidated how blockchain could assist with the origin certification process in global trade, obviating the multiple touch points including paper-based processing and the exchange of documents. Talking about smart containers enabled with tracking devices to track and monitor goods during their movement, he recognized the value of such technologies in making the international supply chain more efficient and curbing illicit activities (e.g., counterfeit goods).
130. Noting that the international supply chain involved a number of stakeholders and multiple documentation, often paper-based, and the associated challenges for risk management, he underscored the need for aligning digital and paper-processes, as both would continue to co-exist for some time to come. In that vein, he also said that digital documents should have the same legal value as a paper document in order to advance with the seamless adoption of new technologies. Furthermore, he explained how technologies like AI and robotics process automation, using all the relevant data, could help with the long-standing issue of determining correct classification, particularly when new products were being launched. In conclusion, he noted the need for developing an interconnected ecosystem for exchanging quality data to carry out an upfront assessment for data in the supply chain, thus realizing SMART borders.
131. Mr. Correa (Brazil) started by mentioning that SMART borders in Brazilian context was much more than just IT solutions; it meant wider reform and transformation of Brazilian Customs. Describing the magnitude of Customs operations and associated challenges, he acknowledged the role of the WCO in his Administration's modernization journey, particularly through the Columbus Programme. Noting the importance of establishing a strategic plan connected to the national ground realities, he recounted several projects such as traveler Customs control programme based on advance passenger information and facial recognition, Single Window with Customs being the lead, port facilitation committees comprising other government agencies and stakeholders, an integrated AEO programme involving other government agencies, and risk-based coordinated inspections.
132. He continued by stating that a holistic risk management in close collaboration with other relevant government agencies was key to effective border compliance management. Furthermore, Brazilian Customs had developed other tools such as a mobile application for real-time information on the status of shipment processing, a YouTube channel for dissemination of information to the larger society, a comprehensive dedicated page for manuals and publications. Finally, he listed out some of the challenges in terms of moving forward to seamless borders : Customs leadership; human, IT and financial resources; capacity building; involvement of all the relevant agencies; timely and quality IT development; information exchange, digital forensics capabilities; and sustained partnership with the private sector.

133. The panelists collectively added the following key points for SMART borders: innovation by challenging existing structures and working processes, data sharing, technology-enabled self-clearance, trust and cooperation between public and private sector stakeholders, and vision with an action plan.
134. In the discussion that followed, delegates acknowledged the presentations and thoughts shared by the panellists. A delegate pointed out the asymmetry between the smartness of technologies and processes and the smartness of officers handling them, emphasizing the need for developing the required skill sets and capabilities of officers. He noted that it might be easier to improve legacy systems and legacy architectures, but the challenge was how to handle legacy attitudes, legacy knowledge and legacy orientation of officers.
135. A delegate then highlighted the importance of Customs cooperation and the exchange of information among Customs administrations, as well as interoperability of Customs and private sector IT systems. The delegate also brought up the issue of addressing challenges being presented by growing E-Commerce for seamless border processing. Another delegate noted the process of interaction between Customs officers and AI in his country, explaining how data analytics and AI could help Customs with discovering underlying patterns. In this regard, he underlined the significance of training and capacity building of officers.
136. Responding to some of the questions raised by delegates, Mr. Boffi (Italy) noted the importance of competent officers who should be able to deal with new processes and new technologies, and informed that within the EU they had a competency framework. He said that while learning by working was one way to build the necessary capacity building on a continual basis, administrations should establish an AI framework that was suitable and tailor-made to their specific needs. With regard to AEO privileges, he elucidated the benefits granted to AEOs and stated that faster clearance ensuring timely delivery of goods to customers could be one of the main benefits enjoyed by AEOs.
137. Mr. Correa (Brazil) responded by agreeing that skills and knowledge of officers were key to drive forward any modernization programme in a sustained manner. In his view, the AEO concept had brought forward a paradigm of 'trust' in Customs administrations. With regard to a question on the current state of play on the regional Mercosur platform, he said there had been good progress, though some challenges including IT issues were still to be fully resolved for bringing together all the participating countries for an efficient data exchange.
138. Noting that technology could only act as an enabler, Mr. Gijssels (Deloitte) emphasized the importance of investing in people to develop necessary human resource capabilities. For example, data analytics could give some indicators, but usually a person would still need to look at those indicators to make a determination and take consequent action. He added that a change in mindset was also required for a better preparedness of an organization to adapt to new realities.
139. The panelists also underlined the need for the augmentation of necessary infrastructure at borders, noting that imperatives of upgrading the whole ecosystem. For example, an expressway might require expansion with associated facilities including creating smart lanes for AEOs.
140. The Moderator expressed his view that the increasing adoption of the WCO Data Model would help the exchange of information among Customs administrations, thus

realising the concept of integrated supply chain management and SMART borders. He concluded the discussion by explaining that the OECD Common Reporting System (CRS) enabled more than 100 countries to exchange automatically information on bank accounts of certain non-residents. If this was a reality for tax authorities, he wondered why something similar would not be possible for the WCO and Customs administrations.

141. In conclusion, the PTC:

- discussed the key features of SMART borders;
- examined critical policy and operational factors that enable SMART borders, as well as shared ongoing work and innovative practices/initiatives in this regard; and
- provided guidance concerning future work on how the international customs community can advance the WCO agenda of SMART borders.

Item XVI Sustainable Development Goals (SDGs)

○ **How can Trade Facilitation and Customs support SDGs**

142. The WCO Secretariat presented a summary of the working document (PC0546), briefly introducing the United Nations (UN) Sustainable Development Goals (SDGs) relating to environmental sustainability and how they were linked to Customs' roles. It was highlighted that many UN agencies and other international organizations, such as the World Trade Organization (WTO), were promoting environmental sustainability as a crucial enabling factor in ensuring the health of the planet and encouraging innovative trade practices to reduce negative environmental impacts.

143. Recognizing that this was a far-reaching topic, the working document was aimed at providing information on emerging issues relating to environmental sustainability; describing what the WCO and Customs were doing to protect the environment; and providing some suggestions on what WCO tools and instruments could be developed or further enhanced to support environmental control functions.

144. The Secretariat informed delegates that at the last Policy Commission and Council sessions, the WCO and global Customs leaders had expressed their strong commitment to implementing the SDGs. With respect to environment-related matters, it was reiterated that Customs played a central role by working with border agencies to ensure that traded goods met health, safety and environmental protection regulations. Furthermore, through monitoring, detecting and preventing all forms of environmental crime, Customs could disrupt pollution-related crime and protect the environment.

145. The Secretariat highlighted several SDGs in the area of environmental sustainability that were linked to Customs facilitation and control functions, such as promoting "food safety" and "sustainable agriculture" (Goal 2), boosting "renewable energy" (Goal 7), combating "climate change" (Goal 13), and protecting "life below water" (Goal 14) and "life on land" (Goal 15). In addition, the UN SDGs also placed significant emphasis on the role played by trade in promoting sustainable development.

146. It was also noted that with a view to achieving the SDGs, considerable attention had been always paid and commitments made to supporting the most vulnerable countries, including least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing states (SIEs), in order to enhance their capacity to combat poverty and integrate into global supply chains, while at the same time protecting the environment.

147. Several delegates acknowledged the importance of environmental issues on the UN 2030 Agenda for Sustainable Development and the associated SDGs aimed at achieving environmental sustainability. They shared their national practices for supporting SDGs from different perspectives, including national legal frameworks, embedding sustainable development issues in trade policies and promoting them at global, regional and bilateral levels. Member practices revealed the critical role played by Customs in collaborating with other authorized border agencies to enforce environmental protection regulations.
148. The representative from the International Monetary Fund (IMF) felt that the UN Agenda was a worthy one and that efforts should be focused on export controls on illegal fishing and logging. Looking at another aspect of the UN SDGs, namely mobilizing domestic revenue resources to support the SDGs' implementation, the Representative from the IMF provided input on ways of enhancing the WCO draft Guidelines on Customs-Tax Cooperation.
149. While welcoming the lessons shared by other Members in terms of enhancing collaboration with national environmental and forest enforcement agencies, a delegate nevertheless expressed the need for capacity building and technical assistance on this important issue.
150. A representative from the private sector referred to the needs and challenges raised by sustainable development, urging robust and harmonized international regulations on enforcement issues and stating that environmental protection was only one of many different illicit trade issues. He said that E-Commerce carriers were facing severe challenges as a result of different regulations on controls.
151. Another delegate suggested that the WCO take charge of the information to be distributed to all countries concerning the list of products banned for import and export. To that end, it should collect all the relevant information from Members.
152. Stressing the relationship between geodata and the SDGs, a delegate highlighted the usefulness of using geodata to protect fish resources, as it helped to determine where the fish had been caught and contributed to combating the crime of illegal, unregulated and unreported fishing.
153. The Secretariat thanked all the delegates for sharing their best practices and for raising issues and questions on this topic, stating that consideration would be given to a Compendium of Best Practices to be developed with information provided by Members. In response to the request for capacity building, the WCO welcomed further engagement and would address this request with donors in order to find solutions for technical assistance. To this end, there would be close collaboration among different WCO Secretariat teams so as to adopt a holistic approach to Member support.
154. Referring to the availability of information on the Internet, a delegate stated that under Article 1.2 of the WTO Trade Facilitation Agreement (TFA), countries were required to make information available and traders should ensure that they were familiar with the rules in place.
155. Finally, a delegate suggested that once developed by the WCO and Members, the Compendium could be shared not only with Customs but also with the private sector.
156. In conclusion, the PTC :

- discussed the issue of environmental sustainability for global supply chains: the challenges and implications for customs control and facilitation;
- took note of individual Members' experiences and challenges with customs control of environmentally sensitive trade; and
- discussed enhancing technical assistance and capacity building activities to support developing countries in controlling and facilitating green supply chains.

Item XVII Small Island Economies

- **State of play regarding the development of a guidance for Customs administrations of Small Island Economies (SIEs)**
157. The Secretariat introduced this item and indicated that last year, the PTC and PC launched a discussion on this topic and agreed, among others, to carrying out further study to analyze the specificities, challenges and priorities of SIEs in order to define their capacity building requirements, while noting the diversities and heterogeneous needs within SIEs. They also agreed on engaging the WCO ROCBs and other WCO regional structures for the delivery of tailor-made technical assistance and capacity building to SIEs as well as enhancing collaboration with relevant international and regional organizations or bodies for an optimal utilization of resources, avoiding potential duplications.
158. The Secretariat further indicated that it had commenced the work on the development of Guidance for Customs administrations of SIEs by involving interceded Members (e.g., New Zealand, India, Japan, Korea, Dominican Republic, Mauritius and regional organizations by establishing a virtual working group. New Zealand had agreed to Co-Chair the Group and an SIE (probably Mauritius) was being identified to be the other Co-Chair.
159. The PTC was informed that several international and regional organizations or bodies were already engaged and that the discussions on this topic would continue during the upcoming Capacity Building Committee scheduled to take place in April 2019.
160. Taking the floor after the brief introduction from the Secretariat, the Delegate from New Zealand acknowledged and appreciated the Secretariat's work, informed the PTC on some of the works done so far by his Country to support SIEs and confirmed the willingness of New Zealand to support the development of the Guidance for Customs administrations of SIEs.
161. In conclusion, the PTC :
- took note of the work done in the area of SIEs; and
 - provided feedback confirming the importance of this work continuing for the benefit of this segment of the organization's membership.

Item XVIII Economic Competitiveness Package (ECP)

- **Priorities for updating the WCO instruments and tools under the ECP**

162. At the previous meeting of the PTC in November 2018, the PTC discussed and approved the Economic Competitiveness Package (ECP) Action Plan for Phase IV which covers a two years period from January 2019 to December 2020.
163. At the 80th session of the Policy Commission (PC) in December 2018, the PC endorsed the ECP Action Plan for Phase IV. The PC document SP0653 provides background information on the ECP since its launch in 2012. In addition, the main achievements under the first three phases of the ECP were provided in the document. The Annex of the document presents the ECP Action Plan for Phase IV 2019-2020.
164. Under the Action Plan for Phase IV, a number of new tools and instruments are planned to be developed in this two years period. There are also tools and instruments that will be updated under the Action Plan for Phase IV.
165. This Agenda item was a response to a request from the last PTC meeting regarding the identification of the priorities for updating the existing WCO instruments and tools that support the Members in the implementation of the TFA.
166. Members were invited to discuss and provide guidance on the priorities for updating the existing WCO tools and instruments, especially in the context of TFA implementation.
167. Referring to the question raised by a Member, the Secretariat underlined that the current ECP Action Plan for Phase IV was in line with the current Strategic Plan of the WCO and, as a living document, would be updated and aligned with the new Strategic Plan 2019/2022 of the WCO to be endorsed by the Council in June 2019 and presented to the next PTC for endorsement.
168. In conclusion, the PTC:
- considered the need to identify priorities for updating WCO instruments and tools in the Economic Competitiveness Package and offered Members an opportunity to submit any recommendations in this regard no later than September 1.

Item XIX Special Customs Zones

- a) Results of field studies and workshops on Special Customs Zones**
- b) Development of a study report and WCO guidance material on Special Customs zones**
- c) Presentation by McKinsey & Company**

169. Introducing this topic, the Secretariat explained that responding to the requests made in the previous sessions of the PTC, two presentations would be delivered in order to provide a framework for the delegates to discuss both the economic and the compliance aspect on this issue.
170. Mr. Jonathan Davis, a partner from McKinsey & Company gave a presentation on the economic benefits of Special Customs Zones (SCZs) and the potential implications on Customs agencies. He shared that policy makers were often attracted to SCZs because – when successful – they could provide economic growth, job creation and economic diversification. The degree to which economic growth is created depends on the value created in the zone. Zones that serve as pure transshipment hubs typically create less economic value compared to zones that establish an ecosystem of economic activity – for

example by convincing manufacturers to locate near the port and take advantage of the ease of bringing in parts for final assembly and quickly getting them out to the market.

171. Mr. Davis pointed out that in addition to selecting a “winning value proposition” – successful SCZs typically required excellence across both incentive design and operational delivery. Throughout the process, Customs agencies have an important role to play. Investors may only be attracted to the zone if they see that Customs is part of the process and able to deliver on promises made.
172. He further explained that there were several common pitfalls that might cause zones to underperform. Sometimes the value proposition isn’t attractive or competitive with regional peers, but execution and delivery challenges can also undermine growth and development objectives.
173. To conclude his presentation, he went on to stress the difficult task Customs agencies face with regards to SCZs (either as a host country or when analysing risk of foreign SCZs). To succeed on both in the facilitation and enforcement field, Customs can prioritize continuously seeking better data, intelligence and stakeholder management. Customs leaders can engage in regular dialogues with economic development leaders, deploy the necessary digital and analytics capabilities to excel at delivering streamlined facilitation, while preventing unauthorized activities, as well as engage with global peers to share best practices and lessons learned.
174. Responding to the questions from the delegates, Mr. Davis indicated that the size of economic contribution of zones to a host country varies considerably but can be substantial. Research suggests that about half of the zones under-performed the growth rate of the base national economy. With regards to typical requirements for entities doing business in a SCZ, he outlined two categories: first, do investors align with the strategy of the zone (e.g., industry, size of anchor investor, ability to attract adjacent investors)?; second, can entities uphold the integrity demanded in the zone (e.g., risk, transparency, financial and environmental regulations)?
175. Then the Secretariat made a presentation on the outcome of ongoing research work. The Secretariat explained that it had conducted an analysis based on open-source publications, CEN data, WCO online survey, as well as field study/workshops conducted in the Americas and the Caribbean, Asian/Pacific, MENA, and ESA regions. It was mentioned that the analysis of CEN data (seizures made at reporting country’s SCZs, as well as seizures of goods coming from other country’s SCZs) clearly indicated a multi-regional & global nature of this issue. Reminding Members of the existence of various types of illicit trade ranging from tax-evasion, IPR, drugs to weapons, he went to share several actual cases, such as inventory-missing cases, origin fraud for free-riding on Free Trade Agreements, and IPR-related cases.
176. To conclude the presentation, the Secretariat shared some observations on a possible way forward: Customs involvement in the approval process of SCZs and companies inside SCZs, as well as authority over companies; use of IT/technologies (X-ray inspection of cargo and goods, tracking and tracing system, etc.); and cooperation with stakeholders/other Customs administrations (other governmental agencies like agriculture, etc.), by referring to the result of the WCO online survey, which in particular implied current limitation of Customs involvement in managing SCZs and controlling companies/cargo inside SCZs.

177. Underlining the necessity to continue this discussion from both the economic and the compliance aspect, many delegates welcomed the acceleration of the work on the topic by the Secretariat and expressed their support for the ongoing field studies and workshops.
178. Some delegates agreed on the importance of getting more Customs' involvement. A delegate enquired whether there was data on the total number of cases of illicit trade inside SCZs and suggested to take into account the industrial perspective, referring to the example that heavy industry affecting environment was not allowed in some SCZs. Another delegate suggested to include challenges that Customs administrations were facing regarding the SCZs in the envisaged WCO handbook.
179. Referring to the proposals for a comprehensive review of the RKC, a delegate listed the possible elements to be reviewed in the Chapter 2 (free zone), Specific Annex D of the RKC including: necessity of revising the definition of "free zone"; strengthening Customs controls on goods and persons in SCZs; use of modern technologies; and ensuring no imposition of duties/taxes on goods entering SCZs.
180. Responding to the enquiry on the quantity of illicit trade cases in SCZs, the Secretariat reminded the delegates that the study report produced by the OECD showed correlation between export of counterfeited goods and number/size of SCZs and also explained that the CEN data included over 1,000 illicit cases related to SCZs for 7.5 years although only limited number of cases had been reported to CEN.
181. The Secretariat went on to mention that it had observed the tendencies that SCZs have been developed from economic/industrial development policy perspective and there might be a need for enhancing Customs involvement, in particular applying AEO-type of notion.
182. In conclusion, the PTC:
- took note of the presentation from McKinsey on the economic benefits of Special Customs Zones and results of WCO field studies in the MENA and ESA regions;
 - provided guidance on the way forward regarding the development of Research Paper and Handbook, and the contents to be included in the Handbook; and
 - exchanged national experiences with Special Customs Zones and welcomed the offers by Members to share this information with the Secretariat.

Item XX Customs laboratories and strategic review of the HS

- a) The role of Customs laboratories**
b) Strategic review of the HS

183. The Secretariat presented document PC0548 providing a brief overview of the evolution of the role of Customs laboratories in response to increased demand to protect society from diverse threats, such as drug trafficking, environmental issues and the need to monitor trade in restricted substances. It was also noted that its traditional role in determining tariff classification is still very important. The Secretariat outlined the capacity building activities related to Customs laboratories.
184. In order to better understand emerging needs of laboratories and problems faced by administrations, a survey on the future of Customs laboratories was carried out in February 2019 and the results discussed. Given the number of responses received, the

interest of the Members on this issue is clear. These results showed a clear need of regular training activities on specific areas, such as HS classification of chemicals, DNA testing, food fraud, analysis of origin of goods and development of analytical methods for certain types of products.

185. There was also a high interest in the establishment of regional networks of Customs laboratories to enhance technical competences of the laboratories of the regions. Members suggested periodical meetings to exchange best practices and analytical data and to discuss the classification of different products based on test reports. They also suggested inter-laboratory coordination for harmonization and validation of testing methods.
186. Results also indicated that some Members may have issues with the external acceptance of the validity of the analysis done by Customs laboratories, e.g. by courts, where the methods were not under ISO standards.
187. Mr. Rafik Feki, Industrial Development Officer from the United Nations Industrial Development Organization (UNIDO) made a presentation on possible areas of cooperation with the WCO. UNIDO supports the establishment of accreditation bodies and accreditation cooperation in different regions to recognize tests made by different laboratories. He mentioned that UNIDO may support Customs laboratories in different regions of the world to obtain their accreditation in terms of ISO 17025. The results of the survey showed a high potential for further cooperation and the strong need for support on this area. UNIDO can also support the development of proficiency tests programmes within the regions, which is another specific area required to obtain international accreditation.
188. The delegate of Korea reminded the PTC that the Customs laboratory of Korea, which was designated as Regional Customs Laboratory (RCL) for the Asia-Pacific region in 2018, was ready to cooperate with Members in the field of laboratory work. He confirmed that Korea was ready to begin its capacity building activities inviting Members to participate in training activities to share experiences and expertise with each other. Korea also informed the PTC that its Customs laboratory was ready to conduct analysis work on the basis of requests from Members.
189. The Delegate of Mexico recognized the key role of Customs laboratories in allowing Customs administrations fulfill their policy objectives and shared the positive experience of Mexico in opening local laboratories in key ports, resulting in a significant reduction in costs, time responses and an improvement in terms of revenue collection.
190. The EU Delegate noted that the cooperation between European Customs laboratories through the Customs Laboratory European Network proved to be a very important tool for Customs authorities and that the EU was in the process of becoming a WCO Regional Customs Laboratory.
191. The Delegate of the Russian Federation mentioned that his Regional Customs Laboratory has been conducting a number of events and agreed to the usefulness of establishing contacts with other laboratories on a regular basis.
192. The Delegate of Japan confirmed that the Regional Customs Laboratory from Japan would continue contributing with capacity building activities in the future and suggested continuing the discussion on the necessity of the adoption of ISO standards in the Scientific Sub-Committee with the presence of experts on this topic.

193. The US Delegate recognized the increasing role Customs laboratories play in matters of enforcement, security, public health and safety and applauded the work WCO has been doing to help Customs laboratories expanding their mandates, applying for ISO standards.
194. Most delegates agreed on the need to enhance the utilization of Customs laboratories in the modern customs environment and expressed their support for the possible future actions suggested by the Secretariat during its presentation as a result of the survey conducted.
195. Under sub-item b), the WCO Secretariat presented document PC0548 on the Strategic Review of the Harmonized System (HS). The Secretariat emphasized that the HS is one of the most successful and unifying instruments of the WCO and a major factor in global trade. Following the 30th Anniversary of the HS in 2018, the WCO Secretariat felt that the time seemed right to review the achievements of this flagship WCO instrument, to reflect on the challenges ahead and to address concerns that had been raised by stakeholders and users of the HS. In the WCO Secretariat's view, the HS was in need of some revitalization and strengthening to face the requirements placed on it in the 21st century.
196. The WCO Secretariat informed the PTC that the issue was placed on the Policy Commission's agenda in December 2018. The Policy Commission tasked the WCO Secretariat with the preparation of a guidance paper to address various aspects of a possible review of the HS in consultation with Members and other stakeholders. The Policy Commission also endorsed the Secretariat's proposal for a Conference to explore a strategic review of the HS, and report back to the Policy Commission. The WCO Secretariat then provided the PTC with information concerning the Conference to be held in Brussels on 2 – 3 May 2019, and strongly encouraged Members to take part. Registration was available on the WCO public web site at <http://www.wcoomd.org/en/events/upcoming-events/hs-review-conference.aspx> or email at hsreview@wcoomd.org.
197. One delegate indicated that his Administration appreciated the WCO Secretariat organizing such a Conference and expressed his administration's interest in making a contribution.
198. Another Delegate informed the PTC that the HS was a very important instrument. He indicated that his administration wanted the Harmonized System Committee and the Review Sub-Committee to review any outcomes from the Conference before the Policy Commission would take any decisions.
199. In conclusion, the PTC :
- took note of the latest developments and challenges in the area of customs laboratories;
 - discussed the role of customs laboratories and relevant national experiences;
 - provided feedback and guidance on future actions to enhance the utilization of laboratories in the modern customs environment;
 - agreed with the possible future actions suggested by the Secretariat as a result of the survey conducted; and
 - took note of the developments regarding a strategic review of the Harmonized System.

Item XXI Integrity**a) Customs-business partnership and the Collective Action Concept in combatting corruption****b) Presentation by the Maritime Anti-Corruption Network (MACN)**

200. The Chairperson of the PTC introduced the agenda item XXI, saying that the WCO developed a robust integrity programme that aims to support Customs administrations in their efforts to improve integrity and devise effective strategies to fight against corruption. The strategy includes development of tools, providing technical assistance and strong advocacy for partnerships particularly with the private sector as set out in the Revised Arusha Declaration (principle 10). The Chairperson gave the floor to the Secretariat to introduce the Collective action concept and to inform the delegates on how it can be applied in Customs context.
201. The WCO Secretariat presented the concept of Collective action applicable in the context of enhancing integrity and combating corruption in Customs. The Secretariat informed delegates on the context in which it may take place, the practicalities involved, the barriers faced and related issues when such initiative is launched. It was noted that international organizations, the private sector and civil society often present the term “collective action” as an approach that seeks to combat corruption “differently”.
202. The Secretariat recalled the definition of collective action, which offered the ability to rely on the motivation and interests of the parties concerned, and noted that it is sometimes necessary to go beyond the usual partners to include other stakeholders who are often overlooked and who can help to combat corruption. Work on this concept has traditionally focused on motivation, the conditions of co-operation, problems relating to the co-ordination of members and resource mobilization issues.
203. The Secretariat highlighted several approaches of applying the Collective action concept. It was outlined that political will was often cited to explain the limited results of anti-corruption efforts. The research, however, indicated that the failure of many anti-corruption initiatives was due to the sole focus on top-down oversight and control methods, and that the most effective anti-corruption reform should incorporate both top-down and bottom-up strategies. Stressing the importance of collective action, it was noted that it can also help build political will by creating bottom-up demand for anti-corruption reforms, especially in Customs.
204. The barriers to implement the Collective action concept were also highlighted by the speaker. Such barriers to successful implementation of initiative included: political will, lack of motivation, cost, uncertain results and cronyism. The Secretariat also stressed on the advantages of collective action and that it may rally many interested parties (government, civil society, the private sector) and bring them around the table, and may allow confidence to build. Among the advantages, i.e. mutual support, networking, sharing information and access to a range of resources were highlighted.
205. As many research papers show, collective action to combat corruption may apply in the Customs context. As WCO documents often stress, a multi-faceted approach must be adopted to enhance anti-corruption initiatives, rather than standard approaches alone.
206. The Secretariat provided several examples of practical application of the Collective action concept, namely – the implementation of the CHOC project (*Change Habits* –

Oppose Corruption) by the Government of Cameroon, that illustrated a partnership of several donors which sought to enhance good governance; the project initiative launched by the Maritime Anti-Corruption Network (MACN) to contribute to the elimination of corrupt practices in the maritime industry.

207. The Secretariat briefly informed delegates on how WCO applies the Collective action approach in capacity building and technical assistance on Integrity to its Member administrations.
208. The Chairperson thanked the speaker from Secretariat. The Chairperson then invited Mr. Martin Benderson, the Representative from the Maritime Anti-Corruption Network, to speak.
209. Mr. Benderson presented his association, which comprises more than 100 participating Members, and 27 Associate Members. The origin of this association was a private-sector initiative in 2011 to eliminate corrupt practices in the maritime industry. Speaker informed delegates that MACN collected over 27,000 incidents of corrupt demands in ports globally. More than 500 of the demands were directly linked to safety of the crew or vessel, and over 1,500 were cash demands. It was stressed that unclear procedures for certain port operations and delays can cost business over USD 50,000 per day (in pure operational costs).
210. The MACN's activities focused on both the supply side and the demand side. It worked with the companies to help them improve their anti-corruption programmes; it identified the most pressing needs, shared best practices and developed standards and policies. The training it offered targeted, in particular, ships' masters and crew, and IT solutions were also developed. On the demand side, it identified specific challenges by region, engaged stakeholders to mitigate the risk of corruption and raised awareness of all parties concerned.
211. Mr. Benderson went on to provide briefings on the MACN's projects which were and are being implemented on the basis of Collective action concept, namely in the following countries: Egypt, Argentina, Nigeria, Indonesia and India. The Anti-Corruption "Say No" campaign in Egypt was mentioned as operational at the moment. In Argentina, the MACN's Anti-corruption project addresses issues in the vessel clearance process and Customs declarations process, which is supported by UKFCO and maritime foundations. Similar ant-corruption project under implementation in six ports with the support from UNDP. Integrity project focusing on Customs processes was finalized in Indonesia and there MACN was also supported by the UKFCO.
212. The delegates were also informed that the MACN is launching in India the Integrity campaign prepared for first quarter 2019. The MACN, the Indian Government, embassies, and prominent maritime associations are collaborating to strengthen integrity in Indian ports. The objectives of the project are: to reduce corruption during the vessel clearance processes; build capacity among stakeholder in addressing corruption and improve safety and security for the vessels, crew and port stakeholders.
213. Mr. Benderson outlined the main challenges that the MACN met during the implementation of the Collective action concept as well as the lessons learned. He also expressed MACN's appreciation to Customs administrations for the assistance in implementing its projects and that the role of Customs is high in assuring the successful implementation of projects.

214. The Chairperson and Secretariat thanked a speaker for his impressive presentation.
215. In conclusion, the PTC:
- took note of the concept of collective action as a form of customs-business partnership and a presentation by the Marine Anti-Corruption Network; and
 - offered Members the opportunity to provide reactions and questions to the Secretariat by March 22.

Item XXII Elections

o Elections of the Chairperson and the Vice-Chairperson of the PTC

216. The Secretariat managed the election procedure for the financial year 2019/2020. Norway re-nominated Mr. Ian C. Saunders (USA) for the Chairperson of the PTC. This proposal was supported by many Members who expressed their appreciation for his excellent work done so far as a current Chairperson for the past two meetings.
217. Mr. Ian C. Saunders confirmed his willingness to continue in the role of a Chairperson to the PTC for the next financial year.
218. The Chairperson then opened the floor for electing a Vice-Chairperson. France re-nominated Ms. Gordana Vidanovic (Serbia) for the Vice-Chairperson of the PTC. This proposal was also supported by many Members who expressed their appreciation for her active role in the PTC and her high level of commitment.
219. Ms. Gordana Vidanovic confirmed her willingness to continue the role of a Vice-Chairperson to the PTC for the current financial year.
220. In conclusion, the PTC:
- Re-elected Mr. Ian C. Saunders (USA) for the Chairperson of the PTC and Ms. Gordana Vidanovic (Serbia) for the Vice-Chairperson of the PTC during the financial year 2019/2020.

Item XXIII Any other business

a) Proposals for agenda items for the next PTC meeting

221. The Chairperson invited delegates to suggest Agenda item(s) for the next PTC meeting. A Member suggested to keep E-commerce and Performance Measurement topics for the next meeting.
222. A delegate made an intervention regarding the CAP Group Terms of Reference, which has been captured under Item X of this Summary Report.

b) Upcoming events

223. The Secretariat provided an update of the relevant upcoming WCO meetings and events scheduled during the current financial year:

- WCO events: WCO Conference on the future direction of the Harmonized System (2 - 3 May), WCO IT/TI Conference & Exhibition 2019 (12-14 June), Data Model Workshop (10-11 June), Knowledge Academy (1-6 July); and
- meetings of WCO working bodies: Working Group on the Use of Additional Languages at the WCO (19-20 March), Revised Kyoto Convention Working Group (3-5 April), Private Sector Consultative Group (15-16 April), SAFE Working Group (16-18 April), Technical Experts Group on Air Cargo Security (TEGACS) (29-30 April), Data Model Project Team (20-22 May), Information Management Sub-Committee (IMSC) (23-24 May), Revised Kyoto Convention Working Group (3-6 June), Technical Experts Group on Non-Intrusive Inspection (Azerbaijan) (10-11 June), Revised Kyoto Convention Management Committee (17-18 June), Private Sector Consultative Group (24-25 June), Policy Commission (24-26 June), Council (27-29 June).

224. In conclusion, the PTC:

- took note of the update on the WCO events and meetings; and
- took note of the topics suggested to be addressed in the next meeting; and
- offered Members the opportunity to provide additional suggestions for the next meeting agenda not later than 1 September.

Item XXIV Closing

225. The Director, Compliance and Facilitation, thanked all the delegates for their engagement throughout the meeting. She further emphasized major achievements reached for the past four days' meeting and encouraged Members to continue their active participation.

226. The Chairperson thanked the WCO Secretariat for organizing a rich Agenda, the presenters for their valuable contributions, and to delegates for their reactions and fruitful discussion.

227. The Chairperson then closed the meeting.

*
* * *

Public Version