



PERMANENT
TECHNICAL COMMITTEE

PC0471E1a

-
215th/216th Sessions

-
3 – 7 April 2017

Brussels, 9 March 2017.

FUTURE OF CUSTOMS

- Development of a Handbook on inward/outward processing procedures -

(Item V. (c) on the Agenda)

Introduction

1. At its 213th/214th Sessions in October 2016, the Permanent Technical Committee (PTC) discussed Global Value Chains (GVCs) and how Customs can support better connectedness of economies to GVCs. The PTC discussed Members' experiences in terms of actions undertaken so far, including experiences on inward and outward processing (IP and OP) procedures in particular.
2. The PTC agreed to take the work forward on GVCs by, among other things, developing additional or updating current guidance on inward/outward processing procedures. Consequently, in December 2016, the Secretariat carried out a Survey on IP/OP procedures (the Survey), where 78 Members responded to questions relating to among others legislation, procedures, IT support and governance.

Handbook on Inward and Outward Processing

3. The Handbook on Inward and Outward Processing (uploaded separately) was developed based on the results of the Survey and the additional information kindly provided by Members, including pieces of legislation, authorization forms, guidelines etc.
4. The Handbook builds on the already substantial Revised Kyoto Convention Standards and Guidelines to Specific Annex F (Chapters 1 and 2 on inward and outward processing) and is intended to provide WCO Members with the different legislative and

procedural examples for inward and outward processing, IT solutions and governance solutions used by the WCO Members.

5. Bearing in mind the high level of benefits these procedures provide to economic operators, the intent is to encourage and support Members to make better use of them. This will increase economic competitiveness and trade facilitation in particular, as well as connecting Members' economies to GVCs. This is all the more relevant bearing in mind that provisions on inward and outward processing procedures are mandatory under the WTO Trade Facilitation Agreement (Article 10.9) which entered into force in February 2017.
6. The Handbook includes a number of useful annexes:
Annex I – Consolidated responses from Member administrations to the WCO Survey on inward and outward processing (December 2016)
Annex II – Revised Kyoto Convention provisions: Specific Annex F, Chapters 1, 2 and 3 on inward processing, outward processing and drawback
Annex III – Links to Members' web sites containing legislation, guidelines, procedures, application forms etc. related to inward and outward processing (as accessed on 1 March 2017)
Annex IV – Examples of authorization forms
Annex V – Members' case studies
7. The Handbook is considered to be a living document and to be further updated especially with Members' case studies. Namely, last Annex V is intended for Members' case studies and currently includes the case study of China. Interested Members are strongly encouraged to provide similar case studies which would focus on the following elements:
 - The economic background and features of the Member's processing trade and how the processing trade system supports different sectors;
 - How information technology assists with the control of processing trade;
 - Training; and
 - Challenges and opportunities.

Action required from the PTC

8. The PTC is invited to:
 - take note of the results of the Survey on inward and outward processing and to invite Members who have not done so yet, to provide their answers to the questionnaire and potentially their national case studies;
 - discuss the draft Handbook on Inward and Outward Processing Procedures attached to this document; and
 - potentially approve the Handbook subject to further improvements and suggestions put forward by the delegates, including additional responses and Members' case studies, before submission to the Council for approval in July 2017.

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