

Project 06/07K: Strengthening the Development of International Merchandise Trade Statistics (IMTS) and the compilation of e-commerce in Member Countries of the Economic and Social Commission for Western Asia (ESCWA)

Workshop on the compilation of IMTS and the application of methodological concepts

28 October – 2 November 2007, Amman, Jordan

The Revised Kyoto Convention

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Revised Kyoto Convention



Kyoto Convention: The Convention on the simplification and harmonization of Customs procedures)

Kyoto Convention important for trade statisticians in order to

- understand Customs operations**
- understand Customs procedures which form the basis of trade statistics**
- many ESCWA member countries plan to join the revised Convention**

Objectives of Revised Kyoto Convention

- The Convention entered into force 1974 and has been promoted by the Customs Co-operation Council (now World Customs Organization – WCO) with the aim of simplifying and harmonizing customs procedures in order to facilitate and encourage international trade.
- The WCO revised and updated the Kyoto Convention to ensure it meets the current demands of international trade.
- The revised Kyoto Convention was adopted by WCO in June 1999 and entered into force 2006.
- The Revised Kyoto Convention promotes trade facilitation and effective controls through its legal provisions that detail the application of simple yet efficient procedures. The Revised Convention also contains new and obligatory rules for its application which all Contracting Parties must accept without reservation.

Core principles of Revised Kyoto Convention

- Commitment of Customs administrations to transparency and predictability of Customs actions;
- Minimum necessary Customs control to ensure compliance with regulations;
- Coordinated interventions with other border agencies;
- Partnership approach between Customs with Trade;
- Simplified procedures for authorized persons;

- Standardization and simplification of the goods declaration and supporting documents;
- **Maximum use of information technology;**
- Use of risk management and audit based controls / use of pre-arrival information.

for more information please go to:

http://www.wcoomd.org/home_wco_topics_pfoverviewboxes_tools_and_instruments_pfrevisedkyotoconv.htm

Structure and contents of the Revised Kyoto Convention

- **Body**

- containing information on purpose, scope and the administrative arrangements

- **A General Annex**

- deals with the core principles for all procedures and practices
- provides definitions and standards
- obligatory for accession to the convention

- **Specific Annexes**

- covers individual customs procedures and practices
- includes standards and recommended practices
- WCO recommends that Contracting Parties at least accept the Specific Annexes on Home Use, Export and those regarding formalities prior to lodgement of Goods Declaration, as well as those for Warehouses, Transit and Processing.

Guidelines provide explanations and examples of best practices

Contents of the Specific Annexes

SPECIFIC ANNEX A

ARRIVAL OF GOODS IN A CUSTOMS TERRITORY
FORMALITIES PRIOR TO THE LODGEMENT OF THE
GOODS DECLARATION
TEMPORARY STORAGE OF GOODS

SPECIFIC ANNEX B

CLEARANCE FOR HOME USE
RE-IMPORTATION IN THE SAME STATE
RELIEF FROM IMPORT DUTIES AND TAXES

SPECIFIC ANNEX C

OUTRIGHT EXPORTATION

SPECIFIC ANNEX D

CUSTOMS WAREHOUSES
FREE ZONES

SPECIFIC ANNEX E

CUSTOMS TRANSIT
TRANSHIPMENT
CARRIAGE OF GOODS COASTWISE

SPECIFIC ANNEX F

INWARD PROCESSING
OUTWARD PROCESSING
DRAWBACK
PROCESSING OF GOODS FOR HOME USE

SPECIFIC ANNEX G

TEMPORARY ADMISSION

SPECIFIC ANNEX H

OFFENCES

SPECIFIC ANNEX J

TRAVELLERS
POSTAL TRAFFIC
MEANS OF TRANSPORT FOR COMMERCIAL USE
STORES
RELIEF CONSIGNMENTS

SPECIFIC ANNEX K

RULES OF ORIGIN
DOCUMENTARY EVIDENCE OF ORIGIN
CONTROL OF DOCUMENTARY EVIDENCE OF ORIGIN

Inward Processing

“inward processing” means the Customs procedure under which certain goods can be brought into a Customs territory conditionally relieved from payment of import duties and taxes, on the basis that such goods are intended for manufacturing, processing or repair and subsequent exportation.

Inward Processing

Termination of inward processing : (a) Exportation

20. Standard

Provision shall be made to permit inward processing procedures to be terminated by exportation of the compensating products in one or more consignments.

21. Standard

Upon request by the person concerned, the competent authorities shall authorize the re-exportation of the goods in the same state as imported, with termination of inward processing.

Outward Processing

“outward processing” means the Customs procedure under which goods which are in free circulation in a Customs territory may be temporarily exported for manufacturing, processing or repair abroad and then re-imported with total or partial exemption from import duties and taxes.

Outward Processing

Importation of compensating products

10. Standard

Provision shall be made to permit compensating products to be imported through a Customs office other than that through which the goods were temporarily exported for outward processing.

11. Standard

Provision shall be made to permit compensating products to be imported in one or more consignments.

12. Standard

Upon request by the person concerned, the competent authorities shall allow goods temporarily exported for outward processing to be re-imported with exemption from import duties and taxes if they are returned in the same state.

“**compensating products**” means the products resulting from the manufacturing, processing or repair of the goods for which the use of the **inward processing** procedure is authorized;

“**compensating products**” means the products obtained abroad and resulting from the manufacturing, processing or repair of goods for which the use of the **outward processing** procedure is authorized;

Clarification of treatment of compensating products in statistics

IMTS, Compilers Manual, paragraph 135. *Treatment of compensating products* (IMTS, Rev.2, paras. 74-85, and annex B, paras. 6 and 7). Goods temporarily imported for inward (exported for outward) processing normally change origin but may not necessarily do so.

It is advised that:

(a) In the case of inward processing, if origin changes, the compensating products should be considered domestic goods and be recorded as exports; if origin does not change, those products remain foreign goods and should be recorded as re-exports;

(b) In the case of outward processing, if origin changes, the compensating products should be considered foreign goods and be recorded as imports; if origin does not change, the compensating products remain domestic goods and should be recorded as reimports.

Coverage of IMTS

- Customs procedures to be included in IMTS -

Customs procedures under the Revised Kyoto Convention covering goods (crossing an international border) to be **included** in trade statistics (IMTS, Compilers Manual, paragraph 39)

- (a) Clearance for home use ;
- (b) Outright exportation ;
- (c) Re-importation in the same state ;
- (d) Customs warehouses ;
- (e) Temporary admission for inward processing ;
- (f) Temporary exportation for outward processing ;
- (g) Free zones ;
- (h) Processing of goods for home use ;
- (i) Customs formalities in respect of postal traffic ;

Coverage of IMTS

- Customs procedures to be excluded in IMTS -

Customs procedures under the Revised Kyoto Convention covering goods (crossing an international border) to be **excluded** in trade statistics
(IMTS, Compilers Manual, paragraph 40)

- (a) Temporary storage of goods ;
- (b) Commercial means of transport ;
- (c) Customs treatment of stores ;
- (d) Customs transit ;
- (e) Trans-shipment ;
- (f) Temporary admission subject to re-exportation in the same state ;
- (g) Carriage of goods coastwise.

Conclusions / questions

- ❖ **Customs Administrations have to be automated to fulfill requirements of the Revised Kyoto Convention**
- ❖ **Data provision for statistical purposes should be facilitated with an automated system; automation should also result in quality improvements.**
- ❖ **Has data quality improved ?**
- ❖ **Are the custom procedure codes part of the data file provided by customs ? / Who includes/ excludes certain data ?**
- ❖ **What is the time of recording reflected in the dataset ? (Time of lodgment ?)**

Thank you for your
attention