



TECHNICAL COMMITTEE
ON CUSTOMS VALUATION

VT1140E1a

-
47th Session
-

O. Eng.

Brussels, 1st October 2018.

REPORTS ON INTERSESSIONAL DEVELOPMENTS

DIRECTOR'S REPORT

(Item III (a) on the Agenda)

Policy Commission / Council Sessions

1. From 25 to 27 June 2018, the Policy Commission held its 79th Session. The Report of the Policy Commission can be found in Doc. SP0650E1b. The WCO's Council held its 132nd Session from 28 to 30 June 2018. The draft Minutes of the Council can be found in Doc. SC0179E1a.

Revenue Package

2. Under the item on the Revenue Package, the Policy Commission took note of the activities reported by the Secretariat regarding the new and updated materials prepared by the Secretariat and the conclusion of the Revenue Package Phase III Action Plan. This work was also noted at the Council Session.

Combating Illicit Financial Flows

3. The Director, Tariff and Trade Affairs, provided an update to the Policy Commission on developments since the previous session in the area of illicit financial flows (IFFs), with a particular focus on the draft WCO Study Report on IFFs via trade mis-invoicing (TM) which the WCO had been tasked to prepare by the G20 Leaders' Communiqué (Hangzhou Summit 2016); and the Secretariat's engagement with the G20.
4. The Director presented the draft WCO Study Report, highlighting two issues : (1) Global attention should focus on the actions to combat IFFs/TM, the existence of which was indisputable, rather than on the high estimates of IFFs/TM which were not sufficiently robust across the methods; (2) Customs should secure sufficient mandate and resources to combat IFFs/TM, enhance capacity building and partnership with business, Tax authorities, Financial Intelligence Units (FIUs) and the Customs administrations of trade partners, and avail of new technologies such as blockchain. He also reported that the Secretariat had been informed that the Argentinian G20 Presidency was now in a position to suggest to the G20 Development Working Group (DWG) that the WCO be offered the opportunity to present its Study Report as part of the DWG's Agenda

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.

5. In conclusion, the Policy Commission, and subsequently the Council :
- took note of the report on the developments and progress made to date and recommended that a one-day session on the topic of illicit financial flows be held in the margins of the Enforcement Committee session;
 - invited the Secretariat to take note of the guidance provided regarding the WCO's approach and future work in relation to illicit financial flows;
 - approved the Study Report, including the Executive Summary and the Policy Recommendations, before its submission to the G20; and
 - noted that the Study Report would be kept open so that comments from Members, the G20 and other stakeholders could be taken into account.

Technical Committee on Customs Valuation

6. The Director and the Chairperson of the Technical Committee presented the work of the Technical Committee to the Council. The Council duly approved Case Study 14.2 and approved the reports of the 44th and 45th Sessions of the Technical Committee on Customs Valuation, contained in Docs. VT1098E1c and VT1117E1c.

WTO Committee on Customs Valuation

7. The World Trade Organization (WTO) Committee on Customs Valuation (CCV) held its latest meeting on 23 April 2018. Discussions continued on the proposal originally submitted by Uruguay to the Technical Committee concerning a proposal to modify Decision 4.1 of the CCV.
8. The Observer from the WTO will provide further details under Agenda Item III (b). The next meeting of the CCV is scheduled for 19 November 2018.

Technical Assistance/Capacity Building Activities

9. The technical assistance programme of the Secretariat since the 46th Session is reproduced in Annex II to Doc. VT1153E1a (Agenda Item IV (a)). The Secretariat will provide updates of future planned activities under that item.

Staff Changes

10. The Secretariat welcomed Mr. Alagic Ognjen (Bosnia and Herzegovina), who joined the Valuation Sub-Directorate as a Professional Associate, in September 2018.
11. Mr. Ian Cremer, Senior Technical Officer, will be leaving the Secretariat in January 2019. Mr. Benson Lim, Technical Attaché (Singapore), will be leaving the Secretariat in October 2018.

Other activities and issues

12. At the invitation of the Chair of the G20 Development Working Group (DWG), the Director, Tariff and Trade Affairs presented the WCO's study report on illicit financial flows (IFFs) to the DWG, at its second meeting held in Tucumán, Argentina, on 12 July 2018. It was the first time that the IFFs issue was put on the agenda of a G20 meeting since the G20 Leaders Communique Hangzhou Summit had been issued in September 2016.

13. The Secretariat was also invited to present the WCO's study report on IFFs to the third meeting of the G20 Anti-Corruption Working Group to be held 8 – 9 October 2018.
14. The Secretariat was invited as guest speaker at the TP Minds Asia conference on 19 and 20 September in Singapore. The Secretariat representative participated in two panel discussions; '*Transfer Pricing at a Crossroads*' and '*The Intersection of Transfer Pricing and Indirect Taxes: Industry & Customs Perspectives*'. The Secretariat has also been invited to speak at the TP Minds Africa conference in Johannesburg, South Africa on October 30.
15. With regard to the publication of historical working documents of the Technical Committee on the public website, the Secretariat is continuing the editing work on the outstanding Session's working documents in readiness for publication. Three more sets of working documents, for the 38th, 39th and 45th Sessions, will be added shortly to those already published. A further update will be provided at the upcoming Session.
16. After the approval by the Council of Case Study 14.2 at its 132nd Session, the WCO Customs Valuation Compendium is being updated to include this new instrument issued by the Technical Committee on the '*Use of transfer pricing documentation when examining related party transactions under Article 1.2(a) of the Agreement*'. Amending supplement no. 4 will be issued shortly.
17. Members are kindly reminded to advise the Secretariat of any changes to :
 - the **Contact Point list**. Contact points are maintained for : 1) general valuation matters; and 2) matters relating to Exchange of Customs Valuation information. The Secretariat kindly requests Members to check their national details are correct in the current list and advise accordingly.
 - the **Index of Reference materials**. Members are requested to advise the Secretariat of new materials and notify any change or cancellation of materials previously provided.

These lists provide a valuable resource for Members. Both lists are maintained on the Members' website, (Valuation Resources page).
