Revised
Kyoto Convention

Let’s talk ...

Your questions answered
International Convention on the Simplification and Harmonisation of Customs Procedures (as amended)

...A Customs blueprint for the 21st century
Introduction:

Customs administrations play a vital role in the growth of international trade and the development of the global marketplace. The role of Customs has now expanded to include national security, in particular the security and facilitation of legitimate trade from the threats posed by terrorism, trans-national organised crime, commercial fraud, counterfeiting and piracy. Given this role, the efficiency and effectiveness of Customs procedures can significantly influence and advance economic competitiveness and social development by promoting international trade and investment in a safer trading environment.

In today’s highly challenging world, trade and investment will flow towards efficient, supportive and facilitative locations. At the same time it will rapidly ebb away from locations which are perceived by business as bureaucratic, lacking good governance, and synonymous with high costs.

Customs systems and processes must not be allowed to serve, or be perceived, as a barrier to international trade and growth.

Modern production and delivery systems, linked with the dramatic potential of new forms of electronic commerce, make swift and predictable Customs clearance an important prerequisite for national prosperity and economic development.

As a result of these challenges, the World Customs Organization revised and updated its Kyoto Convention to ensure that it met the current demands of international trade. This revised version was adopted by the WCO Council in June 1999 and entered into force on 3 February 2006 after 40 Contracting Parties to the original Kyoto Convention of 1974 had acceded to the Protocol of Amendment to the revised Convention.
In its revised form the Kyoto Convention is widely regarded as the blueprint for modern and efficient Customs procedures in the 21st century. Once implemented widely, it will provide international commerce with the predictability and efficiency that modern trade requires.

A quality standard for a modern well functioning customs administration
The principles in the revised Kyoto Convention promote trade facilitation, but also ensure that the statutory functions of Customs are not compromised.

Cross-border movement of goods is the key element in any international trade transaction and a Customs presence is an essential and statutory feature for the movement of such goods. The manner in which Customs provide for swift and efficient clearance of these goods reflects the quality of service provided by the government to the public.

The revised Kyoto Convention provides a comprehensive set of uniform principles for simple, effective and predictable Customs procedures with effective Customs control. It thus responds to the key needs of both modern day Customs administrations and the demands of international trade by providing a balance between the Customs functions of control and revenue collection and that of trade facilitation.

This assurance of standard and simple procedures harmonized across administrations will facilitate and boost international investment and trade.

**Does the revised Kyoto Convention benefit all modes of transport?**

*Yes*...The principles for efficient and simple clearance procedures in the revised Kyoto Convention apply equally to all goods and all means of transport (carriers) that convey the goods into or out of a Customs territory.

The formalities for all carriers on entering or leaving a Customs territory are also uniform.
Is the revised Kyoto Convention adapted to the needs of developing countries?

**Yes...** Encouraging national economic growth is one of the key objectives for developing countries. To achieve this, developing countries must play a greater role in international trade. Simplifying the procedures to move goods across borders will reduce administrative barriers, thereby encouraging small and medium-sized enterprises to become involved in international trade and attracting foreign investment. This results in greater economic development.

The revised Kyoto Convention is designed to ensure that Customs is able to carry out its responsibilities more efficiently and effectively. A number of developing countries played an active role during the revision of the Convention. This has ensured that the revised provisions take into account their contributions and address their particular concerns.

Does the revised Kyoto Convention help governments to deal with the new challenges of electronic commerce?

**Yes...** The expression “electronic commerce” refers to the method of conducting business today and is the technique for the exchange of information in trade. Today’s Customs administrations have to accommodate modern business practices and the impact e-commerce can have on Customs procedures, in order to keep up with the increased need for swift and efficient clearance of goods.

Recognizing these changes in today’s business practices and the role of electronic commerce, the revised Kyoto Convention requires Customs to apply information technology to support Customs operations, wherever it is cost-effective and efficient for both Customs and the trade. It provides administrations with detailed guidelines on how to apply and implement information technology for the clearance of goods,
carriers and persons, thus assisting Customs to deal with the demands generated by electronic commerce.

**Is it realistic to anticipate that all WCO Members will accept the revised Kyoto Convention?**

**Yes...** The Member Customs administrations of the WCO invested four years in updating and modernizing this important instrument. By unanimously adopting the revised Convention in June 1999 WCO Members signalled their approval of these new principles and rules for simplified and harmonised Customs procedures and with this their willingness to work towards full implementation.

**Is it reasonable to expect Customs administrations to commit to implementing all of the 600 Standards, Recommendations and Practices contained in the revised Kyoto Convention?**

**Yes...** As a modern contractual tool successfully negotiated by WCO Members, the revised Kyoto Convention has the flexibility to take account of the particular situation of each administration. Yet at the same time it ensures a high degree of uniformity in Customs procedures.

The new structure of the Kyoto Convention provides a comprehensive package of up-to-date Customs procedures but its content can be considered separately. The Body of the Convention (relating to the procedures for its adoption and administration) and the General Annex are binding on Contracting Parties and form the minimum requirement of the contract. This is essential to ensure the harmonisation of procedures in all countries that become Contracting Parties. However, any Contracting Party can choose which Specific Annexes or Chapters to accept.

This structure permits a flexible choice of commitments by a Contracting Party. This flexibility makes it possible to take
account of the peculiarities of each administration, yet without losing sight of the final objective, which is total and definitive accession to the whole Convention.

**Does acceding to the revised Kyoto Convention give a Customs administration less autonomy?**

**Yes & No**...The revised Kyoto Convention meets the definition that a good agreement is an effective compromise; its structure is solid yet supple. It imposes obligations but provides flexibility and different time limits for implementation.

The General Annex forms the basic core and roots, while the Specific Annexes are branches that can be added at the pace desired or required by a Customs administration.

There are new features such as Transitional Standards and Guidelines to aid governments to meet the obligations undertaken, and a Management Committee to give all Contracting Parties a voice in the future development and administration of the agreement.

**Does the revised Kyoto Convention apply to all geographic regions?**

**Yes**...The core principles of the Kyoto Convention have been developed for universal standardisation and harmonisation of Customs procedures. They apply in the territory of each Contracting Party that accedes to it regardless of their geographical location.

International trade statistics reveal that economic growth and the volumes of imports and exports are increasing in all regions of the world and the revised Kyoto Convention is the ideal tool for harmonising the elements of this trade, and thereby consolidating and expanding each Contracting Party’s share of world trade. The certainty that can be offered by
having standard procedures will further increase economic growth and international trade volumes.

Can a single General Annex really cover every aspect of trade facilitation as well as targeted control procedures in order to permit smoother legitimate trade?

Yes...The General Annex is the nucleus of how a modern Customs administration should operate. Its principles for clearance, duties and taxes, guarantees, controls, information technology, relationships with third parties, information and decisions, and appeals are common to every Customs activity worldwide.

It can also be a useful reference guide for Customs policy-makers.

Can implementation of the revised Kyoto Convention lead to an improvement in the security of the international trade supply chain?

Yes...Responding to global concerns about the security of goods moving along the international trade supply chain, the WCO undertook a number of initiatives in this area, culminating in the SAFE Framework of Standards to Secure and Facilitate Global Trade (the Framework of Standards). Both the security and facilitation of the trade supply chain is possible by applying modern Customs control methods and processes such as risk assessment, the use of advance cargo information, authorized traders, co-operation between Customs administrations and between Customs and business. These principles underpin both the revised Kyoto Convention and the Framework of Standards.

An administration that has acceded to the revised Kyoto Convention, or is applying its principles, will be better placed when considering implementation of the Framework of Standards.
Will the revised Kyoto Convention remain relevant in the future?

Yes...One of the major innovations of the revision process was to establish a dedicated Management Committee for the Convention. This Committee, which is required to meet at least once each year, will have a broad range of responsibilities including, reviewing and updating the Guidelines and recommending amendments to the Convention. Through this mechanism, the revised Kyoto Convention will remain flexible and will be able to take into account new developments and challenges that influence the international Customs environment.

With respect to the WTO trade facilitation negotiations, it may be mentioned that trade negotiators have already recognized that the revised Kyoto Convention is an essential source of reference. This alone is clear evidence of the relevance of this revised Convention in the future.
Annexes of the revised Kyoto Convention

One general annex

Chapter 1 General principles
Chapter 2 Definitions
Chapter 3 Clearance and other Customs formalities
Chapter 4 Duties and taxes -
  A. Assessment, collection and payment of duties and taxes
  B. Deferred payment of duties and taxes
  C. Repayment of duties and taxes
Chapter 5 Security
Chapter 6 Customs control
Chapter 7 Application of information technology
Chapter 8 Relationship between the Customs and third parties
Chapter 9 Information, decisions and rulings supplied by the Customs -
  A. Information of general application
  B. Information of a specific nature
  C. Decisions and rulings
Chapter 10 Appeals in Customs matters -
  A. Right of appeal
  B. Form and grounds of appeal
  C. Consideration of appeal

Ten specific annexes

Annex A Arrival of goods in a Customs territory
  Chapter 1 Formalities prior to the lodgement of the Goods declaration
  Chapter 2 Temporary storage of goods

Annex B Importation
  Chapter 1 Clearance for home use
  Chapter 2 Re-importation in the same state
  Chapter 3 Relief from import duties and taxes

Annex C Exportation
  Chapter 1 Outright exportation

Annex D Customs warehouses and free zones
  Chapter 1 Customs warehouses
  Chapter 2 Free zones
Annex E Transit
Chapter 1 Customs transit
Chapter 2 Transhipment
Chapter 3 Carriage of goods coastwise

Annex F Processing
Chapter 1 Inward processing
Chapter 2 Outward processing
Chapter 3 Drawback
Chapter 4 Processing of goods for home use

Annex G Temporary admission
Chapter 1 Temporary admission

Annex H Offences
Chapter 1 Customs offences

Annex J Special procedures
Chapter 1 Travellers
Chapter 2 Postal traffic
Chapter 3 Means of transport for commercial use
Chapter 4 Stores
Chapter 5 Relief consignments

Annex K Origin
Chapter 1 Rules of origin
Chapter 2 Documentary evidence of origin
Chapter 3 Control of documentary evidence of origin

Related Publications
• The revised Kyoto Convention on CD-ROM (English and French) - Reference 281
• Handbook on the revised Kyoto Convention (English) - Reference 283
To order these publications, visit www.wcoomd.org or email publications@wcoomd.org.

Further Information
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