



National Workshop on

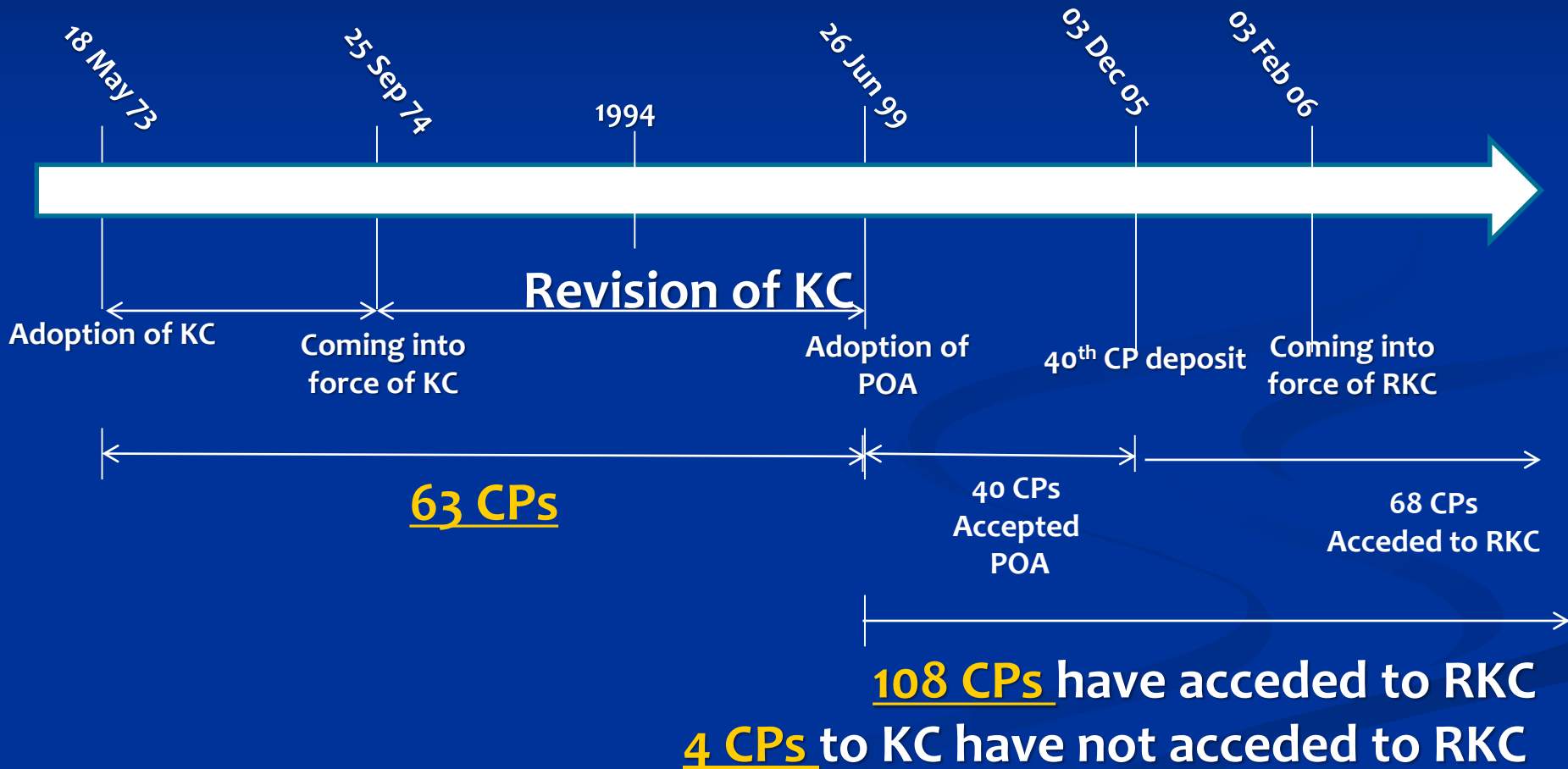
The Revised Kyoto Convention

An Overview

Ashgabat, Turkmenistan, 27-31 March 2017

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World Customs Organization (WCO)

HISTORY



WCO Members (180)

1974 Kyoto (64)

Rev. Kyoto (108)

OECD (31)

EU (28+1)

Other non-CPs

Europe (1)
Israel

Africa (3)

Burundi
Dem. Rep. Congo*
Gambia

Algeria
Botswana
Cameroon
China
Côte d'Ivoire
Cuba
India
Kenya
Lesotho
Macedonia
Malawi
Malaysia
Morocco
Nigeria
Pakistan
Rwanda
Saudi Arabia

Senegal
Serbia
South Africa
Sri Lanka
Uganda
Vietnam
Zimbabwe
Zambia

Bulgaria
Cyprus
Croatia

Austria
Belgium
Czech
Denmark
Finland
France

Australia
Canada
Japan

Iceland
Korea
NZ
Norway
Switzerland

Turkey
US

Germany
Greece
Hungary
Ireland
Italy
Luxembourg
Netherlands
Poland

Portugal
Slovak Rep
Spain
Sweden
UK

Chile
Mexico

EU
Latvia
Lithuania
Slovenia
Romania

Albania
Angola
Armenia
Argentina

Azerbaijan
Bangladesh
Bahrain
Belarus
Benin
Bhutan
Cambodia
Cape Verde
Dominican Rep.

Egypt
Fiji
Gabon
Indonesia
Iran
Jordan
Kazakhstan
Madagascar
Mali
Mauritius
Mongolia
Montenegro

Mozambique
Namibia
Nepal
Niger
Oman
Papua New Guinea
Philippines
Qatar
RPD Lao
Russia
Samoa
Sierra Leone

Estonia
Malta

Sudan
Swaziland
Thailand
Togo
UAE
Ukraine
Yemen

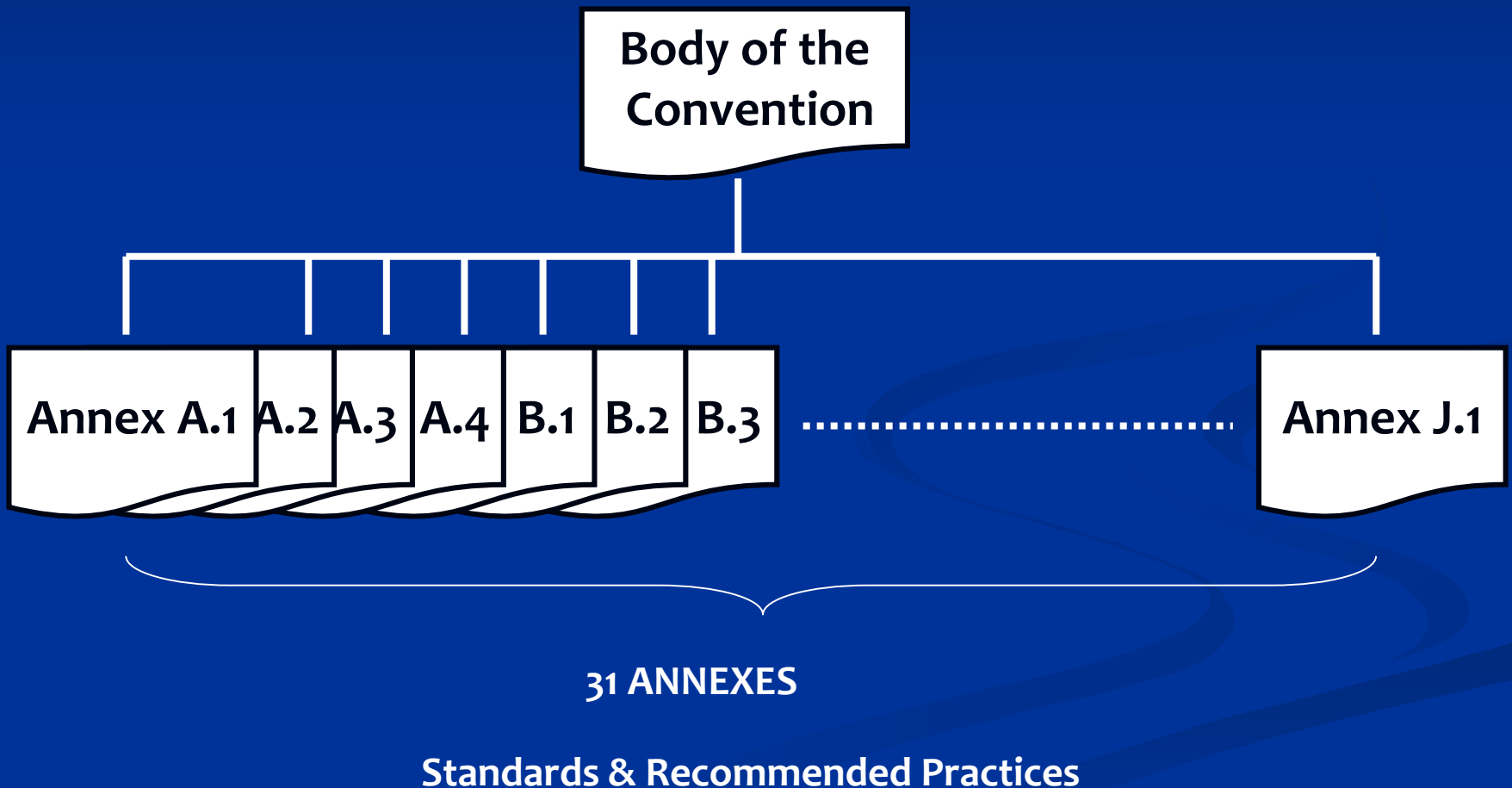
*: Signed subject to ratification (not yet)

INTERNATIONAL CONVENTION ON THE SIMPLIFICATION AND HARMONIZATION OF CUSTOMS PROCEDURES

(Kyoto Convention)

- 1970's - Key international instrument on simple and harmonized Customs procedures
- Adopted by the Council in May 1973 & Entered into Force : 25 September 1974
(Adopted by the Council at Kyoto, Japan 1973)
- In 1994 had only 63 Contracting Parties

Structure of Original Kyoto Convention



Condition for Accession

- Contracting Parties must Accept
 - The Body of the Convention
 - **Any One Annex**
- **Reservations can be entered** against both Standards and Recommended Practices of the Annex Accepted
- Reservations should be reviewed once every three years

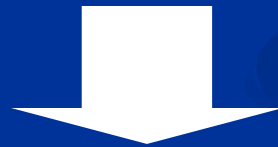
Review of the Original Kyoto Convention

Reasons

International Focus

Globalization of Trade

- Signing of the Uruguay Round Agreements modifying GATT
- Setting up of the WTO
- Identification of tariff barriers to trade and successful application of measures for reduction of tariff barriers to trade through GATT/WTO



- Shift in focus to identification of Non-Tariff barriers to trade
- Customs and Customs procedures identified as one of the major Non-Tariff barriers

SOLUTION – “Revision”

- **Kyoto Convention - Already identified as the international instrument for simple and harmonized Customs procedures**
- **Necessary to review the existing Convention to make it an effective instrument of simplification and harmonization**
- **The revised Convention to become the blueprint for simple and efficient Customs procedures for the 21st century**

New Principles to be Incorporated

The revision process also recognized the importance of including the following principles as core provisions

- ❖ Customs supplying information on Customs procedures and practices to the clients**
- ❖ Relationship of Customs with third parties**
- ❖ Clear and transparent appeal procedure**
- ❖ A partnership approach with the trade**

REVISED KYOTO CONVENTION

- Protocol of Amendment adopted by the Council in June 1999 in Brussels



The blueprint for modern, efficient and effective Customs Procedures in the 21st century

- Currently

*- total 106 Contracting Parties to RKC
(as of Jan. 2017)*

Structure of the RKC

Changes in the structure of the Convention

- ❖ Creation of a General Annex which is
 - obligatory for accession
 - allows no reservations against provisions in the Annex
- ❖ 10 Chapters containing core Customs procedures and practices

Structure of the RKC

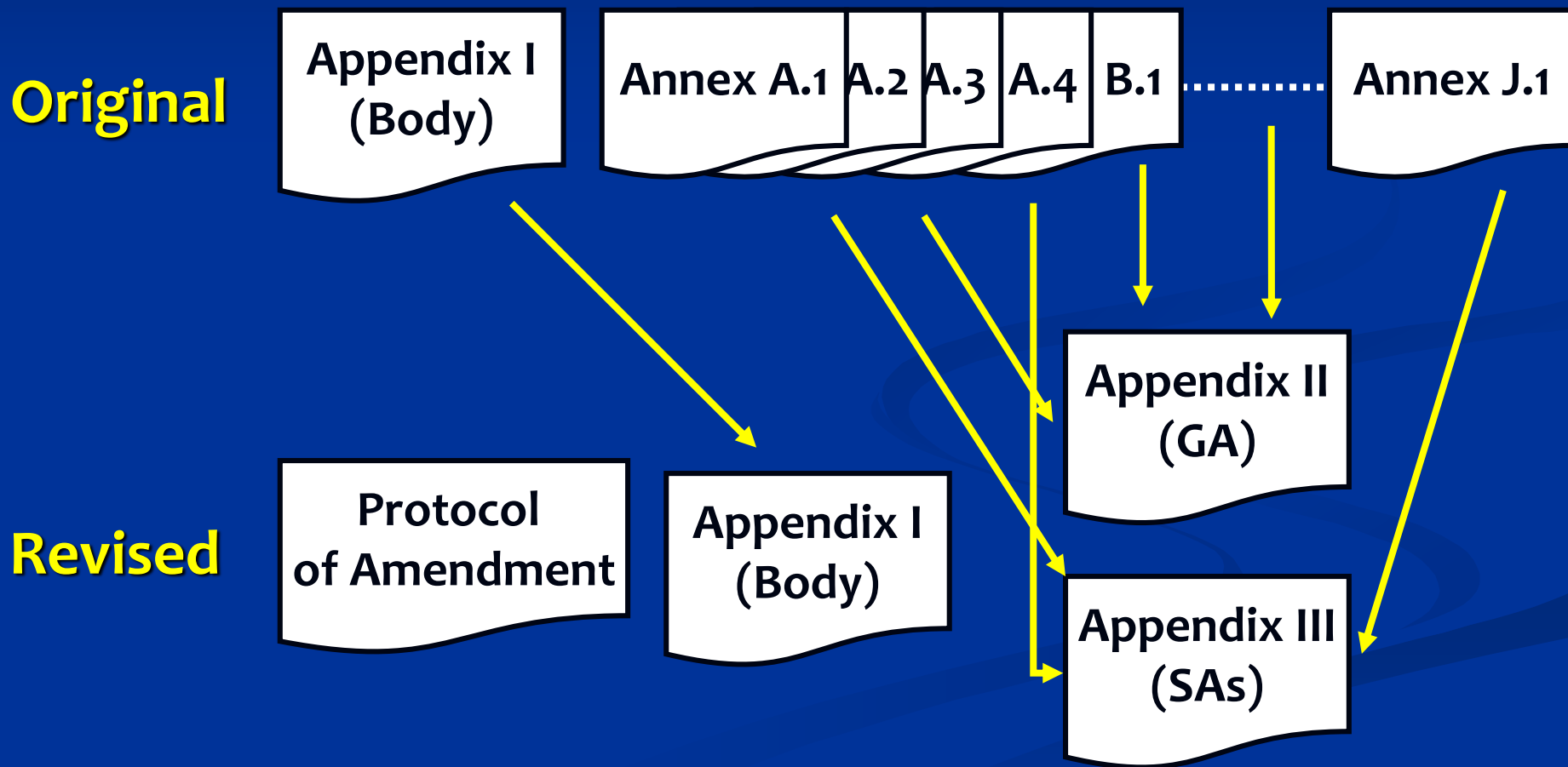
General Annex

- ❖ Consists of two types of provisions
 - Standards ➡ period for implementation **3 years**
 - Transitional Standards ➡ period for implementation **5 years**

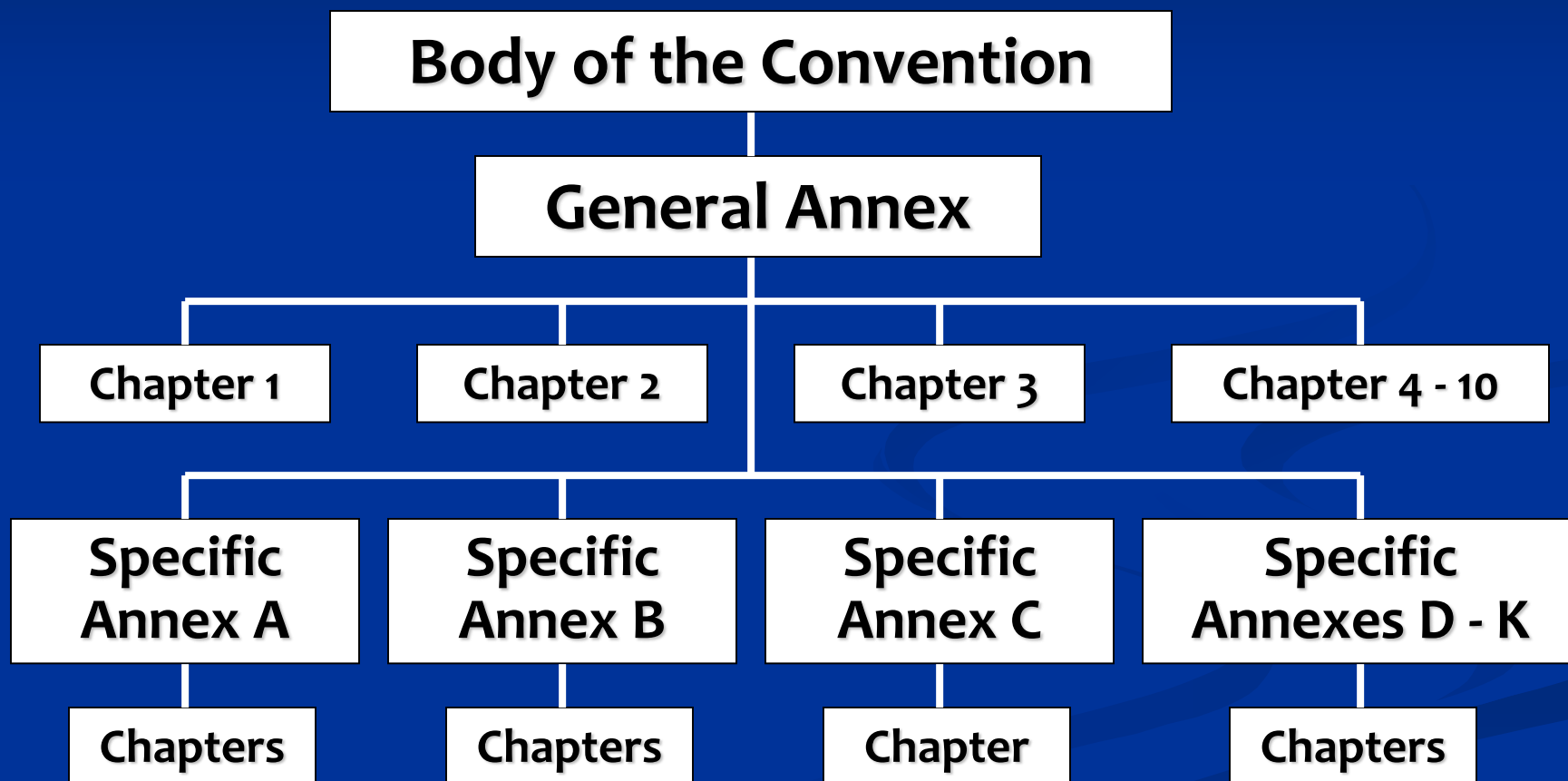
Specific Annex

- ❖ Consists of two types of provisions
 - Standards
 - Recommended Practices

Original vs. Revised Kyoto Convention



STRUCTURE OF REVISED CONVENTION



BODY OF THE CONVENTION

- PREAMBLE
- SCOPE
- STRUCTURE
- ADMINISTRATION
- RULES OF ACCESSION
- RULES FOR AMENDMENT

CONDITIONS FOR ACCESSION

Contracting Parties must accept

- a) Body of the Convention
- b) General Annex

**Acceptance of Specific Annexes and/or Chapters
therein optional and at Contracting Parties'
discretion**

RESERVATIONS TO PROVISIONS IN THE REVISED CONVENTION

- No reservations permitted to Standards
- Reservations permitted to Recommended Practices in the Specific Annexes
- Contracting Parties to review the reservations every 3 years
- Inform the depositary if reservations are to be continued

GENERAL ANNEX

- Core provisions and definitions of general application to all Customs procedures
- Core provisions of general application specified in 10 Chapters
- Core provisions not repeated in the Specific Annexes

SPECIFIC ANNEXES

- ❑ **Cover different aspects of Customs procedures**
- ❑ **Contain Chapters which deal with specific procedures**
- ❑ **Acceptance of one or more of the Specific Annexes/Chapter(s) optional**
- ❑ **Contain Standards and Recommended Practices**
- ❑ **Rule on no reservations to Standards applies**

GUIDELINES

- All Annexes and Chapters to be accompanied by implementation Guidelines
- Guidelines to contain detailed information on implementation of
 - Provisions in the Annexes
 - Simplified procedures
 - Best practices & methods of application
- Guidelines not a part of the legal text
- Guidelines to be reviewed and updated to reflect current practices

RKC Benefits

WCO Research Paper

Benefits of the Revised Kyoto Convention

1. Introduction

The Revised Kyoto Convention (RKC)¹ is an international agreement that provides a set of comprehensive Customs procedures to facilitate legitimate international trade while effecting Customs controls including the protection of Customs revenue and society. It deals with key principles of simplified and harmonized Customs procedures, such as predictability, transparency, due process, maximum use of information technology, and modern Customs techniques (e.g. risk management, pre-arrival information, and post-clearance audit). The RKC was adopted in 1999 and entered into force in February 2006. As of February 2010, the RKC had a total of 66 Contracting Parties, and the WCO estimates that the RKC Contracting Parties cover at least 70 percent of the value of globally traded goods².

The WCO has encouraged its Members to accede to the RKC, believing that more benefits would accrue as a result of early RKC implementation by more economies in a coordinated way (Swedish National Board of Trade, 2008). Therefore, it has been widely recognized that a paper should be developed on the benefits of the RKC as a means of facilitating the national accession processes of non-Contracting Parties.

The arguments on RKC benefits are referred to in many documents produced by the WCO and other organizations, including the WCO leaflet (WCO, 2002), the APEC Guidebook to the RKC (APEC, 2003), and a booklet on the RKC by Jordan Customs (Younis, 2006). In addition, the benefits of the simplified and harmonized Customs procedures embodied by the RKC have been well documented in the context of trade facilitation, in particular in the ongoing WTO negotiations on trade facilitation (Swedish National Board of Trade, 2008; OECD, 2005). Furthermore, many Customs reform and modernization programs have been designed to introduce modern Customs procedures in accordance with the RKC (IMF, 2003; World Bank, 2005). It has also been recognized on many occasions that there are considerable benefits to be derived from RKC accession as well as implementation.

Considering that background, this paper aims to summarize the benefits of both acceding to and implementing the RKC, based on existing literature and evidence. Following this first section, the second section summarizes the benefits related to RKC accession, while the third section focuses on the benefits related to RKC implementation. The fourth section provides the conclusion of this paper.

¹ The revised Kyoto Convention (RKC) is formally named "The International Convention on the Simplification and Harmonization of Customs Procedures (as amended)". The original Kyoto Convention was adopted in 1973 at the WCO Council Sessions in Kyoto, Japan, and entered into force in 1974. The Protocol of Amendment to the 1973 Convention was adopted at the WCO Council Sessions in 1999, and entered into force in February 2006. Further information is available at www.wcoomd.org/home_wco_topics_pfoverviewboxes_tools_and_instruments_pfrevisedkyotoconv.htm

² In terms of 2007 trade statistics excluding intra-EU trade, as estimated by the WCO Secretariat based on WTO Trade Profile (WTO, 2009a) and International Trade Statistics (WTO, 2009b)

□ Issued in 2010

□ Comprehensive explanation of RKC Benefits

□ WCO Public-site

□ <http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/~media/WCO/Public/Global/PDF/Topics/Facilitation/Instruments%20and%20Tools/Conventions/Kyoto%20Convention/BenefitsRKC.ashx>

Benefits of RKC

Accession & Implementation

RKC Accession

- **Certification of international standards**
- **Participation to future standard setting**
- **Preparedness for trade negotiation**
- **Advantage in CB activities**

RKC Implementation

- **Faster release and lower trade costs**
- **Increased revenue**
- **More FDI and economic competitiveness**
- **Enhanced security**
- **Establishment of sound base for other international instruments**

Thank you for your kind attention

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WCO, Brussels