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

Prepared by

World Customs Organization

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**WCO PAPER**  
**UN Economic and Social Commission for Western Asia**  
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**Beirut – 26-28 September 2000**

Customs Services play an integral role in the international movement of goods and persons. They have the essential task of collecting duties and taxes, providing prompt clearance of goods and ensuring compliance with national laws. The manner in which Customs conducts its business has an impact on the movement of persons and goods in international trade. Therefore, efforts to co-ordinate transport policies to facilitate the trans-border flow of goods should consider the Customs issues relating to the movement of goods. In this respect, the Expert Working Group addressing the development of an integrated transport system in Arab Mashreq may wish to consider the aspects relating to Customs procedures which would facilitate these cross-border flows.

Customs procedures have been internationally standardized through the International Convention on the simplification and harmonization of Customs procedures (Kyoto Convention) since 1973. Noting that the Convention is more than 20 years old and that :

- Modern Customs administrations must develop comprehensive and transparent Customs legislation to reduce the Customs intervention in the international flow of goods to a minimum,
- The efficiency and effectiveness of Customs procedures can significantly influence the economic competitiveness of nations, and
- Changes in the international trading environment resulting from modern production and delivery systems and new forms of electronic commerce make it imperative that administrations provide simple, predictable and efficient Customs procedures for clearance of goods,

the World Customs Organization undertook an exercise to review this 1973 Convention. During the review, it became apparent that the present structure of the Convention, with the limited obligations it imposed on administrations in applying the legal provisions, ran counter to the aims of simplification and harmonization of Customs procedures in the current international trade environment.

The Convention was revised to ensure that it reflects modern procedures and addresses the requirements of both the trade and Customs administrations. New provisions have been

added, and the texts now incorporate modern methodologies to provide a balance between the Customs functions of control and revenue collection and that of trade facilitation. The use of information technology and risk management techniques have been integrated, along with other core principles designed to ensure that Customs is able to carry out their responsibilities more efficiently and effectively, and to facilitate the international movement of goods while ensuring full compliance with national laws.

The revised Convention provides the WCO's blueprint for standard and facilitative Customs procedures in the 21st Century. It was completed in June 1999 and will enter into force through a Protocol of Amendment when 40 of the current 61 Contracting Parties accede to the Protocol of Amendment.

The revised Kyoto Convention contains the following major features :

- **A new Structure** consisting of a **General Annex** that contains the **core procedures and practices** and that is obligatory for accession and implementation by Contracting Parties. This key Annex covers areas relating to the clearance of goods, payment of duties and taxes, Customs and trade co-operation, information to be supplied by Customs and appeals in all Customs matters – areas that are of concern both to the Customs administrations and to the trading community. It also covers areas of Customs control including risk management, audit-based controls and mutual administrative assistance between Customs administrations and with external organizations, and use of information technology. These provide the key to simple procedures while ensuring adequate Customs control.
- **The core provisions** of the General Annex have been made obligatory and as such no reservations could be entered against any of those provisions.
- **There are several Specific Annexes dealing with different Customs procedures.** Contracting Parties may accede to only those Specific Annexes and/or Chapters which deal with the procedures applied by their administration. There are also procedures for the formalities applicable to goods on arrival, temporary storage and warehousing which are equally of interest to the trade.
- As in the General Annex, the Standards in the Chapters of the Specific Annexes are obligatory and binding on Contracting Parties that accept an Annex(es) and/or Chapter(s). They will have a transitional period for the application of the Standards. Reservations can be entered against the Recommended Practices in the Specific

Annexes.

- ***Comprehensive implementation Guidelines*** have been developed for all the Annexes of the Convention. This is essential so that the principles and simplified Customs procedures contained in the Convention can be applied effectively by Customs administrations. Guidelines on simplification through the use of effective control techniques and automation, which include examples of best practices, have been developed for each procedure. These will be constantly updated to provide information on new and modern practices, which in the future will form the basis of legal texts in the Annexes to the Convention.

The revised Kyoto Convention contains procedures that would promote regional efforts at facilitating the movement of goods. In addition to the core modern principles that must be applied under the General Annex, the implementation of additional specific procedures such as Customs Transit and Transshipment would significantly promote regional efforts. The revised Kyoto Convention has 2 separate Chapters in Specific Annex E dedicated to the treatment of goods under Customs Transit and Transshipment.

Both these Chapters oblige Customs to reduce the formalities relating to transit and transshipment procedures. For example, they recommend the acceptance of transport or commercial documents as the Goods declaration and the acceptance of foreign Customs seals for transit operations. By virtue of the General Annex, Contracting Parties to these Chapters are required to apply the minimum necessary Customs control and formalities in transit and transshipment operations.

Chapter 1 on Customs transit and provides standard and facilitative procedures for the treatment of goods carried in transit through national and international territories. The implementation Guidelines to this Chapter also provides a model of the method of application of Customs transit used in Switzerland.

Chapter 2 on provisions for the treatment of goods under a transshipment procedure, i.e. where goods are transferred from the importing means of transport to the exporting means of transport within the area of one Customs office. Detailed implementation Guidelines are also available for this procedure.

A list of the Annexes and Chapters to the revised Kyoto Convention is attached to this paper.

## Conclusion

The revised Kyoto Convention is built on various concepts linked to trade facilitation such as harmonization, standardization, simplification, speed, transparency, financial guarantees, automation, equality of treatment, partnership with trade and efficiency (risk management). The revised Convention provides the underlying conditions and instruments to help Customs administrations to modernize and to adapt their national legislation, without prejudice to effective control methods, in order to meet the requirements of a simpler, harmonised and more flexible approach. It requires simplified and progressive Customs procedures that will also allow international business to meet its Customs obligations as efficiently as possible.

Implementation of the provisions of the revised Kyoto Convention should be considered in national and regional efforts to enhance the facilitation of international movement of goods. In this respect, the World Customs Organization encourages the ESCWA Members to urge their Governments to adopt the revised Kyoto Convention.

Detailed information on the legal texts of the revised Kyoto Convention and the implementation Guidelines are available at the WCO website at [www.wcoomd.org](http://www.wcoomd.org) and by contacting the WCO Secretariat, Procedures and Facilitation Sub-Directorate at (322) 209 9342 or (322) 209 9211.

ANNEXES TO THE REVISED KYOTO CONVENTIONGENERAL ANNEX

Chapter 1	General Principles
Chapter 2	Definitions
Chapter 3	Clearance formalities
Chapter 4	Duties and Taxes
Chapter 5	Security
Chapter 6	Customs Control
Chapter 7	Application of Information Technology
Chapter 8	Relationship between Customs and Third Parties
Chapter 9	Information, Decisions and Rulings supplied by the Customs
Chapter 10	Appeals in Customs matters

SPECIFIC ANNEXES

<b>Annex A</b>	-	Arrival of goods in a Customs territory
Chapter 1	-	Formalities prior to the lodgement of the Goods Declaration
Chapter 2	-	Temporary storage of goods
<b>Annex B</b>	-	<b>Importation</b>
Chapter 1	-	Clearance for home use
Chapter 2	-	Re-importation in the same state
Chapter 3	-	Relief from import duties and taxes
<b>Annex C</b>	-	<b>Exportation</b>
Chapter 1	-	Outright exportation
<b>Annex D</b>	-	<b>Customs warehouses and free zones</b>
Chapter 1	-	Customs warehouses
Chapter 2	-	Free zones
<b>Annex E</b>	-	<b>Transit</b>
Chapter 1	-	Customs transit
Chapter 2	-	Transshipment
Chapter 3	-	Carriage of goods coastwise
<b>Annex F</b>	-	<b>Processing</b>
Chapter 1	-	Inward processing
Chapter 2	-	Outward processing
Chapter 3	-	Drawback
Chapter 4	-	Processing of goods for home use
<b>Annex G</b>	-	<b>Temporary Admission</b>
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

All provisions of general application in the Specific Annexes are now incorporated in the General Annex and its Chapters. A Contracting Party accepting the Annex and Chapter on Clearance for home use, for example, will have to apply the provisions of the Chapters of the General Annex which contain core provisions relating to the Goods declaration, the examination of goods, the payment of duties and taxes, and so and link the clearance for home use to the procedures and practices in the General Annex.