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| WCO EUROPE REGION | **DRAFT** |
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| Heads of Customs Conference  -  Saint Petersburg  April 24-27, 2019 |  |

**REPORT**

**WCO EUROPE REGION**

**HEADS OF CUSTOMS CONFERENCE**

**SAINT PETERSBURG, RUSSIAN FEDERATION**

**APRIL 24-27, 2019**

**OPENING SESSION**

WCO Europe Region Heads of Customs Conference was held in St. Petersburg, April 24-26, 2019. The event was attended by 40 delegations of the Europe Region,   
EU and the WCO Secretariat.

The Chairperson of the Europe Region Mr. Ruslan Davydov delivered a welcoming speech on behalf of the Russian Minister of Finance Mr. Anton Siluanov   
at the beginning of the session.

Mr. Davydov and WCO Secretary General Mr. Kunio Mikuriya welcomed   
the participants of the session, noted a great importance of the issues on the agenda in light of challenges the global customs community is facing. Customs administrations have to search for innovative ways of development, taking into account their fundamental role in strengthening economic connections between regions, ensuring security and facilitation of world trade, including in the regulation of e-commerce and transit of goods.

**The Agenda**

The Conference adopted the Agenda in accordance with the Annex to this report.

**Item 1. Transit systems compatibility in the WCO Europe Region**

The WCO Europe Region took note on the report of Mr. Sergey Amelyanovich, Chairperson of the Expert Group on Transit Systems Compatibility in the WCO Europe Region covering the work undertaken over the past intersessional period. The work   
was organized around the principles previously endorsed by the Region that provide vision in both the short and long term.

The participants outlined the main areas of the Group’s further work, noted and discussed the results achieved and the Members existing experience in transit potential development. Aspects mentioned were in particular the introduction of modern technologies, such as risk management systems, electronic navigation seals, projects in the area of information exchange, electronic documents, guarantees, and digital signatures.

Some Members of the Region emphasized their interest to continue and revitalize   
the work of the Expert Group as well as to ensure the participation of the EAEU.   
This should contribute to transit facilitation throughout the WCO Europe Region.

The suggestion was made to develop a single platform and to schedule the next working meeting, where the business community representatives could take part.

Some countries noted that the activities of the Expert Group are carried out   
in accordance with global trends. In order to enhance the work efficiency, the Europe Region recommended considering information exchange on ongoing projects and developments, especially in terms of the technical solutions used.

The cross-border traffic is continuously growing within the Region. Various projects are being implemented. Some Members noted that harmonization of approaches could improve the climate for the fastest possible transit. The existence of transit systems compatibility mechanisms has the potential to simplify the use of information provided by carriers, and to reduce financial and time costs through sustainable and safe transport corridors.

The EU and its Member States suggested that the final ToR for the IT Sub-Group as agreed in the November 2018 meeting of the Expert Group are made available to the members. The EU pointed out that there are already solutions available or well advanced such as e-TIR and NCTS that are widely used in the region. These could provide the platform for compatible transit systems as mentioned by participants.

The Region decided that the Expert Group should continue its efforts on step-by-step approach.

To make the Expert Group working in an efficient manner, it was requested that for the meetings of the Expert Group and the IT subgroup the agenda and the relevant working documents focus on the examination of the differences between the existing transit systems and provide recommendations on how to bridge the gaps, including financial, legal and operational aspects. Before such recommendations are available, setting up a legal group would not be appropriate as the scope of its work is not clear.

To have meaningful discussion it is of outmost importance that the agenda is agreed amongst the members of the expert group one month in advance of a meeting to allow the relevant documents to be available sufficiently in advance of the meeting.

The Conference also confirmed the need to establish a proper level of communication between Region’s Members in a framework of the Expert Group and to increase their involvement during intersessional period in order to optimize the work on the preparation of substantive proposals for the annual Regional Conference.

**Item 2. The Use of Additional Languages in WCO**

The Europe Region took note on a report of the Chairperson of the Working Group on the Use of Additional Languages in WCO Mr. Maxim Nikitin   
on the intermediate results of the Pilot Project.

After discussing the results of the work done, giving a high assessment   
to the activities undertaken and proposals for further actions, the Europe Region made   
the following recommendations.

In order to ensure positive dynamics, Members need to coordinate efforts   
to avoid duplication of work on translation of the WCO documents. The project   
has a positive effect on the WCO work as a whole, helps to overcome language barriers, create a supportive working environment and increase the level of members’ involvement in the work of the Organization.

Taking into account the indicators used to analyze the project (the number   
of participants, speeches, collecting opinions), it was noted that the project is gaining the necessary dynamics, contributes to the substantive technical work in the WCO bodies.

The project was recognized as effective and Members expressed strong support for alternative and sustainable sources of funding are being considered to allow the Policy Commission and Council in June 2020 to draw conclusions for the future use of the additional languages, including the evaluation of the Pilot Project results.

**Item 3. Outcomes of the 1st Working Group on Accessions Meeting**

The Europe Region took note of a brief report by Russia’s Federal Customs Service Representative in the Kingdom of Belgium Mr. Dmitry Subochev, on the outcomes of the 1st Meeting of the Working Group on Accessions.

It was pointed out that all members of the Working Group showed willingness   
to develop constructive solutions. During the discussion of the issue, the delegate made a statement of necessity to find a solution regarding the status of Kosovo within the WCO.

The statement was made to the Conference was made by Albanian Delegation with objection requested to be included into report:

«We are approaching you on an issue of great importance to several members of the WCO Europe Region. Regrettably we have been informed that Kosovo, the Member of the Europe Region of the WCO, has once again not been invited to the WCO Europe Region Heads of Customs Conference, to be held on 24 – 27 April 2019 in St Petersburg, Russian Federation. We therefore call on you to correct this omission and issue an invitation to Kosovo for the mentioned Conference. In this context, it is recalled that, as a Member of the WCO, Kosovo was invited and participated at the WCO Europe Region Heads of Customs Conference 2017 in Vienna and at the 129th, 130th, 131st and 132nd Sessions of the Customs Cooperation Council. For the purpose of the functioning of the WCO in its mission to promote effectiveness and efficiency of Customs administrations in cooperation between its members, it is important that all Members of the WCO are able to fully participate within its structures. We trust you will remedy this unfortunate omission regarding Kosovo of the Europe Region in St Petersburg».

It was stressed that, given the complexity of the matter, it is very important to maintain neutrality, to search for consensus and common compromise approaches.

Europe Region agreed on the need to hold additional meetings of the Working Group to prepare the necessary decisions and achieve a positive result.

**Item 4. Performance Measurement**

Russia’s Federal Customs Service representative in the Kingdom of Belgium   
Mr. Subochev introduced the participants of the Conference to a working paper on this agenda item.

The Europe Region unanimously supported the WCO initiative to establish   
a Working Group on Performance Measurements. This area was one of the WCO’s strategic priorities. The WCO Time Release Study are highly valued and widely used in the Region. The participants noted that the use of customs data (including cooperation with the business community) allows customs administrations to acquire an objective understanding of customs processes, improve customs administration technologies, create the basis for developing the WCO’s own tools, which strengthens the organization’s leading position globally.

Member countries expressed their support and agreed to coordinate efforts in customs performance evaluation system development. They also discussed whether work should be aimed at differentiating approaches to various commodity flows, such as import and export, development of transparent and understandable elements of the system, establishment of a unified WCO standard and underlined the challenge of data quality. The establishment of the WCO evaluation mechanism is a key strategic decision that ensures the leading position of the WCO in customs services efficiency matters. The Europe Region will submit these proposals and its vision during the WCO Council Sessions in June 2019 under development of the new Working Group. The Vice-Chair suggested that the Russian Federation could collect possible information on the Regional Member States’ experience and practices in order to use it as a basis for further WCO development.

**Item 5. WCO Draft Strategic Plan for 2019-2022: Priorities of the Europe Region**

The Conference took note on a report by Russia’s Federal Customs Service representative in the Kingdom of Belgium Mr. Subochev on the Europe Region participation in the WCO’s work on developing a new three-year Strategic Plan   
for 2019-2022.

It was noted that this initiative is an attempt to optimize the structure and content of the Strategic Plan, taking into account the identified WCO Regions’ priorities and concerns. Member States of the Region noted the key developments in customs administrations’ modern activities, primarily the regulation of e-commerce,   
digitization of customs activities and their performance measurement.

Addressing corruption is considered the eighth area in the WCO strategic priorities, and the Council will discuss this proposal at the June session. All the existing seven priority areas, approved by the WCO Council, fit into the main, parallel activities of the organization. These are development standards, cooperation development and capacity building. In this regard, the Europe Region is unique because it includes large regional associations, which requires accurate coordination and interaction at different customs borders.

The Conference also reaffirmed that the digitalization issue should be given due consideration in the WCO priorities system.

The importance of clear objectives and (qualitative) Key Performance Indicators in the Strategic Plan, an analogue of the road map for the transparent funding and reporting mechanisms implementation was noted. In this regard, Regional member States agreed to continue the discussion on developing a Strategic Plan for a longer period and on the appropriate program for its implementation including performance indicators during WCO Council sessions in June 2019.

**Item 6. Governance (improvement of the WCO Rules and Procedures)**

Europe Region discussed the possibility of limiting the number   
of terms for WCO management positions.

The Europe Region reaffirmed its position to limiting the number   
of terms in office for the posts of the WCO Secretary General and Deputy Secretary General to two five-year terms or the sake of good governance.

**Item 7. Other topical issues discussed in the framework of the WCO**

**(E- Commerce)**

Europe Region noted the growing importance of e-commerce regulation within WCO and its members, primarily in the area of customs duties and taxes collection including the regulation of duty-free cost limits and standardization of customs administration approaches. In this regard, the constant exchange of experience   
and regional Member States’ best practices appears extremely important.   
The e-commerce volume grows rapidly, which determines the complexity of ensuring security and trade facilitation in this area.

Due to the high e-commerce development, the line between commercial and non-commercial trade disappears, the WCO members consistently abolish existing duty-free norms, the so-called “De Minimis”, the role of economic operators significantly increases. The Conference participants expressed their willingness to support   
the development and regular actualization of the Framework Standards of cross-border e-commerce regulation and technical conditions.

Member States of the Region discussed administering approaches to control   
e-commerce, as well as existing Member States’ experience in this area.

On the request of the Vice-Chair, the EU Director for International and General Affairs, Ms Sabine Henzler described the new EU VAT E-commerce rules, emphasising that given the new system would only be fully implemented in 2021, practical experiences on the implementation remained limited for the time being. However, regular reviews were foreseen to address potential shortcomings. In addition, the EU and its Member States ensured its full support to the finalisation of the E-commerce Framework of Standards as to be presented to the June 2019 Policy Commission.

Europe Region expressed their appreciation of the WCO Working Group   
on E-Commerce noting the need to continue the work on the E-Commerce Framework of Standards actualization.

**Item 8. Discussion and Adoption of the ToR for the WCO Regional Customs Laboratory**

According to the Agenda, participants have also discussed a draft ToR for the WCO Regional Customs Laboratories prepared by the WCO Regional Customs Laboratory in the Russian Federation.

Regional members expressed a keen interest in this initiative and noted that there are a number of issues that seem necessary to discuss and agree upon.

The EU stated that it had not yet been possible to study the working paper.   
In this regard, it was decided to discuss the draft ToR during the Regional Consultations on the margins of the WCO Council in June 2019.

**Item 9. Representation of the WCO Europe Region (chairmanship in the Committees and Region bodies). Heads of Delegations Closed Meeting**

Following the discussion in accordance with the existing agreements, the Europe Region supported the following decisions regarding membership in the WCO governing bodies for the 2019-2020 fiscal year.

Azerbaijan becomes the Customs Cooperation Council Vice-Chair for the Europe region (replaces Russia) for 2019-2021, and Greece will take this position for 2021-2023. The Region also decided to establish a date for future applications from candidates for this post.

**Policy Commission:**

* Austria
* Belarus
* EU
* Israel
* Italy
* Russian Federation
* Sweden
* United Kingdom

**Main contributors:**

- EU,

- Italy,

- United Kingdom,

- Russian Federation.

Russia was added to the list of 6 largest contributors and replaced Spain (due to the increased contribution). The representative of Spain noted that current arrangements do not regulate the transition procedure for geographical subgroups and asked about the possibility of developing an appropriate mechanism. The Europe Region agreed   
to prepare recommendations and discuss the issue at the WCO Council sessions in June 2019.

**Finance Committee:**

* EU
* France
* Germany
* Italy
* Kazakhstan
* Luxemburg
* Russian Federation,
* Switzerland.

**Audit Committee:**

- Armenia

- Netherlands

The Audit Committee had recommended Norway as the Committee Chairperson for one more financial year in February 2019, due to the absence of other candidates. Considering that the term for the current Chair (Norway) has ended in accordance with the Audit Committee Charter, the Conference decided to nominate another candidate for approval by the Council at the June sessions. The Netherlands delegation expressed their readiness to participate in the work of the Committee. The Europe Region agreed to decide on the second Committee member candidacy at the Regional Consultations during the Council sessions in June 2019.

**Item 10. Report by the Chairs of the Finance and Audit Committees**

The Europe Region decided to postpone the presentations of the Finance Committee Chairperson Mr. William Williamson and the Audit Committee Chairperson Mr. Born Rose until the Policy Commission and the WCO Council June sessions   
due to prolonged discussion on a number of complex issues. Their reports will   
be disseminated among Europe Region Member States to discuss during the Regional Consultations on the margins of the WCO Council sessions in June 2019.

**Item 11. Reports by Heads of WCO Regional bodies (RILO, RTC, ROCB, RDTC)**

Head of the RILO Western Europe Ms. Katarzhina Banazhek, RILO Eastern Europe Ms. Daniela Dettmann and RILO CIS Mr. Oleg Bakanov highlighted the latest developments and initiatives in the area of information law enforcement cooperation   
of customs administrations both within the Region and globally. The “G-RAN” platform is actively used for the preliminary information exchange.

A number of international law enforcement measures have been successfully taken, in particular, the “SHOT” initiative, aimed at countering the illicit trafficking   
of alcohol production, and the “SMART-3” Operation aimed at psychotropic substances smuggling countering. The results of the “Goalkeeper” law enforcement operation conducted during the 2018 World Cup in Russia were also highly appreciated. Similar operations will be carried out during the 2019 European Games in Belarus and the UEFA 2020 Cup in the European Union to ensure the security of major sports and other international events.

The Europe Region noted the prospects of these projects and the need to develop and improve the law enforcement information exchange technologies.

The Head of ROCB in Baku Mr. Roger Herman presented proposals on development, efficiency increase and work optimization.

The past year results of the ROCB’s work were reported.

Following the report, the Europe Region expressed appreciation for the constructive proposals and information and thanked Mr. Herman for his efforts and personal contribution to the work of the Baku Office.

The Europe Region urged enhanced financial discipline but approved a decision to continue voluntary funding the ROCB for the next fiscal year 2019-2020. The EU and its Member States called for more serious efforts being made by the Head of the Office towards establishing a finance mechanism based on making the Office self-financing.

In accordance with the Conference work plan, the Member States took note on the presentation by Mr. Eser Çengel as the candidate for the Head of ROCB position in Baku.

Europe Region noted the existing organizational, staff and technical difficulties in the work of the ROCB, and recommended using the potential and operational base of the Region’s existing training Center more extensively. It was stressed that the Center’s activities need to be based on the WCO Europe Region priorities. The ROCB should also be more effective as a communication tool for the Region’s Members.

The Europe Region took note on Cyprus delegate stating that the Republic is unable to support a Turkish candidate for the well-known political reasons.   
Europe Region taking into account this commentary after consulting with the WCO Secretariat approved the candidacy of Mr. Çengel for the position of the Head of ROCB in Baku and wished him luck in his further professional activities.

Europe Region took the decision to appoint Mr. Eser Çengel as the Head of ROCB for the WCO Europe Region for a three-year term of office with a one-year possible extension to begin on 1 June 2019.

The Europe Region approved the decision to recognize the Training Customs Administration under the Kyrgyzstan Government as WCO Regional Dog Training Centre. Given the general support of this initiative and the existence of Memorandum of Understanding between the WCO and Kyrgyzstan Customs Service, the region will inform the WCO Council about the new Regional Center status assignment.

The speeches were also delivered by Europe Region candidates for WCO Directorate leadership positions.

- William Williamson (UK) - Compliance and Facilitation Directorate.

- Bernard Zbinden (Switzerland) – Capacity Building Directorate.

Europe Region thanked the candidates for their detailed and informative reports and wished them success in the upcoming elections in June 2019.

**Item 12. Other.**

Members thanked the Russian Federation, the St. Petersburg Customs Administration, staff and translators for the successful preparation and holding the Conference.

The Chairperson of the Europe Region Mr. Davydov expressed his sincere gratitude to all Delegates and Regional Members for their successful and productive work, efficient cooperation and valuable experience gained during his two-year leadership as Vice-Chairperson of the Region. He also pointed out that he will continue active cooperation with colleagues from the WCO Europe Region.

**Annex**

**AGENDA  
WCO Europe Region Heads of Customs Conference**

(24 – 27 April 2019, Sochi, Russian Federation)

1. Transit systems compatibility in the WCO Europe Region;
2. Use of additional languages in the WCO;
3. Accessions to the WCO;
   * Outcomes of the Working Group on Accessions;
4. Development of Performance Measurement Tool within WCO;
5. Other topical issues discussed in the framework of the WCO;
   * E-commerce;
   * Combating illicit financial flows;
6. development of special recommendations for the exchange of customs statistics between the WCO Europe Region Member States;
7. Draft Strategic Plan 2019 – 2022;
   * Priorities of the WCO Europe Region Customs Administrations.
8. Governance (improvement of the WCO Rules and Procedures);
   * MoU IMF – WCO;
9. Discussion and Adoption of the ToR for the WCO Regional Customs Laboratories;
10. Representation of the WCO Europe Region (chairmanship in the Committees and Region bodies);
11. Report by the Chairs of the Finance and Audit Committees;

Reports by Heads of WCO Regional bodies (RILO, RTC, ROCB, RDTC).