

POLICY COMMISSION - 59th SESSION

(23 - 25 June 2008)

SUMMARY

Item I ADOPTION OF THE AGENDA

The Agenda was adopted, subject to the inclusion under Item XV (Other Business) of three additional questions.

Item II APPROVAL OF THE REPORT OF THE 58TH SESSION

The report of the Policy Commission's 58th Session (December 2007) was adopted subject to one change which had been circulated in advance.

Item III COMMENTS BY THE CHAIRPERSON OF THE COUNCIL

The Chairperson described the historic nature of this Policy Commission session, with an older generation of leaders making way for new ideas and fresh thinking.

Important issues to be discussed during the meeting included Customs in the 21st Century, SECURE, capacity building and the SAFE Framework of Standards.

Item IV REPORT BY THE SECRETARY GENERAL

The Secretary General began by referring to the arrangements for the election of the next Secretary General, and invited Mr. Alain Jolicoeur, President of the Canada Border Services Agency and Chair of the WCO Audit Committee, to present to the Policy Commission for approval the process which had been devised for the conduct of the election and the preparations for it.

After some discussion the Policy Commission approved the process described by Mr. Jolicoeur.

Before moving on to other matters, the Secretary General recalled that the Code of Conduct for this election had been drawn up at the December 2007 Policy Commission session. The Chair of the Audit Committee, after consulting with the candidates, the Secretary General, the six wise persons and the regional Vice-Chairs, would conduct an assessment of how the Code of Conduct had operated and propose improvements, in order to equip the Organization with a finely-tuned Code of Conduct which would then be applicable to all elections for senior posts in the Secretariat.

The Secretary General then reported on a range of issues relating to the WCO, including accessions, staffing, financial matters, the Organization's participation in international events, the SAFE Framework, capacity building and SECURE. He concluded by describing several new areas of work that the Organization ought to explore.

After a wide-ranging discussion, the Policy Commission took note of the Secretary General's Report.

Item V SECURITY AND FACILITATION OF TRADE

- Report of SAFE Working Group and Update on the Framework of Standards and the consequences of the United States law (100 % scanning)

The Director, Compliance and Facilitation, the Chairperson of the SAFE Working Group, and the Chairperson of the Private Sector Consultative Group (PSCG) presented the recent work on the SAFE Framework.

Following extensive discussions covering, in particular, the inclusion of additional data elements, the United States 100 % scanning law and the 10 +2 regulatory package, the Chairperson concluded that :

- there was agreement on the four United States data elements which would be brought forward to the Council;
- there would be an expedited process for the remaining matters at the December Policy Commission;
- there was strong support for the concept of risk management - an area where there were shortcomings in certain administrations;
- the proposals endorsed by the SAFE Working Group, and the movement of data elements to a SAFE Annex, were also recommended to the Council for approval.

Item VI COMBATING OF COUNTERFEIT AND PIRATED GOODS

- Report of SECURE Working Group

Following interventions by the Secretary General and the Director, Compliance and Facilitation, the Chairperson of the SECURE Working Group informed the Policy Commission regarding the current version of the Provisional SECURE Standards document as amended at the Group's Third Meeting in April 2008.

Following a discussion, the Chairperson of the SECURE Working Group indicated that in the event that the Policy Commission decided to send the document back to the SECURE Working Group, it should provide clear guidance in order to assist the Working Group and not slow down its work.

In conclusion, the Chairperson :

- emphasized the importance of the file; and
- on the basis of the positions expressed by the delegates, indicated that the Council would be asked to instruct the SECURE Working Group to continue its examination of the Provisional SECURE Standards document, reporting to the Policy Commission in December 2008.

Item VII CUSTOMS IN 21st CENTURY

- Policy document

Mr. Pravin Gordhan, Commissioner of the South African Revenue Service and former Chairperson of the Council, presented the paper on Customs in the 21st Century - Enhancing Growth and Development through Trade Facilitation and Border Security, which had been drafted at a high-level meeting which he had hosted, in Durban, and led.

During the discussions, the Secretary General noted that for the implementation of the Customs in the 21st Century paper by his successor, there were various options but they would all involve the production of individual documents on specific themes such as risk management, global networking, etc. Having been involved in this long process since the outset, he would be happy to provide all necessary support and assistance to his successor with the production, for the December 2008 Policy Commission, of a draft Strategy and an Action Plan proposing a way forward with this work.

Following considerable discussion on this matter, the Chairperson expressed the Policy Commission's sincere thanks to Mr. Gordhan and also to all those who had contributed to this paper. The paper, which had been very well received by the members of the Policy Commission, would be sent forward to the Council for approval, with a proposal that it be linked to the Strategic Plan to enable the Organization to move forward with a common purpose, and that the themes it embraced be taken up individually by some means.

Item VIII AUDITS AND GOVERNANCE :

(a) Financial Audit

After hearing a presentation on the Financial Audit of the accounts, the Policy Commission recommended that the Council :

- take note of the report by the Financial Auditors for the financial year 2006/2007 and the comments and recommendations of the Finance Committee relating to that Audit report;
- acquit the Secretary General of his financial responsibilities for the financial year 2006/2007.

(b) Report of the Audit Committee

Mr. Alain Jolicoeur, President of the Canada Border Services Agency and Chair of the WCO Audit Committee, presented this year's Audit Committee. Following a brief discussion, the Chairperson concluded that, subject to a clarification provided by the Secretariat regarding the "lapse factor", the Audit Report could be submitted to the Council for adoption.

Item IX CUSTOMS CAPACITY BUILDING, INCLUDING REPORT OF HIGH LEVEL WORKING GROUP ON CAPACITY BUILDING, TRAINING AND TECHNICAL ASSISTANCE

The Chairperson of the High Level Working Group on Capacity Building, Training and Technical Assistance (HLWG) summarized the outcome of the Sixth Meeting of the HLWG, and invited the Policy Commission to endorse the Capacity Building Operational Strategy. A presentation about this strategy by the Deputy Director for Capacity Building was followed by discussions.

The Chairperson concluded that the points made had been duly noted and that the Capacity Building Operational Strategy would be submitted to the Council for adoption.

Item X STRATEGIC PLAN FOR THE YEARS 2008/2009 TO 2010/2011

Following a presentation, the Policy Commission discussed the structure and content of the proposed Strategic Plan for the years 2008/2009 to 2010/2011.

During the discussions, the Secretary General expressed the hope that by the next Council Sessions in June 2009, a modified format of the Strategic Plan could be presented to accommodate further evolution of the recommendations and also to include the actions stemming from the work on "Customs in the 21st Century".

In conclusion, the Chairperson said that the Strategic Plan would be submitted to the Council for approval.

Item XI REQUEST FOR ACCESSION OF PALESTINE

The Director General of Palestinian Customs was invited to the session to describe his Administration and its needs. The Director General of Israel Customs was also invited to be present for this item.

Their interventions were followed by a brief discussion.

The Secretary General, who had been invited to sum up by the Chairman, said that for the Secretariat to move forward, it was essential to know that the Members were at ease with any process being proposed. If the Policy Commission agreed, the Secretary General, accompanied by colleagues, could visit both Palestine and Israel to meet with Customs, with the local private sector, and possibly also with political decision-makers. A report could then be given to the Policy Commission in December 2008.

The Secretary General also suggested :

- developing a programme of training and technical assistance for Palestinian Customs, taking full account of the assistance already provided by other parties;
- creating a Co-ordination Group consisting of Palestinian Customs, Israel Customs and the WCO to develop and implement the appropriate training and technical assistance, with progress being reported at each Policy Commission session. The funding for such a programme would be sought from a sponsor;

- once the programme had been launched, perhaps setting up a fellowship programme for a limited number of Palestinian Customs officers. That programme would produce a "core" of Palestinian Customs officials who might possibly be authorized subsequently to attend the relevant WCO technical committees;
- if it proved to be the general wish, a document could subsequently be presented to the Policy Commission and Council concerning the conditions for granting Observer status to Palestine, including the changes that would be necessary to the existing WCO texts.

The Policy Commission approved the way forward proposed by the Secretary General.

Item XII NEGOTIATIONS AT WTO : STATUS OF THE DISCUSSIONS ON TRADE FACILITATION

An update on the current situation of the WTO trade facilitation negotiations and the Secretariat services offered to the Members in this connection, gave rise to a brief discussion.

The Chairperson concluded by asking Members to participate, as far as possible, in the WTO trade facilitation negotiations process and in preparing national positions. He reiterated that the WCO's role complemented that of the WTO, with the former developing Customs instruments in support of any rules laid down by the latter. He also stressed the importance of keeping the Geneva negotiators abreast of developments in the Customs domain.

Item XIII REGIONAL TRADE AGREEMENTS - PROGRESS REPORT ON IMPLEMENTATION OF ACTION PLAN

The Director, Tariff and Trade Affairs, presented a progress report on the implementation of the WCO Action Plan concerning preferential rules of origin which had been adopted by the Council in June 2007.

After some discussion, the Chairperson urged Members to support the establishment of the database on preferential rules of origin. He also concluded that the comparative study of rules of origin under existing preferential arrangements should continue to be prepared, with the reservation that the sensitivities expressed by certain delegates during the discussions should be taken into account.

The Policy Commission took note of the progress report and agreed that the work should continue as outlined in the Action Plan.

Item XIV OFFER FROM ARGENTINA TO HOST THE 60TH SESSION OF THE POLICY COMMISSION

The Policy Commission agreed to recommend to the Council that Argentina's offer to host the 60th Session of the Policy Commission in December 2008 be accepted.

Item XV OTHER BUSINESS

(a) Composition of the Policy Commission - Request from Europe Region

The Delegation of Ireland, as Vice-Chair of the Europe region, presented a Note requesting an additional seat for that region on the Policy Commission.

In the light of interventions by Members from other regions, the Secretary General suggested that the Secretariat put forward some orientations for the future composition of the Policy Commission in a document for presentation in December 2008. For this purpose, it was essential that the membership indicate whether the existing criteria (quantitative and budgetary) governing the attribution of seats should be maintained, replaced or supplemented by other criteria in order to meet the requirements of the Organization now and for the future. He would contact the Vice-Chairs for advice on this matter, with a view to preparing a document for December 2008.

The Delegate of Ireland said that while he supported a review, all his region had asked for was an additional seat to which his region believed it was entitled under the existing rules. Ireland would report back to the Europe region at the regional meeting.

The Chairperson concluded that the question of the composition of the Policy Commission had now been thrown open, and a study was proposed. This topic would be discussed in the forthcoming regional meetings before being taken up again in the Council.

(b) Appointment of a Secretary General

The Policy Commission noted that there were nine (9) candidates for the post of Secretary General.

(c) Declaration by the Delegate of Argentina concerning the participation of the European Communities in the WCO

The Policy Commission took note of a declaration by the Delegate of Argentina expressing certain concerns regarding Council Decision No. 318 on the status of the European Communities vis-à-vis the WCO, and raising an issue regarding the respective competence of the European Union and its Member States in the context of that status.

The Policy Commission also took note of a statement by the Delegate of the United States on this subject.

(d) Business resumption of the international trading system following a disaster

The Delegate of the United Kingdom presented a draft paper from Australia on this subject, which had been touched upon in the SAFE Working Group and on which Singapore, in APEC, had taken the lead in conducting a study.

The Secretariat indicated that the Singapore paper, as well as the Australian paper, would be circulated to all WCO Members as well as to the SWG participants.

Noting that in the event of an incident there would be a need for experts from Customs, other government agencies and private businesses to work together on post-incident recovery, the Secretary General proposed the creation of a specialized group consisting of the leading countries in the trade recovery area, which could discuss this topic and move faster than the SWG. The Secretary General asked the Policy Commission to give him a mandate to create such a group.

In conclusion, the Chairperson said that a paper on this important topic should be presented to the Council in June 2009. After some discussion with the Secretary General, it was agreed that it would be left to him to decide how best to arrange for the drafting of this paper.

(e) Policy issues relating to WCO copyright matters

On behalf of the Asia/Pacific region, the Delegate of India informed the Policy Commission of discussions which had taken place during the Asia/Pacific regional meeting in April 2008, regarding the WCO sales and copyright policy and, more specifically, the issue of licences and royalty payments by Members.

The Secretary General recalled that this complex issue had been the subject of a Council decision. He felt that membership of the Finance Committee Working Group on Publications, which was currently looking into these matters, could be extended to any Member wishing to join.

The Chairperson noted that 500,000 euros (the approximate net loss per year if publications were no longer to be sold) was a substantial portion of the WCO's overall budget, and recalled that this issue had already been referred to the Finance Committee.

The Policy Commission took note of the declaration by the Delegate of India.

Item XVI DATE AND PLACE OF NEXT SESSION

Subject to the Council approving the recommendation that Argentina's offer be accepted, it was noted that the Policy Commission's 60th Session would be held in Buenos Aires from Tuesday 9 to Thursday 11 December 2008.