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Report of the 12th meeting of the Administrative Committee for the Customs Convention on Containers, 1972

Transmitted by the World Customs Organization



Brussels, 30 November 2010.

REPORT OF THE 12TH MEETING OF THE
ADMINISTRATIVE COMMITTEE FOR
THE CUSTOMS CONVENTION ON CONTAINERS, 1972

(29 - 30 November 2010)

1. The Administrative Committee for the Customs Convention on Containers, 1972, held its 12th Session in Brussels on the 29 and 30 of November 2010 under the Chairmanship of Mr. Andy Badrick (New Zealand).
2. The following Contracting Parties were represented : Armenia, Australia, Bangladesh, Bulgaria, Canada, China, Finland, Indonesia, Kazakhstan, New Zealand, Russian Federation, Saudi Arabia, Turkey and United States. In addition, the following Members were represented by Observers : Belgium, Democratic Republic of Congo, Egypt, European Union (EU), France, Gabon, Haiti, India, Malaysia, Norway, Serbia, Sri Lanka, Thailand, United Arab Emirates and Vietnam.
3. The following international organizations were represented by Observers :

CONFIAD
International Container Bureau (B.I.C.)
International Organization for Standardization (ISO)
United Nations Economic Commission for Europe (UNECE)
World Shipping Council (WSC)
4. The list of delegates is reproduced at Annex I to this Report.

I. OPENING OF THE MEETING

5. Ms. Susanne Aigner, Deputy Director, Compliance and Facilitation Directorate opened the meeting and welcomed Delegates and Observers.
6. She stated that she was particularly pleased to see representatives from industry and other international organizations and was looking forward to a productive meeting. The Committee last met in 2008. There was no meeting in 2009 owing to a lack of Secretariat.

resources. However, the Convention requires that the Committee be held not less frequently than every two years, so this is an obligation.

7. She then spoke of the operation of the Administrative Committee itself. The Committee was advised that there was no requirement for a quorum of Contracting Parties to be present in order to hold a meeting. Article 6, indicated that for the Committee to make or consider proposals, it is sufficient for a majority of those present to agree.
8. The Deputy Director then informed the Committee that the working languages for the meeting would be English and French, but as is normal, the final report would also be made available in Spanish and Russian as required by UNECE rules.

II. ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON

9. Ms. Susanne Aigner informed delegates that the Customs Convention on Containers, 1972 requires the Committee to elect a Chairperson and Vice Chairperson.
10. On the proposal of the delegate of the Finland and seconded by the delegate of Indonesia, Mr. Andy Badrick from New Zealand was unanimously elected Chairperson of the Committee. As the meeting was only for one day, the Committee agreed to waive the requirement to elect a Vice Chairperson.

III. ADOPTION OF THE AGENDA

11. The Chairperson thanked the Committee for electing him and added his welcome to all the Delegates and Observers to the meeting.
12. The draft agenda, as set out in Doc. PB0036, was then introduced. As no additions or deletions were proposed by the Committee, the Agenda was adopted.

IV. INTERSESSIONAL DEVELOPMENTS –SECRETARIAT UPDATE

13. The Secretariat indicated that in view of the suspension of the Committee's work in 2009 there had been no major intersessional developments.
14. However, since the last meeting in 2008 there had been two new Contracting Parties- Saudi Arabia on 23/12/2008 and Tunisia on 11/3/2009, taking the total number of Contracting Parties to 38.
15. There had also been interesting developments on technology issues relevant to the work of this Committee which would be reported under Agenda item V as well as work on the updating to the Handbook under Item VI.

V. TECHNOLOGY ISSUES:

- **Secretariat assistance to Members on technology issues**
- **Container Accessories: Customs treatment of electronic security devices**

16. The Secretariat introduced this item explaining that there was great interest amongst WCO Members in technology issues, in particular X-ray scanning, e-seals, Container Security devices (CSDs) and track and trace technology.
17. The Secretariat explained that they had been working with the WCO's Scientific Sub-Committee on these issues. So far a specialist group had produced Guidelines for the Purchase and Deployment of X-ray Scanners which was now being widely consulted by Members. In this context the Secretariat had already carried out regional scanning workshops in 4 of the 6 WCO regions.
18. Of particular relevance to the Container Convention Administrative Committee was a new Group that had been set up, also under the SSC, that was looking at technical requirements for CSDs and e-seals as well as track and trace technology.
19. The Secretariat said that this Group had been corresponding virtually since summer 2010 and had included private sector input. It had held its first face- to- face meeting on 1 November 2010, immediately before the WCO Technology and Innovation Forum in Cairo. The Cairo meeting had agreed to produce initially a simplified overview and requirements document for these types of technology and continue then to work virtually with on-going private sector input.
20. In responding to several questions from Delegates and Observers, the Secretariat clarified that the document being worked on would be a descriptive overview of CSD and e-seal typology as well, as a summary of requirements that Customs authorities using these technologies might expect of a manufacturer, such as the percentage 'Probability of Detection' rate per door opening, minimum communication range etc.
21. It was the intention to provide an update to the joint PTC-EC meeting in March 2011, which oversees the work of the SSC in this matter, on progress.

Container Accessories: Customs treatment of electronic security devices.doc PB0037 and PB-INF1

22. The Secretariat recalled that at the 9th meeting of the Administrative Committee in November 2006, consideration was given to CSDs, which are electronic devices mounted inside a container to detect and report any movement of the container door. The Committee accepted that such devices should be considered as 'container accessories and equipment of the container' as defined in the Container Convention.
23. There remained however two issues. The first issue concerned the temporary admission of consignments of such devices, destined for use on containers, but consigned separately.
24. The second issue was whether other similar security devices for containers such as seals, whether electronic or mechanical, could be treated in the same way.
25. The Secretariat continued that at the 10th Meeting of the Administrative Committee in November 2007 the United States introduced a non-paper on the issue. The US concluded that "although certain of the provisions of the Convention utilize prescriptive

language with regard to temporary admission of containers and their accessories, other provisions show that the document's drafters recognized that the desire for a uniform standard must be balanced with the necessity of preserving each Party's right to enforce its domestic laws".

26. There was no opposition to the United States position at the 10th Meeting. The Secretariat elaborated at that meeting that this type of flexibility in WCO Conventions is normal and, as regards the current issue therefore, there is no 'one size fits all' solution. The EU had provided an example of CSDs being treated differently according to the circumstances under which they are temporarily imported/exported, which had been reproduced at paragraphs 11 to 14 of document PB0037. In the opinion of the Secretariat, these procedures showed a practical, facilitative approach to this growing phenomenon. The 10th Meeting concluded that it would be interesting to hear how other Administrations handled such devices in the various scenarios described by the EC.
27. The second issue raised concerned other devices, electronic or not, that may be used to contribute to container security. So, for example, currently, high security mechanical seals conforming to ISO standard 17712 are in use. E-seals and RFID technology increasingly are under consideration.
28. The World Shipping Council (WSC) had commented that no distinction should be made between container security technologies and platforms in respect of the granting of any favorable treatment.
29. Referring then to the current work taking place in the SSC e-seals/CSD sub group the Secretariat said that the remit of the Group was to examine purely technical not procedural issues.
30. In that respect, for the information of delegates, a White Paper produced by Sandler Travis Advisory Services (STTAS), submitted to the WCO, has been reproduced for information purposes as "PB_INF1_E.pdf", which was relevant to the issue in hand. STTAS was one of the private sector entities that participated in the SSC e-seals/CSD meeting in Cairo on 1 November 2010. Of particular interest was the survey indicating how e-seals are treated in a number of administrations.
31. In the view of the Secretariat it was reasonable to conclude that the Container Convention per se cannot provide a uniform Customs treatment of accessories such as e-seals and CSDs. It is clear also from the research of STTAS that there is little known about these devices on a global scale. Even if the Container Convention could be more prescriptive, there are only 38 Contracting Parties that would be bound by such requirements. E-seals and CSDs are increasingly being utilized globally and the Secretariat believes that it would be appropriate to provide to Members facilitative customs treatment
32. The Secretariat said that in such cases, where we wish to recommend but cannot or do not wish to legislate, a Recommendation of the CCC/WCO could fulfill this need.
33. The Secretariat therefore requested the Committee to provide guidance on a way forward on this issue.
34. In conclusion, the Secretariat said that if the Committee accepted that a Recommendation would be appropriate then they could work intersessionally with a group of volunteers to produce a draft CCC Recommendation for submission to the PTC in March 2011. The aim would be to formulate a simplified Customs treatment of e-seals and CSDs, one example of which has been provided by the EC.

Summary of discussions

35. There were a number of comments and questions from delegates and Observers which are summarized as follows:
36. There is a need to ensure that if another group is to be set up to consider drawing up a Recommendation as suggested by the Secretariat it would be necessary to ensure close contact between the SSC group and the new one. It was questioned whether a further Group could begin work before the SSC Group had concluded its work in clearly defining the technologies to be included
37. There was a need for definitional clarity in the SSC Group. In that respect, the Secretariat commented that the SSC Group was attempting to describe clearly the range of technologies it would consider, from simple passive e-seals to more complex CSD systems, as well as track and trace technology. In response to queries from several Delegates on whether GPS technology would be included, the Secretariat said that this technology could be utilized for a number of applications such as CSD and Track and Trace and would normally be included when the SSC had defined its scope.. The suggestion to consider definitions for these items made by a Delegate would be passed on the SSC Group.
38. An Observer made the point that a holistic approach to these devices should be taken in respect of procedural aspects to include also high security mechanical seals (ISO 17712).
39. The EU pointed out that the examples of CSD treatment quoted in document PB0039 would need to be updated to take in to consideration the modernized Customs Code of 2008.
40. The Meeting agreed that it would be reasonable to form a virtual group of interested members at this stage for information gathering purposes to ascertain how members dealt procedurally with a range of container security technology including high security mechanical seals, e-seals, CSDs and track and trace technology.
41. At this stage, it was felt to be premature to draw up a Recommendation, but progress should be reported to the PTC in March 2011, seeking that Committee's direction.
42. In order to progress the matter the Secretariat would write in the near future to all WCO Members, whether or not Contracting Parties to the Container Convention, on the matter as indicated in paragraph 40

VI. UPDATING OF THE HANDBOOK OF THE CUSTOMS CONVENTION ON CONTAINERS, 1972

43. The Secretariat reminded the Committee that the current process of updating the Handbook of the Customs Convention on Containers, 1972, started in 2004, when at its 7th meeting, the Administrative Committee instructed it to find the most appropriate way to carry out this work. Since that time, a lot of work had been done and progress had been reported to the Committee as outlined in the background section of the Doc. PB0038.
44. The Secretariat also reminded the Meeting that the Administrative Committee did not meet in 2009 due to lack of internal resources. However, as there was currently extra assistance available, during the intersession, the Secretariat had been able to contact Members of the former Virtual Group, in July 2010, to request them to rejoin the group. A summary of the background and actions to be taken had been included in the

communication to Members in order to update them on the work that had been undertaken and work that needed to be finalized. A copy of the current situation of the review process could be found in Doc PB0038.

45. The Secretariat continued that most Members of the former Virtual Group had rejoined the present Group. The World Shipping Council (WSC), the Bureau International des Containers (B.I.C), the US Customs and Border Protection and Australian Customs and Border Protection had recently provided some valuable comments and amendments, which were shared with all the group for feedback, however, they still needed to be reviewed before including them in the draft revised Handbook of the Customs Convention on Containers, 1972.
46. The Committee was also informed that the technical amendments were nearly complete and that they would probably be finalized in time to be submitted to the next Committee for approval. Finally, the Secretariat reported that it would be necessary also to prepare a new version of the Convention to take into account amendments already made and also to prepare a French version.
47. The Administrative Committee took note of the ongoing work of updating the Handbook of the Customs Convention on Containers, 1972.

VII. THE CONTAINER CONVENTION, 1972 AND ISO 1496

48. The Secretariat informed the Committee that at its 9th Meeting in November 2006 the Observer for the International Container Bureau (B.I.C.) informed the meeting that the Convention for Safe Containers (CSC) included a technical annex which laid down regulations for the safety of container operations that were widely identical to ISO Standards on container strength and testing as given in ISO 1496. This fact had given rise to a common procedure for the authorities: if a container was found to be designed and built in accordance with ISO 1496, it automatically qualified for approval under the CSC. He suggested that a similar approach could be envisaged for Annex 4 to the Container Convention (Approval for transport under Customs seal). Thus, if a freight container had been designed, built and tested in accordance with the relevant ISO standards; it would automatically be approved for the carriage of goods under Customs seal. The original proposal by the B.I.C. may be found annexed to doc. PB0039 as Annex I.
49. However, the Committee took no decision during that meeting but instructed the Secretariat to prepare a working document which would compare the relevant provisions of the Container Convention and the CSC as well as a comparison between ISO Standard 1496 and Annex 4 of the Container Convention. The issue of costs in respect of access to ISO Standard 1496 should also be included.
50. The Secretariat paper PB0029 set out the principal relevant provisions of the Container Convention, the CSC and ISO 1496. In terms of commonality, Annex II of the CSC broadly equates to the provisions of ISO Standard 1496 namely structural safety requirements and tests for containers.
51. The cost of access to ISO Standards had already been raised in the context of the revision of the Container Handbook. In that case, the WCO received formal authorization from ISO to quote a small part of the relevant ISO Standard in the Handbook.
52. At the 10th Meeting of the Administrative Committee held in November 2007, the Observer of the UNECE underlined the need for alignment between the provisions of the

Container and TIR Conventions and said that the question was on the agenda for discussion on the WP 30 Committee of their Organization. The Observer of the World Shipping Council (WSC) felt that ISO Standard 1496 was not fully understood. A survey of their Members had revealed that a CSC Approval plate also applied to TIR and that in their view a Standard ISO container was acceptable for the purposes of Container Convention approval, particularly with recent amendments regarding door end security. Making reference to ISO Standard 1496 would support trade facilitation.

53. The Observer of B.I.C. felt that there was a need for more clarification. The current Container Convention dates from 1972 whereas ISO Standard 1496 is reviewed at least every 5 years so is a more living instrument.
54. The 10th Meeting agreed that there has been a useful exchange of views but that more study was required in respect of the applicability of ISO Standard 1496 to the Container Convention. The Secretariat would liaise closely with UNECE and other interested parties in the intersession with a view to producing a more detailed paper for the next Administrative Committee.
55. The Secretariat informed the Committee that during the intersession it had several discussions with B.I.C., ISO and UNECE concerning the issues previously raised.
56. Based on these discussions, in the Secretariat's view it would be premature to accept the B.I.C. recommendation. There remained issues to be further explored, in relation to the costs associated to accessing the details of this Standard as well as the nature of the Standard and whether or not it fully satisfied Customs' requirements.
57. At the 11th Meeting of the Administrative Committee held in November 2008, there was a lengthy discussion on the issue. The Observer of ISO gave an explanation of what ISO Standard 1496 consisted of and the procedure for its use. There was general agreement that the issues still needed to be reviewed. Any alignment to ISO Standards must be analyzed for the Container Convention and TIR Convention. Any amendments must be made to both conventions at the same time.
58. The Committee then agreed that the Secretariat should pursue the items listed in the way forward in doc PB0033 which included the following points:
- WCO to establish, through attendance at WP 30 and ongoing dialogue, a joint operation with the UNECE
 - WCO negotiate with ISO in respect of costs associated with accessing Standard 1496
 - WCO /Suitable WCO member(s) join the relevant ISO working party to ensure that there can be a proper review of ISO Standard 1496 with a view to offering assurances that it is fit for purpose for Customs needs.
59. However due to lack of resources this matter had not been pursued during the intersession.

Summary of discussion

60. The Chairperson requested the Committee's opinion on the way forward as suggested by the Secretariat. He also reminded the Committee of the presentation made by the Observer of ISO with regard to ISO Standard 1496 that is relevant and related to this issue. In addition, he also mentioned about C21 being relevant and the fact that WCO and its Members should remain relevant, visionary and indispensable in all aspect.

61. The Observer of UNECE stressed the need of an alignment between Annex 7 of the TIR Convention and Annex 4 of the Container Convention. He also felt that in his understanding ISO standards were more technical in nature and not related to Customs security so making them automatically applicable without checking them for aspects related to Customs security seemed to be premature. Though from the intervention from the Observer of WCO, there is an understanding that security aspects are examined but still the Observer of UNECE felt that this warrants further analysis.
62. He was of the opinion that on the cost aspect of ISO standards, the national authority competent for checking security of vehicles under the TIR Convention would not necessarily have access to the ISO standard which would make it difficult for them to check vehicles for conformity.
63. The Observer of UNECE referred to the fact that the ISO standards are living documents and are reviewed every five years. However, this would mean that adding part of the ISO standard to a legal instrument could cause complications and caution must be taken to avoid that.
64. The Observer of UNECE reiterated their willingness to work with the WCO Secretariat on this issue. They also had constraints on their resources. He further went on to explain that due to the lack of resources and priorities, WP30 has not had a chance to discuss this issue but they would be happy to pick it up if there is need to.
65. The Observer of ISO reiterated that the safety approval plate that is required under the IMO CSC applies also to the TIR. So it is clear that ISO Standard 1496 is the basis upon which the 18+ million containers operate and are approved under both the CSC and TIR Conventions. In this regard, if Annex 7 of TIR Convention is identical to Annex 4 of the Container Convention it should be sufficient for the Container Convention. He went on to explain that the regulations under Annex 4 and the examples below it have all been addressed i.e. there is no one Customs requirement for all the 18+ million containers that are not addressed. The Committee was informed of an upcoming meeting to review ISO Standard 1496 and the WCO Secretariat was invited to join the meeting.
66. The WCO Secretariat acknowledged the comments made by the Observer of ISO and felt that the issue here was that there were insufficient resources and nothing had happened since the last meeting. A close working relationship with the WCO Secretariat and the UNECE would assist in getting this moving again. He further added that there is still the issue of cost which from experience in obtaining the use of ISO 6346 would become a major point of discussion at our future meetings, with ISO particular.
67. The Observer of BIC supported the comments of the Observer from ISO. He further went on to deal with the concerns raised by the WCO Secretariat on the issue of cost. BIC had provided the necessary inputs to the relevant group that was currently meeting. The Chairman of that working group is the President of BIC who has agreed to look into the issue of providing the relevant parts of ISO 1496 for reproduction in the Container Convention Handbook. He also assured the Committee that BIC would discuss this issue with ISO.
68. The Delegate of Nigeria agreed with the Observer of ISO in regard to the regulations in Annex 4, especially the fact that containers should not have concealed spaces and that Customs will always have access to all spaces for inspection.
69. The Observer of UNECE reiterated his opinion that after listening to all the explanations provided by the Observer of ISO, UNECE still continues to have reservations with regard to the inclusion of the ISO reference into the Convention.

70. The WCO Secretariat proposed that the UNECE and the WCO Secretariat look at the details and work closely together on this issue. This would provide the answers to Customs Administrations as to whether this standard fully satisfied the requirements in the Container Convention. Until the detailed study is done it is hard to reassure the Members.
71. The Observer of BIC offered to participate more actively in the WP 30 Meetings to ensure that some of the concerns they have expressed are conveyed to the working group under TC104 relating to ISO Standard 1496. He further explained that the revisions in the last 5 years have been mainly focused on Customs concerns identified over the past 10 years. It is definitely relevant to make reference to a living document, where all the parties have an opportunity to contribute. BIC once again would like to offer to work together so in the future revisions do look at the concerns that may be related to existing concerns.
72. In conclusion, as a way forward, it was agreed that the WCO Secretariat would pursue the matters in the bullet point 11 above, bearing in mind the limited resources at the UNECE. The WCO Secretariat would negotiate for reasonable access to ISO Standard 1496 and would examine the possibility of the Secretariat or suitable Members attending the relevant ISO Working party.

VIII. UPDATE FROM ISO ON WORK IN PROGRESS IN THEIR ORGANIZATION

73. On behalf of ISO, Mr. Lars Kjaer from WSC, presented an oral report on the work in progress in ISO. Focusing entirely on the work carried out by TC104 (Technical Committee 104) within the ISO, he said that the reason for concentrating on that committee's work was the fact that it was responsible for all ISO standards regarding the design, manufacture, structure requirements, coding, marking and numbering of containers. Additionally, Mr. Kjaer said that the TC104 was also responsible, but not exclusively, for RFID applications applicable to containers and for ISO mechanical and electronic seal standards. He then mentioned that the TC104 had more than 50 standards published, 29 participating countries and 25 countries with observer status.
74. The Observer of ISO reported that since the last Administrative Committee meeting the most important standard published by TC104 was the new ISO mechanical seal standard, ISO 17712, which replaced the PAS (Publically Available Specification) that was mentioned currently in the SAFE Framework. With that, they had migrated from a PAS to a fully fledged international standard. This standard was published on the 1st September 2010.
75. In addition to the existing requirements for seal manufacturers to be certified and for their products to be certified to be in compliance with the standard, the new standard included a seal tamper evidence requirement, and associated test procedures and requirements to certify that the seal meets the new seal tamper evidence requirements. This new requirement would take effect eighteen months after publication, which was from the 1st March 2012. This means that mechanical seals which as from that date had not been certified as complying with the new tamper evidence requirements would no longer be sold and used as ISO compliant seals.
76. The Observer of ISO also mentioned that there was a 'sunset' provision in the new standard that would also take effect on the 1st March 2012, which required the minimal diameter of the metal components of bolt seals to be 18mm. Bolt seals which as from the date mentioned above had not been certified as meeting this requirement would no longer be sold and used as ISO compliant bolt seals.

77. Another outcome from TC104 was a technical specification that had been published in 2009 for what was called a container RFID license plate tag. This tag included all identification markings that were currently painted on the side, bottom and roof of the container so that the information would be able to be read electronically rather than by human beings. The Observer of ISO added that this was a technical specification not an international standard for the reason that industry stakeholders still had a number of questions as to whether the chosen technology, RFID, and the protocol for communications would actually meet all the operational scenarios where a container and its ID information would have to be read remotely. A technical specification allows for tests to be done before migrating to an international standard.
78. Turning to the agenda of TC104 and its Sub-committees, the Observer of ISO reported that they were going to meet in mid January 2011 in San Diego, USA, and that among the items to be discussed were the following: 1) How to turn a publically available specifications for freight container cargo shipment tags into a fully fledged international standard; 2) Developing a unique seal numbering system for freight container seals; 3) Revision of ISO 6346 and 4) Revision of ISO 1496.
79. The Delegate of New Zealand wished to know, under the new container standards, what was the replacement time period allowed for the existing huge number of containers around the world to be under the new standard. In reply to this question, the Observer of ISO said that the replacement time frame was 7 to 8 years, which was the normal life-span of a container.
80. The Administrative Committee took note of the work in progress in ISO.

IX. OTHER BUSINESS

81. No items were raised under this Agenda item.

XI. ADOPTION OF THE DRAFT REPORT

82. The Contracting Parties adopted the Report of the 12th Meeting of the Administrative Committee for the Customs Convention on Containers, 1972.

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