



Implementing the revised WCO Kyoto Convention

This brochure is specifically prepared to provide information to :

- Trade and Finance Policy Makers
- Ambassadors
- Directors General of Customs

INTRODUCTION

The **World Customs Organization (WCO)** was established in 1952 and currently has a membership of more than 160 Customs administrations world-wide who account for more than 97 % of world trade. The WCO is an independent inter-governmental organization competent in Customs matters whose mission is to enhance the effectiveness and efficiency of Customs administrations.

The WCO Council adopted the **Protocol of Amendment to the International Convention on the simplification and**

harmonization of Customs procedures (revised Kyoto Convention) in June 1999 as the **blueprint for modern, efficient and effective Customs procedures** in the **21st Century**.

Since the adoption of the revised Kyoto Convention and through extensive technical assistance, a number of individual Members have either acceded or are finalizing their accession process. On the other hand, many countries have already incorporated the principles of the revised Kyoto Convention in their national legislation even without waiting for its formal entry into force.

Both accession and implementation are important - while the former is the vehicle which provides the platform to further promote Customs modernization world-wide, the latter assists Members in adopting best practices resulting in better controls and efficient cross-border movement of goods and persons.

BENEFITS OF KYOTO

In the changing environment in which Customs now operates, it is clear that the early implementation of the revised Kyoto Convention principles will yield significant and measurable results by improving the effectiveness and efficiency of Customs administrations.

As Customs is a mandatory element in the movement of goods across borders, the effective and efficient clearance of goods can significantly influence the economic competitiveness of nations; it encourages investment and the development of industry. It can also increase the participation of small and medium-sized enterprises in international trade.

Needless to say, the role of Customs is not limited to trade facilitation - other functions such as revenue collection and protection of society are also very

important. Many least-developed and developing countries still heavily depend on Customs duties to ensure their national revenue. Customs also assumes the role of protecting society against the inflow of hazardous goods and illicit drugs. The terrorist attacks of September 11 have also highlighted the role of Customs in protecting national security. The principles of the revised Kyoto Convention encompass all these concerns. For example, the principles of risk management, which are imbued within the revised Kyoto Convention, will ensure a balance between the different functions of Customs, namely providing facilitation for legitimate trade while exercising appropriate controls for the protection of society and revenue collection.

Governments are therefore encouraged to apply the principles contained in the revised Kyoto Convention (while fulfilling the legal accession process) because :

→ **The revised Kyoto Convention is the basis for a Customs model or vision and recommends minimum standards for :**

- **Predictability** (standard principles for Customs processing of goods, conveyances and persons moving across borders - clearance procedures)
- **Transparency** (providing all information relating to Customs)
- **Legal process** (that prevent arbitrary or unfair actions by Customs - appeals procedures & treatment of offences)
- **Use of Information Technology**
- **Modern techniques** (risk management, pre-arrival information, post-clearance audit etc.)

→ **Implementation of the revised Kyoto Convention also provides benefits both to Governments & Business**

For Governments

- enhanced revenue collection, increased economic efficiency and better security and protection of society;
- more effective and efficient deployment of resources;
- foreign direct investment resulting in economic growth and development.

For Business

- reduced transaction costs and avoidance of delays in the release and clearance process;
- simplified procedures for traders with a good compliance record.



WTO DOHA MINISTERIAL DECLARATION ON TRADE FACILITATION

The WTO Ministerial Conference in Doha agreed on the Ministerial Declaration that contained a Work Programme in which trade facilitation was identified as one of the items to be considered during the period leading up to the next Ministerial Meeting. The Work Programme foresees that, in the period until the Fifth Session of the Ministerial Conference, the Council for Trade in Goods shall review and, as appropriate, clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 and identify the trade facilitation needs and priorities of members. The WCO welcomes the reference to trade facilitation in the Declaration since one of the focus areas for trade facilitation is Customs procedures.



On trade facilitation initiative, the **WCO sees its role** as being **complementary to the WTO** in developing instruments to support the WTO rules. Another important and complementary role is also **delivering training and technical assistance** to implement those rules.

All the legal provisions and the principles in the revised Kyoto Convention are compatible with, and complementary to, the three GATT Articles referred to in the context of trade facilitation in the Doha Ministerial Declaration. There is a clear recognition that Customs procedures and their implementation exert a great impact on world trade and the international movement of goods across borders. The **GATT Articles set out the high principles** for formalities and procedures for movement of goods,



transit of goods and publication and administration of trade regulations. On the other hand, **the instruments of the WCO** -including the revised Kyoto Convention through its legal provisions and implementation guidelines - **provide the basis and practical guidance and information for the implementation of these high principles.**

To further expedite the movement and clearance of goods the WCO has, and is in the process of developing a number of instruments that will further enhance the principles of the revised Kyoto Convention and provide guidance for efficient controls and trade facilitation. Examples of such instruments are the WCO Data Model; the Unique Consignment Reference Number; the Immediate Release Guidelines for the expeditious but



controlled release of small, low value goods across borders and the Advance Passenger Information Guidelines. All these instruments promote transfer of information and information exchanges, the advance notice of arrival of goods and passengers which support the basic principles within the revised Kyoto Convention.

THE WAY FORWARD

Governments are requested to **recognize the importance** of both the **accession and implementation** of the key principles contained in the General Annex to the **revised WCO Kyoto Convention**. In addition to the benefits already enumerated, Governments will be able to address issues related to trade facilitation that will be discussed in the context of the Doha Declaration and also to assess their needs in the area of trade facilitation for technical assistance and capacity building.



Additional information

The legal texts of the revised Kyoto Convention and its implementation Guidelines and other related instruments, such as the Recommendations on the Harmonized System, are available on the WCO Web site -

<http://www.wcoomd.org>

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*Year 2002
and beyond*

**Implementing
the revised
WCO Kyoto
Convention**
*International
Convention on the
simplification and
harmonization of
Customs procedures
(as amended)*

