



TRADE BEAT

MONTHLY NEWSLETTER OF THE INTERNATIONAL
LIAISON UNIT

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The Revised Kyoto Convention (RKC)

How did the WCO come about?

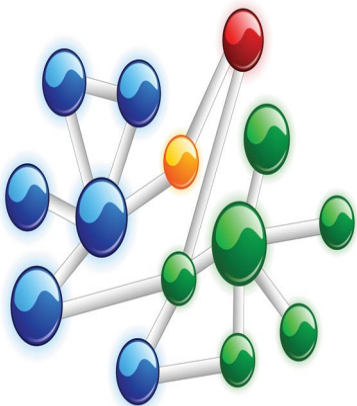
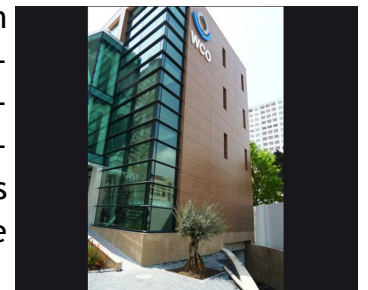


The World Customs Organization dates back to 1947 when the General Agreement on Tariffs and Trade (GATT) came into existence. Thirteen (13) European governments agreed to develop a study group to examine the possibility of establishing one or more inter-European Customs Unions based on the principles of the GATT, which is the forerunner to the World Trade Organization (WTO).

The study group coordinated two (2) committees in 1948, the Economic Committee, which eventually evolved into the Organization for Economic Cooperation and Development (OECD) and the Customs Committee which became the Customs Cooperation Council (CCC) in 1952, which later became the World Customs Organization (WCO) in 1994.

What did the CCC achieve?

The CCC, through its efforts for the simplification and harmonization of customs procedures, developed the Kyoto Convention (KC) which is the International Convention on the Simplification and Harmonization of Customs Procedures. The KC was adopted by the CCC in 1973 and entered into force in 1974.



What is the RKC?

The Revised Kyoto Convention (RKC) is an update and a review of the Kyoto Convention (KC), in response to the changes in economy and technology, and to reflect best practices of the members of the WCO. The revised document adopted by one hundred and fourteen (114) customs administrations attending the 94th Session of the WCO in June 1999, resulted in the RKC which entered into force on February 3, 2006.

What is the purpose of the RKC?

The RKC is designed to promote international trade by providing simplified and harmonized Customs procedures, as well as to establish international standards and best practices. This will enable Customs to respond to major changes in business, and employ optimized administrative methods and techniques in its operations.



What are the benefits of the RKC?

The RKC provides an environment for Customs that facilitates and reduces the cost of cross-border transactions, fosters administrative transparency and efficiency, while enhancing trade security. The RKC ensures increased revenue collection through improved efficiencies in operations, and enables the protection of national security, public health and safety, natural resources and the environment, by the adoption of international best practices.



Why do countries adopt the RKC?

Customs administrations in various countries have recognized the importance of the framework that the RKC provides to reform and modernize their respective administrations. The RKC acts as a guidepost in that it sets out standards and recommended practices for administrations to follow, which is supported by various reports facilitated by the WCO that examines the differences between a country's national legislation and customs practices in relation to the RKC.

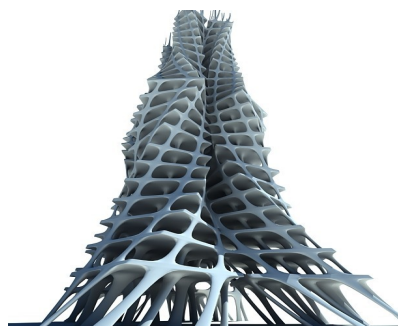
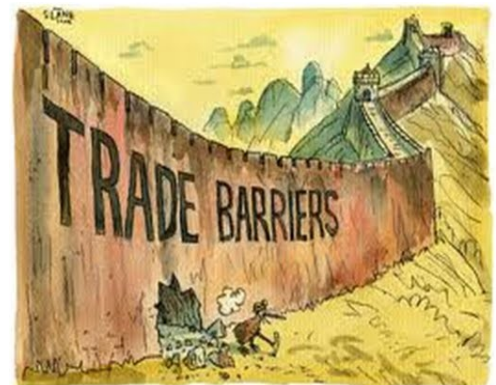


Why is the RKC important for International Trade?

Once the RKC is widely implemented, it will provide businesses with the predictability and efficiency that modern international trade requires. As the challenges of world economies increase, businesses will be more prudent in ensuring that their trade and investment happens in countries that are deemed to be supportive, efficient and facilitative. Businesses will therefore move away from territories that are perceived as bureaucratic, lack good governance and consequently have high costs.

What should Customs avoid in International Trade?

Customs administrations across the world should avoid being seen as a barrier to international trade and growth. When a customs administration has not modernized its operations and maintains pricey and lengthy procedures, it is seen as inefficient and businesses will avoid doing business in such countries. The RKC is widely regarded as a blueprint for modern and efficient Customs procedures, and once implemented will propel an administration to greater efficiency.



What is the structure of the RKC?

The RKC has three (3) parts: the General Annex, Specific Annexes and the Body of the Agreement. The General Annex and the Specific Annexes are both divided into chapters and have detailed guidelines explaining how they are to operate. The Body of the RKC discusses the management of the Convention and outlines its scope, ratification, application, dispute settlement and amendment.



How is the RKC accepted?

Contracting parties have to accept both the Body of the Convention and the General Annex entirely. However, the Specific Annexes may be either accepted in whole or accepted per chapter or rejected or considered through further studying.

What is the General Annex?

The General Annex contains the principles of the RKC which are outlined in ten (10) chapters. The principles include those on clearance, duties and taxes, guarantees, controls, information and decisions, and appeals, common to every Custom administration worldwide.

The General Annex recommends that a modern customs administration should implement:

- Standard and simplified procedures;
- Continuous development and improvement of Customs control techniques, using risk management, audit techniques and pre-arrival processing;
- Maximum use of information technology; and
- A partnership approach between customs and trade.



What are the Specific Annexes?

The Specific Annexes contain both Standards and Recommended Practices, and are divided into Chapters containing detailed guidelines for their implementation. Standards refer to provisions that have to be implemented to achieve harmonization and simplification of Customs procedures and practices. Transitional Standards speak to standards in the General Annex for which a longer period of implementation is permitted.

Accession to the complete Specific Annex or to one or more Chapters of an Annex is optional and may be adopted after accession to the Body and the General Annex. If a contracting party decides to accede to a Specific Annex or a Chapter of a Specific Annex, it is obligated to implement any Standards and any Recommended Practices that it contains. Only if a party has lodged reservations on the Recommended Practice, may it not be obligated to implement them.

The 10 Chapters of the Specific Annex are enumerated below.

Specific Annex	Specific Annex Guidelines
A Arrival of goods in a Customs territory	A1 Formalities prior to the lodgment of the Goods declaration A2 Temporary storage of good
B Importation	B1 Clearance for home use B2 Re-importation in the same state B3 Relief from import duties and taxes
C Exportation	C1 Outright exportation
D Customs warehouses and freezones	D1 Customs warehouses D2 Freezones
E Transit	E1 Customs transit E2 Transshipment E3 Carriage of goods coastwise
F Processing	F1 Inward processing F2 Outward processing F3 Drawback F4 Processing of goods for home use
G Temporary admission	G1 Temporary admission
H Offences	H1 Customs offenses
J Special procedures	J1 Travelers J2 Postal traffic J3 Means of transport for commercial use J4 Stores J5 Relief consignments
K Origin	



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