



ADB- WCO National Workshop
on RKC implementation

Thimphu, Bhutan

9 June 2014

*RKC provisions
related to Business
Partnership
and
WCO Customs-
Business Guidance
toolkit*

Revised Kyoto Convention (RKC)

Official Title



*INTERNATIONAL CONVENTION ON THE
SIMPLIFICATION AND HARMONIZATION OF
CUSTOMS PROCEDURES*

GENERAL ANNEX

- ❖ Core provisions and definitions of general application to all Customs procedures
- ❖ Core provisions of General Application specified in 10 Chapters
- ❖ Core provisions not repeated in the Specific Annexes

PROVISIONS IN THE GENERAL ANNEX

- ❖ General Annex to contain only Standards some of which are Transitional Standards
- ❖ Rule on no reservations to Standards applies to both types
- ❖ Implementation period provided for all Contracting Parties to both types of provisions
- ❖ Transitional Standards have longer implementation period (36 & 60 months)

RKC Principles

Prescribe standard and simplified procedures and practices

Use Risk Management

Promote Partnership with the Trade

Maximum use of Information Technology

Apply Minimum Controls necessary to ensure compliance

Have System of appeals

Make available Accurate, up-to-date, easily available information

General Annex (GA)

1. **General Principles**
 - (e.g. **partnership with the trade**)
2. **Definitions**
3. **Clearance and other Customs formalities**
 - (e.g. Juxtaposed border posts, standardized and simplified documents, pre-arrival processing, **authorized persons**, border agencies coordination,)
4. **Duties and Taxes**
 - (e.g. de-minimis, deferred payment)
5. **Security**
6. **Customs control**
 - (e.g. risk management, audit-based controls, **co-operation with the trade**)
7. **Application of IT**
 - (e.g. use of IT, **consultation with trade when implementing IT**)
8. **Relationship between the Customs and third parties**
 - (e.g. Customs brokers , **consultation process**)
9. **Information, decisions and rulings supplied by the Customs**
 - (e.g. **Publication of information, advance rulings**)
10. **Appeals in Customs matters**

RKC G.A.

General principles (1)

❖ **Standard 1.3**

The Customs shall institute and maintain formal consultative relationships with the trade to increase co-operation and facilitate participation in establishing the most effective methods of working commensurate with national provisions and international agreements.



RKC General principles (2)

G.A Standard 1.3 implies that Customs has to:

- *put in place a formal consultation process*
- *and maintain it on a regular basis (including on exceptional circumstances)*
- *In order to increase cooperation (any relevant topics concerning operators including decision law making*
- *And to facilitate private sector participation (through personal or public informative communication e.g. letters, mails, publication on website, newspapers, official journals and/or through consultative bodies meetings)*

RKC Special Procedures for Authorized

Persons (GA 3.32)

- For authorized persons who meet criteria specified by the Customs, including having an appropriate record of compliance with Customs requirements and a satisfactory system for managing their commercial records, the Customs shall provide for:
 - release of the goods on the provision of the minimum information necessary to identify the goods and permit the subsequent completion of the final Goods declaration;
 - clearance of the goods at the declarant's premises or another place authorized by the Customs; and, in addition, to the extent possible, other special procedures such as:
 - allowing a single Goods declaration for all imports or exports in a given period where goods are imported or exported frequently by the same person;
 - use of the authorized persons' commercial records to self-assess their duty and tax liability and, where appropriate, to ensure compliance with other Customs requirements;
 - allowing the lodgement of the Goods declaration by means of an entry in the records of the authorized person to be supported subsequently by a supplementary Goods declaration.

RKC Special Procedures for Authorized Persons (GA 3.32)

Authorized Persons

who meet criteria pre-established by Customs

e.g.

- ✓ Good Compliance
- ✓ Commercial Records

Grant Favorable Treatment



e.g.

- ✓ Release by minimum data
- ✓ Use of Importer's Premise + (if possible)
- ✓ Single Goods Declaration
- ✓ Self-assessment of duty/tax
- ✓ Entry in the record

Customs



RKC Special Procedures for Authorized Persons (GA 3.32)

The EU Experience in the current Customs Code

- Local clearance
- Centralized clearance procedure
- Simplified declaration
- Authorised consignor
- Authorised Consignee

AEO

- Customs simplifications
- Full Certification (including the security component)

RKC Special Procedures for Authorized Persons (GA 3.32)

The EU Experience in the current Customs Code

- Entry in the record
 - Clearance at the Premise
 - Single Goods Declaration (centralized declaration)
 - Release by minimum data (simplified or incomplete declaration procedure)
 - Guarantee waver
 - Simplification for supporting document (Certificate of Origin)
- Local clearance
 - Centralized clearance procedure
 - Simplified declaration
 - Authorised consignor (transit procedure)
 - Authorised Consignee (transit procedure)
 - Authorised exporter (rules of origin)
-

RKC Special Procedures for Authorized Persons (GA 3.32)

The EU Experience in the future Customs Code

Self-assessment of duty/tax granted to AEOs

Main requirements :

- electronic access to records and accounts for Customs
- Traceability through pre-arrival information (EU Import Control system/export control system)

RKC G.A.CHAPTER 6

Customs Control

Standard 6.8.

The Customs shall seek to co-operate with the trade and seek to conclude Memoranda of Understanding to enhance Customs control.

Customs may achieve this through:

- *Identifying areas of cooperation with trade to enhance Customs control*
- *Establishing contact points to enhance communication (what, when, where, how)*
- *Formalizing the cooperation process in a MoU (in view to commit each party)*

RKC G.A.CHAPTER 7

Application of Information Technology

Standard 7.3.

The introduction of information technology shall be carried out in consultation with all relevant parties directly affected, to the greatest extent possible.

This implies that Customs has to :

- Consult (using the formal consultation process as mentioned in Standard 1.3)*
- Building trust and keeping an open mind so that systems developed meets the needs of both Customs and Trade*

RKC G.A.CHAPTER 8

Relationship between the Customs and the third parties (1)

Standard 8.5

The Customs shall provide for third parties to participate in their formal consultations with the trade.

Standard 8.6

The Customs shall specify the circumstances under which they are not prepared to transact business with a third party.

Standard 8.7

The Customs shall give written notification to the third party of a decision not to transact business.

RKC G.A.CHAPTER 8

Relationship between the Customs and the third parties (2)

In dealing with third parties as stated in Standards 8.5, 8.6 and 8.7:

➤ *Customs should make use of the formal consultation process as mentioned in Standard 1.3*

But

➤ *Customs is not obligated to consult/deal with ALL third parties but it should be transparent and provide formal justification/notification in case of a refusal to consult/deal with third parties*

RKC G.A.CHAPTER 9

Information, decisions and rulings supplied by the Customs (1)

Standard 9.1

The Customs shall ensure that all relevant information of general application pertaining to Customs law is readily available to any interested person.

Standard 9.2

When information that has been made available must be amended due to changes in Customs law, administrative arrangements or requirements, the Customs shall make the revised information readily available sufficiently in advance of the entry into force of the changes to enable interested persons to take account of them, unless advance notice is precluded.

RKC G.A.CHAPTER 9

Information, decisions and rulings supplied by the Customs (2)

Standards 9.1 and 9.2 imply that Customs has to :

- Ensure availability of relevant information (using the formal consultation process as mentioned in Standard 1.3)*
- communicate in advance for any change in the legislation/rulings*
- Unless advance notice is explicitly prohibited by law/rulings*

Customs Business partnership in RKC

Is all about providing...

- relevant information to operators through a formal and transparent Consultation process*
- Inputs from trade in IT implementation and decision/ruling/law making*
- benefits and simplification to compliant/legitimate trade*
- Assistance to Customs for enforcement purposes*

..in other words a win win situation...

WCO Customs- Business Partnership/Engagement Guidance



WCO Customs- Business Partnership Guidance (1)

➤ In June 2013, WCO Secretariat was instructed by Council to develop guidance to assist Members with the development of a process for regular consultation and a robust partnership with business

This guidance has to :

- Be consistent with WCO instruments and tools including RKC and SAFE FoS
- Provide practical examples/best practices of consultation/partnership/engagement.

➤ In June 2015, a definitive text will be presented to the WCO Council for endorsement

WCO Customs- Business Partnership Guidance (2)

Main objectives and key features

- Provide a structured, trust-based mechanism for regular consultations between Customs and business including a regular review mechanism to keep it dynamic and relevant
- Designed as a simple and flexible multi-model approach with an industry-wide outreach covering whenever needed a Multi-stakeholder engagement (including e.g. with SMEs, informal trade)
- Identify benefits for society, more sharing of experiences, lessons learnt and best practices
- Define desirable factors for successful implementation (engagement at different levels i.e. strategic/policy, tactical and operational),

WCO Customs- Business Partnership Guidance (3)

Benefits to Customs

- Framing and pilot testing of new policies and regulations- facilitates implementation and execution of such policies and regulations;
- Proactive, policy making, thereby making regulations more effective and acceptable;
- Enhanced compliance from business;
- Enhanced security of supply chain security;
- Enhanced Customs' knowledge of business, trade and economic matters;
- Regular feedback from business about changes in the supply chain, industry practices and trends, etc., for simplification, harmonization and modernization of Customs business processes and methods;
- Optimal utilization of limited resources;
- Reduced transactional costs;
- Enhanced quality and efficiency ;
- Improved revenue collections for the State; and,
- Improved competitiveness of the economy.

Benefits to Trade

- Enhanced transparency, predictability and integrity in Customs;
- Enhanced facilitation and speedy clearances;
- Better and easier access to information;
- Reduced transaction costs;
- Increased role in policy consultation and formulation process and Customs reform and modernization programmes;
- Better understanding and appreciation of Customs requirements, laws and procedures;
- Open communication channels with Customs;
- Enhanced reputation and visibility;
- Improved environment for legitimate trade;
- Creation of positive environment for investment; and
- Improved competitiveness.

WCO Customs- Business Partnership Guidance (4)

A structured, trust-based mechanism for regular consultations between Customs and business

Phased Action Plan

Phase 1 – Strategic overview and orientation

Phase 2 – Planning and Implementation

Phase 3- Institutionalization, Monitoring and Evaluation

WCO Customs- Business Guidance (5)

Phased Action Plan

Phase 1 – Strategic overview and orientation

- Decision by Customs to develop a business relationship with private sector
- Set up a working group
- Analysis of the current situation and needs
- Lessons learnt from existing programmes implemented by countries in similar situations
- In depth review of how country's private sector works
- Review of current risk management and current integrity/ethics programmes
- Start informal consultation and promotion of CBP by all means (meetings, social events, web tools, help desk, call center, social media, contact points/liaison officers)
- Formal determination of private sector's level of interest

WCO Customs- Business Partnership Guidance (6)

Phased Action Plan

Phase 2 – Planning and Implementation

- Identifying private sector entities to meet
- Develop a realistic road map of short term
- Ensure engagement with all sectors of the trade community including SMEs including all levels of responsibilities (for Customs and Trade)
- Draft a term of reference (ToR) and Road Map
- Develop an action plan to implement the Road Map
- Customs and business sector to learn their respective roles and responsibilities from each other
- Pilot the consultation and partnership mechanism

WCO Customs- Business Guidance (7)

Phased Action Plan

Phase 3 – Institutionalization , Monitoring and Evaluation

- Institutionalize and publicize the consultation and partnership mechanism that has been tested and developed
- Demonstrate mutual benefits and learning
- Ensure regular review and Continuous Improvement.

WCO Customs- Business Guidance

Keys for a successful Customs-Business Partnership

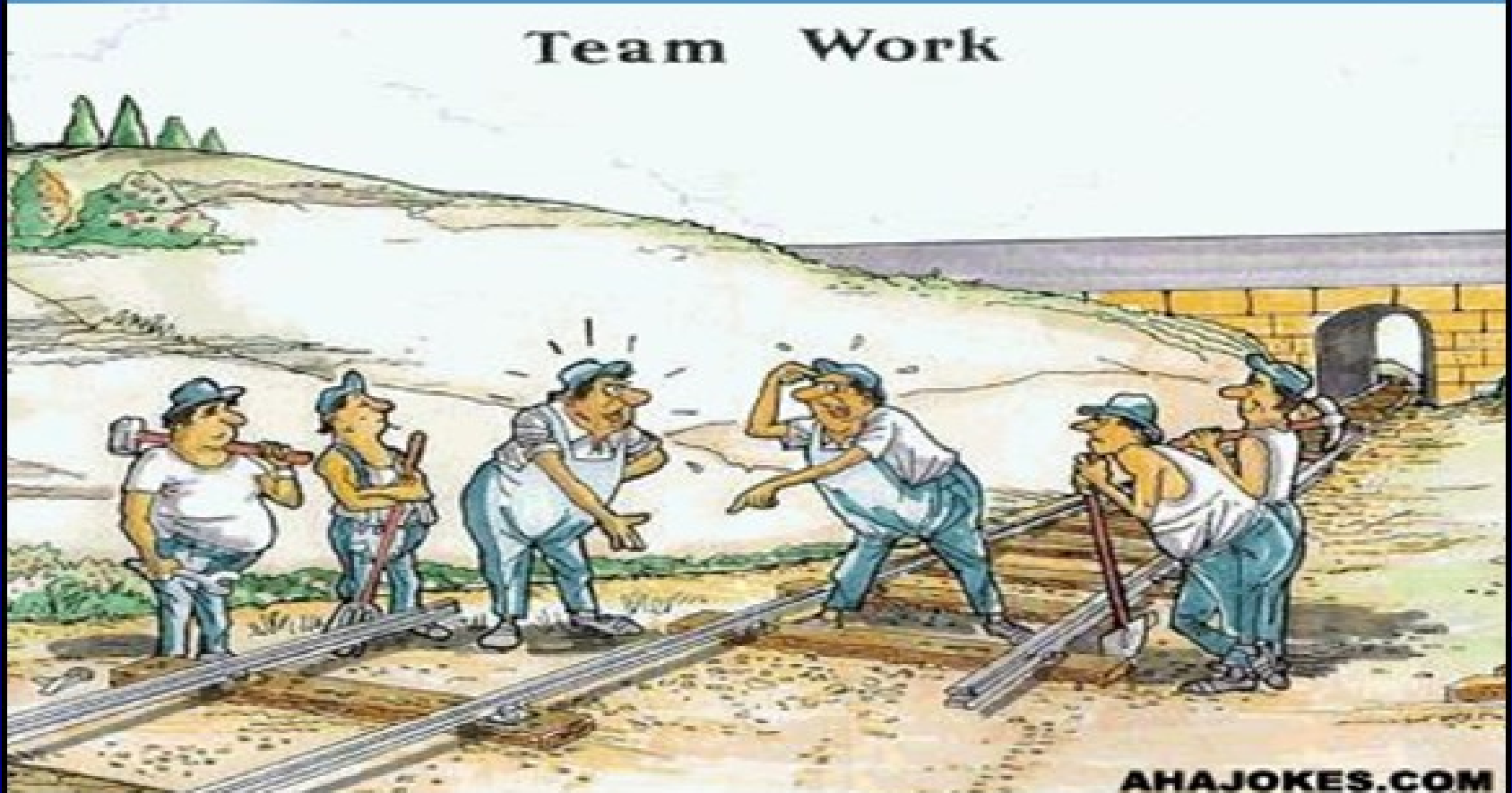
- Strong political will and involvement of executive management for Customs and business
- Clarity in the roles and expectations from all parties
- But above all there should be a change in mindset and mutual respect
 - Customs should not be seen as a repressive administration
 - Operators should not be regarded as potential criminals

Customs and Trade should work in partnership to enhance economic growth and face new challenges



Lack of Public-Private Partnership

Team Work



Thank you for your attention

Georges Cantone
Technical Attaché

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