



Brussels, 19 June 2018  
(OR. en)

10255/18

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#### 'I/A' ITEM NOTE

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From: General Secretariat of the Council

To: Permanent Representatives Committee/Council

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No. prev. doc.: ST 10136/18

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Subject: Preparation for the 132nd Session of the Customs Co-operation Council of the World Customs Organization, Brussels, 28-30 June 2018)

- European Union coordination of a common position
- Approval

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1. On 13 June 2018, in view of the above meeting, the Commission services transmitted to the Council a note set out in doc. 10136/18, laying down the draft coordinated position it recommends that the Union would take.
  
2. On 13 June 2018, the Working Party on Customs Union heard a presentation of this document and took note of scrutiny reservations and of comments by delegations<sup>1</sup>. The Presidency invited delegations to lift their scrutiny reservations by 18 June 2018.

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<sup>1</sup> All outstanding reservations were lifted by 18 June 2018.

3. Against this background, COREPER is invited:

- to approve the text of the draft coordinated position as set out in annex to this note and to endorse the recommended EU positions contained in them;
  
- to forward it to the COUNCIL for approval in one of its upcoming sessions, so that the above-mentioned coordinated position can be used as basis for the interventions of the Commission's representative and of the representatives of the EU Member States at the next session of the Customs Co-operation Council of the WCO (28-30 June 2018).

Draft Coordination Paper

WORLD CUSTOMS ORGANIZATION

132<sup>nd</sup> Session of the Customs Co-operation Council

28-30 June 2018

*The coordinated positions for the 79<sup>th</sup> Session of the Policy Commission will be applied as appropriate for the 132<sup>nd</sup> Session of the Council.*

**Draft Agenda**

1. **Adoption of the Agenda (Doc :SC0172E1a) and Programme of work (Doc: SC0173E1a)**

*Common position*

*The EU and its Member States support the adoption of the agenda for the 132<sup>nd</sup> Session of the Customs Co-operation Council and Programme of Work.*

2. **Approval of the Minutes of the 129<sup>th</sup>/130<sup>th</sup> Sessions of the Council (Doc: SC0166E1b) and Approval of the Minutes of the 131<sup>st</sup> Session of the Council (Doc: SC0166E1AE1b, SC0170E1a)**

*Common position*

*The EU and its Member States take note of the draft Minutes of the 129<sup>th</sup>/130<sup>th</sup> Sessions of the Council and 131<sup>st</sup> Session of the Council.*

3. **Comments by Chairperson of the Council**

**Common position**

*The EU and its Member States take note of the comments by the Chairperson of the Council.*

**4. Report of the Secretary General (Doc: SP0632E1a, SG0206E1a, SG0207E1a)**

**Common position**

*The EU and its Member States take note of the progress report by the Secretary General on the implementation of the Strategic Plan.*

**5. Policy matters (Doc: SP0630E1a, SP0650E1a)**

- **Report of the WCO 78<sup>th</sup> Policy Commission in Luxor, Egypt from 4 -6 December 2017 (Doc: SP0630)**

**Common position**

*The EU and its Member States support the approval of the draft Report of the 78<sup>th</sup> Session of the Policy Commission held on 4-6 December 2017.*

- **Report of the WCO 79<sup>th</sup> Policy Commission held on 25 – 27 June 2018 (Doc: SP0650)**

The draft Report (Doc: SP0650) from the 79<sup>th</sup> Policy Commission to be held on 25 - 27 June 2018 will only be available on 27 June 2018.

**6. Accessions to WCO**

Following a lengthy and divisive discussion at both the June and December 2017 Council, agreement has in principle been reached to establish a Working Group in an attempt to bring a solution to the issue.

Taking into account that there were decisions taken elsewhere that affected or could possibly bring a solution to the problem, meaning that some delegates of the Council did not have the power to take a decision prior to having consulted with their respective capitals, the final decision on the establishment of a Working Group has been postponed till the June 2018 Council.

The report of the December 2017 Council concluded the following:

"The Council approves the establishment of a Working Group as agreed at the July 2017 Council Sessions to look at the matter of Accessions to the WCO, in the frame of a constructive approach.

#### Composition

According to the principle of fair geographical representation, each region will appoint two Members. These Members will provide experts for the Working Group, acting in their national capacity.

The Working Group will choose its Chairperson by drawing lots. At the beginning of each meeting, the Working Group will draw lots to decide on its Chairperson. No Member shall occupy the Chair for a second time until each Member has occupied the Chair.

#### Scope

The Working Group will discuss the issue of accession to the WCO taking fully into account the decisions of the Council.

Upon completion of its work, the Working Group will submit a report approved by consensus to the Council."

At the Europe Region Heads of Customs Conference in April 2018, the Region nominated the UK and Russia as regional representatives on the Working Group.

It is understood that the Policy Commission will not discuss this agenda Item, but the Council Chair will report on developments since the December 2017 Council, including the outcome of the Group of "Friends of the Chair", and postpone any potential discussions for the Council.

- **Accessions to the WCO**

**Common position**

*The EU and its Member States should reiterate that we acknowledge that the world has evolved considerably since the Customs Co-operation Council Convention was drafted 65 years ago. We recognise that there is a need for a solution that associates the Council in an accession process. This is an approach that is also applied in other international organisations.*

*The EU and its Member States continue to support the establishment of the Working Group as proposed by the Council Chair at the Council in December 2017. We also support the nomination of United Kingdom and Russia as the Europe Region's representatives on the Working Group.*

*Taking into account the sensitivity amongst Members associated with this issue, and its negative effect on the work of the WCO, it is crucial that the Organisation returns to its core business; namely Customs matters. The constitution of the Working Group would allow for this. To avoid the risk of jeopardising the establishment of the Working Group by discussing again the Terms of Reference, we should recommend that this discussion should be held within the Working Group itself, allowing the Council to return to its normal business.*

*Depending on the developments up to the Policy Commission/Council and during the discussions of this agenda item, it cannot be excluded that further coordination on the spot will be required.*

**A discussion in the Policy Commission/Council on the accession of Kosovo\*<sup>2</sup> to the WCO (e.g. as part of a discussion on the Terms of Reference for the Working Group) would be counterproductive and should therefore be avoided. If that were not possible, a restrained approach in any such discussion should be recommended in order to limit its negative impact. In such a case, the following approach should be applied:**

- **Accession of Kosovo to the WCO**

As the situation regarding the EU on this matter has not changed since December 2017 Council, the EU should remain status neutral and would reiterate the point made at the July and December 2017 WCO Council.

**EU point to be made**

*The EU takes note of the notification by the Belgian authority and reaffirms that such designation is without prejudice to its positions on the status of Kosovo, in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.*

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<sup>2</sup> This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

**EU Member States are entitled to express their national position on this issue.**

**7. Technical matters:**

**(a) Tariff and Trade Affairs :**

**(i) Rules of Origin (Doc: OC0208E1b)**

**EU position**

*The EU takes note of the Report of the 36<sup>th</sup> Session of the Technical Committee on Rules of Origin.*

*The EU takes note of the work carried out by the WCO Secretariat in relation to the WCO Action Plan on preferential rules of origin.*

**(ii) Valuation (Doc: VT1098E1c, VT1117E1c, VT1137E1a)**

*The EU supports the approval of the Reports of the 44<sup>th</sup> and 45<sup>th</sup> Sessions of the Technical Committee on Customs Valuation*

*The EU takes note of the draft Report from the Committee's 46<sup>th</sup> Session, and supports the approval of Case Study 14.2 as appended to the draft Report.*

**(iii) Nomenclature and Classification**

**(Doc: NC2447E1b, NC2447E1AB1b, NC2447E1\_Body, NC2501E1b)**

The Council is invited to:

- adopt certain amendments to the Explanatory Notes for the correction of editorial errors;
- take note of the status of implementation of HS 2017;

- take note of the discussion of Saudi Arabia’s objection against the proposed amendment to Article 8 of the Harmonized System Convention and provide guidance on future action;
- refer back to the Harmonised System Committee for re-examination, if so requested by a Council Member which is a Contracting Party to the HS Convention, the questions of the classification of:
  - (i) “Emergency kit for motor vehicles” in heading 85.44 (subheading 8544.42);
  - (ii) a “Tobacco product called EHTP” in heading 24.03 (subheading 2403.99);
  - (iii) “Three products presented by the Russian Federation at the 31st Session of the Scientific Sub-Committee” in heading 27.10 (subheading 2710.12 for product 1 and subheading 2710.19 for products 2 and 3);
  - (iv) “Certain hub bearings and parts thereof (Products A, B, D and F)” in heading 87.08 (subheading 8708.50); and
  - (v) “Quadrocopter” in heading 88.02 (subheading 8802.11);
- approve the Reports of the 60<sup>th</sup> and 61<sup>st</sup> Sessions of the Harmonized System Committee; and
- take note of the various other HS-related developments referred to in this written report.

**EU position**

***The EU is supportive of the approval of the Reports of the 60<sup>th</sup> and 61<sup>st</sup> Sessions of the Harmonised System Committee, and take note of the HS-related developments referred to in the written report of the Chairperson.***

***We support the adoption of certain amendments to the Explanatory Notes for the correction of editorial errors and take note of the status of implementation of HS 2017.***

*We take note of Saudi Arabia's objection against the proposed amendment to Article 8 of the Harmonised System Convention, and invite Saudi Arabia to provide clarification as to the nature of its objection, and suggestions on how its concerns could be addressed, so that the HS Committee can discuss this question at its next Session in September 2018.*

*Regarding the classification of (i) "Emergency kit for motor vehicles" in heading 85.44 (subheading 8544.42) and (v) "Quadrocopter" in heading 88.02 (subheading 8802.11) we should request these to be referred back to the Harmonized System Committee as these were the questions for which the EU has requested a re-examination.*

**(b) Compliance and Facilitation:**

**(i) Compliance / Enforcement (Doc: EC0484E, EC0520E1a)**

**Common position**

*The EU and its Member States support the adoption of the Report of the 36<sup>th</sup> Session of the Enforcement Committee.*

*The EU and its Member States take note of the draft Report of the 37<sup>th</sup> Session of the Enforcement Committee, which will be submitted to the next Enforcement Committee for final approval.*

**(ii) Facilitation/Procedures (Doc: PC0494E, PC0517E1a, PO0103E1, PO0109E1a)**

**Common position**

*The EU and its Member States support the approval of the draft Reports of the 217<sup>th</sup>/218<sup>th</sup> Sessions of the Permanent Technical Committee, including the Joint Meeting of the Permanent Technical Committee and the WCO Working Group on the WTO Trade Facilitation Agreement.*

*We further support the approval of the draft Reports of the 219<sup>th</sup>/220<sup>th</sup> Sessions of the Permanent Technical Committee.*

*We support the endorsement of the draft Guidance on Data Analytics and the Guidelines on Customs Brokers.*

*The EU and its Member States take note of the Reports of the 17<sup>th</sup> and 18<sup>th</sup> Sessions of the Revised Kyoto Convention Management Committee.*

**(c) Capacity Building (Doc: HC0119E1a)**

**Common position**

*The EU and its Member States take note of the report of the 9<sup>th</sup> Session of the Capacity Building Committee.*

**8. Budgetary and financial matters (Doc: SF0478E1b)**

**EU position regarding the EU contribution to the WCO budget**

*The EU supports the approval of the budget surplus (86,803.04 euro for financial year 2016/2017) be incorporated and that the accumulated result on 30 June 2017 be established as being 10,755,646.60 euro.*

*The EU supports the acquittal of the Secretary General of his financial responsibilities for the financial year 2016/2017.*

*The EU supports the approval of the setting of the General Operating Expenses (GOE) for 2018/2019 at 17,488,627 euro (equivalent to a 3% increase in GOE).*

*The EU supports the approval of the final updated scale of contributions, which would reflect a 1 % increase in the overall contributions for financial year 2018/2019.*

*The EU takes note of the use of 239,800 euro of unrealised gains from the Investment Portfolio for the second year running in order to ensure a balanced budget.*

*The EU supports the approval the new Staffing Table for 2018/2019 showing the budgeted posts.*

*The EU supports the approval of the proposed capital expenditure of 1,509,000 euro for financial year 2018/2019.*

*The EUs supports the approval of the high level costing of the Strategic Plan, as agreed.*

*The EU supports the approval of the application of the salary scale for Belgium, with effect from 1 January 2018, which represents a 2.0 % increase in salaries.*

*The EU supports the approval of the Daily Subsistence and Installation Allowances, and take note of the kilometric allowances remaining unchanged.*

*The EU takes note of the details of expenditure from the WCO budget, voluntary contributions and donor funding which were presented to the Finance Committee in April 2018.*

*The EU notes that the Finance Committee discussed the Report on the use of WCO Reserves to date.*

*The EU supports the approval of the proposed changes to the WCO Donor Policy regarding examining voluntary donations from private sources.*

*The EU supports the approval of a two-year pilot project introducing interpretation in all four language groups (Arabic, Portuguese, Russian and Spanish) to twelve prioritised working bodies to be funded from WCO Reserves.*

## **9. Elections**

### **Secretary General**

Candidates:

- Ms Pilar Jurado, Director General for Spanish Customs
- Mr Kunio Mikuriya, Japan

### **Council Chairperson**

Candidate:

- Mr Enrique Canon, Uruguay

## **Europe Region Vice-Chair**

The April 2018 Regional Heads of Customs Conference nominated in principle Deputy Head of Customs, Mr Ruslan Davydov, Russia as the Europe Region's Vice-Chair for 2018/2019 – to be confirmed at the Regional consultations in June 2018.

## **Policy Commission**

The following Members from the WCO Europe Region's Main Contributors Sub-Group have been nominated as representatives of the Policy Commission for 2018/2019: Germany, France, Italy and UK.

## **Finance Committee**

The following Members from the WCO Europe Region's Main Contributors Sub-Group have been nominated as representatives of the Finance Committee for 2018/2019: EU, France, Italy, UK and Spain or Russia tbc.

*No position is necessary*

### **10. Other Business**

*No position is necessary*

### **11. Date and place of next sessions of the Council And Calendar for Committee session and other meeting (1 July 2018 - 30 June 2019) (Doc: SG0208E1a)**

*No position is necessary*