

National Workshop on Revised Kyoto Convention Implementation
14 - 15 April 2015
Nagarkot, Nepal
Summary of Proceedings

Proceedings

1. A National Workshop on Revised Kyoto Convention (RKC) Implementation was organized in Nagarkot on 14-15 April 2015 jointly by the Department of Customs (DOC) and the Asian Development Bank (ADB) with technical support from the World Customs Organization (WCO). The DOC officials, officials from other government agencies, representatives of the private sector, and Customs agents participated in the workshop. The initiative is funded by ADB's Japan Fund for Poverty Reduction (JFPR) technical assistance project. The list of the participants is in **Annex 1**.
2. The Director General of Customs, Mr. Sishir Kumar Dhungana, welcoming all participants, listed some of the priority DOC initiatives in trade facilitation: completion of the ASYCUDA World piloting in the next 16 months, conduct of the mid-term review of Customs Reform and Modernization Strategy and Action Plan (CRMSAP) and several tasks on simplification of Customs procedures. He also stated his optimism that the legislative decision on Nepal's accession to the RKC would be reached soonest.
3. Mr. Kenichi Yokoyama, Country Director, ADB Nepal Resident Mission (NRM), highlighted the linkage between increased trade and regional cooperation, and briefed the participants on ADB's support to Nepal's trade facilitation initiatives through the South Asia Subregional Economic Cooperation (SASEC) Program.
4. Addressing the workshop, Mr. Nabaraj Bhandari, Revenue Secretary, Ministry of Finance, delivered the keynote address in which he emphasized the challenges before the Customs administration in the era of ever increasing trade volume and the importance of the RKC in addressing them. He expressed his optimism that the workshop will successfully agree on the concrete way forward towards the RKC accession and implementation.
5. **Session 1: ADB SASEC Trade Facilitation Program.** Ms. Sonoko Sunayama, Economist, ADB presented an overview of SASEC Trade Facilitation Program and highlighted ADB's support to Nepal's trade facilitation initiatives. She highlighted that the SASEC Trade Facilitation Strategic Framework, CRMSAP, and ADB's trade facilitation projects in Nepal are all fully aligned, placing RKC accession and implementation as the top priority.
6. **Session 2: An Overview on Revised Kyoto Convention and Its Benefits.** The WCO-accredited expert, Ms. Kameswari Subramanian, delivered the presentation, covering the historical development of legal instruments for simplification and harmonization of Customs procedures, as well as the scope, structure and other background information on the RKC. The benefits of implementing the RKC range from faster release of goods at the border posts by lowering trade costs, increase in revenue, attraction of Foreign Direct Investment and increased economic competitiveness, to enhanced security, among others.
7. **Mr. Rajan Khanal, Secretary, Ministry of General Administration,** shared views on **Nepal's Experience in the RKC Accession Process.** He stressed that in preparing for the accession, DOC conducted rigorous exercises of gap analysis between the RKC provisions on the one hand, and the existing rules and regulations of Nepal Customs, on the other. He highlighted the importance of the RKC accession as a critical step towards the country's Customs modernization.

8. **Session 3: Update on Nepal's Accession to the RKC.** Mr. Achyut Prasad Siwakoti, Director, DOC, presented on Nepal's preparedness for the RKC accession and delivered an overview of the proposed amendments to the Customs Act and regulations to comply with the RKC General Annex. The session discussion was concluded with an agreement that further review is required on the proposed amendments, based on a thorough analysis of the identified 22 gaps, following the WCO's RKC Guidelines on the General Annex.

9. **Session 4: Summary of Regulatory Impact Assessment (RIA) of RKC Gaps.** Mr. Gopal Prasad Bhattarai, Section Officer, DOC, presented the summary of the RIA findings. The presentation reviewed the expected impact on the government and business communities, resulting from the proposed legal and regulatory amendments in Customs laws and regulations to comply with the RKC Body and the General Annex. The RIA, conducted in 2014 with ADB technical assistance, focused on six gaps out of the 22, as those with the most significant cost-benefit impact.

10. **Session 5: RKC Specific Annexes.** Ms. Kameswari Subramanian gave an overview of the RKC Specific Annexes, and provided some detail on the Annex on Origin – why it is part of the RKC. On accession to the Specific Annexes, countries are recommended to select those Specific Annexes and chapters within the Annexes which are most relevant to the country context. She also indicated that the WCO recommends countries to consider accepting the Specific Annexes A, B, C, and the Chapter J5 on Relief Consignments.

11. **Session 6: Customs Partnership (C2B, C2G and C2C): Instruments and Best Practices.** Ms. Kameswari Subramanian emphasized that in light of the evolving roles of the Customs in modern times, its continuous efforts to establish partnership with various stakeholders are indispensable in Customs' execution of its responsibilities. Special attention was paid to the importance of Customs - Business partnership in reducing trade barriers. She also explained the concepts of Authorized Economic Operators (AEO), Trusted Traders Program and MOU between Business/Government agencies and Customs.

12. **Session 7: Trade Facilitation Instruments of WCO.** Ms. Kameswari Subramanian introduced the WCO trade facilitation instruments, other than the RKC, and their relations to relevant WTO agreements and UN conventions. The WCO recommendations and tools cover wide range of subjects and are not binding in nature. Some of the recommendations and tools are part of international conventions. The participants also discussed other tools and instruments for possible immediate reference in Nepal's efforts to pursue further Customs reforms and modernization.

13. **Session 8: WTO Agreement on Trade Facilitation and WCO's role.** Ms. Kameswari Subramanian gave an overview of the WTO Agreement on Trade Facilitation as well as the role of WCO in implementing the WTO Agreement. The Agreement on Trade Facilitation is first in the WTO history to link the implementation obligation with the capacity of the member country to do so. In this context, she elaborated on the mechanism of how a country such as Nepal would be able to benefit from the capacity development support in coordination with the WTO, WCO and development partners. The discussion agreed that the planned CRMSAP midterm review could consider relevant WTO Agreement provisions for possible incorporation into the country's multi-year strategy.

Adoption of the Report

14. The participants unanimously adopted the Report.

Closing of the Workshop

15. Mr. Rajan Sharma, President of the Nepal Freight Forwarders Association, presented the concluding remarks on behalf of the participants, followed by the word of thanks from DOC Deputy Director General, Mr. Damodar Regmi. The closing remarks were made by Mr. Sishir Kumar Dhungana, Ms. Kameswari Subramanian, and Mr. Siddhanta Vikram, Senior Public Management Specialist, ADB NRM.